

UOA REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019 (UNAUDITED)

	As at 30.9.2019 RM	As at 31.12.2018 RM
INVESTMENTS		
Real estate properties	1,036,240,241	1,035,100,000
PLANT & EQUIPMENT	239,666	102,292
OTHER ASSETS		
Trade receivables	937,847	2,185,485
Other receivables	7,731,968	8,787,406
Deposits with licensed financial institution	1,750,000	1,700,000
Cash and bank balances	1,470,246	1,620,596
	<u>11,890,061</u>	<u>14,293,487</u>
TOTAL ASSETS	1,048,369,968	1,049,495,779
LIABILITIES		
Payables	3,387,238	2,740,658
Rental deposits	21,531,801	22,257,656
Amount due to Manager	432,308	429,133
Borrowings	286,000,000	277,300,000
Tax payable	57,000	2,000
Provision for income distribution	10,861,309	21,524,173
TOTAL LIABILITIES	<u>322,269,656</u>	<u>324,253,620</u>
NET ASSET VALUE	<u>726,100,312</u>	<u>725,242,159</u>
FINANCED BY:		
UNITHOLDERS' FUND		
Unitholders' capital	476,062,161	476,062,161
Undistributed income	250,038,151	249,179,998
	<u>726,100,312</u>	<u>725,242,159</u>
NET ASSET VALUE PER UNIT	1.7171	1.7150
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 2018 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 2019 (UNAUDITED)**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.9.2019 RM	30.9.2018 RM	30.9.2019 RM	30.9.2018 RM
TOTAL INCOME				
Gross rental	19,908,094	19,108,666	58,955,326	59,138,616
Property operating expenses	(5,154,285)	(5,824,700)	(15,579,201)	(16,282,680)
Net rental income	14,753,809	13,283,966	43,376,125	42,855,936
Interest income	11,940	74,953	41,152	102,158
Other income	71,231	57,866	198,582	130,663
	14,836,980	13,416,785	43,615,859	43,088,757
TOTAL EXPENDITURE				
Manager's fees	(1,222,774)	(1,226,669)	(3,667,049)	(3,654,576)
Trustee's fees	(54,751)	(54,925)	(164,196)	(163,638)
Borrowing costs	(2,876,760)	(3,807,181)	(8,877,076)	(12,737,502)
Auditors' remuneration	(11,000)	(11,625)	(35,820)	(35,875)
Tax agent's fees	(4,500)	(7,690)	(13,500)	(15,705)
Valuation fee	(1,982)	-	(15,540)	(59,500)
Administrative expenses	(62,525)	(744,485)	(316,598)	(911,714)
	(4,234,292)	(5,852,575)	(13,089,779)	(17,578,510)
Fair value adjustment on investment properties	-	-	-	22,464,320
Net changes on financial liabilities measured at amortised cost (Note 1)	(83,710)	(134,763)	474,874	40,356
INCOME BEFORE TAX	10,518,978	7,429,447	31,000,954	48,014,923
TAX EXPENSE	(71,085)	-	(1,351,730)	-
INCOME AFTER TAX	10,447,893	7,429,447	29,649,224	48,014,923
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	10,447,893	7,429,447	29,649,224	48,014,923
INCOME DISTRIBUTION				
- Distributed income	-	-	(17,929,762)	(17,084,019)
- Provision for distribution	(10,861,309)	(7,351,244)	(10,861,309)	(7,351,244)
NET (LOSS)/INCOME RETAINED	(413,416)	78,203	858,153	23,579,660
INCOME/(LOSS) BEFORE TAX IS ANALYSED AS FOLLOWS:				
- Realised	10,602,688	7,564,210	30,526,080	25,510,247
- Unrealised	(83,710)	(134,763)	474,874	22,504,676
EARNINGS PER UNIT				
- After manager's fees (sen)	2.47	1.76	7.01	11.35
- Before manager's fees (sen)	2.76	2.05	7.88	12.22

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019 (UNAUDITED)

