

UOA REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 (UNAUDITED)

	As at 31.12.2023 RM	As at 31.12.2022 RM
INVESTMENTS		
Real estate properties	1,718,500,000	1,716,256,000
PLANT & EQUIPMENT	1,341,615	909,940
OTHER ASSETS		
Trade receivables	5,059,905	2,026,191
Other receivables	8,517,480	5,994,884
Deposits with licensed financial institution	1,750,000	1,200,000
Cash and bank balances	2,548,771	2,712,804
	17,876,156	11,933,879
TOTAL ASSETS	1,737,717,771	1,729,099,819
LIABILITIES		
Payables	6,239,962	4,905,080
Rental deposits	32,939,582	31,357,843
Amount due to Manager	600,469	566,982
Borrowings	684,700,000	675,400,000
Tax payable	24,925	20,416
Deferred tax liabilities	19,640,000	21,188,000
TOTAL LIABILITIES	744,144,938	733,438,321
NET ASSET VALUE	993,572,833	995,661,498
FINANCED BY:		
UNITHOLDERS' FUND		
Unitholders' capital	750,555,165	750,555,165
Undistributed income	243,017,668	245,106,333
	993,572,833	995,661,498
NUMBER OF UNITS IN CIRCULATION	675,599,076	675,599,076
Net asset value attributable to unitholders:		
Before income distribution	993,572,833	995,661,498
After income distribution	967,494,709	966,475,620
Net asset value per unit attributable to unitholders:		
Before income distribution	1.4707	1.4737
After income distribution (Note 1)	1.4321	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 period of 3.86 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 YEAR ENDED 31 DECEMBER 2023 (UNAUDITED)**

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.2023 RM	31.12.2022 RM	31.12.2023 RM	31.12.2022 RM
TOTAL INCOME				
Gross rental	27,114,821	28,148,101	112,838,425	114,377,165
Property operating expenses	(8,359,166)	(6,889,876)	(30,459,065)	(26,127,478)
Net rental income	18,755,655	21,258,225	82,379,360	88,249,687
Interest income	22,842	21,352	95,705	78,365
Other income	160,531	125,494	572,755	346,758
	18,939,028	21,405,071	83,047,820	88,674,810
TOTAL EXPENDITURE				
Manager's fees	(1,659,173)	(1,661,874)	(6,626,207)	(6,624,134)
Trustee's fees	(74,291)	(74,412)	(296,696)	(296,603)
Borrowing costs	(5,570,309)	(5,308,223)	(21,624,966)	(19,747,943)
Auditors' remuneration	(17,500)	(14,168)	(61,420)	(65,420)
Tax agent's fees	(6,829)	(7,675)	(23,738)	(25,204)
Valuation fee	(220,000)	(44,200)	(220,800)	(45,000)
Impairment losses of financial assets	(412,364)	(106,363)	(472,997)	(506,683)
Administrative expenses	(156,160)	(69,456)	(524,669)	(288,408)
	(8,116,626)	(7,286,371)	(29,851,493)	(27,599,395)
Fair value adjustment on investment properties	(1,225,187)	-	(1,225,187)	-
Net changes on financial liabilities measured at amortised cost (Note 1)	253,377	(287,601)	426,759	(94,571)
INCOME BEFORE TAX	9,850,592	13,831,099	52,397,899	60,980,844
TAX CREDIT/(EXPENSE)	1,527,000	(24,000)	1,453,038	(108,174)
INCOME AFTER TAX	11,377,592	13,807,099	53,850,937	60,872,670
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	11,377,592	13,807,099	53,850,937	60,872,670
INCOME/(LOSS) AFTER TAX IS ANALYSED AS FOLLOWS:				
- Realised	10,822,402	14,118,700	53,196,327	61,075,415
- Unrealised	555,190	(311,601)	654,610	(202,745)
EARNINGS PER UNIT				
- After manager's fees (sen)	1.68	2.04	7.97	9.01
- Before manager's fees (sen)	1.93	2.29	8.95	9.99

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 YEAR ENDED 31 DECEMBER 2023 (UNAUDITED)

	Attributable to Unitholders' Funds			Total Unitholders' Funds	
	Unitholders' Capital RM	Distributable Undistributed Income		Current Year To Date 31.12.2023 RM	Preceding Year To Date 31.12.2022 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 year	-	53,196,327	654,610	53,850,937	60,872,670
Distribution to unitholders	-	(55,939,602)	-	(55,939,602)	(58,236,638)
Balance at 31 December	<u>750,555,165</u>	<u>87,039,217</u>	<u>155,978,451</u>	<u>993,572,833</u>	<u>995,661,498</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 YEAR ENDED 31 DECEMBER 2023 (UNAUDITED)

