

**UOA REAL ESTATE INVESTMENT TRUST**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017 (UNAUDITED)**

	<b>As at 30.6.2017 RM</b>	<b>As at 31.12.2016 RM</b>
<b>INVESTMENTS</b>		
Real estate properties	1,128,195,052	1,128,154,302
<b>PLANT &amp; EQUIPMENT</b>	1,834,122	65,692
<b>OTHER ASSETS</b>		
Trade receivables	2,097,533	2,796,135
Other receivables	3,478,673	3,475,302
Deposits with licensed financial institution	3,050,000	1,650,000
Cash and bank balances	1,507,735	1,827,706
	10,133,941	9,749,143
<b>TOTAL ASSETS</b>	1,140,163,115	1,137,969,137
<b>LIABILITIES</b>		
Payables	3,601,654	3,962,618
Rental deposits	23,481,649	24,529,173
Amount due to Manager	455,385	492,588
Borrowings	389,200,000	382,150,000
Provision for income distribution	17,676,040	22,243,665
<b>TOTAL LIABILITIES</b>	434,414,728	433,378,044
<b>NET ASSET VALUE</b>	705,748,387	704,591,093
<b>FINANCED BY:</b>		
<b>UNITHOLDERS' FUND</b>		
Unitholders' capital	476,062,161	476,062,161
Undistributed income	229,686,226	228,528,932
	705,748,387	704,591,093
<b>NET ASSET VALUE PER UNIT</b>	1.6689	1.6662
<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 2016 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 JUNE 2017 (UNAUDITED)**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2017 RM	30.6.2016 RM	30.6.2017 RM	30.6.2016 RM
<b>TOTAL INCOME</b>				
Gross rental	20,457,348	23,016,168	40,855,794	45,724,291
Property operating expenses	(5,962,923)	(5,974,709)	(11,661,082)	(11,653,256)
<b>Net rental income</b>	14,494,425	17,041,459	29,194,712	34,071,035
Interest income	7,493	8,951	15,519	18,150
Other income	63,024	48,063	110,794	128,872
	14,564,942	17,098,473	29,321,025	34,218,057
<b>TOTAL EXPENDITURE</b>				
Manager's fees	(1,187,631)	(1,180,539)	(2,374,314)	(2,359,687)
Trustee's fees	(53,178)	(52,860)	(106,313)	(105,658)
Borrowing costs	(4,021,637)	(4,170,707)	(7,938,155)	(8,327,181)
Auditors' remuneration	(11,525)	(11,375)	(22,900)	(22,750)
Tax agent's fees	(3,500)	(4,000)	(7,000)	(8,000)
Administrative expenses	(194,518)	(97,774)	(286,934)	(178,074)
	(5,471,989)	(5,517,255)	(10,735,616)	(11,001,350)
Net changes on financial liabilities measured at amortised cost (Note 1)	(165,760)	(168,050)	247,314	362,913
<b>INCOME BEFORE TAX</b>	8,927,193	11,413,168	18,832,723	23,579,620
<b>TAX EXPENSE</b>	-	-	-	-
<b>INCOME AFTER TAX</b>	8,927,193	11,413,168	18,832,723	23,579,620
<b>OTHER COMPREHENSIVE INCOME</b>	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	8,927,193	11,413,168	18,832,723	23,579,620
<b>INCOME DISTRIBUTION</b>				
- Distributed income	-	-	-	-
- Provision for distribution	(8,657,527)	(11,020,191)	(17,676,040)	(22,073,906)
- Distribution adjustment (rounding)	-	-	611	-
<b>NET INCOME RETAINED</b>	269,666	392,977	1,157,294	1,505,714
<b>INCOME BEFORE TAX IS ANALYSED AS FOLLOWS:</b>				
- Realised	9,092,953	11,581,218	18,585,409	23,216,707
- Unrealised	(165,760)	(168,050)	247,314	362,913
<b>EARNINGS PER UNIT</b>				
- After manager's fees (sen)	2.11	2.70	4.45	5.58
- Before manager's fees (sen)	2.39	2.98	5.02	6.13

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 JUNE 2017 (UNAUDITED)**

	Attributable to Unitholders' Funds			Total Unitholders' Funds	
	Unitholders' Capital RM	Distributable Undistributed Income		Current Year To Date 30.6.2017 RM	Preceding Year To Date 30.6.2016 RM
		Realised RM	Unrealised RM		
Balance at 1 January	476,062,161	22,145,892	206,383,040	704,591,093	699,277,003
Total comprehensive income for the period	-	18,585,409	247,314	18,832,723	23,579,620
Distribution to unitholders	-	(17,675,429)	-	(17,675,429)	(22,073,906)
Balance at 30 June	<u>476,062,161</u>	<u>23,055,872</u>	<u>206,630,354</u>	<u>705,748,387</u>	<u>700,782,717</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 2016 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 JUNE 2017 (UNAUDITED)**

