

**UOA REAL ESTATE INVESTMENT TRUST**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2016 (UNAUDITED)**

	<b>As at 30.09.2016 RM</b>	<b>As at 31.12.2015 RM</b>
<b>INVESTMENTS</b>		
Real estate properties	1,128,150,472	1,127,000,000
<b>PLANT &amp; EQUIPMENT</b>	64,911	70,058
<b>OTHER ASSETS</b>		
Trade receivables	1,880,553	1,736,900
Other receivables	4,691,227	3,532,810
Deposits with licensed financial institution	1,000,000	1,400,000
Cash and bank balances	1,728,539	1,511,627
	9,300,319	8,181,337
<b>TOTAL ASSETS</b>	1,137,515,702	1,135,251,395
<b>LIABILITIES</b>		
Payables	3,796,752	3,723,971
Rental deposits	24,574,440	24,827,860
Amount due to Manager	471,917	441,068
Borrowings	392,200,000	378,300,000
Deferred tax liability	4,577,802	4,577,802
Provision for income distribution	10,698,084	24,103,691
<b>TOTAL LIABILITIES</b>	436,318,995	435,974,392
<b>NET ASSET VALUE</b>	701,196,707	699,277,003
<b>FINANCED BY:</b>		
<b>UNITHOLDERS' FUND</b>		
Unitholders' capital	476,062,161	476,062,161
Undistributed income	225,134,546	223,214,842
	701,196,707	699,277,003
<b>NET ASSET VALUE PER UNIT</b>	1.6582	1.6536
<b>NUMBER OF UNITS IN CIRCULATION</b>	422,871,776	422,871,776

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**UOA REAL ESTATE INVESTMENT TRUST**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2016 (UNAUDITED)**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.09.2016 RM	30.09.2015 RM	30.09.2016 RM	30.09.2015 RM
<b>TOTAL INCOME</b>				
Gross rental	22,543,199	22,887,714	68,267,489	68,746,026
Property operating expenses	(6,006,135)	(5,573,438)	(17,659,392)	(17,025,633)
<b>Net rental income</b>	16,537,064	17,314,276	50,608,097	51,720,393
Interest income	8,533	8,309	26,683	30,937
Other income	71,239	38,496	200,111	92,339
	16,616,836	17,361,081	50,834,891	51,843,669
<b>TOTAL EXPENDITURE</b>				
Manager's fees	(1,181,054)	(1,074,555)	(3,540,740)	(3,218,500)
Trustee's fees	(52,883)	(48,114)	(158,541)	(144,112)
Borrowing costs	(4,003,754)	(4,171,381)	(12,330,934)	(12,411,086)
Auditors' remuneration	(11,375)	(11,000)	(34,125)	(33,000)
Tax agent's fees	(4,000)	(3,750)	(12,000)	(11,250)
Administrative expenses	(83,646)	(84,647)	(261,720)	(383,836)
	(5,336,712)	(5,393,447)	(16,338,060)	(16,201,784)
Net changes on financial liabilities measured at amortised cost (Note 1)	(168,050)	(135,651)	194,863	133,710
<b>INCOME BEFORE TAX</b>	11,112,074	11,831,983	34,691,694	35,775,595
<b>TAX EXPENSE</b>	-	-	-	-
<b>INCOME AFTER TAX</b>	11,112,074	11,831,983	34,691,694	35,775,595
<b>OTHER COMPREHENSIVE INCOME</b>	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	11,112,074	11,831,983	34,691,694	35,775,595
<b>INCOME DISTRIBUTION</b>				
- Distributed income	-	-	(22,073,906)	(22,496,778)
- Provision for distribution	(10,698,084)	(11,363,013)	(10,698,084)	(11,363,013)
<b>NET INCOME RETAINED</b>	413,990	468,970	1,919,704	1,915,804
<b>INCOME BEFORE TAX IS ANALYSED AS FOLLOWS:</b>				
- Realised	11,280,124	11,967,634	34,496,831	35,641,885
- Unrealised	(168,050)	(135,651)	194,863	133,710
<b>EARNINGS PER UNIT</b>				
- After manager's fees (sen)	2.63	2.80	8.20	8.46
- Before manager's fees (sen)	2.91	3.05	9.04	9.22

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**Note 1:**

This represents changes on financial liabilities measured at amortised cost pursuant to MFRS 139 Financial Instruments: Recognition and Measurement.

