



ATRIUM REAL ESTATE INVESTMENT TRUST

Condensed Financial Statements

Second Quarter Ended 30 June 2022

Table of Contents

CONDENSED STATEMENT OF FINANCIAL POSITION	1
UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	2
UNAUDITED CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE.....	4
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS	6
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS.....	7
A. DISCLOSURE REQUIREMENTS AS PER MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134.....	7
B. ADDITIONAL DISCLOSURE REQUIREMENT AS PER PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD	9

ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 30.06.2022 RM	(Audited) As at 31.12.2021 RM
ASSETS		
Non-current asset		
Investment properties	513,112,020	502,875,648
Investment properties – accrued lease income	6,824,352	6,824,352
	<u>519,936,372</u>	<u>509,700,000</u>
Current assets		
Trade and other receivables	8,877,872	6,327,813
Deposits with a licensed bank	21,246,781	22,745,492
Bank balances	957,462	1,769,567
	<u>31,082,115</u>	<u>30,842,872</u>
TOTAL ASSETS	<u>551,018,487</u>	<u>540,542,872</u>
LIABILITIES		
Non-current liabilities		
Tenants’ deposits	12,822,413	12,454,863
Borrowings	211,231,130	211,231,130
Deferred tax liability	7,473,786	7,473,786
	<u>231,527,329</u>	<u>231,159,779</u>
Current liabilities		
Tenants’ deposits	526,555	865,974
Trade and other payables	1,124,812	1,612,474
Borrowings	53,532,498	43,815,032
	<u>55,183,865</u>	<u>46,293,480</u>
TOTAL LIABILITIES	<u>286,711,194</u>	<u>277,453,259</u>
NET ASSET VALUE (“NAV”)	<u>264,307,293</u>	<u>263,089,613</u>
FINANCED BY:		
UNITHOLDERS’ FUNDS		
Unitholders’ capital	204,129,835	204,129,835
Undistributed income	60,177,458	58,959,778
TOTAL UNITHOLDERS’ FUNDS	<u>264,307,293</u>	<u>263,089,613</u>
NUMBER OF UNITS IN CIRCULATION	<u>204,625,680</u>	<u>204,625,680</u>
NAV PER UNIT (RM)		
- before income distribution	1.2917	1.2857
- after income distribution (Note 1)	1.2692	1.2602

The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes attached to the financial statements. *(Note 1 - Being Net Asset Value Per Unit after reflecting realised income to be distributed as second interim income distribution for 2022 of 2.25 sen per unit payable on 30 August 2022.)*

ATRIUM REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year to Quarter	Preceding Year Corresponding Quarter	Current Year to Date	Preceding Year to Date
	30.06.2022 RM	30.06.2021 RM	30.06.2022 RM	30.06.2021 RM
Gross revenue	8,706,021	8,863,533	17,396,455	17,685,375
Unbilled lease income receivable	811,763	871,097	1,629,810	1,697,145
Property operating expenses	9,517,784 (651,369)	9,734,630 (691,227)	19,026,265 (1,269,408)	19,382,520 (1,245,334)
Net rental income	8,866,415	9,043,403	17,756,856	18,137,186
Interest income	91,370	106,933	190,853	212,101
Other income	300	300,000	300	500,000
Total income	8,958,085	9,450,336	17,948,009	18,849,287
Trust expenses				
Manager's fees	(658,659)	(527,083)	(1,303,884)	(1,048,133)
Trustee's fees	(65,866)	(52,708)	(130,388)	(104,813)
Auditors' fees	(9,450)	(9,000)	(18,900)	(18,000)
Tax agent's fees	(2,040)	(2,960)	(4,450)	(4,330)
Finance costs	(2,303,371)	(2,160,400)	(4,475,663)	(3,804,163)
Administrative expenses	(363,636)	(1,251,706)	(914,942)	(1,802,240)
Others	(127,382)	(40,000)	(162,382)	(128,900)
Total Expenses	(3,530,404)	(4,043,857)	(7,010,609)	(6,910,579)
Income/(loss) before taxation	5,427,681	5,406,479	10,937,400	11,938,708
Taxation	-	-	-	-
Net income/(loss) for the period	5,427,681	5,406,479	10,937,400	11,938,708

