

**UOA REAL ESTATE INVESTMENT TRUST**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018 (UNAUDITED)**

	<b>As at 30.6.2018 RM</b>	<b>As at 31.12.2017 RM</b>
<b>INVESTMENTS</b>		
Real estate properties	1,150,767,036	1,128,296,121
<b>PLANT &amp; EQUIPMENT</b>	97,384	80,915
<b>OTHER ASSETS</b>		
Trade receivables	2,033,992	1,819,830
Other receivables	10,826,229	5,576,007
Deposits with licensed financial institution	2,350,000	1,200,000
Cash and bank balances	1,565,821	2,681,501
	16,776,042	11,277,338
<b>TOTAL ASSETS</b>	1,167,640,462	1,139,654,374
<b>LIABILITIES</b>		
Payables	15,926,304	2,789,180
Rental deposits	22,628,275	24,141,885
Amount due to Manager	436,829	430,235
Borrowings	381,750,000	387,500,000
Provision for income distribution	17,084,020	18,479,496
<b>TOTAL LIABILITIES</b>	437,825,428	433,340,796
<b>NET ASSET VALUE</b>	729,815,034	706,313,578
<b>FINANCED BY:</b>		
<b>UNITHOLDERS' FUND</b>		
Unitholders' capital	476,062,161	476,062,161
Undistributed income	253,752,873	230,251,417
	729,815,034	706,313,578
<b>NET ASSET VALUE PER UNIT</b>	1.7259	1.6703
<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 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 30 JUNE 2018 (UNAUDITED)**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2018 RM	30.6.2017 RM	30.6.2018 RM	30.6.2017 RM
<b>TOTAL INCOME</b>				
Gross rental	20,425,062	20,457,348	40,029,950	40,855,794
Property operating expenses	(5,549,849)	(5,962,923)	(10,457,980)	(11,661,082)
<b>Net rental income</b>	14,875,213	14,494,425	29,571,970	29,194,712
Interest income	18,890	7,493	27,205	15,519
Other income	28,689	63,024	72,797	110,794
	14,922,792	14,564,942	29,671,972	29,321,025
<b>TOTAL EXPENDITURE</b>				
Manager's fees	(1,238,691)	(1,187,631)	(2,427,908)	(2,374,314)
Trustee's fees	(55,464)	(53,178)	(108,712)	(106,313)
Borrowing costs	(4,566,599)	(4,021,637)	(8,930,321)	(7,938,155)
Auditors' remuneration	(11,625)	(11,525)	(24,250)	(22,900)
Tax agent's fees	(4,015)	(3,500)	(8,015)	(7,000)
Valuation fees	(59,500)	-	(59,500)	-
Administrative expenses	(62,323)	(194,518)	(167,230)	(286,934)
	(5,998,217)	(5,471,989)	(11,725,936)	(10,735,616)
Fair value adjustment on investment properties	-	-	22,464,320	-
Net changes on financial liabilities measured at amortised cost (Note 1)	(149,112)	(165,760)	175,119	247,314
<b>INCOME BEFORE TAX</b>	8,775,463	8,927,193	40,585,475	18,832,723
<b>TAX EXPENSE</b>	-	-	-	-
<b>INCOME AFTER TAX</b>	8,775,463	8,927,193	40,585,475	18,832,723
<b>OTHER COMPREHENSIVE INCOME</b>	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	8,775,463	8,927,193	40,585,475	18,832,723
<b>INCOME DISTRIBUTION</b>				
- Distributed income	-	-	-	-
- Provision for distribution	(8,510,684)	(8,657,527)	(17,084,019)	(17,676,040)
- Distribution adjustment (rounding)	-	-	-	611
<b>NET INCOME RETAINED</b>	264,779	269,666	23,501,456	1,157,294
<b>INCOME BEFORE TAX IS ANALYSED AS FOLLOWS:</b>				
- Realised	8,924,575	9,092,953	17,946,036	18,585,409
- Unrealised	(149,112)	(165,760)	22,639,439	247,314
<b>EARNINGS PER UNIT</b>				
- After manager's fees (sen)	2.08	2.11	9.60	4.45
- Before manager's fees (sen)	2.37	2.39	10.17	5.02

