

UOA REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 (UNAUDITED)

	As at 31.12.2019 RM (Unaudited)	As at 31.12.2018 RM (Audited)
INVESTMENTS		
Real estate properties	1,036,240,241	1,035,100,000
PLANT & EQUIPMENT	239,913	102,292
OTHER ASSETS		
Trade receivables	1,215,605	2,185,485
Other receivables	6,521,194	8,787,406
Deposits with licensed financial institution	1,000,000	1,700,000
Cash and bank balances	1,608,717	1,620,596
	<u>10,345,516</u>	<u>14,293,487</u>
TOTAL ASSETS	1,046,825,670	1,049,495,779
LIABILITIES		
Payables	2,774,221	2,740,658
Rental deposits	21,878,524	22,257,656
Amount due to Manager	418,293	429,133
Borrowings	274,800,000	277,300,000
Tax payable	30,050	2,000
Deferred tax liabilities	19,776,000	-
Provision for income distribution	20,593,855	21,524,173
TOTAL LIABILITIES	<u>340,270,943</u>	<u>324,253,620</u>
NET ASSET VALUE	<u>706,554,727</u>	<u>725,242,159</u>
FINANCED BY:		
UNITHOLDERS' FUND		
Unitholders' capital	476,062,161	476,062,161
Undistributed income	230,492,566	249,179,998
	<u>706,554,727</u>	<u>725,242,159</u>
NUMBER OF UNITS IN CIRCULATION	422,871,776	422,871,776
Net asset value attributable to unitholders:		
Before income distribution	685,960,872	703,717,986
After income distribution	706,554,727	725,242,159
Net asset value per unit attributable to unitholders:		
Before proposed final income distribution	1.6221	1.6641
After proposed final income distribution	1.6708	1.7150

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 YEAR ENDED 31 DECEMBER 2019 (UNAUDITED)**

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.2019 RM (Unaudited)	31.12.2018 RM (Unaudited)	31.12.2019 RM (Unaudited)	31.12.2018 RM (Audited)
TOTAL INCOME				
Gross rental	19,779,161	19,061,689	78,734,487	78,200,304
Property operating expenses	(5,226,867)	(4,660,907)	(20,806,068)	(20,943,586)
Net rental income	14,552,294	14,400,782	57,928,419	57,256,718
Interest income	19,033	18,377	60,185	120,536
Other income	38,757	134,151	237,339	264,813
	14,610,084	14,553,310	58,225,943	57,642,067
TOTAL EXPENDITURE				
Manager's fees	(1,211,663)	(1,230,875)	(4,878,712)	(4,885,451)
Trustee's fees	(54,254)	(55,114)	(218,450)	(218,752)
Borrowing costs	(2,893,236)	(3,099,381)	(11,770,313)	(15,836,883)
Auditors' remuneration	(13,000)	(9,125)	(48,820)	(45,000)
Tax agent's fees	(7,833)	(6,250)	(21,333)	(21,955)
Valuation fee	(35,000)	(150,000)	(50,540)	(209,500)
Administrative expenses	(86,035)	(397,406)	(402,632)	(1,309,120)
	(4,301,021)	(4,948,151)	(17,390,800)	(22,526,661)
Fair value adjustment on investment properties	-	105,624	-	22,569,944
Net changes on financial liabilities measured at amortised cost (Note 1)	(323,102)	(75,792)	151,772	(35,435)
INCOME BEFORE TAX	9,985,961	9,634,991	40,986,915	57,649,915
TAX EXPENSE	(19,799,000)	(113,143)	(21,150,730)	(113,143)
(LOSS)/INCOME AFTER TAX	(9,813,039)	9,521,848	19,836,185	57,536,772
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) /INCOME	(9,813,039)	9,521,848	19,836,185	57,536,772
INCOME DISTRIBUTION				
- Distributed income	-	-	(17,929,762)	(17,084,018)
- Provision for distribution	(9,732,546)	(14,172,928)	(20,593,855)	(21,524,173)
NET (LOSS)/INCOME RETAINED	(19,545,585)	(4,651,080)	(18,687,432)	18,928,581
INCOME/(LOSS) AFTER TAX IS ANALYSED AS FOLLOWS:				
- Realised	10,309,063	9,605,159	40,835,143	35,115,406
- Unrealised	(20,122,102)	(83,311)	(20,998,958)	22,421,366
(LOSS)/EARNINGS PER UNIT				
- After manager's fees (sen)	(2.32)	2.25	4.69	13.61
- Before manager's fees (sen)	(2.03)	2.54	5.84	14.76

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 9 Financial Instruments: Recognition and Measurement.