**ATRIUM REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONT'D)**

	Individual Quarter		Cumulative Quarter	
	Current Year to Quarter	Preceding Year Corresponding Quarter	Current Year to Date	Preceding Year to Date
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM	RM	RM	RM
Total comprehensive income/(loss) for the period	5,427,681	5,406,479	10,937,400	11,938,708
Net income/(loss) for the period is made up as follows:				
-Realised Income	4,615,918	4,535,382	9,307,590	10,241,563
-Unrealised - Unbilled lease income receivable ¹	811,763	871,097	1,629,810	1,697,145
	5,427,681	5,406,479	10,937,400	11,938,708

Earnings/(loss) per unit (including unrealised income/(loss)) (sen)

- after manager's fees	2.65	2.64	5.35	5.83
- before manager's fees	2.97	2.90	5.98	6.35

Earnings per unit (realised) (sen)

- after manager's fees	2.26	2.22	4.55	5.01
- before manager's fees	2.58	2.47	5.19	5.52

Distribution per unit (sen)

- declared	2.25	2.20	4.45	4.70
------------	------	------	------	------

¹ Recognition of unbilled lease income receivable pursuant to requirements of MFRS 16 whereby, income from operating leases is to be recognized on a straight-line basis, including contractual increase in rental rates over the fixed tenure of the lease.

The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes attached to the financial statements.

ATRIUM REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
For The Period from 01.01.2022 to 30.06.2022

← Undistributed Income →

	Unitholders' Capital RM	Realised RM	Unrealised RM	Total RM
At 1 January 2022	204,129,835	6,087,958	52,871,820	263,089,613
Operations for the period from - 1 January 2022 to 30 June 2022				
Net income/(loss) for the period	-	9,307,590	1,629,810	10,937,400
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	9,307,590	1,629,810	10,937,400
Unitholders' transactions				
Distributions to unitholders				
- 2021 final	-	(5,217,955)	-	(5,217,955)
- 2022 Interim	-	(4,501,765)	-	(4,501,765)
Decrease in net assets resulting from unitholders' transactions	-	(9,719,720)	-	(9,719,720)
Net assets as at 30 June 2022	204,129,835	5,675,828	54,501,630	264,307,293

ATRIUM REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
For The Period from 01.01.2021 to 30.06.2021

← Undistributed Income →

	Unitholders' Capital RM	Realised RM	Unrealised RM	Total RM
At 1 January 2021	204,129,835	6,985,759	54,640,642	265,756,236
Operations for the period from -1 January 2021 to 30 June 2021				
Net income for the period	-	10,241,563	1,697,145	11,938,708
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	10,241,563	1,697,145	11,938,708
Unitholders' transactions				
Distributions to unitholders	-	(6,138,770)	-	(6,138,770)
- 2020 final	-	(5,115,642)	-	(5,115,642)
- 2021 interim	-	(11,254,412)	-	(11,254,412)
Decrease in net assets resulting from unitholders' transactions	-	(11,254,412)	-	(11,254,412)
Net assets as at 30 June 2021	204,129,835	5,972,910	56,337,787	266,440,532

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the Audited Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes attached to the financial statements.

