

UOA REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (UNAUDITED)

	As at 30.06.2023 RM	As at 31.12.2022 RM
INVESTMENTS		
Real estate properties	1,718,028,074	1,716,256,000
PLANT & EQUIPMENT	864,724	909,940
OTHER ASSETS		
Trade receivables	2,722,275	2,026,191
Other receivables	8,577,795	5,994,884
Deposits with licensed financial institution	1,700,000	1,200,000
Cash and bank balances	2,456,554	2,712,804
	15,456,624	11,933,879
TOTAL ASSETS	1,734,349,422	1,729,099,819
LIABILITIES		
Payables	5,947,314	4,905,080
Rental deposits	32,302,206	31,357,843
Amount due to Manager	602,551	566,982
Borrowings	679,200,000	675,400,000
Tax payable	46,166	20,416
Deferred tax liabilities	21,188,000	21,188,000
TOTAL LIABILITIES	739,286,237	733,438,321
NET ASSET VALUE	995,063,185	995,661,498
FINANCED BY:		
UNITHOLDERS' FUND		
Unitholders' capital	750,555,165	750,555,165
Undistributed income	244,508,020	245,106,333
	995,063,185	995,661,498
NUMBER OF UNITS IN CIRCULATION	675,599,076	675,599,076
Net asset value attributable to unitholders:		
Before income distribution	995,063,185	995,661,498
After income distribution	968,309,462	966,475,619
Net asset value per unit attributable to unitholders:		
Before income distribution	1.4729	1.4737
After income distribution (Note 1)	1.4333	1.4305

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

Note 1:

After distribution income for the quarter of 3.96 sen per unit is assumed for income distribution (31.12.2022: final income distribution of 4.32 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 2023 (UNAUDITED)**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2023 RM	30.6.2022 RM	30.6.2023 RM	30.6.2022 RM
TOTAL INCOME				
Gross rental	28,467,625	28,486,970	57,117,739	57,590,318
Property operating expenses	(7,321,365)	(6,768,129)	(14,801,609)	(13,632,430)
Net rental income	21,146,260	21,718,841	42,316,130	43,957,888
Interest income	25,303	18,974	45,237	37,258
Other income	173,029	48,944	273,207	145,590
	21,344,592	21,786,759	42,634,574	44,140,736
TOTAL EXPENDITURE				
Manager's fees	(1,659,917)	(1,659,201)	(3,313,635)	(3,308,702)
Trustee's fees	(74,325)	(74,293)	(148,372)	(148,151)
Borrowing costs	(5,335,930)	(4,757,585)	(10,559,818)	(9,389,307)
Auditors' remuneration	(16,920)	(25,586)	(30,420)	(37,086)
Tax agent's fees	(5,275)	(5,855)	(10,700)	(11,030)
Valuation fee	-	-	(800)	(800)
Reversal of/(Impairment losses) of financial assets	151,078	62,207	97,952	(323,079)
Administrative expenses	(259,295)	(81,550)	(337,552)	(122,423)
	(7,200,584)	(6,541,863)	(14,303,345)	(13,340,578)
Net changes on financial liabilities measured at amortised cost (Note 1)	(137,956)	(149,804)	311,337	342,833
INCOME BEFORE TAX	14,006,052	15,095,092	28,642,566	31,142,991
TAX EXPENSE	(27,000)	(25,000)	(55,000)	(53,627)
INCOME AFTER TAX	13,979,052	15,070,092	28,587,566	31,089,364
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	13,979,052	15,070,092	28,587,566	31,089,364
INCOME/(LOSS) AFTER TAX IS ANALYSED AS FOLLOWS:				
- Realised	14,144,008	15,244,896	28,331,229	30,800,158
- Unrealised	(164,956)	(174,804)	256,337	289,206
EARNINGS PER UNIT				
- After manager's fees (sen)	2.07	2.23	4.23	4.60
- Before manager's fees (sen)	2.31	2.48	4.72	5.09

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2023 (UNAUDITED)

	Attributable to Unitholders' Funds			Total Unitholders' Funds	
	Unitholders' Capital RM	Distributable Undistributed Income		Current Year To Date 30.6.2023 RM	Preceding Year To Date 30.6.2022 RM
	Realised RM	Unrealised RM			
Balance at 1 January	750,555,165	89,782,492	155,323,841	995,661,498	993,025,466
Total comprehensive income for the period	-	28,331,229	256,337	28,587,566	31,089,364
Distribution to unitholders	-	(29,185,879)	-	(29,185,879)	(29,185,879)
Balance at 30 June	<u>750,555,165</u>	<u>88,927,842</u>	<u>155,580,178</u>	<u>995,063,185</u>	<u>994,928,951</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 2022 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 2023 (UNAUDITED)

