

UOA REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018 (UNAUDITED)

	As at 31.3.2018 RM	As at 31.12.2017 RM
INVESTMENTS		
Real estate properties	1,150,767,036	1,128,296,121
PLANT & EQUIPMENT	83,953	80,915
OTHER ASSETS		
Trade receivables	1,296,076	1,819,830
Other receivables	20,653,510	5,576,007
Deposits with licensed financial institution	1,550,000	1,200,000
Cash and bank balances	1,581,106	2,681,501
	25,080,693	11,277,338
TOTAL ASSETS	1,175,931,682	1,139,654,374
LIABILITIES		
Payables	16,856,810	2,789,180
Rental deposits	22,594,414	24,141,885
Amount due to Manager	456,867	430,235
Borrowings	397,900,000	387,500,000
Provision for income distribution	8,573,335	18,479,496
TOTAL LIABILITIES	446,381,426	433,340,796
NET ASSET VALUE	729,550,256	706,313,578
FINANCED BY:		
UNITHOLDERS' FUND		
Unitholders' capital	476,062,161	476,062,161
Undistributed income	253,488,095	230,251,417
	729,550,256	706,313,578
NET ASSET VALUE PER UNIT	1.7252	1.6703
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 2017 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 31 MARCH 2018 (UNAUDITED)**

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.3.2018 RM	31.3.2017 RM	31.3.2018 RM	31.3.2017 RM
TOTAL INCOME				
Gross rental	19,604,888	20,398,446	19,604,888	20,398,446
Property operating expenses	(4,908,131)	(5,698,159)	(4,908,131)	(5,698,159)
Net rental income	14,696,757	14,700,287	14,696,757	14,700,287
Interest income	8,315	8,026	8,315	8,026
Other income	44,108	47,769	44,108	47,769
	14,749,180	14,756,082	14,749,180	14,756,082
TOTAL EXPENDITURE				
Manager's fees	(1,189,216)	(1,186,683)	(1,189,216)	(1,186,683)
Trustee's fees	(53,249)	(53,135)	(53,249)	(53,135)
Borrowing costs	(4,363,722)	(3,916,519)	(4,363,722)	(3,916,519)
Auditors' remuneration	(12,625)	(11,375)	(12,625)	(11,375)
Tax agent's fees	(4,000)	(3,500)	(4,000)	(3,500)
Administrative expenses	(104,907)	(92,416)	(104,907)	(92,416)
	(5,727,719)	(5,263,628)	(5,727,719)	(5,263,628)
Fair value adjustment on investment properties	22,464,320	-	22,464,320	-
Net changes on financial liabilities measured at amortised cost (Note 1)	324,231	413,074	324,231	413,074
INCOME BEFORE TAX	31,810,012	9,905,528	31,810,012	9,905,528
TAX EXPENSE	-	-	-	-
INCOME AFTER TAX	31,810,012	9,905,528	31,810,012	9,905,528
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	31,810,012	9,905,528	31,810,012	9,905,528
INCOME DISTRIBUTION				
- Distributed income	-	-	-	-
- Provision for distribution	(8,573,334)	(9,017,902)	(8,573,334)	(9,017,902)
NET INCOME RETAINED	23,236,678	887,626	23,236,678	887,626
INCOME BEFORE TAX IS ANALYSED AS FOLLOWS:				
- Realised	9,021,461	9,492,454	9,021,461	9,492,454
- Unrealised	22,788,551	413,074	22,788,551	413,074
EARNINGS PER UNIT				
- After manager's fees (sen)	7.52	2.34	7.52	2.34
- Before manager's fees (sen)	7.80	2.62	7.80	2.62

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 31 MARCH 2018 (UNAUDITED)

	Attributable to Unitholders' Funds			Total Unitholders' Funds	
	Unitholders' Capital RM	Distributable Undistributed Income		Current Year To Date 31.3.2018 RM	Preceding Year To Date 31.3.2017 RM
	Realised RM	Unrealised RM			
Balance at 1 January	476,062,161	24,001,049	206,250,368	706,313,578	704,591,093
Total comprehensive income for the period	-	9,021,461	22,788,551	31,810,012	9,905,528
Distribution to unitholders	-	(8,573,334)	-	(8,573,334)	(9,017,902)
Balance at 31 March	<u>476,062,161</u>	<u>24,449,176</u>	<u>229,038,919</u>	<u>729,550,256</u>	<u>705,478,719</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 2017 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 31 MARCH 2018 (UNAUDITED)