	Attributable to Unitholders' Funds			Total Unitholders' Funds	
	Unitholders' Capital RM	Distributable Undistributed Income		Current Year To Date 30.9.2019 RM	Preceding Year To Date 30.9.2018 RM
	RM	Realised RM	Unrealised RM		
Balance at 1 January	476,062,161	51,944,826	197,235,172	725,242,159	706,313,578
Total comprehensive income for the period	-	30,526,080	(876,856)	29,649,224	48,014,923
Distribution to unitholders	-	(28,791,071)	-	(28,791,071)	(24,435,263)
Balance at 30 September	<u>476,062,161</u>	<u>53,679,835</u>	<u>196,358,316</u>	<u>726,100,312</u>	<u>729,893,238</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 2018 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 2019 (UNAUDITED)

	Current Year To Date 30.9.2019 RM	Preceding Year To Date 30.9.2018 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before tax	31,000,954	48,014,923
Adjustment for:		
Interest income	(41,152)	(102,158)
Interest expense	8,877,076	12,737,502
Depreciation	18,336	10,834
Plant and equipment written off	2,763	1,286
Loss on disposal of investment properties	-	660,161
Fair value adjustment on investment properties	-	(22,464,320)
Net changes on financial liabilities measured at amortised cost	(474,874)	(40,356)
Bad and doubtful debts	30,990	(828,896)
Operating profit before changes in working capital	39,414,093	37,988,976
Net changes in receivables	1,027,441	(3,885,530)
Net changes in payables	616,346	(3,930,863)
Cash generated from operating activities	41,057,880	30,172,583
Tax paid	(52,085)	-
Net cash generated from operating activities	41,005,795	30,172,583
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	41,152	102,158
Purchase of plant and equipment	(158,473)	(37,882)
Enhancements to investment properties	(1,140,241)	(1,225,585)
Net cash used in investing activities	(1,257,562)	(1,161,309)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(9,094,648)	(12,737,502)
Distribution to unitholders	(39,453,935)	(35,563,515)
Proceeds from disposal of Investment properties	-	120,000,000
Net drawdown/(repayment) of borrowings	8,700,000	(101,300,000)
Net cash used in financing activities	(39,848,583)	(29,601,017)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(100,350)	(589,743)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,320,596	3,881,501
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,220,246	3,291,758
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institution	1,750,000	1,500,000
Cash and bank balances	1,470,246	1,791,758
	3,220,246	3,291,758

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019 (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 2018. 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 2018.

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 2018.

A3 QUALIFIED AUDIT REPORT

The auditors' report on the financial statements for the year ended 31 December 2018 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 2019, paid a interim income distribution of 4.24 sen per unit amounting to RM17,929,762 for the year ending 31 December 2019.

No income distribution was declared for the quarter under review but a provision was made to distribute 95% of the realised income before tax (unaudited) fo the quarter ended 30 September 2019 to be distributed by end of February 2020 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 2018 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 2019, UOA REIT registered a total income of RM19,991,265 inclusive of interest income and other income of RM11,940 and RM71,231 respectively. Total expenditure amounted to RM9,388,577 with RM5,154,285 attributable to property operating expenses and RM4,234,292 attributable to non-property operating expenses.

As compared to the corresponding period last year, gross rental has slightly decreased by 0.3% whereas total expenditure decreased by 15.3%. The decrease in total expenditure was mainly due to the decrease in borrowing cost.

Taking into consideration a 95% distribution, the Trust has set aside RM10,861,309 as provision for distribution. Realised earnings per unit has increased against the corresponding period last year, from 6.03 sen to 7.22 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 actively manage the properties in the portfolio with prudent capital management. 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 2019, UOA REIT's composition of investment portfolio is as follows:

	Acquisition cost RM	Fair value as at 30.9.2019 RM	Percentage of fair value to Net Asset Value %
Real estate properties			
Commercial			
- UOA Centre parcels	55,981,272	85,100,000	11.72
- UOA II parcels	194,502,300	294,000,000	40.49
- UOA Damansara parcels	72,000,000	121,000,000	16.66
- UOA Damansara II	211,000,000	236,140,241	32.52
- Parcel B - Menara UOA Bangsar	289,000,000	300,000,000	41.32
	<u>822,483,572</u>	<u>1,036,240,241</u>	
Others			
Deposits with licensed financial institutions		<u>1,750,000</u>	0.24

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 30.9.2019 RM	As at 31.12.2018 RM
Revolving credit - Secured	286,000,000	277,300,000

