

UOA REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021 (UNAUDITED)

	As at 30.09.2021 RM	As at 31.12.2020 RM
INVESTMENTS		
Real estate properties	1,738,100,000	1,738,100,000
PLANT & EQUIPMENT	388,955	424,470
OTHER ASSETS		
Trade receivables	4,445,421	2,525,954
Other receivables	8,113,251	17,375,854
Deposits with licensed financial institution	3,800,000	3,700,000
Cash and bank balances	4,853,747	1,713,230
	21,212,419	25,315,038
TOTAL ASSETS	1,759,701,374	1,763,839,508
LIABILITIES		
Payables	5,799,092	4,139,811
Rental deposits	30,890,725	32,688,328
Amount due to Manager	1,165,067	435,781
Borrowings	700,199,807	704,022,500
Tax payable	35,049	16,311
Deferred tax liabilities	23,378,000	23,378,000
Provision for income distribution	-	18,860,081
	761,467,740	783,540,812
NET ASSET VALUE	998,233,634	980,298,696
FINANCED BY:		
UNITHOLDERS' FUND		
Unitholders' capital	750,555,165	750,745,631
Undistributed income	247,678,469	229,553,065
	998,233,634	980,298,696
NUMBER OF UNITS IN CIRCULATION	675,599,076	675,599,076
Net asset value attributable to unitholders:		
Before income distribution	998,233,634	999,158,777
After income distribution	982,829,975	980,298,696
Net asset value per unit attributable to unitholders:		
Before income distribution	1.4776	1.4789
After income distribution (Note 1)	1.4548	1.4510

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

Note 1:

After distribution income for the quarter of 2.28 sen per unit is assumed for income distribution (31.12.2020: final income distribution of 4.46 sen per unit).

UOA REAL ESTATE INVESTMENT TRUST

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (UNAUDITED)**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM	RM	RM	RM
TOTAL INCOME				
Gross rental	29,861,908	18,412,912	88,327,826	54,242,711
Property operating expenses	(6,266,353)	(5,553,488)	(19,972,889)	(15,735,564)
Net rental income	23,595,555	12,859,424	68,354,937	38,507,147
Interest income	33,466	18,562	90,451	41,020
Other income	148,021	102,689	300,561	232,519
	23,777,042	12,980,675	68,745,949	38,780,686
TOTAL EXPENDITURE				
Manager's fees	(1,681,757)	(1,206,058)	(5,030,132)	(3,612,910)
Trustee's fees	(75,303)	(54,003)	(225,230)	(161,772)
Borrowing costs	(4,713,431)	(1,957,959)	(14,150,895)	(6,898,945)
Auditors' remuneration	(11,500)	(11,920)	(37,440)	(37,440)
Tax agent's fees	(9,177)	(4,638)	(18,452)	(14,213)
Valuation fee	-	-	(800)	(2,100)
Impairment losses of financial assets	(912,945)	(381,477)	(1,912,482)	(760,145)
Administrative expenses	(22,345)	(53,189)	(156,681)	(151,376)
	(7,426,458)	(3,669,244)	(21,532,112)	(11,638,901)
Net changes on financial liabilities measured at amortised cost (Note 1)	(114,007)	(120,341)	203,892	110,894
INCOME BEFORE TAX	16,236,577	9,191,090	47,417,729	27,252,679
TAX EXPENSE	(25,000)	(21,000)	(106,446)	(55,000)
INCOME AFTER TAX	16,211,577	9,170,090	47,311,283	27,197,679
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	16,211,577	9,170,090	47,311,283	27,197,679
INCOME DISTRIBUTION				
- Distributed income	(29,185,879)	(16,830,296)	(29,185,879)	(16,830,296)
NET INCOME RETAINED	(12,974,302)	(7,660,206)	18,125,404	10,367,383
INCOME AFTER TAX IS ANALYSED AS FOLLOWS:				
- Realised	16,350,584	9,311,431	47,182,789	27,141,785
- Unrealised	(139,007)	(141,341)	128,494	55,894
EARNINGS PER UNIT				
- After manager's fees (sen)	2.40	2.17	7.00	6.43
- Before manager's fees (sen)	2.65	2.45	7.75	7.29

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 SEPTEMBER 2021 (UNAUDITED)