ATRIUM REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

	Current Year to Date 30.06.2022 RM	Preceding Year Corresponding Quarter 30.06.2021 RM
<u>Cash Flow From Operating Activities</u>		
Income before taxation	10,937,400	11,938,708
Adjustments for:		
Interest income	(190,853)	(212,101)
Interest expense	4,475,663	3,804,163
Operating income before working capital changes	15,222,210	15,530,770
(Increase) / Decrease in trade and other receivables	(2,550,059)	1,217,944
Decrease in trade and other payables	(459,533)	(687,629)
Net cash generated from operating activities	12,212,618	16,061,085
<u>Cash Flow From Investing Activity</u>		
Acquisition of investment property	-	(9,000,000)
Enhancement of investment property	(10,236,370)	-
Interest income	190,853	212,101
Net cash used in investing activity	(10,045,517)	(8,787,899)
<u>Cash Flow From Financing Activities</u>		
Interest paid	(4,475,663)	(3,804,163)
Distribution to unitholders	(9,719,720)	(11,254,412)
Net cash used in financing activities	(14,195,383)	(15,058,575)
Net Decrease in Cash and Cash Equivalents	(12,028,282)	(7,785,389)
Cash and Cash Equivalents at the Beginning of the Period	20,300,027	31,246,957
Cash and Cash Equivalents at the End of the Period	8,271,745	23,461,568
Cash and bank balances	957,462	1,069,874
Deposits with licensed financial institution	21,246,781	23,743,206
Bank overdraft	(13,932,498)	(1,351,512)
	<u>8,271,745</u>	<u>23,461,568</u>

The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes attached to the financial statements.

ATRIUM REAL ESTATE INVESTMENT TRUST
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
For the Quarter Ended 31 March 2022

A. DISCLOSURE REQUIREMENTS AS PER MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134

A1. Basis of Preparation

The quarterly financial report comprises Atrium REIT and its wholly-owned special purpose company, Atrium REIT Capital Sdn. Bhd., a company incorporated in Malaysia, of which the principal activity is to raise financing for and on behalf of Atrium REIT

The quarterly financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) 134: Interim Financial Reporting, and paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Second Restated Deed dated 17 December 2019 and the Securities Commission's Guidelines on Listed Real Estate Investment Trusts.

The accounting policies and methods of computation used in the preparation of the quarterly financial report are consistent with those adopted in the preparation of the audited financial information of the Atrium Real Estate Investment Trust (“Atrium REIT” or “Trust”) for the year ended 31 December 2021.

A2. Audit Report of Preceding Financial Year Ended 31 December 2021

The Auditors Report on the financial statements of the preceding financial year was not qualified.

A3. Seasonality or Cyclicity of Operations

The business operations of Atrium REIT are not materially affected by any seasonal or cyclical factor.

A4. Exceptional or Unusual Items

There were no unusual items to be disclosed for the quarter under review.

A5. Changes in Estimates of Amounts Reported

This is not applicable as no estimates were previously reported.

A6. Changes in Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of equity securities during the current financial quarter.

A7. Income Distribution

During the quarter under review, Atrium REIT paid a first interim distribution of 2.20 sen per unit, amounting to RM4,501,765 in respect of the realised income for the period from 1 January 2022 to 31 March 2022 on 2 June 2022.

A8. Segment Reporting

No segment information is prepared as Atrium REIT's activities are predominantly in one industry segment and occur predominantly in Malaysia.

A9. Valuation of Property, Plant & Equipment

The carrying value of investment properties as at 30 June 2022 is based on the valuation of independent registered valuers from the previous audited financial statements for the financial year ended 31 December 2021 and subsequent capital expenditure incurred up to the reporting date.

A10. Material Events

There was no material event as at the latest practicable date from the date of this report.

A11. Effect of Changes in the Fund Size of Atrium REIT

During the quarter under review, there was no change to Atrium REIT's fund size of 204,625,680 units.

A12. Changes in Contingent Liabilities

There is no contingent liability to be disclosed.

B. ADDITIONAL DISCLOSURE REQUIREMENT AS PER PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Manager's Investment Objectives

The Manager's investment objectives are to maximise profits in order to reward Unitholders with a stable distribution of income and to acquire quality assets to achieve long term growth in the Net Asset Value ("NAV") per unit. The Manager has achieved its objective of rewarding Unitholders with stable and attractive return through consistent distribution of income since the listing of the Atrium REIT on 2 April 2007. There was no change in the investment objectives of the Atrium REIT as at the date of this report.

B2. Strategies and Policies

There was no change in strategies and policies employed since the preceding financial year.

