



AmInvestment Bank

Company report

UOA REAL ESTATE INVESTMENT TRUST

(UOAR MK EQUITY, UOAR.KL)

16 Jun 2022

Higher yield spread against the 10-year MGS compared to peers

BUY

(Initiation)

AmInvestment Bank

Team Coverage

03 2070 2444

Rationale for report: Initiation

Price	RM1.17
Fair Value	RM1.42
52-week High/Low	RM1.20/RM1.10

Key Changes

Fair value	Initiation
EPS	Initiation

YE to Dec	FY21	FY22F	FY23F	FY24F
Gross Rental Income (RM mil)	116.4	120.3	124.5	128.8
Income Distribution (RM mil)	61.8	63.9	65.2	66.5
EPU	6.2	9.5	9.6	9.8
DPU Growth (%)	2.4	5.5	2.0	2.1
Consensus Net Profit (RM mil)	-	64.4	66.5	69.4
DPU (sen)	8.6	9.1	9.3	9.5
PE (x)	13.0	12.6	12.3	12.1
EV/EBITDA (x)	32.2	17.9	17.5	16.9
Distribution yield (%)	7.3	7.7	7.8	8.0
ROE (%)	4.2	6.4	6.5	6.7
Net Debt/Assets (%)	39.0	38.9	38.9	38.8

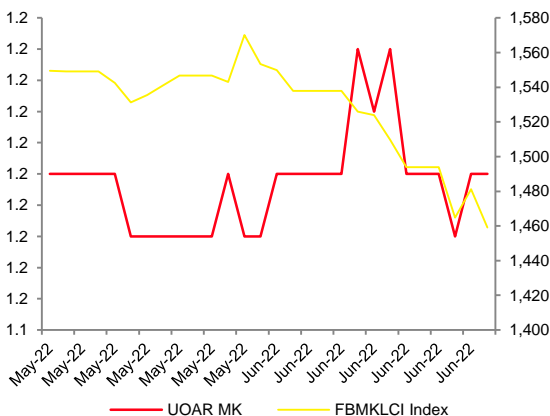
Stock and Financial Data

Shares Outstanding (million)	675.6
Market Cap (RMmil)	790.5
Book Value (RM/share)	1.47
P/BV (x)	0.8
ROE (%)	4.2
Net Gearing (%)	38.9

Major Shareholders	United Overseas Australia Ltd (55%) EPF (9.8%)
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Free Float	45.0
Avg Daily Value (RMmil)	0.2

Price performance	3mth	6mth	12mth
Absolute (%)	5.4	3.5	3.5
Relative (%)	12.5	5.2	12.2



Investment Highlights

- We initiate coverage on UOA Real Estate Investment Trust (UOA REIT) with a BUY recommendation and a DDM-based fair value (FV) of RM1.42/unit. Our FV reflects a neutral ESG 3-star rating.
- UOA REIT is expected to record a net income of RM64mil in FY22F, RM65mil in FY23F and RM67mil in FY24F. This is after factoring a flattish rental reversion and 0.5% annual rise in occupancy rates for aged office properties. Meanwhile for new office buildings, we have assumed a modest positive rental reversion with a gradual increase in occupancy rate by 1% every year.
- Bulk of the rental income have been contributed by newer office buildings, such as Wisma UOA Damansara II, Parcel B- Menara UOA Bangsar and the UOA Corporate Tower. Rental from these office properties - aged below 20 years-made up 73% of the total rental income in 1QFY22.
- We expect a manageable impact to financing cost from potential hikes in the Overnight Policy Rate (OPR) in 2H2022 and 2023. For every 25bps increase in OPR, we project the group's borrowing costs to rise by RM1.7mil or 3% of distributable income in FY22F. The group's borrowings are mainly revolving credits with a combined floating (40%) and fixed interest rates (60%). The mix of variable and fixed-rate borrowings will mitigate the higher interest risk ahead.
- Since the beginning of 2022, the yield spread between UOA REIT and 10-year Malaysian Government Securities (MGS) has been narrowing. This was contributed by the surge in the 10-year MGS yield which followed closely the rising trend of the 10-year US Treasury yield (UST). FY22F distribution yield is estimated at 7.7%. This is higher compared to its peers' average distribution yield of 6%. We expect UOA REIT to be appealing to yield-seeking investors with its higher yield spread against the 10-year MGS in comparison with other REITs.
- We like UOA REIT for its long-term prospects bolstered by: (i) its strategic located properties which are well-connected with the neighbourhoods via bridges, major highways and public transportation; (ii) its diverse tenant mix which could mitigate potential rental payment risk during economic downturns; (iii) its excellent track record of distributing at least 94% of net income to unitholders with a strong distribution yield of more than 7% from FY22F to FY24F; (iv) large pipeline of potential assets from its sponsor—UOA Development.

BUSINESS OVERVIEW

Pure commercial REIT player

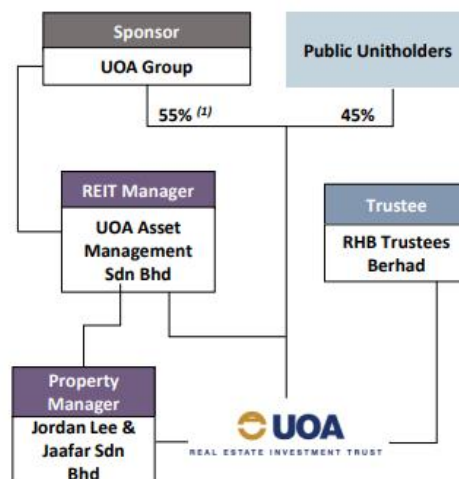
UOA Real Estate Investment Trust is a commercial-focused real estate investment trust (REIT), where all its existing assets are located mainly in Kuala Lumpur. It was established on 28 November 2005 and listed on the Bursa Malaysia’s Main Board on 30 December 2005. As of 31 March 2022, the group owns 6 assets under its portfolio, namely UOA Centre, Wisma UOA II (formerly known as UOA II Parcels), Wisma UOA Damansara, Wisma UOA Damansara II, Parcel B- Menara UOA Bangsar and UOA Corporate Tower (Exhibit 2).