**UOA REAL ESTATE INVESTMENT TRUST**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2016 (UNAUDITED)**

	Attributable to Unitholders' Funds			Total Unitholders' Funds	
	Unitholders' Capital RM	Distributable Undistributed Income		Current Year To Date 30.09.2016 RM	Preceding Year To Date 30.09.2015 RM
	Realised RM	Unrealised RM			
Balance at 1 January	476,062,161	21,245,632	201,969,210	699,277,003	635,560,210
Total comprehensive income for the period	-	34,496,831	194,863	34,691,694	35,775,595
Distribution to unitholders	-	(32,771,990)	-	(32,771,990)	(33,859,791)
Balance at 30 September	<u>476,062,161</u>	<u>22,970,473</u>	<u>202,164,073</u>	<u>701,196,707</u>	<u>637,476,014</u>

The condensed consolidated statement of changes in net asset value should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**UOA REAL ESTATE INVESTMENT TRUST**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2016 (UNAUDITED)**

	<b>Current Year To Date 30.09.2016 RM</b>	<b>Preceding Year To Date 30.09.2015 RM</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before tax	34,691,694	35,775,595
Adjustment for:		
Interest income	(26,683)	(30,937)
Interest expense	12,330,934	12,411,086
Depreciation	10,377	9,636
Plant and equipment written off	-	417
Net changes on financial liabilities measured at amortised cost	(194,863)	(133,710)
Bad and doubtful debts	394,934	(37,621)
Operating profit before changes in working capital	47,206,393	47,994,466
Net changes in receivables	(1,697,005)	(2,394,096)
Net changes in payables	93,407	1,173,901
Net cash generated from operating activities	45,602,795	46,774,271
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest income	26,683	30,937
Purchase of plant and equipment	(5,230)	(25,520)
Enhancements to investment properties	(1,150,472)	(325,438)
Net cash used in investing activities	(1,129,019)	(320,021)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(12,379,267)	(12,347,452)
Distribution to unitholders	(46,177,597)	(46,727,331)
Net drawdown of borrowings	13,900,000	12,100,000
Net cash used in financing activities	(44,656,864)	(46,974,783)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(183,088)</b>	<b>(520,533)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>2,911,627</b>	<b>4,035,612</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,728,539</b>	<b>3,515,079</b>
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institution	1,000,000	2,000,000
Cash and bank balances	1,728,539	1,515,079
	2,728,539	3,515,079

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

## **UOA REAL ESTATE INVESTMENT TRUST**

### **EXPLANATORY NOTES TO THE QUARTERLY REPORT AS AT 30 SEPTEMBER 2016 (UNAUDITED)**

#### **A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134 INTERIM FINANCIAL REPORTING**

##### **A1 BASIS OF PREPARATION**

The quarterly financial report is unaudited and has been prepared in accordance with MFRS 134 Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of UOA Real Estate Investment Trust ("UOA REIT") since the year ended 31 December 2015.

##### **A2 CHANGES IN ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements of UOA REIT for the year ended 31 December 2015.

##### **A3 QUALIFIED AUDIT REPORT**

The auditors' report on the financial statements for the year ended 31 December 2015 was not qualified.

##### **A4 SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business operations of UOA REIT are not affected by material seasonal or cyclical factors.

##### **A5 UNUSUAL ITEMS**

There were no unusual items to be disclosed for the quarter under review.

##### **A6 CHANGES IN ESTIMATES**

There were no changes in estimates that have had a material effect in the current quarter.

##### **A7 DEBT AND EQUITY SECURITIES**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and period-to-date.

## **A8 INCOME DISTRIBUTION**

UOA REIT had on 30 August 2016, paid an interim income distribution of 5.22 sen per unit amounting to RM22,073,906 for the six (6) months ended 30 June 2016.

No income distribution was declared for the quarter under review but provision was made to distribute 95% of the distributable income for the quarter ended 30 September 2016 to be distributed by end of February 2017 as described under Section B17, Income Distribution.

## **A9 SEGMENTAL REPORTING**

No segmental information was prepared as UOA REIT's activities are predominantly in one industry segment and occur predominantly in Malaysia.

