

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

	As at 30.9.2017 RM	As at 31.12.2016 RM
INVESTMENTS		
Real estate properties	1,128,229,692	1,128,154,302
PLANT & EQUIPMENT	74,919	65,692
OTHER ASSETS		
Trade receivables	1,776,584	2,796,135
Other receivables	6,829,652	3,475,302
Deposits with licensed financial institution	2,700,000	1,650,000
Cash and bank balances	1,122,159	1,827,706
	12,428,395	9,749,143
TOTAL ASSETS	1,140,733,006	1,137,969,137
LIABILITIES		
Payables	3,244,299	3,962,618
Rental deposits	23,940,702	24,529,173
Amount due to Manager	433,336	492,588
Borrowings	397,300,000	382,150,000
Provision for income distribution	9,703,097	22,243,665
TOTAL LIABILITIES	434,621,434	433,378,044
NET ASSET VALUE	706,111,572	704,591,093
FINANCED BY:		
UNITHOLDERS' FUND		
Unitholders' capital	476,062,161	476,062,161
Undistributed income	230,049,411	228,528,932
	706,111,572	704,591,093
NET ASSET VALUE PER UNIT	1.6698	1.6662
NUMBER OF UNITS IN CIRCULATION	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 SEPTEMBER 2017 (UNAUDITED)**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.9.2017 RM	30.9.2016 RM	30.9.2017 RM	30.9.2016 RM
TOTAL INCOME				
Gross rental	20,563,365	22,543,199	61,419,159	68,267,489
Property operating expenses	(5,041,656)	(6,006,135)	(16,702,738)	(17,659,392)
Net rental income	15,521,709	16,537,064	44,716,421	50,608,097
Interest income	9,552	8,533	25,070	26,683
Other income	97,255	71,239	208,049	200,111
	15,628,516	16,616,836	44,949,540	50,834,891
TOTAL EXPENDITURE				
Manager's fees	(1,188,776)	(1,181,054)	(3,563,089)	(3,540,740)
Trustee's fees	(53,229)	(52,883)	(159,541)	(158,541)
Borrowing costs	(4,180,827)	(4,003,754)	(12,118,982)	(12,330,934)
Auditors' remuneration	(11,375)	(11,375)	(34,275)	(34,125)
Tax agent's fees	(3,500)	(4,000)	(10,500)	(12,000)
Administrative expenses	41,232	(83,646)	(245,703)	(261,720)
	(5,396,475)	(5,336,712)	(16,132,090)	(16,338,060)
Net changes on financial liabilities measured at amortised cost (Note 1)	(165,760)	(168,050)	81,554	194,863
INCOME BEFORE TAX	10,066,281	11,112,074	28,899,004	34,691,694
TAX EXPENSE	-	-	-	-
INCOME AFTER TAX	10,066,281	11,112,074	28,899,004	34,691,694
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	10,066,281	11,112,074	28,899,004	34,691,694
INCOME DISTRIBUTION				
- Distributed income	-	-	(17,676,040)	(22,073,906)
- Provision for distribution	(9,703,096)	(10,698,084)	(9,703,096)	(10,698,084)
- Distribution adjustment (rounding)	-	-	611	-
NET INCOME RETAINED	363,185	413,990	1,520,479	1,919,704
INCOME BEFORE TAX IS ANALYSED AS FOLLOWS:				
- Realised	10,232,041	11,280,124	28,817,450	34,496,831
- Unrealised	(165,760)	(168,050)	81,554	194,863
EARNINGS PER UNIT				
- After manager's fees (sen)	2.38	2.63	6.83	8.20
- Before manager's fees (sen)	2.66	2.91	7.68	9.04

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 SEPTEMBER 2017 (UNAUDITED)

	Attributable to Unitholders' Funds			Total Unitholders' Funds	
	Unitholders' Capital RM	Distributable Undistributed Income		Current Year To Date 30.9.2017 RM	Preceding Year To Date 30.9.2016 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	-	28,817,450	81,554	28,899,004	34,691,694
Distribution to unitholders	-	(27,378,525)	-	(27,378,525)	(32,771,990)
Balance at 30 September	<u>476,062,161</u>	<u>23,584,817</u>	<u>206,464,594</u>	<u>706,111,572</u>	<u>701,196,707</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 SEPTEMBER 2017 (UNAUDITED)