B3. Review of Performance

	Current Quarter As at 30 June 2022	Immediate Preceding Quarter As at 31 March 2022
Net asset value (RM)	264,307,293	263,381,378
Units in circulation (units)	204,625,680	204,625,680
Net asset value per unit (RM)		
- before distribution	1.2917	1.2871
- after distribution	1.2692	1.2651
Market price per unit (RM)	1.46	1.48
Highest traded price per unit during the quarter (RM)	1.50	1.50
Lowest traded price per unit during the quarter (RM)	1.44	1.44

Analysis of Changes in Net Asset Value and Net Asset Value/Unit

There were no significant changes in the Net Asset Value and the Net Asset Value per unit for the quarter under review as compared to the preceding quarter.

Quarter Results

For the quarter under review, Atrium REIT reported a slightly lower gross revenue of RM8.71 million compared to the corresponding preceding quarter of RM8.86 million, mainly due to rent-free amortization adjustment during the current quarter. Net income (realised) for the quarter increased by 1.78% to RM4.62 million, mainly due to lower trust expenses even though the other income was lower.

The other income was lower compared to the corresponding preceding quarter where the RM300,000 was from the settlement amount received from a defaulted trade debtor following a consent judgement reached on 19 January 2021. The trust expenses for current quarter is lower compared to the corresponding preceding quarter due mainly to the lower administrative expenses even though the Manager's fees, Trustee's fees and finance costs were higher. The administrative expenses were lower compared to the corresponding preceding quarter where real estate agents' fees were incurred for the securing of a new lessee and a new tenant for Atrium Shah Alam 1 ("ASA1") and Atrium USJ-Block B ("AUSJ") respectively. The Managers' fees and Trustees' fees for the current quarter were higher as a result of an increase in both the fees with effect from 1 August 2021.

Finance costs increased due to higher utilization of Overdraft facility and an increase in interest rates as a result of the increase in OPR rate by 25 basis points in May 2022.

Six Months Results

For the six months ended 30 June 2022, Atrium REIT recorded a gross revenue of RM17.40 million, a slight decrease of 1.64% compared to the corresponding preceding period of RM17.69 million. Net income (realised) for the period decreased by 9.12% as compared to the corresponding preceding period due to the lower gross revenue and other income. Gross revenue was lower due to the rent-free amortization adjustment during the current period whilst other income was lower due to the partial settlement amount received from a defaulted trade debtor in the corresponding preceding period.

The trust expenses were slightly higher compared to the corresponding preceding period mainly due to the higher Manager's fees, Trustee's fees and finance costs even though administrative expenses were significantly lower. The Managers' fees and Trustees' fees for the current period were higher as a result of an increase in both the fees with effect from 1 August 2021. The increase in finance costs was due to the issuance of the MTN Tranche 3 in March 2021, higher utilization of Overdraft facility and an increase in interest rates as a result of the increase in OPR rate by 25 basis points in May 2022. The administrative expenses were significantly lower compared to the corresponding preceding period where real estate agents' fees were incurred for the securing of a new lessee and a new tenant for Atrium Shah Alam 1 ("ASA1") and Atrium USJ-Block B ("AUSJ") respectively.

B4. Comparison with Preceding Quarter

	Current Quarter 01.04.2022 To 30.06.2022 RM	Preceding Quarter 01.01.2022 To 31.03.2022 RM
Gross revenue	8,706,021	8,690,434
Unbilled lease income receivable	811,763	818,047
	<hr/> 9,517,784	<hr/> 9,508,481
Property expenses	(651,369)	(618,040)
Net property income	<hr/> 8,866,415	<hr/> 8,890,441
Interest income	91,370	99,483
Other income	300	-
Total income	<hr/> 8,958,085	<hr/> 8,989,924
Trust expenses	(3,530,404)	(3,480,205)
Change in fair value of investment properties	-	-
Income/ (loss) before taxation	<hr/> 5,427,681	<hr/> 5,509,719
Taxation	-	-
Net income/ (loss)	<hr/> 5,427,681	<hr/> 5,509,719
Net income for the financial quarter is made up as follows:		
-Realised income	4,615,918	4,691,672
-Unrealised income/ (loss)	811,763	818,047
	<hr/> 5,427,681	<hr/> 5,509,719

Atrium REIT's net income (realised) for the quarter ended 30 June 2022 was lower compared to the preceding quarter due mainly to the higher property expenses and trust expenses. The increase in the property expenses was due to higher repair and maintenance costs in the current quarter whilst the increase in trust expenses was mainly due to higher finance costs in the current quarter as a result of

higher utilization of the overdraft facility and an increase in interest rates as a result of the increase in OPR by 25 basis points in May 2022.