## **A10 VALUATION OF INVESTMENT PROPERTIES**

The value of the investment properties brought forward from the financial statements for the financial year ended 31 December 2015 have not been revalued for the current quarter under review.

## **A11 MATERIAL EVENTS**

There was no material event as at the latest practicable date from the date of this report

## **A12 EFFECT OF CHANGES IN THE COMPOSITION OF UOA REIT**

There were no changes in the composition of UOA REIT for the current quarter. The fund size stands at 422,871,776 units.

## **A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets to be disclosed.

## **B EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

### **B1 REVIEW OF PERFORMANCE**

For the quarter ended 30 September 2016, UOA REIT registered a total income of RM22,622,971 inclusive of interest income and other income of RM8,533 and RM71,239 respectively. Total expenditure amounted to RM11,342,847 with RM6,006,135 attributable to property operating expenses and RM5,336,712 attributable to non-property operating expenses. Realised income before tax and distributable income was RM11,280,124. Taking into consideration a 95% distribution, UOA REIT has set aside RM10,698,084 as provision for distribution.

Against the nine (9) months ended 30 September 2016, gross rental has decreased by 0.7%. Meanwhile, total expenditure has increased by 2% mainly due to increase in property operating expenses and manager's fees. The manager's fee has increased due to higher Net Asset Value of UOA REIT. Realised income before tax decreased by 3%. Realised earnings per unit has reduced by 0.27 sen against the preceding year's corresponding period, from 8.43 sen to 8.16 sen.

### **B2 MATERIAL CHANGES IN INCOME BEFORE TAX FOR THE QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER**

There were no material changes in the income before taxation for the quarter under review.

### **B3 PROSPECTS**

The Manager will continue to actively manage the portfolio of properties to maximise returns for unitholders. However, the occupancy rates may be affected by the uncertainties in the domestic and global economy.

Meanwhile, the Manager continues assess opportunities for yield accretive acquisitions in targeted geographical area that meet the objectives of the Trust.

### **B4 VARIANCES**

This is not applicable as there was no profit forecast or profit guarantee issued for this financial quarter.

### **B5 COMPOSITION OF INVESTMENT PORTFOLIO**

As at 30 September 2016, UOA REIT's composition of investment portfolio is as follows:

	<b>Acquisition cost</b>	<b>Fair value as at</b>	<b>Percentage of</b>
	<b>RM</b>	<b>30.09.2016</b>	<b>fair value to</b>
		<b>RM</b>	<b>Net Asset Value</b>
			<b>%</b>
<b>Real estate properties</b>			
Commercial			
- UOA Centre parcels	55,981,272	85,000,000	12.12
- UOA II parcels	194,502,300	294,000,000	41.93
- UOA Damansara parcels	72,000,000	120,932,894	17.25
- UOA Pantai	86,000,000	95,000,000	13.55
- UOA Damansara II	211,000,000	233,205,890	33.26
- Parcel B - Menara UOA Bangsar	289,000,000	300,011,688	42.79
	<u>908,483,572</u>	<u>1,128,150,472</u>	
<b>Others</b>			
Deposits with licensed financial institutions		<u>1,000,000</u>	0.14

There was no change to the total number of properties held by UOA REIT since the last reporting period.

**B6 BORROWINGS AND DEBT SECURITIES**

	<b>As at 30.09.2016 RM</b>	<b>As at 31.12.2015 RM</b>
Revolving credit - Secured	<u>392,200,000</u>	<u>378,300,000</u>

**B7 INCOME RECOGNITION**

- a) Rental income is recognised on an accrual basis over the specific tenures of the respective leases.
- b) Interest income is recognised on a time proportion basis.

**B8 MANAGER'S FEES**

Pursuant to the Trust Deed constituting UOA REIT, the Manager is entitled to a fee of up to 1.00% per annum of the Net Asset Value ("NAV") of UOA REIT, calculated on a monthly accrual basis and payable monthly in arrears.

The manager's fees for the period ended 30 September 2016 was calculated based on 0.67% per annum of the NAV.

**B9 TRUSTEE'S FEES**

Pursuant to the Trust Deed constituting UOA REIT, the Trustee is entitled to a fee of up to 0.05% per annum of the Net Asset Value ("NAV") of UOA REIT, calculated on a monthly accrual basis and payable monthly in arrears.