	<b>Current Year To Date 30.6.2017 RM</b>	<b>Preceding Year To Date 30.6.2016 RM</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before tax	18,832,723	23,579,620
Adjustment for:		
Interest income	(15,519)	(18,150)
Interest expense	7,938,155	8,327,181
Depreciation	99,706	6,936
Plant and equipment written off	2,615	-
Net changes on financial liabilities measured at amortised cost	(247,314)	(362,913)
Bad and doubtful debts	678,844	158,432
Operating profit before changes in working capital	<u>27,289,210</u>	<u>31,691,106</u>
Net changes in receivables	16,387	(728,181)
Net changes in payables	(1,197,766)	934,615
Net cash generated from operating activities	<u>26,107,831</u>	<u>31,897,540</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest income	15,519	18,150
Purchase of plant and equipment	(1,870,751)	(2,650)
Enhancements to investment properties	(40,750)	(1,135,084)
Net cash used in investing activities	<u>(1,895,982)</u>	<u>(1,119,584)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(7,938,155)	(8,373,174)
Distribution to unitholders	(22,243,665)	(24,103,691)
Net drawdown of borrowings	7,050,000	3,500,000
Net cash used in financing activities	<u>(23,131,820)</u>	<u>(28,976,865)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,080,029</b>	<b>1,801,091</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>3,477,706</b>	<b>2,911,627</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>4,557,735</u></b>	<b><u>4,712,718</u></b>
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institution	3,050,000	3,350,000
Cash and bank balances	1,507,735	1,362,718
	<u>4,557,735</u>	<u>4,712,718</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 JUNE 2017 (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 2016. 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 2016.

##### **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 2016.

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

The auditors' report on the financial statements for the year ended 31 December 2016 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**

The Trust had on 28 February 2017, paid a final income distribution of 5.26 sen per unit amounting to RM22,073,906 for the year ended 31 December 2016.

For the quarter under review, UOA REIT is declaring a 95% distribution of the income before taxation (unaudited) for the six (6) months ended 30 June 2017 amounting to RM17,676,040 to be distributed by end of August 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 2016 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 June 2017, UOA REIT registered a total income of RM20,527,865 inclusive of interest income and other income of RM7,493 and RM63,024 respectively. Total expenditure amounted to RM11,434,912 with RM5,962,923 attributable to property operating expenses and RM5,471,989 attributable to non-property operating expenses. Taking into consideration a 95% distribution, the Trust has set aside RM8,657,527 as provision for distribution.

Against the six (6) months ended 30 June 2016, gross rental has decreased by 10.6% whereas total expenditure decreased by 1.2%. The decrease in total expenditure was mainly due to lower borrowing cost, which was offset with higher property operating and administrative expenses.

Realised earnings per unit has reduced against the corresponding period last year, from 5.49 sen to 4.40 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 occupancy rates continued to remain stable at its existing levels. The uncertainty in the economic condition will continue to influence the occupancy rates and rental rates. The Manager will continue to actively manage the properties in the portfolio with prudent capital management in order to maximise the yields for unitholders.

In the interim, the Manager will continue to explore yield accretive acquisition opportunities that meet the objectives of UOA REIT.

### **B4 VARIANCES**

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

### **B5 UTILISATION OF PROCEEDS RAISED FROM ISSUANCE OF NEW UNITS**

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

### **B6 COMPOSITION OF INVESTMENT PORTFOLIO**

As at 30 June 2017, 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>30.6.2017</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	12.04
- UOA II parcels	194,502,300	294,000,000	41.66
- UOA Damansara parcels	72,000,000	120,932,894	17.14
- UOA Pantai	86,000,000	95,035,680	13.47
- UOA Damansara II	211,000,000	233,208,090	33.04
- Parcel B - Menara UOA Bangsar	289,000,000	300,018,388	42.51
	<u>908,483,572</u>	<u>1,128,195,052</u>	
<b>Others</b>			
Deposits with licensed financial institutions		<u>3,050,000</u>	0.43

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

**B7 BORROWINGS AND DEBT SECURITIES**

	<b>As at 30.6.2017 RM</b>	<b>As at 31.12.2016 RM</b>
Revolving credit - Secured	389,200,000	382,150,000

**B8 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.

**B9 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 June 2017 was calculated based on 0.67% per annum of the NAV.

**B10 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 June 2017 was calculated based on 0.03% per annum of the NAV.