B5. Maintenance Costs and Major Capital Expenditure

A total of RM10,236,370 capital expenditure was mainly incurred for the enhancement of Atrium Shah Alam 4 (“ASA4”), which is to upgrade the existing factory building to a grade A warehouse facility (“AEI”) for the current financial period ended 30 June 2022. The AEI has commenced and is targeted to be completed by 1st quarter of 2023.

B6 (a) Economic Outlook

On 13 May 2022, Bank Negara Malaysia has reported Economic and Financial Developments in Malaysia for the First Quarter of 2022:

The Malaysian economy grew by 5.0% in the first quarter (4Q 2021: 3.6%)

The Malaysian economy registered a positive growth of 5.0% in the first quarter of 2022 (4Q 2021: 3.6%). This was mainly supported by improving domestic demand as economic activity continued to normalise with the easing of containment measures. The improvement also reflects the recovery in the job market, with the unemployment rate declining further to 4.1% (4Q 2021: 4.3%), as well as continued policy support. Strong external demand amid the continued upcycle in global technology provided further lift to growth. On the supply side, services and manufacturing sectors continued to drive economic growth, expanding by 6.5% and 6.6% respectively. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 3.9% (4Q 2021: 4.6%).

Headline inflation moderated to 2.2% during the quarter (4Q 2021: 3.2%). This mainly reflects the smaller contribution from the dissipating base effect from lower domestic retail fuel prices last year, and the absence of the base effect from electricity tariff rebates implemented in 2020. Core inflation increased to 1.7% during the quarter (4Q 2021: 0.8%). This reflects price adjustments amid the higher costs and improving demand conditions, with price increases being more noticeable specifically for food items due to supply-related factors such as higher global commodity prices.

Exchange rate developments

The ringgit depreciated by 0.7% against the US dollar in the first quarter of 2022 (YTD as at 11 May 2022: -4.7%), broadly in line with the movement of regional currencies (1Q 2022: -0.8%; YTD: -3.4%). This was due to the broad US dollar strength, driven by higher US interest rates, global risk-off sentiment given the conflict in Ukraine and expectations of modest growth in China. High commodity prices and Malaysia's recovery prospects had also cushioned the downward pressure on the ringgit from these external factors. Going forward, while domestic financial markets are subject to periods of high volatility, spill-overs to domestic financial intermediation are expected to be contained. Malaysia's strong external position and resilient banking system enable the economy to withstand external shocks.

Financing conditions

Net financing to the private sector grew by 4.5% (4Q 2021: 4.7%) amid lower growth in outstanding corporate bonds (4.6%; 4Q 2021: 5.4%). Outstanding loan growth was sustained at 4.4%. Business loan growth moderated to 4.3% (4Q 2021: 4.8%), reflecting lower growth in outstanding working capital loans amid continued high repayments growth. Growth in working capital loan disbursements, however, remained strong during the quarter (21.2%; 4Q 2021: 32.8%) in line with the recovery in economic activity. For households, outstanding loan growth increased across most purposes (4.8%; 4Q 2021: 4.2%), with robust growth in loan disbursements (12.7%; 4Q 2021: 9.5%). This reflects the continued demand for loans among households, particularly for the purchase of houses and cars. Household resilience continues to be supported by sound debt servicing capacity

and healthy financial buffers at the aggregate level, with lending underpinned by prudent underwriting standards and loan affordability assessments by banks.