EXHIBIT 1: MILESTONES

FY2005	Listed on the Main Market of Bursa Malaysia portfolio of 3 office buildings, specifically UOA Centre, Wisma UOA II, and Wisma UOA Damansara.
FY2007	Acquired Wisma UOA Bangsar.
FY2008	Acquired Wisma UOA Pantai and disposed Wisma UOA Bangsar.
FY2011	Acquired Wisma UOA Damansara II and Parcel B- Menara UOA Bangsar.
FY2019	Disposed Wisma UOA Pantai.
FY2021	Acquired UOA Corporate Tower.

Source: UOA REIT, AmInvestment Bank Bhd

EXHIBIT 3: TRUST STRUCTURE



(1) Represents the collective holding of Desa Bukit Pantai Sdn Bhd, Wisma UOA Sdn Bhd, Rich Accomplishment Sdn Bhd, Dynasty Portfolio Sdn Bhd, UOA Corporation Berhad and LTG Development Sdn Bhd

Source: UOA REIT

EXHIBIT 2: OVERVIEW OF PROPERTY PORTFOLIO

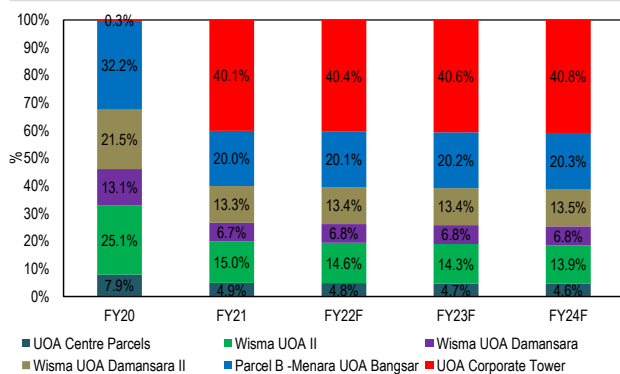
	UOA Centre	Wisma UOA II	Wisma UOA Damansara	Wisma UOA Damansara II	Parcel B–Menara UOA Bangsar	UOA Corporate Tower
Location	Jalan Pinang, KL	Jalan Pinang, KL	Damansara Heights, KL	Damansara Heights, KL	Jalan Bangsar Utama 1, KL	Bangsar South City, KL
Property Description	33-storey office building with six (6) levels of car park space	39-storey office building with 5 levels of car park space	13-storey office building with 4 levels of car park space	16-storey office building with 8 levels of car park space	15-storey of office space, 3-levels of retail podium, 10-levels of car park space	38-storey office building with a penthouse level
NLA (sq.ft)	124,009	427,289	186,395	291,133	308,086	732,871
Cost of Acquisition	RM56.0mil	RM194.5mil	RM72.0mil	RM211.0mil	RM287.8mil	RM701.7mil
Data of Acquisition	29 Nov 2005	29 Nov 2005	29 Nov 2005	17 Jan 2011	17 Jan 2011	30 Dec 2020
Asset Value	RM78.0mil	RM281.0mil	RM114.9mil	RM224.3mil	RM300.0mil	RM718.0mil
Age	27 years	23 years	24 years	14 years	13 years	5 years
Top 3 Tenants	1. Bank Kerjasama Rakyat Malaysia 2. United Carparks 3. Halim Hong & Quek	1. Envico Enterprise 2. United Carparks 3. Sabah International Petroleum	1. Skrine 2. United Carparks 3. Kerajaan Malaysia	1. Radinax Group 2. United Carparks 3. Synthomer	1. Perbadanan Harta Intelek Malaysia 2. United Carparks 3. Prasana Malaysia	1. Honeywell Engineering 2. UOA Group of companies 3. Swift Support Services

Source: UOA REIT (as at 31 Dec 2022)

□ Newer office buildings contribute 73% of the total portfolio's gross rental income.

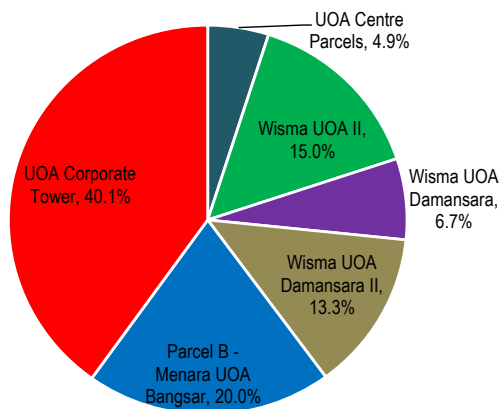
Newer office properties — age of buildings below 20 years contributed a substantial share of the total portfolio's gross rental income (Exhibits 4 & 5). These were Wisma UOA Damansara II, Parcel B- Menara UOA Bangsar and UOA Corporate Tower. Moving forward, we expect the newer buildings to contribute a larger portion of the gross rental income amid rising demand for new and tech-enabled office buildings and spaces.

EXHIBIT 4: REVENUE BREAKDOWN BY ASSETS FROM FY20 TO FY24F



Source: UOA REIT, AmlInvestment Bank Bhd

EXHIBIT 5: REVENUE BREAKDOWN BY ASSETS, FY2021



Source: UOA REIT, AmlInvestment Bank Bhd

□ Profile of directors of the REIT Manager

UOA REIT is managed by the founding family member of UOA Group. The following are selected profiles of its directors:

Dato's Gan Boon Khuay, Independent Non-Executive Chairman. Gan was appointed as the Chairman of the Board on 20 January 2022. He has over 45 years of experience in property and project management, property development and investment.