	Current Year To Date 31.3.2018 RM	Preceding Year To Date 31.3.2017 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before tax	31,810,012	9,905,528
Adjustment for:		
Interest income	(8,315)	(8,026)
Interest expense	4,363,722	3,916,519
Depreciation	3,329	3,542
Plant and equipment written off	-	2,248
Fair value adjustment on investment properties	(22,464,320)	-
Net changes on financial liabilities measured at amortised cost	(324,231)	(413,074)
Bad and doubtful debts	(871,427)	140,632
Operating profit before changes in working capital	<u>12,508,770</u>	<u>13,547,369</u>
Net changes in receivables	(13,682,322)	(2,219,001)
Net changes in payables	12,871,022	(490,862)
Net cash generated from operating activities	<u>11,697,470</u>	<u>10,837,506</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	8,315	8,026
Purchase of plant and equipment	(6,367)	(13,003)
Enhancements to investment properties	(6,595)	(38,400)
Net cash used in investing activities	<u>(4,647)</u>	<u>(43,377)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(4,363,722)	(3,916,519)
Distribution to unitholders	(18,479,496)	(22,243,054)
Net drawdown of borrowings	10,400,000	14,950,000
Net cash used in financing activities	<u>(12,443,218)</u>	<u>(11,209,573)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(750,395)	(415,444)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,881,501	3,477,706
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>3,131,106</u>	<u>3,062,262</u>
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institution	1,550,000	1,400,000
Cash and bank balances	<u>1,581,106</u>	<u>1,662,262</u>
	<u>3,131,106</u>	<u>3,062,262</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

UOA REAL ESTATE INVESTMENT TRUST

EXPLANATORY NOTES TO THE QUARTERLY REPORT AS AT 31 MARCH 2018 (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 2017. 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 2017.

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 2017.

A3 QUALIFIED AUDIT REPORT

The auditors' report on the financial statements for the year ended 31 December 2017 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 2018, paid a final income distribution of 4.37 sen per unit amounting to RM18,476,495 for the year ended 31 December 2017.

There was no income distribution paid during the quarter under review but a provision was made to distribute 95% of the realised income before tax (unaudited) for the quarter ended 31 March 2018, to be distributed by end of August 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

During the quarter under review, a revaluation exercise was undertaken for the investment properties of the Trust pursuant to MFRS 140 Investment Property and Clause 10.02 of the Securities Commission's Guidelines on Real Estate Investment Trusts. The revaluation exercise brought a net appreciation on the fair value of the investment properties by RM22,464,320-00 and has been incorporated into the financial statements of the Trust for the period ended 31 March 2018 as an unrealised gain.

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 31 March 2018, UOA REIT registered a total income of RM19,657,311 inclusive of interest income and other income of RM8,315 and RM44,108 respectively. Total expenditure amounted to RM10,635,850 with RM4,908,131 attributable to property operating expenses and RM5,727,719 attributable to non-property operating expenses.

As compared to the corresponding period last year, gross rental decreased by 4% whereas total expenditure decreased by 3%. The decrease in total expenditure was mainly due to lower property operating expenses, which was offset with higher borrowing cost.

Taking into consideration a 95% distribution, the Trust has set aside RM8,573,334 as provision for distribution. Realised earnings per unit has reduced against the corresponding period last year, from 2.24 sen to 2.13 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 economic condition will remain as the main factor influencing the occupancy and rental rates of our properties. The Manager will continue to adopt active operating strategy with prudent capital management in order to enhance the yields and returns of the existing properties.

Meanwhile, the Manager will continue to seek opportunities to further acquire real estate that meets the objective 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 31 March 2018, UOA REIT's composition of investment portfolio is as follows:

	Acquisition cost	Fair value as at	Percentage of
	RM	31.3.2018	fair value to
		RM	Net Asset Value
			%
Real estate properties			
Commercial			
- UOA Centre parcels	55,981,272	85,026,400	11.65
- UOA II parcels	194,502,300	294,000,000	40.30
- UOA Damansara parcels	72,000,000	120,953,585	16.58
- UOA Pantai	86,000,000	117,500,000	16.11
- UOA Damansara II	211,000,000	233,266,763	31.97
- Parcel B - Menara UOA Bangsar	289,000,000	300,020,288	41.12
	<u>908,483,572</u>	<u>1,150,767,036</u>	
Others			
Deposits with licensed financial institutions		<u>1,550,000</u>	0.21