The Malaysian economy is expected to improve further in 2022

Commenting on the outlook for 2022, Bank Negara Malaysia Governor Tan Sri Nor Shamsiah said, “The domestic economy is expected to improve further this year, with growth projected at 5.3% to 6.3% as announced in March 2022. This is underpinned by stronger domestic demand, continued expansion in external demand, and further improvement in the labour market. Growth would also benefit from the easing of restrictions, reopening of international borders and implementation of investment projects”. Nevertheless, risks to Malaysia’s growth momentum remain. These include a weaker-than-expected global growth, further escalation of geopolitical conflicts, worsening supply chain disruptions, adverse developments surrounding COVID-19 and heightened financial market volatility.

For 2022, in an environment of high input costs and improving demand, headline inflation is projected to average between 2.2% and 3.2%. Underlying inflation, as measured by core inflation, is also expected to trend higher during the year, averaging between 2.0 to 3.0%. Several key factors are expected to partly contain upward pressure on prices, namely the existing price control measures and the continued spare capacity in the economy. Nonetheless, the inflation outlook remains subject to commodity price developments, arising mainly from the military conflict in Ukraine and prolonged supply-related disruptions. The outlook is also contingent on domestic policy measures on administered prices.

(Source: Bank Negara Malaysia)

B6 (b) Prospects

The Manager remains cautious due to the uncertainties surrounding the economic recovery as a result of the current Covid-19 endemic and inflationary pressures. Despite the uncertainties and the challenging market conditions, Atrium REIT's portfolio of properties remain resilient and is expected to continue delivering sustainable performance for 2022.

The occupancy rate for the Trust’s portfolio of properties as at 30 June 2022 was 100% save and except Atrium Shah Alam 4 (“ASA4”), which is currently undergoing a major Asset Enhancement Initiative to upgrade the existing factory building to a grade A warehouse facility (“AEI”). The AEI has commenced and is targeted to be completed by 1st quarter of 2023.

B7. Portfolio Composition

As at 30 June 2022, the portfolio composition of Atrium REIT is as follows:

Investments in Real Estates

Description of property	Tenure of land	Occupancy rate as at 30.06.2022 %	Date of Valuation	Cost of Investment RM'000	Latest valuation RM'000	Net Book Value (A) RM'000	Percentage of (A) over Net Assets Value %
Atrium Shah Alam 1	Freehold	100	02.11.2021	60,004	91,800	91,800	34.7
Atrium Shah Alam 2	Freehold	100	02.11.2021	64,143	78,900	78,905	29.9
Atrium Shah Alam 3	Freehold	100	02.11.2021	31,516	29,600	29,627	11.2
Atrium Shah Alam 4	Leasehold	0	02.11.2021	46,836	45,300	55,505	21.0
Atrium Puchong	Freehold	100	02.11.2021	39,044	53,400	53,400	20.2
Atrium USJ	Freehold	100	02.11.2021	25,000	38,200	38,200	14.4
Atrium Bayan Lepas 1	Leasehold	100	06.12.2021	50,371	51,000	51,000	19.3
Atrium Bayan Lepas 2	Leasehold	100	07.12.2021	132,440	121,500	121,500	46.0
				449,354	509,700	519,937	

B8. Utilisation of Proceeds Raised from Issuance of New Units

Rights Issue of 58,464,480 units

Purpose	Proposed Utilisation RM (million)	Actual Utilisation RM (million)	Deviation RM (million)	Balance		Intended Time Frame for Utilisation (from date of listing)
				RM (million)	%	
Part finance proposed acquisition of Lumileds properties and its related expenses	58.2	39.0	-	19.2	33.0	Within 39 months [#]
Defray estimated expenses relating to the Rights Issue	1.4	1.4	-	-	-	Within 1 month
Total	59.6	40.4	-	19.2	32.2	

The Board of the Manager has resolved to utilize the balance of the proceeds for the extension of the tenure of land leases for Atrium Bayan Lepas 1 & 2. The extension process for the said land leases which were expected to be completed by December 2021 could not be completed as a result of the delays and disruptions caused by the imposition of the Movement Control Order to control the pandemic. In view of this, the Board has resolved to extend the timeframe for the utilisation of proceeds to 31 December 2022.