Kong Sze Choon, Chief Executive Officer and Non-Independent Executive Director. Kong was appointed on 14 January 2022. He has experience in managing and

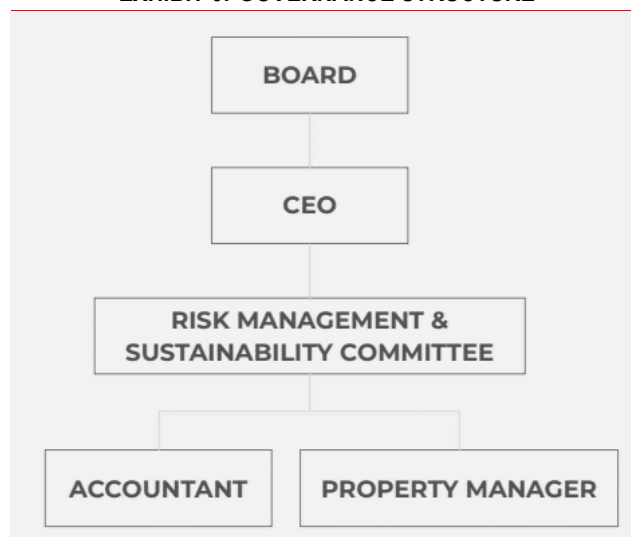
expanding high-net-worth individuals' investment portfolios as well as asset management. Kong Chong Soon, co-founder of the UOA Group and an indirect major shareholder in UOA Asset Management, is his father.

Kung Beng Hong, Independent Non-Executive Director. Appointed on 28 November 2005. He has 53 years of experience in the banking industry.

Yap Kang Beng, Non-Independent Non-Executive Director. Yap took office on March 18, 2016. He has worked in the finance industry for 13 years. He joined the UOA Group in 2010 as the Head of Corporate Affairs.

Karn Sau Meng, Independent Non-Executive Director. Karn was appointed on 23 December 2021. She is a member of the Malaysian Institute of Accountants, involved in auditing, accounting, inventory management, logistics, and system implementation.

EXHIBIT 6: GOVERNANCE STRUCTURE



Source: UOA REIT

□ Sponsored by UOA Group

UOA Group, via SGX-listed United Overseas Australia, has an equity stake of 55% currently in UOA REIT. The group is also the sponsor of UOA REIT, giving the right of first refusal to UOA REIT over the investment assets of UOA Group's 71%-owned UOA Development (UOAD).

For instance, if UOAD decides to sell one of their investment properties to a third party for a specific price or terms, the sponsor must first provide the same terms and offer price to UOA REIT.

UOAD, which has a market capitalisation of RM2.73bil with a gross development value (GDV) of RM1.2bil, is a well-known listed Malaysian property investment and development group with a proven track record in developing, managing, and investing in high-quality prime properties.

As the main Malaysian property development arm of the UOA group, we believe UOAD offers a substantive pipeline of potentially yield-accretive assets to UOA REIT.

INDUSTRY OUTLOOK

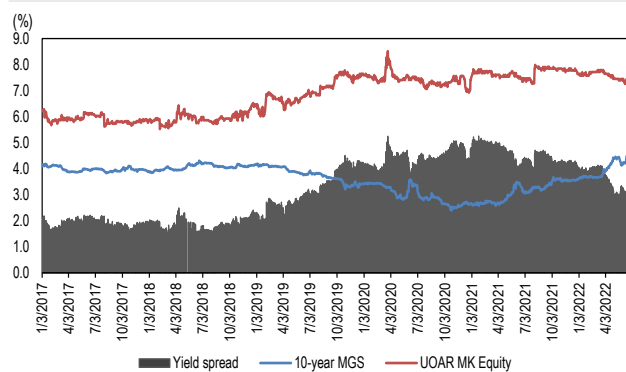
□ Narrowing yield spread against 10-year MGS.

The yield differential between UOA REIT and 10-year Malaysian Government Securities (MGS) has been narrowing since the beginning of 2022 (Exhibit 7). This is attributed to the 10-year MGS yield which has climbed roughly 90 basis points (bps), following the trend of a 186-bps increase in the US 10-year Treasury yield (UST) amid market expectations of higher interest rates. As of 15 June 2022, the yield spread between UOA REIT and 10-year MGS yield was 300bps.

AmBank’s economists are anticipating Bank Negara Malaysia (BNM) to raise its OPR by 25bps-50bps in 2H2022 to 2.25%-2.50%.

For FY22F, we project a distribution yield of 7.7%, which is above its peers’ average distribution yield of 6%.

EXHIBIT 7: HISTORICAL YIELD SPREAD



Source: AmInvestment Bank Bhd, Bloomberg

□ Oversupply of office space persists

Based on the National property informational centre (NAPIC), the average occupancy rate of privately held office buildings in Kuala Lumpur fell 2.6% points to 70.7% in 1Q2022 (Exhibit 8). This was consistent with the trend seen in average occupancy rate of Malaysian office buildings.

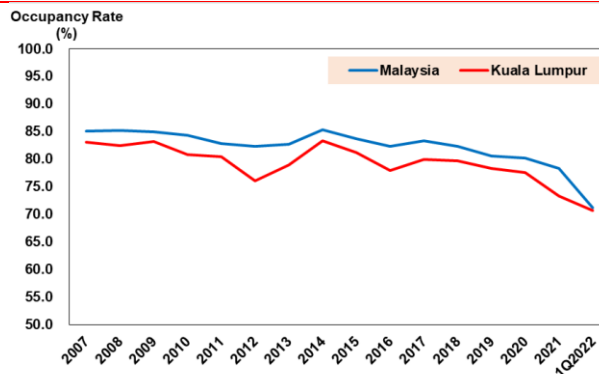
We estimate that the pressure on rental reversion for old office buildings in Kuala Lumpur city centre will persist amid increasing competition due to the oversupply of existing and incoming office spaces.

We believe that management of REITs in general will either need to offer more competitive rental rates or embark on asset enhancement initiatives (AEI) to retain existing and attract new tenants to boost occupancy rates in ageing office buildings.

UOA REIT plans to carry out asset improvement initiatives (AEI) on some of its older properties (including UOA Centre and Wisma UOA II) to sustain or improve the quality and appearance of the assets in order to increase occupancy rates.

This includes upgrading some of the unoccupied units, lifts and common areas of the older buildings in its portfolio. In the near term, improving occupancy rates will be the key priority and we expect rental reversion to stay flattish for the older assets to retain current tenants and attract new ones.

