

UOA REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020 (UNAUDITED)

	As at 30.06.2020 RM	As at 31.12.2019 RM
INVESTMENTS		
Real estate properties	1,034,690,241	1,036,240,241
PLANT & EQUIPMENT	373,490	239,913
OTHER ASSETS		
Trade receivables	3,603,272	1,215,604
Other receivables	5,750,907	6,521,194
Deposits with licensed financial institution	5,850,000	1,000,000
Cash and bank balances	3,455,312	1,608,717
	18,659,491	10,345,515
TOTAL ASSETS	1,053,723,222	1,046,825,669
LIABILITIES		
Payables	4,307,207	2,774,220
Rental deposits	21,411,915	21,878,523
Amount due to Manager	421,970	418,293
Borrowings	283,200,000	274,800,000
Tax payable	23,815	30,050
Deferred tax liabilities	19,776,000	19,776,000
Provision for income distribution	-	20,593,855
	329,140,907	340,270,941
NET ASSET VALUE	724,582,315	706,554,728
FINANCED BY:		
UNITHOLDERS' FUND		
Unitholders' capital	476,062,161	476,062,161
Undistributed income	248,520,154	230,492,567
	724,582,315	706,554,728
NUMBER OF UNITS IN CIRCULATION	422,871,776	422,871,776
Net asset value attributable to unitholders:		
Before income distribution	724,582,315	727,148,583
After income distribution (Note 1)	707,752,018	706,554,728
Net asset value per unit attributable to unitholders:		
Before income distribution	1.7135	1.7195
After income distribution (Note 1)	1.6737	1.6708

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

Note 1:

After distributable income for the six (6) months ended 30 June 2020 of 3.98 sen per unit is proposed for income distribution (31.12.2019: final income distribution of 4.87 sen per unit).

UOA REAL ESTATE INVESTMENT TRUST

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2020 RM	30.6.2019 RM	30.6.2020 RM	30.6.2019 RM
TOTAL INCOME				
Gross rental	16,051,565	19,496,428	35,829,798	39,047,232
Property operating expenses	(5,283,782)	(5,190,916)	(10,560,744)	(10,424,916)
Net rental income	10,767,783	14,305,512	25,269,054	28,622,316
Interest income	9,517	11,101	22,458	29,212
Other income	9,886	82,362	129,830	127,351
	10,787,186	14,398,975	25,421,342	28,778,879
TOTAL EXPENDITURE				
Manager's fees	(1,212,521)	(1,222,635)	(2,406,852)	(2,444,275)
Trustee's fees	(54,292)	(54,745)	(107,769)	(109,445)
Borrowing costs	(2,279,010)	(2,985,916)	(4,940,986)	(6,000,316)
Auditors' remuneration	(11,500)	(13,820)	(25,520)	(24,820)
Tax agent's fees	(4,638)	(4,500)	(9,575)	(9,000)
Valuation fee	(2,100)	-	(2,100)	(13,558)
Administrative expenses	(35,080)	(108,313)	(98,187)	(254,072)
	(3,599,141)	(4,389,929)	(7,590,989)	(8,855,486)
Net changes on financial liabilities measured at amortised cost (Note 1)	(120,341)	(83,710)	231,234	558,584
INCOME BEFORE TAX	7,067,704	9,925,336	18,061,587	20,481,977
TAX EXPENSE	(10,000)	(1,255,645)	(34,000)	(1,280,645)
INCOME AFTER TAX	7,057,704	8,669,691	18,027,587	19,201,332
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	7,057,704	8,669,691	18,027,587	19,201,332
INCOME DISTRIBUTION				
- Provision for distribution	-	(8,601,066)	-	(17,929,763)
NET INCOME RETAINED	7,057,704	68,625	18,027,587	1,271,569
INCOME AFTER TAX IS ANALYSED AS FOLLOWS:				
- Realised	7,188,045	8,764,401	17,830,353	18,678,748
- Unrealised	(130,341)	(94,710)	197,234	522,584
EARNINGS PER UNIT				
- After manager's fees (sen)	1.67	2.05	4.26	4.54
- Before manager's fees (sen)	1.96	2.34	4.83	5.12