B9. Status of Corporate Proposal

On 8 July 2022, the Manager has proposed a private placement and a special issuance of up to 40,925,136 new units and 20,000,000 new units respectively.

Bursa Malaysia Securities Berhad has on 22 July 2022 approved the listing and quotation of the new units to be issued pursuant to the proposed private placement. However, the proposed special issuance is still subject to Unitholders' approval at an Unitholders' Meeting to be convened.

B10. Material Litigation

There was no material litigation as at the latest practicable date from the date of this report save and except the following:

Shah Alam Sessions Court
Suit No: BA-B52NCvC-160-06/2021

Marelli Asia Pacific Sdn Bhd ...Plaintiff

Pacific Trustees Berhad ...Defendant
(acting as Trustee on behalf of Atrium REIT)

The Trustee was served with a Writ of Summons and Statement of Claim on 23 June 2021, and the Judgement on 14 July 2021 by Marelli Asia Pacific Sdn Bhd, a former tenant of Atrium REIT

through its Solicitors, Messrs Lum Kok Kiong & Co. (“Plaintiff’s Claim”). The Plaintiff’s Claim is in respect of a dispute on the refund of deposits by Atrium REIT to the Plaintiff upon expiration of the lease agreement between the parties. Pursuant to the Judgement dated 7 July 2021, Atrium REIT is liable to pay the Plaintiff the following: -

- (a) The sum of RM562,493.46;
- (b) The interest at the rate of 8% per annum on the sum of RM562,493.46, calculated on a daily basis from 15 June 2021 until the date of full settlement; and
- (c) The costs of RM1,276.00 together with interest thereon at the rate of 5% per annum from the date of judgement until the date of full settlement.

The Trustee has engaged a legal counsel on the recommendation of the Manager and will take the necessary legal action to defend Atrium REIT’s position.

On 3 January 2022, the Shah Alam High Court (“High Court”) has given the following directions during case management in regards to our appeal:

- 1. Written Submission to be filed on 19 January 2022;
- 2. Submission in Reply to be filed on 9 February 2022; and
- 3. Hearing date is fixed on 16 February 2022.

On 6 January 2022, the Sessions Court granted a conditional stay of the execution of the Judgment, on the condition that the Judgment sum is paid to the Plaintiff’s solicitors as stakeholder pending the High Court appeal. The Sessions Court further ordered that the Judgment sum be paid into the Plaintiff’s solicitors’ clients’ account within 2 weeks from the date thereof, and fixed the matter for further case management on 28 January 2022.

On 16 February 2022, the hearing of our appeal application at the High Court was adjourned to 11 March 2022 for the High Court to deliver its decision. The High Court subsequently dismissed the appeal with costs of RM4,000.00.

The Trustee has filed an appeal at the Court of Appeal and on 8 April 2022, the Court of Appeal has fixed for case management via e-review on 23 May 2022. However, it has been adjourned to 14 July 2022, and subsequently the case management has been fixed on 25 August 2022.

The Manager is of the view that the outcome of this claim is not expected to have a material financial or operational impact on Atrium REIT for the financial year ending 31 December 2022.

B11. Soft Commission

During the financial quarter, the Manager did not receive any soft commission (i.e., goods and services) from the brokers or agents by virtue of transactions conducted by Atrium REIT.

B12. Revenue Recognition

Rental and interest income are recognized on an accrual basis.