The trustee's fees for the period ended 30 September 2016 was calculated based on 0.03% per annum of the NAV.

**B10 UTILISATION OF PROCEEDS RAISED FROM ISSUANCE OF NEW UNITS**

There were no issuance of new units during the quarter under review.

**B11 SOFT COMMISSION**

During the quarter under review, the Manager did not receive any soft commission from its broker, by virtue of transactions conducted by UOA REIT.



## B12 INCOME BEFORE TAX

Income before tax is stated after charging/(crediting):

	<b>Current Quarter 30.09.2016 RM</b>	<b>Preceding Corresponding Quarter 30.09.2015 RM</b>	<b>Current Year To Date 30.09.2016 RM</b>	<b>Preceding Year To Date 30.09.2015 RM</b>
Depreciation	3,441	3,266	10,377	9,636
Bad and doubtful debts	236,502	(9,603)	394,934	(37,621)
(Gain)/loss on disposal				
- quoted investments	-	-	-	-
- unquoted investments	-	-	-	-
- properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange (gain)/loss	-	-	-	-
Exceptional items	-	-	-	-

The following items are not applicable to UOA REIT:

- a) Gain or loss on derivatives; and
- b) Provision for and write off of inventories.

## B13 TAX EXPENSE

A reconciliation between the applicable income tax expense and the effective income tax expense of UOA REIT is as follows:

	<b>Current Quarter 30.09.2016 RM</b>	<b>Preceding Corresponding Quarter 30.09.2015 RM</b>	<b>Current Year To Date 30.09.2016 RM</b>	<b>Preceding Year To Date 30.09.2015 RM</b>
Income before tax	11,112,074	11,831,983	34,691,694	35,775,595
Taxation at statutory rate of 24%*	2,666,898	2,957,996	8,326,007	8,943,899
Tax effects arising from				
- non-deductible expenses	40,301	37,617	112,680	132,139
- income exempted from tax	(2,500,981)	(2,700,193)	(7,652,722)	(8,055,571)
- net changes on financial liabilities measured at amortised cost	40,332	33,912	(46,767)	(33,428)
Utilisation of capital allowances	(246,550)	(329,332)	(739,198)	(987,039)
Tax expense for the quarter/period	-	-	-	-

\* For year of assessment 2016, the income tax rate has been revised from 25% to 24%.

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967, where in the basis period for a year of assessment, 90% or more of the total income of the trust is distributed to its unitholders, the total income of the trust for that year of assessment shall be exempted from tax.

As UOA REIT intends to distribute at least 90% of its total income to its unitholders for the year ending 31 December 2016, no provision for income tax has been made for the current quarter.

**B14 UNITHOLDINGS BY THE MANAGER AND PARTIES RELATED TO THE MANAGER**

As at 30 September 2016, the Manager did not hold any units in UOA REIT.

<b>Direct holdings unless otherwise indicated</b>	<b>No. of units</b>	<b>Percentage of units in issue %</b>	<b>Market value as at 30.09.2016 RM</b>
<b>Directors of the Manager:</b>			
- Alan Charles Winduss	100,000	0.02	171,000
- Dato' Gan Boon Khuay	100,000	0.02	171,000
- Kung Beng Hong	100,000	0.02	171,000
- Kong Sze Choon	39,000	0.01	66,690
<b>Companies related to the Manager:</b>			
- Desa Bukit Pantai Sdn Bhd	102,261,538	24.18	174,867,230
- Wisma UOA Sdn Bhd	77,729,000	18.38	132,916,590
- Rich Accomplishment Sdn Bhd	74,661,538	17.66	127,671,230
- Damai Positif Sdn Bhd	48,000,000	11.35	82,080,000
- Dynasty Portfolio Sdn Bhd	15,464,500	3.66	26,444,295
- LTG Development Sdn Bhd	5,600,700	1.32	9,577,197
<b>Persons related to the Manager via relationship with a Director of the Manager:</b>			
- Kong May Chee	15,900	0.00	27,189
- Kong Ai Chee	13,500	0.00	23,085
<b>Director of the Manager (indirect interest):</b>			
- Kong Sze Choon*	24,000	0.01	41,040
<b>Person related to the Manager via relationship with a Director of the Manager (indirect interest):</b>			
- Kong Chong Soon @ Chi Suim**	323,717,276	76.55	553,556,542

\* Deemed interest through his shareholding in Global Transact Sdn Bhd.

