

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

	As at 30.09.2023 RM	As at 31.12.2022 RM
INVESTMENTS		
Real estate properties	1,718,693,594	1,716,256,000
PLANT & EQUIPMENT	1,083,033	909,940
OTHER ASSETS		
Trade receivables	3,006,675	2,026,191
Other receivables	10,785,513	5,994,884
Deposits with licensed financial institution	-	1,200,000
Cash and bank balances	3,273,696	2,712,804
	17,065,884	11,933,879
TOTAL ASSETS	1,736,842,511	1,729,099,819
LIABILITIES		
Payables	6,450,896	4,905,080
Rental deposits	32,722,551	31,357,843
Amount due to Manager	556,623	566,982
Borrowings	693,700,000	675,400,000
Tax payable	29,200	20,416
Deferred tax liabilities	21,188,000	21,188,000
TOTAL LIABILITIES	754,647,270	733,438,321
NET ASSET VALUE	982,195,241	995,661,498
FINANCED BY:		
UNITHOLDERS' FUND		
Unitholders' capital	750,555,165	750,555,165
Undistributed income	231,640,076	245,106,333
	982,195,241	995,661,498
NUMBER OF UNITS IN CIRCULATION	675,599,076	675,599,076
Net asset value attributable to unitholders:		
Before income distribution	982,195,241	995,661,498
After income distribution	969,021,059	966,475,619
Net asset value per unit attributable to unitholders:		
Before income distribution	1.4538	1.4737
After income distribution (Note 1)	1.4343	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 1.95 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 SEPTEMBER 2023 (UNAUDITED)**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM	RM	RM	RM
TOTAL INCOME				
Gross rental	28,605,865	28,638,747	85,723,604	86,229,064
Property operating expenses	(7,298,291)	(5,605,173)	(22,099,900)	(19,237,602)
Net rental income	21,307,574	23,033,574	63,623,704	66,991,462
Interest income	27,627	19,755	72,864	57,013
Other income	139,016	75,674	412,224	221,264
	21,474,217	23,129,003	64,108,792	67,269,739
TOTAL EXPENDITURE				
Manager's fees	(1,653,400)	(1,653,557)	(4,967,034)	(4,962,259)
Trustee's fees	(74,033)	(74,040)	(222,405)	(222,191)
Borrowing costs	(5,494,839)	(5,050,411)	(16,054,657)	(14,439,719)
Auditors' remuneration	(13,500)	(14,166)	(43,920)	(51,252)
Tax agent's fees	(6,209)	(6,499)	(16,909)	(17,529)
Valuation fee	-	-	(800)	(800)
Impairment losses of financial assets	(158,585)	(77,240)	(60,633)	(400,319)
Administrative expenses	(30,955)	(96,527)	(368,508)	(218,952)
	(7,431,521)	(6,972,440)	(21,734,866)	(20,313,021)
Net changes on financial liabilities measured at amortised cost (Note 1)	(137,956)	(149,804)	173,381	193,030
INCOME BEFORE TAX	13,904,740	16,006,759	42,547,307	47,149,748
TAX EXPENSE	(18,962)	(30,546)	(73,962)	(84,174)
INCOME AFTER TAX	13,885,778	15,976,213	42,473,345	47,065,574
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	13,885,778	15,976,213	42,473,345	47,065,574
INCOME/(LOSS) AFTER TAX IS ANALYSED AS FOLLOWS:				
- Realised	14,042,696	16,156,563	42,373,926	46,956,718
- Unrealised	(156,918)	(180,350)	99,419	108,856
EARNINGS PER UNIT				
- After manager's fees (sen)	2.06	2.36	6.29	6.97
- Before manager's fees (sen)	2.30	2.61	7.02	7.70

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 SEPTEMBER 2023 (UNAUDITED)