	Attributable to Unitholders' Funds			Total Unitholders' Funds	
	Unitholders' Capital RM	Distributable Undistributed Income		Current Year To Date 30.9.2021 RM	Preceding Year To Date 30.9.2020 RM
	Realised RM	Unrealised RM			
Balance at 1 January	750,745,631	54,333,416	175,219,649	980,298,696	706,554,728
Total comprehensive income for the period	-	47,182,789	128,494	47,311,283	18,027,587
Listing expenses	(190,466)	-	-	(190,466)	-
Distribution to unitholders	-	(29,185,879)	-	(29,185,879)	-
Balance at 30 September	<u>750,555,165</u>	<u>72,330,326</u>	<u>175,348,143</u>	<u>998,233,634</u>	<u>724,582,315</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 2020 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 2021 (UNAUDITED)

	Current Year To Date 30.9.2021 RM	Preceding Year To Date 30.9.2020 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before tax	47,417,729	27,252,679
Adjustment for:		
Interest income	(90,451)	(41,020)
Interest expense	14,150,895	6,898,945
Depreciation	42,359	39,175
Plant and equipment written off	1,409	1,149
Net changes on financial liabilities measured at amortised cost	(203,892)	(110,894)
Bad and doubtful debts	1,912,482	760,144
Operating profit before changes in working capital	63,230,531	34,800,178
Net changes in receivables	5,399,606	(2,452,175)
Net changes in payables	795,815	(16,817,127)
Cash generated from operating activities	69,425,952	15,530,876
Tax paid	(56,660)	(69,184)
Net cash generated from operating activities	69,369,292	15,461,692
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	90,451	41,020
Purchase of plant and equipment	(8,253)	(239,178)
Proceeds from disposal of investment properties	-	1,550,000
Net cash from investing activities	82,198	1,351,842
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(14,151,854)	(6,901,582)
Distribution to unitholders	(48,045,960)	(20,593,855)
New units issuance expenses	(190,466)	-
Net (repayment)/drawdown of borrowings	(3,822,693)	12,722,500
Net cash used in financing activities	(66,210,973)	(14,772,937)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,240,517	2,040,597
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,413,230	2,608,717
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8,653,747	4,649,314
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institution	3,800,000	2,500,000
Cash and bank balances	4,853,747	2,149,314
	8,653,747	4,649,314

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 2021 (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 2020. 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 2020.

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 2020.

A3 QUALIFIED AUDIT REPORT

The auditors' report on the financial statements for the year ended 31 December 2020 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 2021, paid an interim income distribution of 4.32 sen per unit amounting to RM18,860,081 for the year ending 31 December 2021.

There was no income distribution declared during the quarter under review. Distribution for the quarter under review will be declared and paid together with the distribution for the quarter ended 31 December 2020 on a semi-annual basis.

The Manager intends to distribute at least 95% of the realised income before tax (unaudited) for the second half year ended 31 December 2021, to be distributed by end of Feb 2022 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 675,599,076 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 September 2021, UOA REIT registered a total income of RM30,043,395 inclusive of interest income and other income of RM33,466 and RM148,021 respectively. Total expenditure amounted to RM13,692,811 with RM6,266,353 attributable to property operating expenses and RM7,426,458 attributable to non-property operating expenses.

Against the corresponding quarter last year, gross rental has increased by approximately 62.2% whereas total expenditure increased by approximately 62.8%. The increase in gross rental and total expenditure was mainly due to the acquisition of UOA Corporate Tower at the end of 2020.

Realised earnings per unit has increased against last period, from 6.42 sen to 6.98 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

As the economic sectors were re-opened recently, the market continues to remain uncertain. The Manager is hopeful for a stronger recovery in the economy.

The Manager will continue its effort to maximise yield for unitholders by actively managing the properties in the portfolio and prudently manage the capital. The Manager will continue to source for 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 30 September 2021, UOA REIT's composition of investment portfolio is as follows:

	Acquisition cost RM	Fair value as at 30.09.2021 RM	Percentage of fair value to Net Asset Value %
Real estate properties			
Commercial			
- UOA Centre parcels	55,981,272	78,700,000	7.88
- UOA II parcels	194,502,300	291,600,000	29.21
- UOA Damansara parcels	72,000,000	118,700,000	11.89
- UOA Damansara II	211,000,000	231,100,000	23.15
- Parcel B - Menara UOA Bangsar	287,760,483	300,000,000	30.05
- UOA Corporate Tower	701,653,564	718,000,000	71.93
	<u>1,522,897,619</u>	<u>1,738,100,000</u>	
Others			
Deposits with licensed financial institutions		<u>3,800,000</u>	0.38

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 30.09.2021 RM	As at 31.12.2020 RM
Revolving credit		
- Secured	<u>700,199,807</u>	<u>704,022,500</u>

The borrowings are denominated in Ringgit Malaysia.