EXHIBIT 8: AVERAGE OCCUPANCY RATE OF OFFICE BUILDINGS IN MALAYSIA AND KUALA LUMPUR



Source: AmInvestment Bank Bhd, NAPIC

□ Rising demand for newer, tech-enabled office buildings

The Covid-19 pandemic accelerated the development of flexible working arrangements (including work-from-home and split-team arrangements) and office relocations. As working behaviour changed, we saw a change in demand towards offices that offered shorter leases, pre-fitted spaces and flexible workspaces with high-speed network connectivity.

Some local and regional businesses have relocated from ageing office buildings in the central business districts (CBDs) area to modern, technology-enabled office buildings in the suburbs. Nonetheless, we expect that the cost of relocation to outweigh the higher maintenance expenses required on older buildings.

UOA REIT’s office assets are strategically located around Kuala Lumpur, which provides access to large populations and professional talent pools. It is easily accessible via bridges, highways and public transit, including buses, MRT, and LRT (Exhibit 9).

Thus, we believe that demand for UOA REIT’s office spaces in city centres would likely remain strong despite increased competition from the oversupply of office spaces.

EXHIBIT 9: PUBLIC AND/OR BUS TRANSIT LINES

	UOA Centre	Wisma UOA II	Wisma UOA Damansara	Wisma UOA Damansara II	Parcel B–Menara UOA Bangsar	UOA Corporate Tower
Public and/or bus transit lines	Within walking distance to KLCC LRT and Bukit Bintang MRT station.		Next to Semantan MRT station.		Direct connectivity to the Bangsar LRT station.	Connected to Kerinchi LRT station via a covered link bridge.
	Serviced by numerous bus lines across Klang Valley		Accessible via SPRINT Highway, Federal Highway and Jalan Duta.			Accessible via SPRINT Expressway.

Source: UOA REIT, AmlInvestment Bank Bhd

EXHIBIT 10: SWOT ANALYSIS

Strengths	Weaknesses
The office properties are strategically located in Kuala Lumpur, which is well-connected with the community via major highways and public transportation (such as LRT, MRT and bus).	Lower occupancy rates for older office buildings (aged above 20-years), range between 70%-76%.
The company has an excellent track record of distributing at least 95% of its net income to unitholders. Also, it offered an attractive distribution yield of at least 7% for the past 5-years.	Concentrated portfolio. All of its properties are office buildings in Kuala Lumpur.
Good tenant mix, which the office occupiers are from different industries such as retail, financial, GLC, heavy industries, ICT, professional services and other sectors. This could provide some cushion towards potential rental collection risks during economic downturns.	
Opportunities	Threats
Yield-accretive asset acquisitions that could expand the rental income.	Increasing competition amid the existing oversupply of office spaces in KL city centre may result in flattish rental rates.

Source: AmlInvestment Bank Bhd

INVESTMENT THESIS

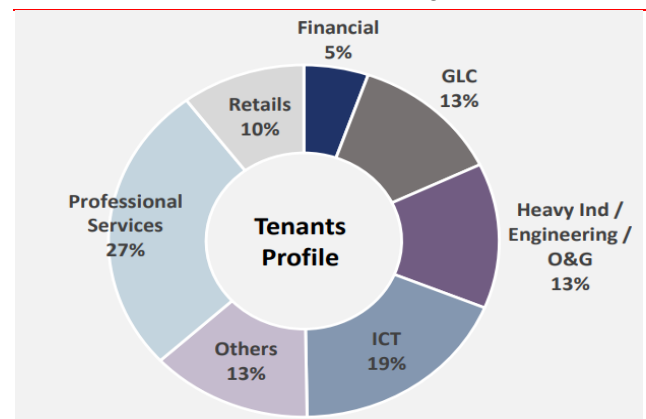
Diverse tenant mix providing lower risk to rental income

UOA REIT offers a diversified spectrum of business tenants, which could mitigate rental collection risk during economic downturns (Exhibit 11).

The office tenants are from different industries, including retail, financial, GLC, heavy industries, ICT, professional services and other sectors.

Corporate tenants are largely from the professional services (27%) followed by ICT (19%) industries. Meanwhile, financial sector is the lowest at 5% of the tenant mix.

EXHIBIT 11: TENANT PROFILE

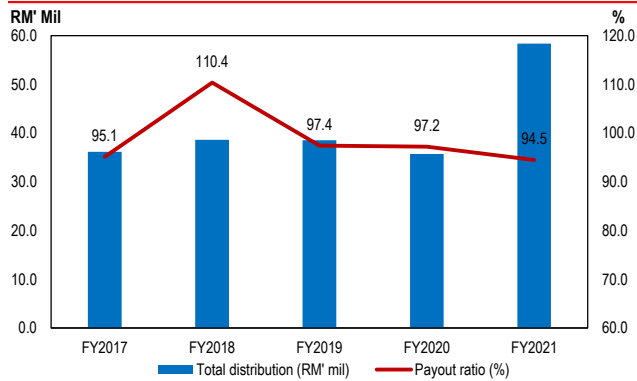


Source: UOA REIT

Strong distribution payout and distribution yield

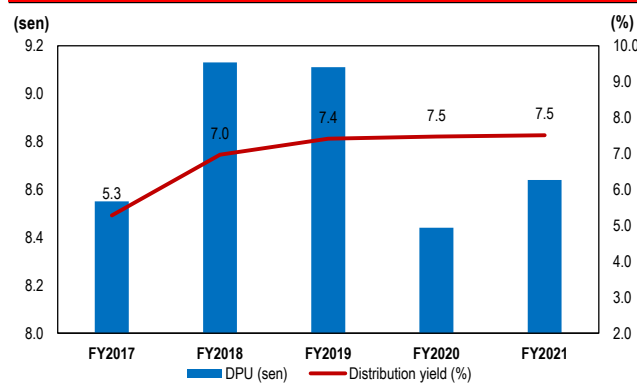
UOA REIT has a proven track record of high distribution payout ratios and yields over the past 5 years (Exhibits 12 & 13). The group distributed at least 94% of its net income to unitholders with an average 5-year historical distribution yield of 6.9%. Looking forward, we estimate a distribution yield of 7.7% in FY22F, 7.8% in FY23F and 8.0% in FY24F.