	Attributable to Unitholders' Funds			Total Unitholders' Funds	
	Unitholders' Capital RM	Distributable Undistributed Income		Current Year To Date 30.9.2023 RM	Preceding Year To Date 30.9.2022 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	-	42,373,926	99,419	42,473,345	47,065,574
Distribution to unitholders	-	(55,939,602)	-	(55,939,602)	(58,236,638)
Balance at 30 September	<u>750,555,165</u>	<u>76,216,816</u>	<u>155,423,260</u>	<u>982,195,241</u>	<u>981,854,402</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 SEPTEMBER 2023 (UNAUDITED)

	Current Year To Date 30.9.2023 RM	Preceding Year To Date 30.9.2022 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before tax	42,547,307	47,149,748
Adjustment for:		
Interest income	(72,864)	(57,013)
Interest expense	16,054,657	14,439,719
Depreciation	90,289	66,146
Plant and equipment written off	-	3,450
Net changes on financial liabilities measured at amortised cost	(173,381)	(193,030)
Bad and doubtful debts	60,633	400,319
Operating profit before changes in working capital	58,506,641	61,809,339
Net changes in receivables	(5,831,746)	(2,661,813)
Net changes in payables	3,076,196	1,372,126
Cash generated from operating activities	55,751,091	60,519,652
Tax paid	(65,178)	(64,690)
Net cash generated from operating activities	55,685,913	60,454,962
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	72,864	57,013
Purchase of plant and equipment	(263,382)	(613,260)
Enhancements to investment properties	(2,437,594)	(56,000)
Net cash used in investing activities	(2,628,112)	(612,247)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(16,057,307)	(14,433,253)
Distribution to unitholders	(55,939,602)	(58,236,638)
Net drawdown of borrowings	18,300,000	9,500,193
Net cash used in financing activities	(53,696,909)	(63,169,698)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(639,108)	(3,326,983)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,912,804	7,151,134
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,273,696	3,824,151
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institution	-	1,300,000
Cash and bank balances	3,273,696	2,524,151
	3,273,696	3,824,151

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 SEPTEMBER 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 30 August 2023, paid a interim income distribution of 3.96 sen per unit amounting to RM26,753,722 for the six (6) months ended 30 June 2023.

No income distribution was declared for 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 2023 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 ending 31 December 2023, to be distributed by end of February 2024 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 2023, UOA REIT registered a total income of RM28,772,508 inclusive of interest income and other income of RM27,627 and RM139,016 respectively. Total expenditure amounted to RM14,729,812 with RM7,298,291 attributable to property operating expenses and RM7,431,521 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 17.1%. The increase in total expenditure was mainly due to both increased property operating expenses and higher borrowing costs. The rise in property operating expenses was primarily attributed to increased electricity costs and additional rental commissions paid.

Realised earnings per unit for the quarter under review has decreased from 2.39 sen to 2.08 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

Market factors such as economic growth, consumer sentiment and cost of operating business will continue to underpin the growth of businesses which demand for office space pivots on. The Manager remains hopeful on the market outlook while maintaining a cautious approach as we do not envisage any major catalyst that will drastically change the market sentiments in the short term.

The Manager continues its approach in active management of the properties within the portfolio, with an aim to maximise yields for unitholders. Simultaneously, efforts to seek future acquisition opportunities that align with the objectives of the 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 September 2023, UOA REIT's composition of investment portfolio is as follows:

	Acquisition cost RM	Fair value as at 30.09.2023 RM	Percentage of fair value to Net Asset Value %
Real estate properties			
Commercial			
- UOA Centre parcels	55,981,272	78,000,000	7.94
- UOA II parcels	194,502,300	281,930,602	28.70
- UOA Damansara parcels	72,000,000	114,900,000	11.70
- UOA Damansara II	211,000,000	224,412,617	22.85
- Parcel B - Menara UOA Bangsar	287,760,483	301,450,375	30.69
- UOA Corporate Tower	701,653,564	718,000,000	73.10
	<u>1,522,897,619</u>	<u>1,718,693,594</u>	