	Current Year To Date 30.6.2023 RM	Preceding Year To Date 30.6.2022 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before tax	28,642,566	31,142,991
Adjustment for:		
Interest income	(45,237)	(37,258)
Interest expense	10,559,818	9,389,307
Depreciation	58,066	37,499
Net changes on financial liabilities measured at amortised cost	(311,337)	(342,833)
Bad and doubtful debts	(97,952)	323,079
Operating profit before changes in working capital	<u>38,805,924</u>	<u>40,512,785</u>
Net changes in receivables	(3,181,043)	60,273
Net changes in payables	2,393,605	311,863
Cash generated from operating activities	<u>38,018,486</u>	<u>40,884,921</u>
Tax paid	(29,250)	(38,057)
Net cash generated from operating activities	<u>37,989,236</u>	<u>40,846,864</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	45,237	37,258
Purchase of plant and equipment	(12,850)	(402,223)
Enhancements to investment properties	(1,772,074)	-
Net cash used in investing activities	<u>(1,739,687)</u>	<u>(364,965)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(10,619,920)	(9,450,610)
Distribution to unitholders	(29,185,879)	(29,185,879)
Net drawdown/(repayment) of borrowings	3,800,000	(5,399,807)
Net cash used in financing activities	<u>(36,005,799)</u>	<u>(44,036,296)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	243,750	(3,554,397)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,912,804	7,151,134
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>4,156,554</u>	<u>3,596,737</u>
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institution	1,700,000	1,300,000
Cash and bank balances	2,456,554	2,296,737
	<u>4,156,554</u>	<u>3,596,737</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2023 (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 2022. 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 2022.

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 2022.

A3 QUALIFIED AUDIT REPORT

The auditors' report on the financial statements for the year ended 31 December 2022 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 2023, paid a final income distribution of 4.32 sen per unit amounting to RM29,185,879 for the second half year ended 31 December 2022.

For the period under review, UOA REIT is declaring approximately 95% distribution of the realised income before tax (unaudited) for the six (6) months ended 30 June 2023 amounting to RM26,753,723, to be distributed by end of August 2023 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 June 2023, UOA REIT registered a total income of RM28,665,957 inclusive of interest income and other income of RM25,303 and RM173,029 respectively. Total expenditure amounted to RM14,521,949 with RM7,321,365 attributable to property operating expenses and RM7,200,584 attributable to non-property operating expenses.

Against the corresponding quarter last year, gross rental has decreased by approximately 0.1% whereas total expenditure increased by approximately 9.1%. The increase in total expenditure was mainly due both increase property operating expenses and borrowing costs. The increase in property operating expenses were primarily due to higher electricity costs and repair and maintenance expenses.

Realised earnings per unit for the quarter under review has decreased from 2.26 sen to 2.09 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 occupancy and rental rates continue to be influenced by the overall economic growth and the property sector market sentiment.

In the second half of the financial year, an anchor tenant in Parcel B – Menara UOA Bangsar is expected to terminate the tenancy upon expiry as they are moving to their own newly completed building. Efforts to secure replacement tenants had commenced.

The Manager will continue to actively manage the properties in the portfolio with prudent capital management in order to maximise the yields for unitholders. Meanwhile, the effort to seek opportunities for future acquisition that meets the objectives of UOA REIT will continue.

B4 VARIANCES

This is not applicable as there was no profit forecast or profit guarantee issued for this financial quarter.

B5 UTILISATION OF PROCEEDS RAISED FROM ISSUANCE OF NEW UNITS

There were no issuance of new units during the quarter under review.

B6 COMPOSITION OF INVESTMENT PORTFOLIO

As at 30 June 2023, UOA REIT's composition of investment portfolio is as follows:

	Acquisition cost RM	Fair value as at 30.06.2023 RM	Percentage of fair value to Net Asset Value %
Real estate properties			
Commercial			
- UOA Centre parcels	55,981,272	78,000,000	7.84
- UOA II parcels	194,502,300	281,930,602	28.33
- UOA Damansara parcels	72,000,000	114,900,000	11.55
- UOA Damansara II	211,000,000	224,356,000	22.55
- Parcel B - Menara UOA Bangsar	287,760,483	300,841,472	30.23
- UOA Corporate Tower	701,653,564	718,000,000	72.16
	<u>1,522,897,619</u>	<u>1,718,028,074</u>	
Others			
Deposits with licensed financial institutions		<u>1,700,000</u>	0.17