EXHIBIT 12: DISTRIBUTION PAYOUT



Source: UOA REIT, AmlInvestment Bank Bhd

EXHIBIT 13: DISTRIBUTION YIELD



Source: UOA REIT, AmlInvestment Bank Bhd

Large pipeline of potential assets from its sponsor

UOA REIT's portfolio has a total market value of RM1.72bil as of December 31, 2021. We expect that the overall portfolio could grow to RM2.36bil over the next 3-5 years through asset acquisitions from its sponsor and/or third parties.

EXHIBIT 14: POTENTIAL PIPELINE

	Nexus	V E Hotel & Residence	UOA Business Park	Komune Living	UOA Tower, Ho Chi Minh City
					
Location	Bangsar South, KL	Bangsar South, KL	Shah Alam, Selangor	Kuala Lumpur	Hồ Chí Minh, Vietnam
Assets	Retail and convention centre	Hotel	14-storey office tower	30-storey co-living space	23-storey office tower
Age of Building	6 years	3 years	3 years	1 year	1.5 year
Source	UOA Group Properties (Sponsor)				
Net Book Value	RM200mil	RM189mil	RM75mil	RM183mil	N/A

Source: UOA REIT, AmlInvestment Bank Bhd

FINANCIAL OVERVIEW

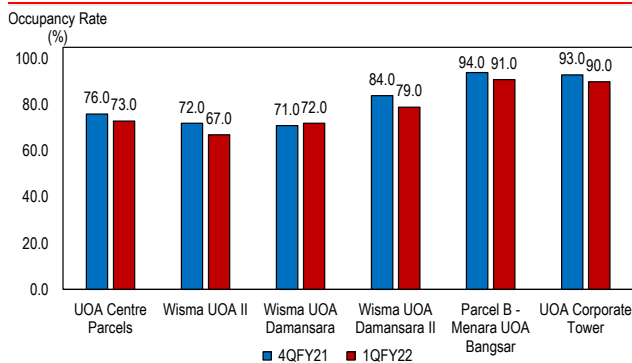
1QFY22 result review

UOA REIT’s 1QFY22 gross rental income dipped 1.3% YoY to RM29.1mil while net income fell 0.9% YoY to RM16.0mil. This was mainly driven by lower occupancy rates of older buildings, namely UOA Centre and Wisma UOA II.

QoQ, the group’s 1QFY22 gross rental rose 3.8% supported by a lower rental rebate given to the selected tenants. Property operating expenses increased 1.8%, largely owing to higher maintenance costs as all office buildings were permitted to fully operate after the reopening of economy.

The group’s average occupancy rate slightly declined 3% QoQ to 78.7% in 1QFY22 (Exhibit 14). Only Wisma UOA Damansara (+1% QoQ) posted higher occupancy rates, while the other assets recorded slightly lower occupancy rates during the quarter.

EXHIBIT 15: OCCUPANCY RATE



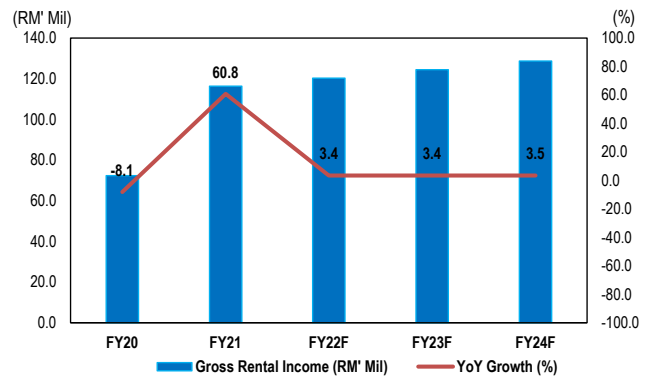
Source: UOA REIT, AmlInvestment Bank Bhd

Earnings forecast

We expect UOA REIT to register a gross rental income growth of 3.5%-5.2% to RM120mil in FY22F, RM125mil in FY23F and RM129 mil in FY24F. Meanwhile, we forecast a distributable income growth of 2%-3.3% to RM64mil for FY22F, RM65mil for FY23F and RM67mil for FY24F after accounting for a slightly higher borrowing cost due to rising interest rates (Exhibit 16).

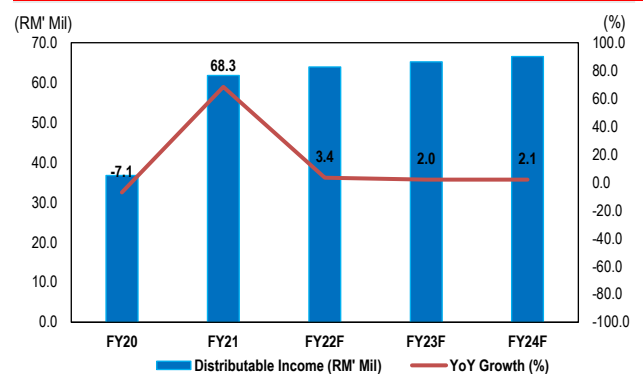
Based on its 3-year historical average trend, we estimate a distribution payout ratio of 96.4% for FY22F-24F. This translates to DPU rising annually by 6% to 9.1sen for FY22F, 2% to 9.3sen for FY23F and 2% to 9.5sen for FY24F.

EXHIBIT 16: GROSS RENTAL INCOME PROJECTION



Source: UOA REIT y, AmlInvestment Bank Bhd

EXHIBIT 17: DISTRIBUTABLE INCOME PROJECTION

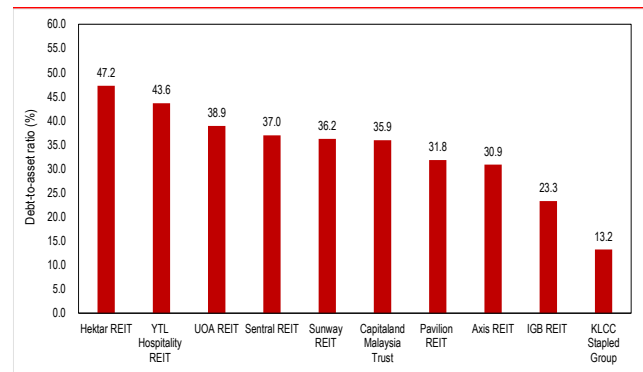


Source: UOA REIT, AmlInvestment Bank Bhd

Moderate gearing ratio

The debt-to-asset ratio of UOA REIT in FY22F is moderate at 38.9% currently, well below the statutory threshold of 60%. Given that the Securities Commission Malaysia (SC) temporarily increased REIT’s statutory limit to 60% (from 50% previously) until 31 December 2022, we see room for UOA REIT to gear up for future acquisitions.