\*\* Deemed interest through his shareholdings in United Overseas Australia Limited (the ultimate holding company of Desa Bukit Pantai Sdn Bhd, Wisma UOA Sdn Bhd, Rich Accomplishment Sdn Bhd, Damai Positif Sdn Bhd, Dynasty Portfolio Sdn Bhd and LTG Development Sdn Bhd).

The market value of the units held by unitholders related to the Manager is determined by using the closing market value of RM1.71 as at 30 September 2016.

## B15 MATERIAL LITIGATION

There was no pending material litigation as at the latest practicable date from the date of issuance of this report.

## B16 STATUS OF CORPORATE PROPOSAL

There were no corporate proposals announced but not completed at the latest practicable date.

## B17 INCOME DISTRIBUTION

A provision was made to distribute RM10,698,084 as income distribution for the quarter ended 30 September 2016. This translates into approximately 2.53 sen per unit and includes a non-taxable portion of approximately 0.19 sen per unit (representing 8% of the gross distribution) deriving mainly from utilisation of capital allowances.

Pursuant to the amended Section 6(1)(i) of the Income Tax Act, 1967, the following withholding tax rates as stipulated in Part X, Schedule 1 of the Income Tax Act, 1967 will be deducted for distribution of income by the Trust to the following categories of unitholders:

	<b>Withholding tax rate</b>
Resident corporate	Nil*
Resident non-corporate	10%
Non-resident individual	10%
Non-resident corporate	24%
Non-resident institutional	10%

\* No withholding tax; to tax at prevailing tax rate

The distribution to the unitholders is from the following sources:

	<b>Current Quarter 30.09.2016 RM</b>	<b>Preceding Corresponding Quarter 30.09.2015 RM</b>	<b>Current Year To Date 30.09.2016 RM</b>	<b>Preceding Year To Date 30.09.2015 RM</b>
Sources of income				
Gross rental	22,543,199	22,887,714	68,267,489	68,746,026
Interest income	8,533	8,309	26,683	30,937
Other income	71,239	38,496	200,111	92,339
	<u>22,622,971</u>	<u>22,934,519</u>	<u>68,494,283</u>	<u>68,869,302</u>
Expenses	<u>(11,342,847)</u>	<u>(10,966,885)</u>	<u>(33,997,452)</u>	<u>(33,227,417)</u>
Total income available for distribution	11,280,124	11,967,634	34,496,831	35,641,885
Undistributed income	(582,040)	(604,621)	(1,724,841)	(1,782,094)
Distribution to unitholders	<u>10,698,084</u>	<u>11,363,013</u>	<u>32,771,990</u>	<u>33,859,791</u>
Distribution per unit (sen)	<u>2.53</u>	<u>2.69</u>	<u>7.75</u>	<u>8.01</u>

## B18 EARNINGS PER UNIT

Basic earnings per unit are calculated by dividing income for the quarter/period attributable to unitholders by the weighted average number of units in issue during the quarter/period.

	<b>Current Quarter 30.09.2016 RM</b>	<b>Preceding Corresponding Quarter 30.09.2015 RM</b>	<b>Current Year To Date 30.09.2016 RM</b>	<b>Preceding Year To Date 30.09.2015 RM</b>
Income after tax	11,112,074	11,831,983	34,691,694	35,775,595
Weighted average number of units in issue	422,871,776	422,871,776	422,871,776	422,871,776
Basic earnings per unit (after manager's fee) (sen)	<u>2.63</u>	<u>2.80</u>	<u>8.20</u>	<u>8.46</u>

## B19 STATEMENT BY THE DIRECTORS OF THE MANAGER

In the opinion of the Directors of the Manager, this quarterly report has been prepared in accordance with MFRS 134 Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of UOA REIT as at 30 September 2016 and of its financial performance and cash flows for the quarter/period ended on that date and duly authorised for release by the Board of Directors of the Manager on 22 November 2016.

BY ORDER OF THE BOARD

YAP KAI WENG  
Company Secretary  
UOA ASSET MANAGEMENT SDN BHD (Company No. 692639-U)  
(As the Manager of UOA REAL ESTATE INVESTMENT TRUST)

Kuala Lumpur  
22 November 2016