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 30 JUNE 2018 (UNAUDITED)**

	Attributable to Unitholders' Funds			Total Unitholders' Funds	
	Unitholders' Capital RM	Distributable Undistributed Income		Current Year To Date 30.6.2018 RM	Preceding Year To Date 30.6.2017 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	-	17,946,036	22,639,439	40,585,475	18,832,723
Distribution to unitholders	-	(17,084,019)	-	(17,084,019)	(17,675,429)
Balance at 30 June	<u>476,062,161</u>	<u>24,863,066</u>	<u>228,889,807</u>	<u>729,815,034</u>	<u>705,748,387</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 30 JUNE 2018 (UNAUDITED)**

	<b>Current Year To Date 30.6.2018 RM</b>	<b>Preceding Year To Date 30.6.2017 RM</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before tax	40,585,475	18,832,723
Adjustment for:		
Interest income	(27,205)	(15,519)
Interest expense	8,930,321	7,938,155
Depreciation	7,008	99,706
Plant and equipment written off	-	2,615
Fair value adjustment on investment properties	(22,464,320)	-
Net changes on financial liabilities measured at amortised cost	(175,119)	(247,314)
Bad and doubtful debts	(827,475)	678,844
Operating profit before changes in working capital	26,028,685	27,289,210
Net changes in receivables	(4,636,909)	16,387
Net changes in payables	11,805,228	(1,197,766)
Net cash generated from operating activities	33,197,004	26,107,831
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest income	27,205	15,519
Purchase of plant and equipment	(23,477)	(1,870,751)
Enhancements to investment properties	(6,595)	(40,750)
Net cash used in investing activities	(2,867)	(1,895,982)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(8,930,321)	(7,938,155)
Distribution to unitholders	(18,479,496)	(22,243,665)
Net (repayment)/drawdown of borrowings	(5,750,000)	7,050,000
Net cash used in financing activities	(33,159,817)	(23,131,820)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>34,320</b>	<b>1,080,029</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>3,881,501</b>	<b>3,477,706</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>3,915,821</b>	<b>4,557,735</b>
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institution	2,350,000	3,050,000
Cash and bank balances	1,565,821	1,507,735
	3,915,821	4,557,735

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 30 JUNE 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 RM18,479,496 for the year ended 31 December 2017.

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 2018 amounting to RM17,084,019 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**

In the first quarter of 2018, 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 30 June 2018, UOA REIT registered a total income of RM20,472,641 inclusive of interest income and other income of RM18,890 and RM28,689 respectively. Total expenditure amounted to RM11,548,066 with RM5,549,849 attributable to property operating expenses and RM5,998,217 attributable to non-property operating expenses. Taking into consideration a 95% distribution, the Trust has set aside RM8,510,684 as provision for distribution.

Against the six (6) months ended 30 June 2018, gross rental has decreased by 2% whereas total expenditure decreased by 1%. The decrease in total expenditure was mainly due to lower property operating expenses, which was offset with higher borrowing cost.

Realised earnings per unit has reduced against the corresponding period last year, from 4.40 sen to 4.24 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 disposal of Wisma UOA Pantai was completed on 25 July 2018. The disposal will not have a material impact on UOA REIT's net asset value.

The Manager will continue to manage the properties in the portfolio to maximise the yield for unitholders while recognising the potential impact from the soft property market sentiments which may affect the occupancy and rental rates of our properties.

UOA REIT will continue to seek opportune investment in yield accretive assets which meet its objectives.

### **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 2018, 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>30.6.2018</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	85,026,400	11.65
- UOA II parcels	194,502,300	294,000,000	40.28
- UOA Damansara parcels	72,000,000	120,953,585	16.57
- UOA Pantai	86,000,000	117,500,000	16.10
- UOA Damansara II	211,000,000	233,266,763	31.96
- Parcel B - Menara UOA Bangsar	289,000,000	300,020,288	41.11
	<u>908,483,572</u>	<u>1,150,767,036</u>	
<b>Others</b>			
Deposits with licensed financial institutions		<u>2,350,000</u>	0.32

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 30.6.2018 RM</b>	<b>As at 31.12.2017 RM</b>
Revolving credit - Secured	381,750,000	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 30 June 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 30 June 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):