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 30.06.2023 RM	As at 31.12.2022 RM
Revolving credit		
- Secured	<u>679,200,000</u>	<u>675,400,000</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 June 2023 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 2023 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 30.6.2023 RM	Preceding Corresponding Quarter 30.6.2022 RM	Current Year To Date 30.6.2023 RM	Preceding Year To Date 30.6.2022 RM
Depreciation	28,992	22,909	58,066	37,499
Bad and doubtful debts	(151,078)	(99,759)	(97,952)	323,079
(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 30.6.2023 RM	Preceding Corresponding Quarter 30.6.2022 RM	Current Year To Date 30.6.2023 RM	Preceding Year To Date 30.6.2022 RM
Income before tax	14,006,052	15,095,092	28,642,566	31,142,991
Taxation at statutory rate of 24%	3,361,452	3,622,822	6,874,216	7,474,318
Tax effects arising from				
- non-deductible expenses	196,283	(14,175)	273,509	63,618
- income exempted from tax	(3,520,523)	(3,578,612)	(6,947,882)	(7,338,662)
- net changes on financial liabilities measured at amortised cost	33,109	35,953	(74,721)	(82,280)
Utilisation of capital allowances/ balancing charge	(43,321)	(40,988)	(70,122)	(69,995)
Underestimated in prior years	-	-	-	6,628
Tax expense for the quarter/period	27,000	25,000	55,000	53,627

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 2022. 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 2023, 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 30.06.2023 RM
Directors of the Manager:			
- Kong Sze Choon	69,000	0.01	77,970
- Karn Sau Meng	20,000	0.00	22,600
Companies related to the Manager:			
- Desa Bukit Pantai Sdn Bhd	102,261,538	15.14	115,555,538
- Wisma UOA Sdn Bhd	77,729,000	11.51	87,833,770
- Rich Accomplishment Sdn Bhd	74,661,538	11.05	84,367,538
- Dynasty Portfolio Sdn Bhd	63,326,600	9.37	71,559,058
- UOA Corporation Berhad	48,000,000	7.10	54,240,000
- LTG Development Sdn Bhd	5,600,700	0.83	6,328,791
Persons related to the Manager via relationship with a Director of the Manager:			
- Kong May Chee	15,900	0.00	17,967
- Kong Ai Chee	13,500	0.00	15,255
Director of the Manager (indirect interest):			
- Kong Sze Choon*	24,000	0.00	27,120
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	419,884,695

* 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 RM1.13 as at 30 June 2023.

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 30.6.2023 RM	Preceding Corresponding Quarter 30.6.2022 RM	Current Year To Date 30.6.2023 RM	Preceding Year To Date 30.6.2022 RM
Gross rental	28,467,625	28,486,970	57,117,739	57,590,318
Interest income	25,303	18,974	45,237	37,258
Other income	173,029	48,944	273,207	145,590
	<u>28,665,957</u>	<u>28,554,888</u>	<u>57,436,183</u>	<u>57,773,166</u>
<u>Less:</u>				
Expenses	<u>(14,521,949)</u>	<u>(13,309,992)</u>	<u>(29,104,954)</u>	<u>(26,973,008)</u>
Realised income for the period	14,144,008	15,244,896	28,331,229	30,800,158
Brought forward undistributed realised income	74,783,834	73,313,098	60,596,613	57,757,836
<u>Less:</u>				
Income to be distributed for the period	<u>(26,753,723)</u>	<u>(29,050,760)</u>	<u>(26,753,723)</u>	<u>(29,050,760)</u>
Balance undistributed realised income	<u>62,174,119</u>	<u>59,507,234</u>	<u>62,174,119</u>	<u>59,507,234</u>
Distribution per unit (sen)	<u>3.96</u>	<u>4.30</u>	<u>3.96</u>	<u>4.30</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 30.6.2023 RM	Preceding Corresponding Quarter 30.6.2022 RM	Current Year To Date 30.6.2023 RM	Preceding Year To Date 30.6.2022 RM
Income after tax	13,979,052	15,070,092	28,587,566	31,089,364
Weighted average number of units in issue	675,599,076	675,599,076	675,599,076	675,599,076
Basic earnings per unit (after manager's fee) (sen)	<u>2.07</u>	<u>2.23</u>	<u>4.23</u>	<u>4.60</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 2023 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 24 July 2023.

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
24 JULY 2023