**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 30.6.2017 RM</b>	<b>Preceding Corresponding Quarter 30.6.2016 RM</b>	<b>Current Year To Date 30.6.2017 RM</b>	<b>Preceding Year To Date 30.6.2016 RM</b>
Depreciation	96,164	3,501	99,706	6,936
Bad and doubtful debts	538,212	155,361	678,844	158,432
(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 30.6.2017 RM</b>	<b>Preceding Corresponding Quarter 30.6.2016 RM</b>	<b>Current Year To Date 30.6.2017 RM</b>	<b>Preceding Year To Date 30.6.2016 RM</b>
Income before tax	8,927,193	11,413,168	18,832,723	23,579,620
Taxation at statutory rate of 24%	2,142,526	2,739,160	4,519,853	5,659,109
Tax effects arising from				
- non-deductible expenses	57,045	38,135	84,004	70,355
- income exempted from tax	(2,100,269)	(2,571,255)	(4,266,395)	(5,149,717)
- net changes on financial liabilities measured at amortised cost	39,783	40,332	(59,355)	(87,099)
Utilisation of capital allowances	(139,085)	(246,372)	(278,107)	(492,648)
Tax expense for the quarter/period	-	-	-	-

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 2017, 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 June 2017, 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 30.6.2017 RM</b>
<b>Directors of the Manager:</b>			
- Alan Charles Winduss	100,000	0.02	173,000
- Dato' Gan Boon Khuay	100,000	0.02	173,000
- Kung Beng Hong	100,000	0.02	173,000
- Kong Sze Choon	39,000	0.01	67,470
<b>Companies related to the Manager:</b>			
- Desa Bukit Pantai Sdn Bhd	102,261,538	24.18	176,912,461
- Wisma UOA Sdn Bhd	77,729,000	18.38	134,471,170
- Rich Accomplishment Sdn Bhd	74,661,538	17.66	129,164,461
- Damai Positif Sdn Bhd	48,000,000	11.35	83,040,000
- Dynasty Portfolio Sdn Bhd	15,464,500	3.66	26,753,585
- LTG Development Sdn Bhd	5,600,700	1.32	9,689,211
<b>Persons related to the Manager via relationship with a Director of the Manager:</b>			
- Kong May Chee	15,900	0.00	27,507
- Kong Ai Chee	13,500	0.00	23,355
<b>Director of the Manager (indirect interest):</b>			
- Kong Sze Choon*	24,000	0.01	41,520
<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	560,030,887

\* 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 RM1.73 as at 30 June 2017.

## 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

UOA REIT is declaring an income distribution for the six (6) months ended 30 June 2017 amounting to RM17,676,040 equivalent to 4.18 sen per unit and includes a non-taxable portion of approximately 0.16 sen (representing 4% of the gross distribution).

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 30.6.2017 RM</b>	<b>Preceding Corresponding Quarter 30.6.2016 RM</b>	<b>Current Year To Date 30.6.2017 RM</b>	<b>Preceding Year To Date 30.6.2016 RM</b>
Sources of income				
Gross rental	20,457,348	23,016,168	40,855,794	45,724,291
Interest income	7,493	8,951	15,519	18,150
Other income	63,024	48,063	110,794	128,872
	<u>20,527,865</u>	<u>23,073,182</u>	<u>40,982,107</u>	<u>45,871,313</u>
Expenses	<u>(11,434,912)</u>	<u>(11,491,964)</u>	<u>(22,396,698)</u>	<u>(22,654,606)</u>
Total income available for distribution	9,092,953	11,581,218	18,585,409	23,216,707
Undistributed income	(435,426)	(561,027)	(909,369)	(1,142,801)
Distribution to unitholders	<u>8,657,527</u>	<u>11,020,191</u>	<u>17,676,040</u>	<u>22,073,906</u>
Distribution per unit (sen)	<u>2.05</u>	<u>2.61</u>	<u>4.18</u>	<u>5.22</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 30.6.2017 RM</b>	<b>Preceding Corresponding Quarter 30.6.2016 RM</b>	<b>Current Year To Date 30.6.2017 RM</b>	<b>Preceding Year To Date 30.6.2016 RM</b>
Income after tax	8,927,193	11,413,168	18,832,723	23,579,620
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>2.11</u>	<u>2.70</u>	<u>4.45</u>	<u>5.58</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 June 2017 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 20 July 2017.

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  
20 JULY 2017