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 2019 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 2019 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 30.9.2019 RM	Preceding Corresponding Quarter 30.9.2018 RM	Current Year To Date 30.9.2019 RM	Preceding Year To Date 30.9.2018 RM
Depreciation	7,320	3,827	18,336	10,834
Bad and doubtful debts	(104,050)	(1,421)	30,990	(828,896)
(Gain)/loss on disposal				
- quoted investments	-	-	-	-
- unquoted investments	-	-	-	-
- properties	-	660,161	-	660,161
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 30.9.2019 RM	Preceding Corresponding Quarter 30.9.2018 RM	Current Year To Date 30.9.2019 RM	Preceding Year To Date 30.9.2018 RM
Income before tax	10,518,978	7,429,447	31,000,954	48,014,923
Taxation at statutory rate of 24%	2,524,555	1,783,067	7,440,229	11,523,582
Tax effects arising from				
- non-deductible expenses	127,211	181,986	402,980	441,930
- income exempted from tax	(2,611,859)	(1,862,389)	(7,549,626)	(6,158,784)
- net changes on financial liabilities measured at amortised cost	20,090	32,343	(113,970)	(9,685)
- fair value adjustment on investment properties	-	-	-	(5,391,437)
Utilisation of capital allowances	(38,997)	(135,007)	(122,613)	(405,606)
Real property gain tax	49,773	-	1,294,418	-
Underestimated in prior years	312	-	312	-
Tax expense for the quarter/period	71,085	-	1,351,730	-

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 2019. 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 30 September 2019, 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 30.9.2019 RM
Directors of the Manager:			
- Alan Charles Winduss	100,000	0.02	123,000
- Dato' Gan Boon Khuay	100,000	0.02	123,000
- Kung Beng Hong	100,000	0.02	123,000
- Kong Sze Choon	39,000	0.01	47,970
Companies related to the Manager:			
- Desa Bukit Pantai Sdn Bhd	102,261,538	24.18	125,781,692
- Wisma UOA Sdn Bhd	77,729,000	18.38	95,606,670
- Rich Accomplishment Sdn Bhd	74,661,538	17.66	91,833,692
- Damai Positif Sdn Bhd	48,000,000	11.35	59,040,000
- Dynasty Portfolio Sdn Bhd	15,464,500	3.66	19,021,335
- LTG Development Sdn Bhd	5,600,700	1.32	6,888,861
Persons related to the Manager via relationship with a Director of the Manager:			
- Kong May Chee	15,900	0.00	19,557
- Kong Ai Chee	13,500	0.00	16,605
Director of the Manager (indirect interest):			
- Kong Sze Choon*	24,000	0.01	29,520
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	398,172,249

* 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 RM1.23 as at 30 September 2019.

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 RM10,861,309 as income distribution for the quarter ended 30 September 2019. This translates into approximately 2.57 sen per unit.

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 30.9.2019 RM	Preceding Corresponding Quarter 30.9.2018 RM	Current Year To Date 30.9.2019 RM	Preceding Year To Date 30.9.2018 RM
Sources of income				
Gross rental	19,908,094	19,108,666	58,955,326	59,138,616
Interest income	11,940	74,953	41,152	102,158
Other income	71,231	57,866	198,582	130,663
	<u>19,991,265</u>	<u>19,241,485</u>	<u>59,195,060</u>	<u>59,371,437</u>
Expenses	<u>(9,388,577)</u>	<u>(11,677,275)</u>	<u>(28,668,980)</u>	<u>(33,861,190)</u>
Total income available for distribution	10,602,688	7,564,210	30,526,080	25,510,247
Undistributed income	258,621	(212,966)	(1,735,009)	(1,074,984)
Distribution to unitholders	<u>10,861,309</u>	<u>7,351,244</u>	<u>28,791,071</u>	<u>24,435,263</u>
Distribution per unit (sen)	<u>2.57</u>	<u>1.74</u>	<u>6.81</u>	<u>5.78</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 30.9.2019 RM	Preceding Corresponding Quarter 30.9.2018 RM	Current Year To Date 30.9.2019 RM	Preceding Year To Date 30.9.2018 RM
Income after tax	10,447,893	7,429,447	29,649,224	48,014,923
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>2.47</u>	<u>1.76</u>	<u>7.01</u>	<u>11.35</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 2019 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 2019.

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 2019