EXHIBIT 18: COMPARISON OF GEARING RATIO



Source: Bloomberg, AmlInvestment Bank Bhd

INITIATE COVERAGE WITH BUY

□ DDM-based fair value of RM1.42/unit

We initiate coverage on UOA Real Estate Investment Trust (UOA REIT) with a BUY recommendation at a fair value (FV) of RM1.42/unit, which offers a potential upside of 20%.

Our fair value of RM1.42/unit is based on Dividend Discount Model (DDM) approach, which is the same valuation methodology we have used to determine the target prices for all REITs under our coverage.

We believe the DDM valuation approach is the most appropriate to better capture the medium to long-term prospects of the company, as UOA REIT distributes at least 94% of its net income to unitholders. We also assign a neutral 3-star ESG rating score.

UOA REIT's distribution yield is projected at 7.7% for FY22F, well above its peers' average FY22F distribution yield of 6%.

We like UOA REIT for its long-term outlook underpinned by its:

1. strategic location across Kuala Lumpur, which is well-connected to neighbourhoods via bridges, major highways and public transportation (bus, LRT and MRT).
2. broad tenant mix, which could mitigate potential rental collection risk during economic downturns.

3. proven track record of delivering at least 95% of net income to unitholders, with an average 5-year historical distribution yield of above 6.9%.
4. large pipeline of potential assets from its sponsor.

EXHIBIT 19: DIVIDEND DISCOUNT MODEL

Assumption for Weighted Average Cost of Capital (WACC)

Risk Free Rate (as at 15 June 2022)	4.4%
Beta	0.64
Market Return	14.2%
Cost of Equity (Ke)	10.7%

Average Cost of Debt **3.3%**

Capital Structure: (RM Mil)

Market Cap	804.0	54.1%
Total Borrowing	683.2	45.9%
Total	1,487.2	100.0%

Weighted Average Cost of Capital (WACC):

Cost of Equity (Ke)	54.1%	10.7%	5.8%
Average Cost of Debt	45.9%	3.3%	1.5%
WACC			7.3%

Multi-Stage DDM

	2022	2023	2024	2025	2026	Terminal Value
Period	1	2	3	4	5	
Dividends (RM)	0.09	0.09	0.09	0.10	0.10	1.47
Present Value (RM)	0.08	0.08	0.08	0.07	0.07	1.03
Valuation	1.42					
(+0%) no adjustment for 3-star ESG rating	0.00					
Fair Value/unit (RM)+ESG	1.42					
Rate of Return (%)	7.3%					
Growth Rate (%)	0.5%					

Source: AmlInvestment Bank Bhd, Bloomberg

EXHIBIT 20: PEER COMPARISON TABLE

Companies	Country	Rec.	Price	FV	Upside	Mkt Cap (RM'mil)	FYE	DPU Yield (%)		PE Ratio (x)		NAV/u nit	Debt-to- asset (%)
			@ 15Jun	(RM)	(%)			CY22F	CY23F	CY22F	CY23F		
Diversified													
Sunway REIT	MY	BUY	RM1.53	1.76	15.0	4,966.0	Dec	5.0	5.7	19.3	17.1	1.5	36.2
Ascendas REIT	SG	N/A	SGD 2.68	—	—	36,686.5	Dec	5.5	5.5	17.1	16.7	2.4	37.7
Axis REIT	MY	N/A	RM1.90	—	—	3,089.3	Dec	4.9	4.9	19.5	18.2	1.5	30.9
Simple Average								5.2	5.4	18.6	17.3	1.8	34.9
Retail Mall													
IGB REIT	MY	HOLD	RM1.62	1.74	7.4	5,870.3	Dec	4.9	5.4	19.5	18.0	1.1	23.3
Capitaland Malaysia Trust (CMLT)	MY	N/A	RM0.58	—	—	1,248.4	Dec	3.2	3.2	15.7	14.9	1.1	35.9
Hektar REIT	MY	N/A	RM0.50	—	—	228.6	Dec	5.2	5.2	—	—	1.2	47.2
Simple Average								4.4	4.6	17.6	16.4	1.1	35.5
Commerical (Retail & Offices)													
Pavilion REIT	MY	HOLD	RM1.31	1.43	9.2	4,151.8	Dec	5.4	5.6	18.6	17.4	1.3	31.8
UOA REIT	MY	BUY	RM1.16	1.37	10.4	783.7	Dec	7.8	7.9	12.3	12.1	1.4	38.9
Capitaland Integrated Commerical Trust	SG	N/A	SGD 2.20	—	—	46,612.2	Dec	4.7	4.7	19.2	17.7	2.1	36.0
Mapletree Commercial Trust	SG	N/A	SGD 1.73	—	—	19,214.6	Mar	5.2	5.2	21.3	22.9	1.7	33.4
Keppel REIT	SG	N/A	SGD 1.13	—	—	13,738.5	Dec	4.2	4.2	21.3	20.9	1.3	32.1
KLCC Stapled Group	MY	N/A	RM6.73	—	—	12,330.4	Dec	4.9	4.9	18.4	17.3	7.2	13.2
Sentral REIT	MY	N/A	RM0.96	—	—	1,023.6	Dec	7.8	7.8	12.2	12.1	1.2	37.0
Simple Average								5.7	5.8	17.6	17.2	2.3	31.8
Hospitality													
YTL Hospitality REIT	MY	HOLD	RM0.92	1.01	10.4	1,602.1	Jun	6.8	9.5	12.1	10.6	1.6	43.6
Simple Average								6.8	9.5	12.1	10.6	1.6	43.6
Industrial & Logistics													
Mapletree Logistics Trust	SG	N/A	SGD 1.60	—	—	24,897.1	Mar	4.8	4.8	15.2	18.6	1.6	37.0
Mapletree Industrial Trust	SG	N/A	SGD 2.43	—	—	20,946.5	Mar	4.9	4.9	15.7	17.5	1.9	34.7
Simple Average								4.9	4.9	15.5	18.1	1.7	35.8