	Current Year To Date 31.12.2023 RM	Preceding Year To Date 31.12.2022 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before tax	52,397,899	60,980,844
Adjustment for:		
Interest income	(95,705)	(78,365)
Interest expense	21,624,966	19,747,943
Depreciation	131,597	94,886
Plant and equipment written off	-	3,450
Loss on disposal of investment properties	-	-
Fair value adjustment on investment properties	1,225,187	-
Net changes on financial liabilities measured at amortised cost	(426,759)	94,571
Bad and doubtful debts	472,997	618,324
Operating profit before changes in working capital	75,330,182	81,461,653
Net changes in receivables	(6,029,307)	338,378
Net changes in payables	3,310,126	1,382,645
Cash generated from operating activities	72,611,001	83,182,676
Tax paid	(90,453)	(88,570)
Net cash generated from operating activities	72,520,548	83,094,106
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	95,705	78,365
Purchase of plant and equipment	(563,272)	(631,270)
Enhancements to investment properties	(3,469,187)	(56,000)
Net cash used in investing activities	(3,936,754)	(608,905)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(21,558,225)	(19,687,086)
Distribution to unitholders	(55,939,602)	(58,236,638)
Net drawdown/(repayment) of borrowings	9,300,000	(7,799,807)
Net cash used in financing activities	(68,197,827)	(85,723,531)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	385,967	(3,238,330)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,912,804	7,151,134
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,298,771	3,912,804
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institution	1,750,000	1,200,000
Cash and bank balances	2,548,771	2,712,804
	4,298,771	3,912,804

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 31 DECEMBER 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.

For the period under review, UOA REIT is declaring approximately 100% distribution of the realised income before tax (unaudited) for the six (6) months ended 31 December 2023 amounting to RM26,078,124, 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

The amount of commitments for investment properties not provided for in the unaudited condensed consolidated statement of financial position were as follows:

	As at 31.12.2023 RM	As at 31.12.2022 RM
Approved and contracted for	902,893	-
Approved but not contracted for	13,500,000	-
	<u>14,402,893</u>	<u>-</u>

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 31 December 2023, UOA REIT registered a total income of RM27,298,194 inclusive of interest income and other income of RM22,842 and RM160,531 respectively. Total expenditure amounted to RM16,475,792 with RM8,359,166 attributable to property operating expenses and RM8,116,626 attributable to non-property operating expenses.

Against the corresponding quarter last year, gross rental has decreased by approximately 3.7% whereas total expenditure increased by approximately 16.2%. The increase in total expenditure was mainly due to increased property operating expenses. The increased in property operating expenses was primarily attributed to increased electricity costs and routine lift maintenance that occurs every few years.

Realised earnings per unit for the quarter under review has decreased from 2.09 sen to 1.60 sen.

Total net asset value as at 31 December 2023 was RM993,572,833. The decrease was mainly due to the distribution to unitholders of RM55,939,602, partially offset by the total comprehensive income for the financial year of RM53,850,937.

Net asset value per unit, after income distribution, has increased from RM1.4305 as at 31 December 2023 to RM1.4321 as at 31 December 2023.

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

Economic growth and the soft market conditions remain pivotal factors influencing the occupancy and rental rates of our properties. Despite the prevailing challenges, we anticipate a gradual improvement in 2024. The Manager maintains a hopeful outlook on the market while also exercising a cautious stance.

The Manager will continue actively managing the properties in the portfolio with prudent capital management to maximise yields for unitholders. Meanwhile, efforts to seek opportunities for future acquisitions that align with the objectives of UOA REIT will persist.

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 31 December 2023, UOA REIT's composition of investment portfolio is as follows:

	Acquisition cost RM	Fair value as at 31.12.2023 RM	Percentage of fair value to Net Asset Value %
Real estate properties			
Commercial			
- UOA Centre parcels	55,981,272	78,000,000	7.85
- UOA II parcels	194,502,300	277,000,000	27.88
- UOA Damansara parcels	72,000,000	115,000,000	11.57
- UOA Damansara II	211,000,000	224,500,000	22.60
- Parcel B - Menara UOA Bangsar	287,760,483	302,000,000	30.40
- UOA Corporate Tower	701,653,564	722,000,000	72.67
	<u>1,522,897,619</u>	<u>1,718,500,000</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 31.12.2023 RM	As at 31.12.2022 RM
Revolving credit		
- Secured	<u>684,700,000</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 year ended 31 December 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 year ended 31 December 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 31.12.2023 RM	Preceding Corresponding Quarter 31.12.2022 RM	Current Year To Date 31.12.2023 RM	Preceding Year To Date 31.12.2022 RM
Depreciation	41,308	28,740	131,597	94,886
Bad and doubtful debts	412,364	106,363	472,997	506,683
(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 31.12.2023 RM	Preceding Corresponding Quarter 31.12.2022 RM	Current Year To Date 31.12.2023 RM	Preceding Year To Date 31.12.2022 RM
Income before tax	9,850,592	13,831,099	52,397,899	60,980,844
Taxation at statutory rate of 24%	2,364,142	3,319,464	12,575,496	14,635,403
Tax effects arising from				
- non-deductible expenses	149,852	139,328	548,750	287,368
- income exempted from tax	(2,566,949)	(3,454,651)	(12,982,253)	(14,661,371)
- net changes on financial liabilities measured at amortised cost	(60,810)	69,024	(102,422)	22,697
Utilisation of capital allowances	(159,280)	(49,165)	(236,616)	(181,097)
Different between income tax rate and RPGT rate applicable on fair value on investment properties	381,045	-	381,045	-
Change in RPGT rate on investment properties	(1,635,000)	-	(1,635,000)	-
(Under)/Overestimated in prior years	-	-	(2,038)	5,174
Tax expense for the quarter/period	<u>(1,527,000)</u>	<u>24,000</u>	<u>(1,453,038)</u>	<u>108,174</u>

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967, where in the basis period for a year of assessment, 90% or more of the total income of the trust is distributed to its unitholders, the total income of the trust for that year of assessment shall be exempted from tax.

UOA REIT is expected to enjoy the tax exemption as it intends to distribute 100% of its total income to its unitholders for the year ended 31 December 2023. 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 31 December 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 31.12.2023 RM
Directors of the Manager:			
- Kong Sze Choon	69,000	0.01	75,900
- Karn Sau Meng	20,000	0.00	22,000
Companies related to the Manager:			
- Desa Bukit Pantai Sdn Bhd	102,261,538	15.14	112,487,692
- Wisma UOA Sdn Bhd	77,729,000	11.51	85,501,900
- Rich Accomplishment Sdn Bhd	74,661,538	11.05	82,127,692
- Dynasty Portfolio Sdn Bhd	63,326,600	9.37	69,659,260
- UOA Corporation Berhad	48,000,000	7.10	52,800,000
- LTG Development Sdn Bhd	5,600,700	0.83	6,160,770
Persons related to the Manager via relationship with a Director of the Manager:			
- Kong May Chee	15,900	0.00	17,490
- Kong Ai Chee	13,500	0.00	14,850
Director of the Manager (indirect interest):			
- Kong Sze Choon*	24,000	0.00	26,400
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	408,737,314

* 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 RM1.10 as at 31 December 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 109D of the Income Tax Act, 1967, the following withholding tax rates 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 31.12.2023 RM	Preceding Corresponding Quarter 31.12.2022 RM	Current Year To Date 31.12.2023 RM	Preceding Year To Date 31.12.2022 RM
Gross rental	27,114,821	28,148,101	112,838,425	114,377,165
Interest income	22,842	21,352	95,705	78,365
Other income	160,531	125,494	572,755	346,758
	<u>27,298,194</u>	<u>28,294,947</u>	<u>113,506,885</u>	<u>114,802,288</u>
<u>Less:</u>				
Expenses	<u>(16,475,792)</u>	<u>(14,176,247)</u>	<u>(60,310,558)</u>	<u>(53,726,873)</u>
Realised income for the period	10,822,402	14,118,700	53,196,327	61,075,415
Brought forward undistributed realised income	76,216,815	75,663,792	60,596,612	57,757,837
<u>Less:</u>				
Income to be distributed for the period	<u>(26,078,124)</u>	<u>(29,185,880)</u>	<u>(52,831,846)</u>	<u>(58,236,640)</u>
Balance undistributed realised income	<u>60,961,093</u>	<u>60,596,612</u>	<u>60,961,093</u>	<u>60,596,612</u>
Distribution per unit (sen)	<u>3.86</u>	<u>4.32</u>	<u>7.82</u>	<u>8.62</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 31.12.2023 RM	Preceding Corresponding Quarter 31.12.2022 RM	Current Year To Date 31.12.2023 RM	Preceding Year To Date 31.12.2022 RM
Income after tax	11,377,592	13,807,099	53,850,937	60,872,670
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>1.68</u>	<u>2.04</u>	<u>7.97</u>	<u>9.01</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 31 December 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 22 January 2024.

BY ORDER OF THE BOARD

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

Kuala Lumpur
22 JANUARY 2024