	Current Year To Date 30.9.2017 RM	Preceding Year To Date 30.9.2016 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before tax	28,899,004	34,691,694
Adjustment for:		
Interest income	(25,070)	(26,683)
Interest expense	12,118,982	12,330,934
Depreciation	9,684	10,377
Plant and equipment written off	2,615	-
Net changes on financial liabilities measured at amortised cost	(81,554)	(194,863)
Bad and doubtful debts	729,918	394,934
Operating profit before changes in working capital	41,653,579	47,206,393
Net changes in receivables	(3,064,717)	(1,697,005)
Net changes in payables	(1,283,876)	93,407
Net cash generated from operating activities	37,304,986	45,602,795
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	25,070	26,683
Purchase of plant and equipment	(21,526)	(5,230)
Enhancements to investment properties	(75,390)	(1,150,472)
Net cash used in investing activities	(71,846)	(1,129,019)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(12,118,982)	(12,379,267)
Distribution to unitholders	(39,919,705)	(46,177,597)
Net drawdown of borrowings	15,150,000	13,900,000
Net cash used in financing activities	(36,888,687)	(44,656,864)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	344,453	(183,088)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,477,706	2,911,627
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,822,159	2,728,539
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institution	2,700,000	1,000,000
Cash and bank balances	1,122,159	1,728,539
	3,822,159	2,728,539

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 SEPTEMBER 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 30 August 2017, paid an interim income distribution of 4.18 sen per unit amounting to RM17,676,040 for the six (6) months ended 30 June 2017.

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 2017 to be distributed by end of February 2018 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 September 2017, UOA REIT registered a total income of RM20,670,172 inclusive of interest income and other income of RM9,552 and RM97,255 respectively. Total expenditure amounted to RM10,438,131 with RM5,041,656 attributable to property operating expenses and RM5,396,475 attributable to non-property operating expenses. Taking into consideration a 95% distribution, the Trust has set aside RM9,703,096 as provision for distribution.

Against the nine (9) months ended 30 September 2016, gross rental has decreased by 10.0% whereas total expenditure has decreased by 3.4%. The decrease in total expenditure was mainly due to lower borrowing cost and lower property operating and administrative expenses.

Realised earnings per unit has reduced against the corresponding period last year, from 8.16 sen to 6.81 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 continues to focus on maximising unitholders' yield. The efforts to seek yield accretive acquisitions that meets the objectives of UOA REIT will continue.

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 September 2017, UOA REIT's composition of investment portfolio is as follows:

	Acquisition cost RM	Fair value as at 30.9.2017 RM	Percentage of fair value to Net Asset Value %
Real estate properties			
Commercial			
- UOA Centre parcels	55,981,272	85,026,400	12.04
- UOA II parcels	194,502,300	294,000,000	41.64
- UOA Damansara parcels	72,000,000	120,941,134	17.13
- UOA Pantai	86,000,000	95,035,680	13.46
- UOA Damansara II	211,000,000	233,208,090	33.03
- Parcel B - Menara UOA Bangsar	289,000,000	300,018,388	42.49
	<u>908,483,572</u>	<u>1,128,229,692</u>	
Others			
Deposits with licensed financial institutions		<u>2,700,000</u>	0.38

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

B7 BORROWINGS AND DEBT SECURITIES

	As at 30.9.2017 RM	As at 31.12.2016 RM
Revolving credit - Secured	397,300,000	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 September 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 September 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):

	Current Quarter 30.9.2017 RM	Preceding Corresponding Quarter 30.9.2016 RM	Current Year To Date 30.9.2017 RM	Preceding Year To Date 30.9.2016 RM
Depreciation	(90,022)	3,441	9,684	10,377
Bad and doubtful debts	51,074	236,502	729,918	394,934
(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:

	Current Quarter 30.9.2017 RM	Preceding Corresponding Quarter 30.9.2016 RM	Current Year To Date 30.9.2017 RM	Preceding Year To Date 30.9.2016 RM
Income before tax	10,066,281	11,112,074	28,899,004	34,691,694
Taxation at statutory rate of 24%	2,415,907	2,666,898	6,935,761	8,326,007
Tax effects arising from				
- non-deductible expenses	(2,283)	40,301	81,721	112,680
- income exempted from tax	(2,314,008)	(2,500,981)	(6,580,403)	(7,652,722)
- net changes on financial liabilities measured at amortised cost	39,782	40,332	(19,573)	(46,767)
Utilisation of capital allowances	(139,398)	(246,550)	(417,506)	(739,198)
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 September 2017, the Manager did not hold any units in UOA REIT.

Direct holdings unless otherwise indicated	No. of units	Percentage of units in issue %	Market value as at 30.9.2017 RM
Directors of the Manager:			
- Alan Charles Winduss	100,000	0.02	162,000
- Dato' Gan Boon Khuay	100,000	0.02	162,000
- Kung Beng Hong	100,000	0.02	162,000
- Kong Sze Choon	39,000	0.01	63,180
Companies related to the Manager:			
- Desa Bukit Pantai Sdn Bhd	102,261,538	24.18	165,663,692
- Wisma UOA Sdn Bhd	77,729,000	18.38	125,920,980
- Rich Accomplishment Sdn Bhd	74,661,538	17.66	120,951,692
- Damai Positif Sdn Bhd	48,000,000	11.35	77,760,000
- Dynasty Portfolio Sdn Bhd	15,464,500	3.66	25,052,490
- LTG Development Sdn Bhd	5,600,700	1.32	9,073,134
Persons related to the Manager via relationship with a Director of the Manager:			
- Kong May Chee	15,900	0.00	25,758
- Kong Ai Chee	13,500	0.00	21,870
Director of the Manager (indirect interest):			
- Kong Sze Choon*	24,000	0.01	38,880
Person related to the Manager via relationship with a Director of the Manager (indirect interest):			
- Kong Chong Soon @ Chi Suim**	323,717,276	76.55	524,421,987

* 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 RM1.62 as at 30 September 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

A provision was made to distribute RM9,703,096 as income distribution for the quarter ended 30 September 2017. This translates into approximately 2.29 sen per unit and includes a non-taxable portion of approximately 0.21 sen per unit (representing 9% 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:

	Withholding tax rate
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:

	Current Quarter 30.9.2017 RM	Preceding Corresponding Quarter 30.9.2016 RM	Current Year To Date 30.9.2017 RM	Preceding Year To Date 30.9.2016 RM
Sources of income				
Gross rental	20,563,365	22,543,199	61,419,159	68,267,489
Interest income	9,552	8,533	25,070	26,683
Other income	97,255	71,239	208,049	200,111
	<u>20,670,172</u>	<u>22,622,971</u>	<u>61,652,278</u>	<u>68,494,283</u>
Expenses	<u>(10,438,131)</u>	<u>(11,342,847)</u>	<u>(32,834,828)</u>	<u>(33,997,452)</u>
Total income available for distribution	10,232,041	11,280,124	28,817,450	34,496,831
Undistributed income	(528,945)	(582,040)	(1,438,925)	(1,724,841)
Distribution to unitholders	<u>9,703,096</u>	<u>10,698,084</u>	<u>27,378,525</u>	<u>32,771,990</u>
Distribution per unit (sen)	<u>2.29</u>	<u>2.53</u>	<u>6.47</u>	<u>7.75</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.

	Current Quarter 30.9.2017 RM	Preceding Corresponding Quarter 30.9.2016 RM	Current Year To Date 30.9.2017 RM	Preceding Year To Date 30.9.2016 RM
Income after tax	10,066,281	11,112,074	28,899,004	34,691,694
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>2.38</u>	<u>2.63</u>	<u>6.83</u>	<u>8.20</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 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 21 November 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
21 NOVEMBER 2017