*N/A for non-rated stocks and forecast for non-rated stocks are based on Bloomberg's consensus forecast

Source: UOA REIT, AmlInvestment Bank Bhd

INVESTMENT RISK

The downside risks to our investment thesis are:

1. A lower-than-expected tenancy renewal with 35.7% of the tenancies set to expire in 2022.
2. Negative yield spread against 10-year MGS amid a greater-than-expected increase in interest rate.
3. Stagflationary risk, which could potentially reduce UOA REIT's rental income and earnings due to lower-than-expected occupancy rates and rental reversion upon tenancy renewal.

EXHIBIT 21: ESG RATING

Overall	★	★	★		
Zero-carbon initiatives	★	★	★	★	
Waste management	★	★	★		
Pollution Control	★	★	★		
Health and safety compliance	★	★	★	★	
Corporate social responsibility	★	★	★		
Employees welfare & training	★	★	★	★	
Corruption free pledge	★	★	★		
Diversity and inclusion	★	★			
Accessibility & transparency	★	★	★	★	

We accord a discount/premium of -6%, -3%, 0%, +3% and +6% on fundamental fair value based on the overall ESG rating as appraised by us, from 1-star to 5-star.

Source: AmlInvestment Bank Bhd

EXHIBIT 22: PB BAND CHART

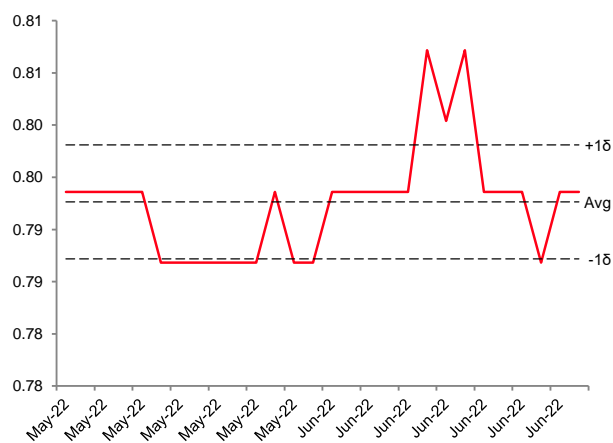


EXHIBIT 23: PE BAND CHART

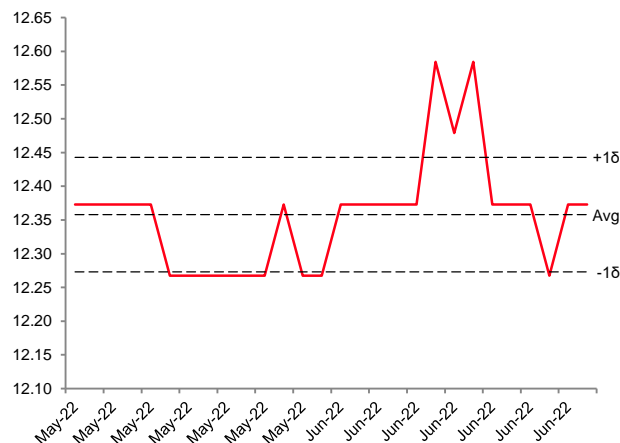
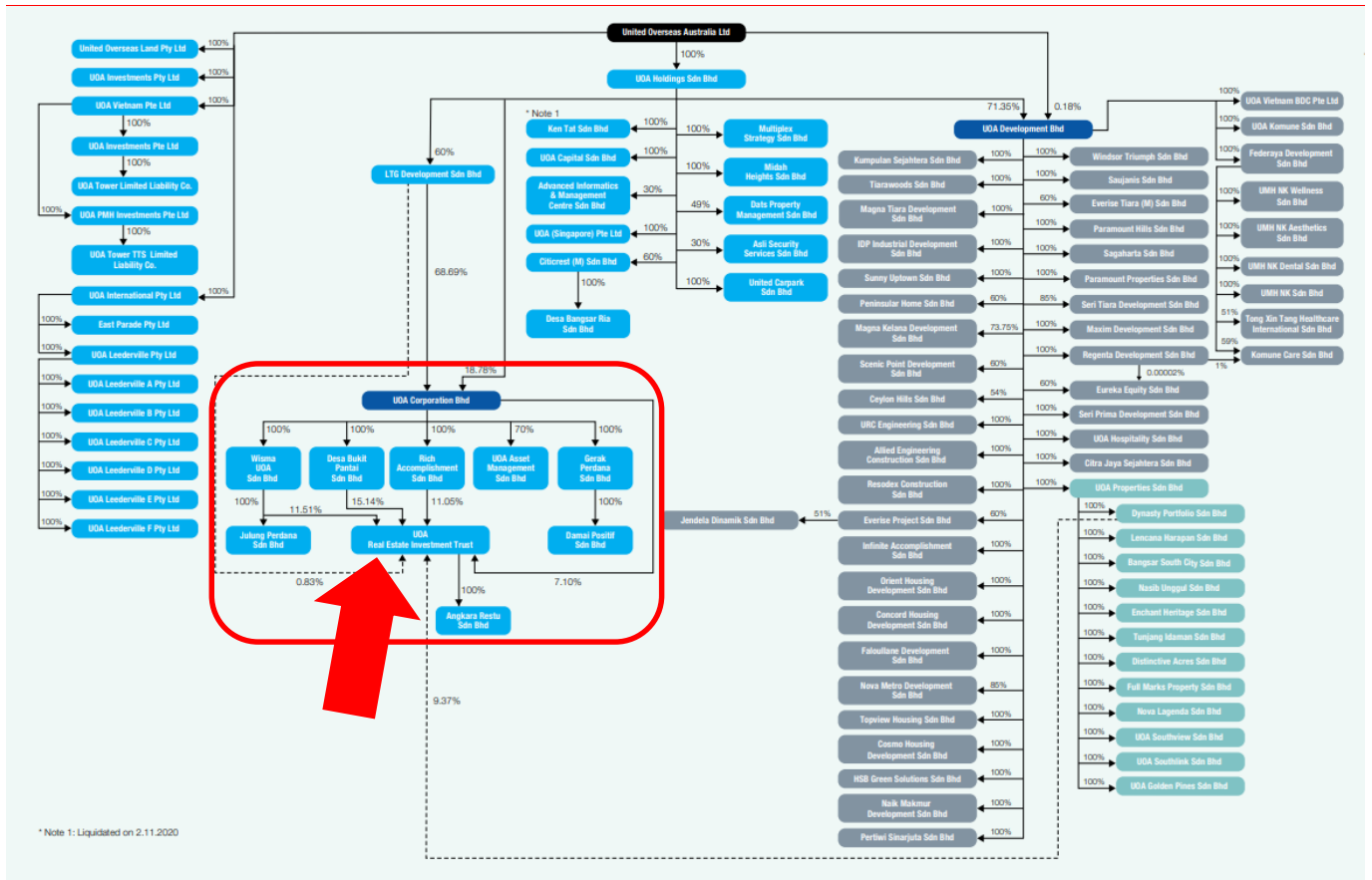