B8 INCOME RECOGNITION

- 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.
- 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 2021 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 2021 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:

	Current Quarter 30.9.2021 RM	Preceding Corresponding Quarter 30.9.2020 RM	Current Year To Date 30.9.2021 RM	Preceding Year To Date 30.9.2020 RM
Depreciation	13,956	14,561	42,359	39,175
Bad and doubtful debts	912,945	241,922	1,912,482	760,144
(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:

- Gain or loss on derivatives; and
- 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 30.9.2021 RM	Preceding Corresponding Quarter 30.9.2020 RM	Current Year To Date 30.9.2021 RM	Preceding Year To Date 30.9.2020 RM
Income before tax	16,236,577	9,191,090	47,417,729	27,252,679
Taxation at statutory rate of 24%	3,896,778	2,205,862	11,380,255	6,540,643
Tax effects arising from				
- non-deductible expenses	21,996	75,218	268,425	324,653
- income exempted from tax	(1,643,718)	(2,256,894)	(9,192,197)	(6,691,302)
- net changes on financial liabilities measured at amortised cost	27,362	28,882	(48,934)	(26,614)
Utilisation of capital allowances/ balancing charge	(2,277,418)	(32,068)	(2,333,549)	(92,380)
Real property gain tax	-	-	31,048	-
Underestimated in prior years	-	-	1,398	-
Tax expense for the quarter/period	25,000	21,000	106,446	55,000

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 2021. 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 2021, 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 30.09.2021 RM
Directors of the Manager:			
- Alan Charles Winduss	100,000	0.01	112,000
- Dato' Gan Boon Khuay	400,000	0.06	448,000
- Kung Beng Hong	400,000	0.06	448,000
- Kong Sze Choon	69,000	0.01	77,280
Companies related to the Manager:			
- Desa Bukit Pantai Sdn Bhd	102,261,538	15.14	114,532,923
- Wisma UOA Sdn Bhd	77,729,000	11.51	87,056,480
- Rich Accomplishment Sdn Bhd	74,661,538	11.05	83,620,923
- Dynasty Portfolio Sdn Bhd	63,326,600	9.37	70,925,792
- UOA Corporation Berhad	48,000,000	7.10	53,760,000
- LTG Development Sdn Bhd	5,600,700	0.83	6,272,784
Persons related to the Manager via relationship with a Director of the Manager:			
- Kong May Chee	15,900	0.00	17,808
- Kong Ai Chee	13,500	0.00	15,120
- Tsan Fei Meng	63,400	0.01	71,008
Director of the Manager (indirect interest):			
- Kong Sze Choon*	24,000	0.00	26,880
Person related to the Manager via relationship with a Director of the Manager (indirect interest):			
- Kong Chong Soon @ Chi Suim**	371,579,376	55.00	416,168,901

* 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 RM1.12 as at 30 September 2021.

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 30.9.2021 RM	Preceding Corresponding Quarter 30.9.2020 RM	Current Year To Date 30.9.2021 RM	Preceding Year To Date 30.9.2020 RM
Gross rental	29,861,908	18,412,912	88,327,826	54,242,711
Interest income	33,466	18,562	90,451	41,020
Other income	148,021	102,689	300,561	232,519
	<u>30,043,395</u>	<u>18,534,163</u>	<u>88,718,838</u>	<u>54,516,250</u>
<u>Less:</u>				
Expenses	<u>(13,692,811)</u>	<u>(9,222,732)</u>	<u>(41,536,049)</u>	<u>(27,374,465)</u>
Realised income for the period	16,350,584	9,311,431	47,182,789	27,141,785
Previous year's undistributed realised income	55,979,742	53,850,847	54,333,416	52,850,789
<u>Less:</u>				
Proposed/declared income distribution	-	-	(29,185,879)	(16,830,296)
Balance undistributed realised income	<u>72,330,326</u>	<u>63,162,278</u>	<u>72,330,326</u>	<u>63,162,278</u>
Distribution per unit (sen)	<u>-</u>	<u>-</u>	<u>4.32</u>	<u>3.98</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 30.9.2021 RM	Preceding Corresponding Quarter 30.9.2020 RM	Current Year To Date 30.9.2021 RM	Preceding Year To Date 30.9.2020 RM
Income after tax	16,211,577	9,170,090	47,311,283	27,197,679
Weighted average number of units in issue	675,599,076	422,871,776	675,599,076	422,871,776
Basic earnings per unit (after manager's fee) (sen)	<u>2.40</u>	<u>2.17</u>	<u>7.00</u>	<u>6.43</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 2021 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 18 November 2021.

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
18 NOVEMBER 2021