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 PERIOD ENDED 30 JUNE 2020 (UNAUDITED)

	Attributable to Unitholders' Funds			Total Unitholders' Funds	
	Unitholders' Capital RM	Distributable Undistributed Income		Current Year To Date 30.6.2020 RM	Preceding Year To Date 30.6.2019 RM
	Realised RM	Unrealised RM			
Balance at 1 January	476,062,161	52,850,791	177,641,776	706,554,728	725,242,159
Total comprehensive income for the period	-	17,830,353	197,234	18,027,587	19,201,332
Distribution to unitholders	-	-	-	-	(17,929,763)
Balance at 30 June	<u>476,062,161</u>	<u>70,681,144</u>	<u>177,839,010</u>	<u>724,582,315</u>	<u>726,513,728</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 2019 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 2020 (UNAUDITED)

	Current Year To Date 30.6.2020 RM	Preceding Year To Date 30.6.2019 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before tax	18,061,587	20,481,977
Adjustment for:		
Interest income	(22,458)	(29,212)
Interest expense	4,940,986	6,000,316
Depreciation	24,614	11,016
Plant and equipment written off	621	2,599
Net changes on financial liabilities measured at amortised cost	(231,234)	(558,584)
Bad and doubtful debts	378,668	81,636
Operating profit before changes in working capital	23,152,784	25,989,748
Net changes in receivables	(1,996,049)	1,373,143
Net changes in payables	1,253,805	186,541
Cash generated from operating activities	22,410,540	27,549,432
Tax paid	(40,235)	-
Net cash generated from operating activities	22,370,305	27,549,432
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	22,458	29,212
Purchase of plant and equipment	(158,812)	(59,830)
Proceeds from disposal of investment properties	1,550,000	-
Enhancements to investment properties	-	(1,075,791)
Net cash from/(used in) investing activities	1,413,646	(1,106,409)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(4,893,501)	(6,232,371)
Distribution to unitholders	(20,593,855)	(21,524,173)
Net drawdown of borrowings	8,400,000	1,000,000
Net cash used in financing activities	(17,087,356)	(26,756,544)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,696,595	(313,521)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,608,717	3,320,596
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,305,312	3,007,075
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institution	5,850,000	1,750,000
Cash and bank balances	3,455,312	1,257,075
	9,305,312	3,007,075

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2020 (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 2019. 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 2019.

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 2019.

A3 QUALIFIED AUDIT REPORT

The auditors' report on the financial statements for the year ended 31 December 2019 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 28 February 2020, paid a final income distribution of 4.87 sen per unit amounting to RM20,593,855 for the second half year ended 31 December 2019.

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 2020 amounting to RM16,830,297 to be distributed by end of August 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 30 June 2020, UOA REIT registered a total income of RM16,070,968 inclusive of interest income and other income of RM9,517 and RM9,886 respectively. Total expenditure amounted to RM8,882,923 with RM5,283,782 attributable to property operating expenses and RM3,599,141 attributable to non-property operating expenses.

As compared to last year, gross rental has decreased by 17.7% whereas total expenditure decreased by 7.3%. The decrease in total expenditure was mainly due to the decrease in borrowing cost.

Realised earnings per unit has decreased against last year, from 4.42 sen to 4.22 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 current soft market sentiment will continue to affect the occupancy and rental rates of our properties. To maximize the yield for unitholders, the Manager will continue to manage the capital prudently while seeking for an opportune investment in yield accretive assets which meet with the objectives 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 30 June 2020, UOA REIT's composition of investment portfolio is as follows:

	Acquisition cost	Fair value as at	Percentage of
	RM	30.06.2020	fair value to
		RM	Net Asset Value
			%
Real estate properties			
Commercial			
- UOA Centre parcels	55,981,272	85,100,000	11.74
- UOA II parcels	194,502,300	294,000,000	40.58
- UOA Damansara parcels	72,000,000	121,000,000	16.70
- UOA Damansara II	211,000,000	236,140,241	32.59
- Parcel B - Menara UOA Bangsar	289,000,000	298,450,000	41.19
	<u>822,483,572</u>	<u>1,034,690,241</u>	
Others			
Deposits with licensed financial institutions		<u>5,850,000</u>	0.81

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 30.06.2020 RM	As at 31.12.2019 RM
Revolving credit		
- Secured	283,200,000	274,800,000

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 period ended 30 June 2020 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 2020 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 30.6.2020 RM	Preceding Corresponding Quarter 30.6.2019 RM	Current Year To Date 30.6.2020 RM	Preceding Year To Date 30.6.2019 RM
Depreciation	12,366	5,712	24,614	11,016
Bad and doubtful debts	366,318	(19,121)	378,668	81,636
(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 30.6.2020 RM	Preceding Corresponding Quarter 30.6.2019 RM	Current Year To Date 30.6.2020 RM	Preceding Year To Date 30.6.2019 RM
Income before tax	7,067,704	9,925,336	18,061,587	20,481,977
Taxation at statutory rate of 24%	1,696,249	2,382,081	4,334,781	4,915,674
Tax effects arising from				
- non-deductible expenses	118,976	156,928	249,435	275,769
- income exempted from tax	(1,893,744)	(2,502,631)	(4,434,408)	(4,937,767)
- net changes on financial liabilities measured at amortised cost	28,882	20,090	(55,496)	(134,060)
Utilisation of capital allowances/ balancing charge	59,637	(45,468)	(60,312)	(83,616)
Real property gain tax	-	1,244,645	-	1,244,645
Tax expense for the quarter/period	<u>10,000</u>	<u>1,255,645</u>	<u>34,000</u>	<u>1,280,645</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 ending 31 December 2020. 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 June 2020, 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 30.06.2020 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 June 2020.

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

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 30.6.2020 RM	Preceding Corresponding Quarter 30.6.2019 RM	Current Year To Date 30.6.2020 RM	Preceding Year To Date 30.6.2019 RM
Gross rental	16,051,565	19,496,428	35,829,798	39,047,232
Interest income	9,517	11,101	22,458	29,212
Other income	9,886	82,362	129,830	127,351
	<u>16,070,968</u>	<u>19,589,891</u>	<u>35,982,086</u>	<u>39,203,795</u>
<u>Less:</u>				
Expenses	<u>(8,882,923)</u>	<u>(9,580,845)</u>	<u>(18,151,733)</u>	<u>(19,280,402)</u>
Realised income for the period	7,188,045	10,009,046	17,830,353	19,923,393
Previous period's undistributed realised income	63,493,099	53,116,124	52,850,791	52,530,474
<u>Less:</u>				
Proposed/declared income distribution	<u>(16,830,297)</u>	<u>(8,601,066)</u>	<u>(16,830,297)</u>	<u>(17,929,763)</u>
Balance undistributed realised income	<u>53,850,847</u>	<u>54,524,104</u>	<u>53,850,847</u>	<u>54,524,104</u>
Distribution per unit (sen)	<u>3.98</u>	<u>2.03</u>	<u>3.98</u>	<u>4.24</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 30.6.2020 RM	Preceding Corresponding Quarter 30.6.2019 RM	Current Year To Date 30.6.2020 RM	Preceding Year To Date 30.6.2019 RM
Income after tax	7,057,704	8,669,691	18,027,587	19,201,332
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>1.67</u>	<u>2.05</u>	<u>4.26</u>	<u>4.54</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 2020 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 July 2020.

BY ORDER OF THE BOARD

YAP KAI WENG

Company Secretary

UOA ASSET MANAGEMENT SDN BHD (Company No. 200501015592 (692639-U))
(As the Manager of UOA REAL ESTATE INVESTMENT TRUST)

Kuala Lumpur
22 JULY 2020