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 31.3.2018 RM	As at 31.12.2017 RM
Revolving credit - Secured	397,900,000	387,500,000

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 31 March 2018 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 31 March 2018 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 31.3.2018 RM	Preceding Corresponding Quarter 31.3.2017 RM	Current Year To Date 31.3.2018 RM	Preceding Year To Date 31.3.2017 RM
Depreciation	3,329	3,542	3,329	3,542
Bad and doubtful debts	(871,427)	140,632	(871,427)	140,632
(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 31.3.2018 RM	Preceding Corresponding Quarter 31.3.2017 RM	Current Year To Date 31.3.2018 RM	Preceding Year To Date 31.3.2017 RM
Income before tax	31,810,012	9,905,528	31,810,012	9,905,528
Taxation at statutory rate of 24%	7,634,403	2,377,327	7,634,403	2,377,327
Tax effects arising from				
- non-deductible expenses	94,976	26,959	94,976	26,959
- income exempted from tax	(7,516,679)	(2,166,126)	(7,516,679)	(2,166,126)
- net changes on financial liabilities measured at amortised cost	(77,815)	(99,138)	(77,815)	(99,138)
Utilisation of capital allowances	(134,885)	(139,022)	(134,885)	(139,022)
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.

UOA REIT is expected to enjoy the tax exemption as it intends to distribute 95% of its total income to its unitholders for the year ending 31 December 2018. Therefore, 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 31 March 2018, 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 31.3.2018 RM
Directors of the Manager:			
- Alan Charles Winduss	100,000	0.02	148,000
- Dato' Gan Boon Khuay	100,000	0.02	148,000
- Kung Beng Hong	100,000	0.02	148,000
- Kong Sze Choon	39,000	0.01	57,720
Companies related to the Manager:			
- Desa Bukit Pantai Sdn Bhd	102,261,538	24.18	151,347,076
- Wisma UOA Sdn Bhd	77,729,000	18.38	115,038,920
- Rich Accomplishment Sdn Bhd	74,661,538	17.66	110,499,076
- Damai Positif Sdn Bhd	48,000,000	11.35	71,040,000
- Dynasty Portfolio Sdn Bhd	15,464,500	3.66	22,887,460
- LTG Development Sdn Bhd	5,600,700	1.32	8,289,036
Persons related to the Manager via relationship with a Director of the Manager:			
- Kong May Chee	15,900	0.00	23,532
- Kong Ai Chee	13,500	0.00	19,980
Director of the Manager (indirect interest):			
- Kong Sze Choon*	24,000	0.01	35,520
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	479,101,568

* 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 RM1.48 as at 31 March 2018.

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 RM8,573,334 as income distribution for the quarter ended 31 March 2018. This translates into approximately 2.03 sen per unit and includes a non-taxable portion of approximately 0.08 sen per unit (representing 4% 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 31.3.2018 RM	Preceding Corresponding Quarter 31.3.2017 RM	Current Year To Date 31.3.2018 RM	Preceding Year To Date 31.3.2017 RM
Sources of income				
Gross rental	19,604,888	20,398,446	19,604,888	20,398,446
Interest income	8,315	8,026	8,315	8,026
Other income	44,108	47,769	44,108	47,769
	<u>19,657,311</u>	<u>20,454,241</u>	<u>19,657,311</u>	<u>20,454,241</u>
Expenses	<u>(10,635,850)</u>	<u>(10,961,787)</u>	<u>(10,635,850)</u>	<u>(10,961,787)</u>
Total income available for distribution	9,021,461	9,492,454	9,021,461	9,492,454
Undistributed income	(448,127)	(474,552)	(448,127)	(474,552)
Distribution to unitholders	<u>8,573,334</u>	<u>9,017,902</u>	<u>8,573,334</u>	<u>9,017,902</u>
Distribution per unit (sen)	<u>2.03</u>	<u>2.13</u>	<u>2.03</u>	<u>2.13</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 31.3.2018 RM	Preceding Corresponding Quarter 31.3.2017 RM	Current Year To Date 31.3.2018 RM	Preceding Year To Date 31.3.2017 RM
Income after tax	31,810,012	9,905,528	31,810,012	9,905,528
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>7.52</u>	<u>2.34</u>	<u>7.52</u>	<u>2.34</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 31 March 2018 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 May 2018.

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 MAY 2018