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 30.09.2023 RM	As at 31.12.2022 RM
Revolving credit		
- Secured	<u>693,700,000</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 September 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 September 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 30.9.2023 RM	Preceding Corresponding Quarter 30.9.2022 RM	Current Year To Date 30.9.2023 RM	Preceding Year To Date 30.9.2022 RM
Depreciation	32,223	28,647	90,289	66,146
Bad and doubtful debts	158,585	77,240	60,633	400,319
(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 30.9.2023 RM	Preceding Corresponding Quarter 30.9.2022 RM	Current Year To Date 30.9.2023 RM	Preceding Year To Date 30.9.2022 RM
Income before tax	13,904,740	16,006,759	42,547,307	47,149,748
Taxation at statutory rate of 24%	3,337,138	3,841,622	10,211,354	11,315,940
Tax effects arising from				
- non-deductible expenses	125,389	84,420	398,898	148,039
- income exempted from tax	(3,467,422)	(3,868,058)	(10,415,304)	(11,206,720)
- net changes on financial liabilities measured at amortised cost	33,109	35,953	(41,612)	(46,327)
Utilisation of capital allowances	(7,214)	(61,937)	(77,336)	(131,932)
(Under)/Overestimated in prior years	(2,038)	(1,454)	(2,038)	5,174
Tax expense for the quarter/period	18,962	30,546	73,962	84,174

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 September 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 30.09.2023 RM
Directors of the Manager:			
- Kong Sze Choon	69,000	0.01	75,210
- Karn Sau Meng	20,000	0.00	21,800
Companies related to the Manager:			
- Desa Bukit Pantai Sdn Bhd	102,261,538	15.14	111,465,076
- Wisma UOA Sdn Bhd	77,729,000	11.51	84,724,610
- Rich Accomplishment Sdn Bhd	74,661,538	11.05	81,381,076
- Dynasty Portfolio Sdn Bhd	63,326,600	9.37	69,025,994
- UOA Corporation Berhad	48,000,000	7.10	52,320,000
- LTG Development Sdn Bhd	5,600,700	0.83	6,104,763
Persons related to the Manager via relationship with a Director of the Manager:			
- Kong May Chee	15,900	0.00	17,331
- Kong Ai Chee	13,500	0.00	14,715
Director of the Manager (indirect interest):			
- Kong Sze Choon*	24,000	0.00	26,160
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	405,021,520

* 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 RM1.09 as at 30 September 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 30.9.2023 RM	Preceding Corresponding Quarter 30.9.2022 RM	Current Year To Date 30.9.2023 RM	Preceding Year To Date 30.9.2022 RM
Gross rental	28,605,865	28,638,747	85,723,604	86,229,064
Interest income	27,627	19,755	72,864	57,013
Other income	139,016	75,674	412,224	221,264
	<u>28,772,508</u>	<u>28,734,176</u>	<u>86,208,692</u>	<u>86,507,341</u>
<u>Less:</u>				
Expenses	<u>(14,729,812)</u>	<u>(12,577,613)</u>	<u>(43,834,766)</u>	<u>(39,550,623)</u>
Realised income for the period	14,042,696	16,156,563	42,373,926	46,956,718
Brought forward undistributed realised income	62,174,120	59,507,234	60,596,613	57,892,958
<u>Less:</u>				
Income to be distributed for the period	-	-	(26,753,723)	(29,185,879)
Balance undistributed realised income	<u>76,216,816</u>	<u>75,663,797</u>	<u>76,216,816</u>	<u>75,663,797</u>
Distribution per unit (sen)	<u>-</u>	<u>-</u>	<u>3.96</u>	<u>4.32</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 30.9.2023 RM	Preceding Corresponding Quarter 30.9.2022 RM	Current Year To Date 30.9.2023 RM	Preceding Year To Date 30.9.2022 RM
Income after tax	13,885,778	15,976,213	42,473,345	47,065,574
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>2.06</u>	<u>2.36</u>	<u>6.29</u>	<u>6.97</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 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 16 November 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
16 NOVEMBER 2023