EXHIBIT 24: UOA GROUP'S CORPORATE STRUCTURE



Source: UOA Group

EXHIBIT 25: FINANCIAL DATA

Income Statement (RMmil, YE 31 Dec)	FY20	FY21	FY22F	FY23F	FY24F
Gross Rental Income	72.4	116.4	120.3	124.5	128.8
Net Property Income	51.9	89.6	92.3	95.5	98.8
Net Investment income	52.2	90.1	92.7	95.9	99.2
EBITDA	46.7	82.7	84.7	87.7	90.7
Net interest	(8.8)	(18.8)	(20.5)	(22.1)	(23.8)
Exceptional items (EI)	0.5	(23.9)	0.0	0.0	0.0
Pretax profit	38.4	40.0	64.3	65.5	66.9
Taxation	(3.7)	2.1	(0.4)	(0.4)	(0.4)
Minorities	0.0	0.0	0.0	0.0	0.0
Net Income	34.8	42.1	63.9	65.1	66.4
Income Distribution (RM mil)	36.7	61.8	63.9	65.2	66.5
Balance Sheet (RMmil, YE 31 Dec)	FY20	FY21	FY22F	FY23F	FY24F
Plant and equipment	0.4	0.4	0.5	0.6	0.7
Investment Properties	1,738.1	1,716.2	1,716.2	1,716.2	1,716.2
Total non-current assets	1,738.5	1,716.6	1,716.7	1,716.8	1,716.9
Cash & equivalent	5.4	7.2	6.8	7.0	7.3
Inventories	-	-	-	-	-
Trade receivables	2.5	3.4	3.0	3.1	3.2
Other current assets	0.0	0.0	0.0	0.0	0.0
Total current assets	25.3	16.1	21.6	22.4	23.1
Trade payables	25.3	21.4	23.4	24.2	25.1
Short-term borrowings	704.0	683.2	683.2	683.2	683.2
Other current liabilities	18.9	0.0	0.0	0.0	0.0
Total current liabilities	748.2	704.6	706.6	707.4	708.3
Long-term borrowings	0.0	0.0	0.0	0.0	0.0
Other long-term liabilities	12.0	13.9	13.8	14.2	14.7
Total long-term liabilities	35.4	35.1	35.7	36.9	38.2
Total Unitholders' funds	980.3	993.0	996.0	994.8	993.6
Minority interests	-	-	-	-	-
NAV per unit (RM)	2.3	1.5	1.5	1.5	1.5
Cash Flow (RMmil, YE 31 Dec)	FY20	FY21	FY22F	FY23F	FY24F
Pretax profit	38.4	40.0	64.3	65.5	66.9
Depreciation/Amortisation	-	-	-	-	-
Net change in working capital	(1.3)	6.9	(3.9)	0.8	0.8
Others	8.2	42.6	20.2	21.8	23.5
Cash flow from operations	45.4	89.6	80.6	88.1	91.1
Capital expenditure	0.0	0.0	(0.1)	(0.0)	(0.0)
Net investments & sale of fixed assets	(700.3)	0.0	0.0	0.0	0.0
Others	0.1	0.1	0.1	0.4	0.4
Cash flow from investing	(700.3)	0.1	(0.0)	0.4	0.4
Debt raised/(repaid)	429.2	(20.8)	0.0	0.0	0.0
Equity raised/(repaid)	278.0	0.0	0.0	0.0	0.0
Distribution paid to unitholders	(37.4)	(48.0)	(61.6)	(62.8)	(64.1)
Others	(12.1)	(19.1)	(19.3)	(25.4)	(27.2)
Cash flow from financing	657.7	(87.9)	(80.9)	(88.2)	(91.3)
Net cash flow	2.8	1.8	(0.3)	0.2	0.2
Net cash/(debt) b/f	2.6	5.4	7.1	6.8	7.0
Net cash/(debt) c/f	5.4	7.1	6.8	7.0	7.3
Key Ratios (YE 31 Dec)	FY20	FY21	FY22F	FY23F	FY24F
Revenue growth (%)	(8.1)	60.8	3.4	3.4	3.5
Net Property Income growth (%)	(10.4)	72.7	3.0	3.4	3.5
Pretax margin (%)	53.1	34.4	53.4	52.6	51.9
Distribution income margin (%)	50.7	53.1	53.1	52.4	51.6
Net Interest cover (x)	5.3	4.4	4.1	4.0	3.8
Effective tax rate (%)	9.6	-5.1	0.6	0.6	0.6
DPU payout (%)	97.2	94.5	96.4	96.4	96.4
Receivable turnover (days)	9.4	9.3	9.2	9.2	9.2
Payable turnover (days)	363.0	318.6	305.1	305.1	305.1

Source: Company, AmlInvestment Bank Bhd estimates

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