UOA REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE YEAR ENDED 31 DECEMBER 2019 (UNAUDITED)

	Attributable to Unitholders' Funds			Total Unitholders' Funds	
	Unitholders' Capital RM	Distributable Undistributed Income		Current Year To Date 31.12.2019 RM	Preceding Year To Date 31.12.2018 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 year	-	40,835,143	(20,998,958)	19,836,185	57,536,772
Distribution to unitholders	-	(38,523,617)	-	(38,523,617)	(38,608,191)
Balance at 31 December	<u>476,062,161</u>	<u>54,256,352</u>	<u>176,236,214</u>	<u>706,554,727</u>	<u>725,242,159</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 YEAR ENDED 31 DECEMBER 2019 (UNAUDITED)

	Current Year To Date 31.12.2019 RM (Unaudited)	Preceding Year To Date 31.12.2018 RM (Audited)
CASH FLOW FROM OPERATING ACTIVITIES		
Income before tax	40,986,915	57,649,915
Adjustment for:		
Interest income	(60,185)	(120,536)
Interest expense	11,770,313	15,836,883
Depreciation	26,670	14,961
Plant and equipment written off	2,763	1,286
Loss on disposal of investment properties	-	660,160
Fair value adjustment on investment properties	-	(22,569,944)
Net changes on financial liabilities measured at amortised cost	(151,772)	35,435
Allowance for/(Reversal of) impairment loss on financial assets	51,182	(859,817)
Operating profit before changes in working capital	52,625,886	50,648,343
Net changes in receivables	1,940,265	(4,074,349)
Net changes in payables	109,561	(3,767,288)
Cash generated from operating activities	54,675,712	42,806,706
Tax paid	(102,035)	(113,143)
Net cash generated from operating activities	54,573,677	42,693,563
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	60,185	120,536
Purchase of plant and equipment	(167,054)	(40,672)
Proceeds from disposal of Investment properties	-	120,000,000
Enhancements to investment properties	(1,140,241)	(1,733,935)
Net cash (used in)/from investing activities	(1,247,110)	118,345,929
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(12,084,511)	(15,836,883)
Distribution to unitholders	(39,453,935)	(35,563,514)
Net repayment of borrowings	(2,500,000)	(110,200,000)
Net cash used in financing activities	(54,038,446)	(161,600,397)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(711,879)	(560,905)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	3,320,596	3,881,501
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	2,608,717	3,320,596
Cash and cash equivalents at end of the year comprises:		
Deposits with licensed financial institution	1,000,000	1,700,000
Cash and bank balances	1,608,717	1,620,596
	2,608,717	3,320,596

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 31 DECEMBER 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. These condensed consolidated financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board.

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 financial 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

Save as disclosed in B7, 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 first half year ended 31 December 2019.

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 second half year ended 31 December 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

Based on the updated market values by an independent valuer and taking into consideration current market conditions, the Directors of the Manager have undertaken to assess the fair values of the investment properties in accordance with MFRS 140 Investment Property.

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.

A14 CAPITAL COMMITMENTS

There were no capital commitments 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 December 2019, UOA REIT registered a total income of RM19,836,951 inclusive of interest income and other income of RM19,033 and RM38,757 respectively. Total expenditure amounted to RM9,527,888 with RM5,226,867 attributable to property operating expenses and RM4,301,021 attributable to non-property operating expenses. Taking into consideration a 95% distribution, the Trust has set aside RM20,593,855 as provision for distribution.

During the quarter, a provision for deferred tax of RM19,776,000 was made in respect of Real Property Gain Tax ("RPGT") on the fair value of investment properties. However, the provision will not affect the realised income of the REIT.

As compared to last year, gross rental has slightly increased by 0.7% whereas total expenditure decreased by 12.1%. The decrease in total expenditure was mainly due to the decrease in borrowing cost. For the financial year ended 31 December 2019, the realised income of the REIT increased by 16.3% from RM35,115,406 in 2018 to RM40,835,143 in 2019. The realised earnings per unit has increased against last year, from 8.30 sen to 9.66 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 manage the properties in the portfolio to maximise the yield for unitholders while continuing to seek opportunities to further acquire real estate that meets the objective of the 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 December 2019, UOA REIT's composition of investment portfolio is as follows:

	Acquisition cost	Fair value as at	Percentage of
	RM	31.12.2019	fair value to
		RM	Net Asset Value
			%
Real estate properties			
Commercial			
- UOA Centre parcels	55,981,272	85,100,000	12.04
- UOA II parcels	194,502,300	294,000,000	41.61
- UOA Damansara parcels	72,000,000	121,000,000	17.13
- UOA Damansara II	211,000,000	236,140,241	33.42
- Parcel B - Menara UOA Bangsar	289,000,000	300,000,000	42.46
	<u>822,483,572</u>	<u>1,036,240,241</u>	
Others			
Deposits with licensed financial institutions		<u>1,000,000</u>	0.14

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 31.12.2019 RM	As at 31.12.2018 RM
Revolving credit - Secured	274,800,000	277,300,000

The borrowings are denominated in Ringgit Malaysia.