	<b>Current Quarter 30.6.2018 RM</b>	<b>Preceding Corresponding Quarter 30.6.2017 RM</b>	<b>Current Year To Date 30.6.2018 RM</b>	<b>Preceding Year To Date 30.6.2017 RM</b>
Depreciation	3,679	96,164	7,008	99,706
Bad and doubtful debts	43,952	538,212	(827,475)	678,844
(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 30.6.2018 RM</b>	<b>Preceding Corresponding Quarter 30.6.2017 RM</b>	<b>Current Year To Date 30.6.2018 RM</b>	<b>Preceding Year To Date 30.6.2017 RM</b>
Income before tax	8,775,463	8,927,193	40,585,475	18,832,723
Taxation at statutory rate of 24%	2,106,111	2,142,526	9,740,513	4,519,853
Tax effects arising from				
- non-deductible expenses	164,969	57,045	259,946	84,004
- income exempted from tax	(2,171,153)	(2,100,269)	(4,296,395)	(4,266,395)
- net changes on financial liabilities measured at amortised cost	35,787	39,783	(42,028)	(59,355)
- fair value adjustment on investment properties	-		(5,391,437)	
Utilisation of capital allowances	(135,714)	(139,085)	(270,599)	(278,107)
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 2018, 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 2018, 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 30.6.2018 RM</b>
<b>Directors of the Manager:</b>			
- Alan Charles Winduss	100,000	0.02	146,000
- Dato' Gan Boon Khuay	100,000	0.02	146,000
- Kung Beng Hong	100,000	0.02	146,000
- Kong Sze Choon	39,000	0.01	56,940
<b>Companies related to the Manager:</b>			
- Desa Bukit Pantai Sdn Bhd	102,261,538	24.18	149,301,845
- Wisma UOA Sdn Bhd	77,729,000	18.38	113,484,340
- Rich Accomplishment Sdn Bhd	74,661,538	17.66	109,005,845
- Damai Positif Sdn Bhd	48,000,000	11.35	70,080,000
- Dynasty Portfolio Sdn Bhd	15,464,500	3.66	22,578,170
- LTG Development Sdn Bhd	5,600,700	1.32	8,177,022
<b>Persons related to the Manager via relationship with a Director of the Manager:</b>			
- Kong May Chee	15,900	0.00	23,214
- Kong Ai Chee	13,500	0.00	19,710
<b>Director of the Manager (indirect interest):</b>			
- Kong Sze Choon*	24,000	0.01	35,040
<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	472,627,223

\* 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 RM1.46 as at 30 June 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

The Trustee had on 8 June 2018, entered into a Sale and Purchase Agreement with CIMB Bank Berhad in respect of the disposal of Wisma UOA Pantai for a cash consideration of RM120,000,000. The disposal was completed on 25 July 2018.

## B17 INCOME DISTRIBUTION

UOA REIT is declaring an income distribution for the six (6) months ended 30 June 2018 amounting to RM17,084,019 equivalent to 4.04 sen per unit and includes a non-taxable portion of approximately 0.08 sen (representing 2% 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:

	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 30.6.2018 RM	Preceding Corresponding Quarter 30.6.2017 RM	Current Year To Date 30.6.2018 RM	Preceding Year To Date 30.6.2017 RM
Sources of income				
Gross rental	20,425,062	20,457,348	40,029,950	40,855,794
Interest income	18,890	7,493	27,205	15,519
Other income	28,689	63,024	72,797	110,794
	<u>20,472,641</u>	<u>20,527,865</u>	<u>40,129,952</u>	<u>40,982,107</u>
Expenses	<u>(11,548,066)</u>	<u>(11,434,912)</u>	<u>(22,183,916)</u>	<u>(22,396,698)</u>
Total income available for distribution	8,924,575	9,092,953	17,946,036	18,585,409
Undistributed income	(413,891)	(435,426)	(862,017)	(909,369)
Distribution to unitholders	<u>8,510,684</u>	<u>8,657,527</u>	<u>17,084,019</u>	<u>17,676,040</u>
Distribution per unit (sen)	<u>2.01</u>	<u>2.05</u>	<u>4.04</u>	<u>4.18</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 30.6.2018 RM</b>	<b>Preceding Corresponding Quarter 30.6.2017 RM</b>	<b>Current Year To Date 30.6.2018 RM</b>	<b>Preceding Year To Date 30.6.2017 RM</b>
Income after tax	8,775,463	8,927,193	40,585,475	18,832,723
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>2.08</u>	<u>2.11</u>	<u>9.60</u>	<u>4.45</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 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 30 July 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

30 JULY 2018