B8 INCOME RECOGNITION

- a) Rental income is recognised on a straight-line basis over the specific tenure of the respective leases. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.
- 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 year ended 31 December 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 year ended 31 December 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 31.12.2019 RM	Preceding Corresponding Quarter 31.12.2018 RM	Current Year To Date 31.12.2019 RM	Preceding Year To Date 31.12.2018 RM
Depreciation	8,335	4,127	26,670	14,961
Allowance for/(Reversal of) impairment loss on financial assets	18,747	(30,921)	51,182	(859,817)
(Gain)/loss on disposal				
- quoted investments	-	-	-	-
- unquoted investments	-	-	-	-
- properties	-	-	-	660,160
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 31.12.2019 RM	Preceding Corresponding Quarter 31.12.2018 RM	Current Year To Date 31.12.2019 RM	Preceding Year To Date 31.12.2018 RM
Income before tax	9,985,961	9,634,991	40,986,915	57,649,915
Taxation at statutory rate of 24%	2,396,631	2,312,398	9,836,860	13,835,980
Tax effects arising from				
- non-deductible expenses	114,642	441,502	517,622	883,432
- income exempted from tax	(2,522,881)	(3,800,063)	(10,072,507)	(9,958,847)
- net changes on financial liabilities measured at amortised cost	77,545	18,190	(36,425)	8,505
- fair value adjustment on investment properties	-	(73,351)	-	(5,464,788)
Utilisation of capital allowances/ balancing charge	(42,937)	1,101,324	(165,550)	695,718
Real property gain tax	-	113,143	1,294,418	113,143
Change in RPGT rate on investment properties	19,776,000	-	19,776,000	-
Underestimated in prior years	-	-	312	-
Tax expense for the quarter/period	<u>19,799,000</u>	<u>113,143</u>	<u>21,150,730</u>	<u>113,143</u>

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 ended 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 31 December 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 31.12.2019 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 31 December 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 RM20,593,855 as income distribution for the second half year ended 31 December 2019. This translates into approximately 4.87 sen per unit. The book closure and payment dates in respect of the proposed final income distribution will be fixed on 6 February 2020 and 28 February 2020 respectively.

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 31.12.2019 RM	Preceding Corresponding Quarter 31.12.2018 RM	Current Year To Date 31.12.2019 RM	Preceding Year To Date 31.12.2018 RM
Sources of income				
Gross rental	19,779,161	19,061,689	78,734,487	78,200,304
Interest income	19,033	18,377	60,185	120,536
Previous quarter/year realised gains	-	3,805,846	-	3,805,846
Other income	38,757	134,151	237,339	264,813
	<u>19,836,951</u>	<u>23,020,063</u>	<u>79,032,011</u>	<u>82,391,499</u>
Expenses	<u>(9,527,888)</u>	<u>(9,609,058)</u>	<u>(38,196,868)</u>	<u>(43,470,247)</u>
Total income available for distribution	10,309,063	13,411,005	40,835,143	38,921,252
Undistributed income	(576,517)	761,923	(2,311,526)	(313,061)
Distribution to unitholders	<u>9,732,546</u>	<u>14,172,928</u>	<u>38,523,617</u>	<u>38,608,191</u>
Distribution per unit (sen)	<u>2.30</u>	<u>3.35</u>	<u>9.11</u>	<u>9.13</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 31.12.2019 RM	Preceding Corresponding Quarter 31.12.2018 RM	Current Year To Date 31.12.2019 RM	Preceding Year To Date 31.12.2018 RM
(Loss)/Income after tax	(9,813,039)	9,521,848	19,836,185	57,536,772
Weighted average number of units in issue	422,871,776	422,871,776	422,871,776	422,871,776
Basic (loss)/earnings per unit (after manager's fee) (sen)	<u>(2.32)</u>	<u>2.25</u>	<u>4.69</u>	<u>13.61</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 December 2019 and of its financial performance and cash flows for the quarter/year ended on that date and duly authorised for release by the Board of Directors of the Manager on 22 January 2020.

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 JANUARY 2020