B13. Receivables, Deposits and Prepayments

	As at 30 June 2022 RM	As at 31 March 2022 RM
Trade receivables		
Third parties	163,089	18,824
Less: Impairment losses	-	-
Total trade receivables	<u>163,089</u>	<u>18,824</u>
Other receivables, deposits and prepayments	<u>8,714,783</u>	<u>8,357,878</u>
Receivables, Deposits and Prepayments	<u><u>8,877,872</u></u>	<u><u>8,376,702</u></u>

Ageing analysis of trade receivables

	Total Due (RM)	0 – 15 days (RM)	16 – 30 days (RM)	31 – 45 days (RM)	> 45 days (RM)
Related Parties	-	-	-	-	-
Non-Related Parties	163,089	154,139	-	-	8,950
Total	163,089	154,139	-	-	8,950

B14. Manager’s Fees

Pursuant to the Second Restated Deed dated 17 December 2019, the Manager is entitled to receive a fee of up to 1.0% per annum of the Net Asset Value (“NAV”) of the Trust. For the quarter ended 30 June 2022, the Manager received a fee of 1.0% per annum of the NAV of the Trust.

B15. Trustee’s Fees

For the quarter ended 30 June 2022, the Trustee received a fee of 0.1% per annum of the NAV of the Trust.

B16. Borrowings and Debt Securities

	As at 30 June 2022 RM	As at 31 March 2022 RM
<u>Short Term Financing (secured)</u>		
Short Term Revolving Credit	39,600,000	39,600,000
Overdraft	13,932,498	9,440,057
<u>Long Term Financing (secured)</u>		
Term Loan	20,000,000	20,000,000
Term Loan 2	10,765,288	10,765,288
Term Loan 3	18,400,000	18,400,000
Term Loan 4	4,065,842	4,065,842
Medium Term Notes		
- Tranche 1	35,000,000	35,000,000
- Tranche 2	87,000,000	87,000,000
- Tranche 3	36,000,000	36,000,000
	<u>264,763,628</u>	<u>260,271,187</u>

B17. Taxation

Atrium REIT intends to distribute at least 90% of the distributable income (realised) to unitholders for the financial year 2022, which is exempt from tax pursuant to Section 61A(1) of Income Tax Act, 1967 under the Finance Act, 2006. Thus, Atrium REIT is not expected to incur any tax expenses for the financial year and as such, has not provided any tax expense for this current financial quarter.

B18. Distribution to Unitholders

For the current quarter ended 30 June 2022, the Manager has declared a second interim income distribution of 2.25 sen per unit, amounting to RM4,604,077.80. The book closure and payment dates in respect of the second interim income distribution have been fixed on 15 August 2022 and 30 August 2022 respectively.

Distributions to unitholders are from the following sources:

	Current Year Quarter 30.06.22 RM	Preceding Year Corresponding Quarter 30.06.21 RM	Current Year Quarter 30.06.22 RM	Preceding Year Corresponding Quarter 30.06.21 RM
Rental income (realised)	8,706,021	8,863,533	17,396,455	17,685,375
Interest income	91,370	106,933	190,853	212,101
Other income	300	300,000	300	500,000
Total income	8,797,691	9,270,466	17,587,608	18,397,476
Property operating expenses	(651,369)	(691,227)	(1,269,409)	(1,245,334)
Trust expenses	(3,530,404)	(4,043,857)	(7,010,609)	(6,910,579)
Total Expenses	(4,181,773)	(4,735,084)	(8,280,018)	(8,155,913)
Realised income before taxation	4,615,918	4,535,382	9,307,590	10,241,563
Taxation	-	-	-	-
Realised income for the period	4,615,918	4,535,382	9,307,590	10,241,563
Undistributed realised income				
- Previous year's	870,003	846,989	870,003	846,989
- Previous quarter's	189,907	590,539	-	-
Total realised income available for distribution	5,675,828	5,972,910	10,177,593	11,088,552
Declared income distribution	(4,604,078)	(4,501,765)	(9,105,843)	(9,617,407)
Balance undistributed realised income	1,071,750	1,471,145	1,071,750	1,471,145
Distribution per unit (sen)				
- Declared	2.25	2.50	4.45	4.70

B.19 Earnings Per Unit

	Current Year Quarter ended 30 June 2022	Corresponding Quarter ended 30 June 2021
Units in circulation (units)	204,625,680	204,625,680
Net Income/(loss) for the period (including unrealised income/(loss)) (RM)	5,427,681	5,406,479
Net Income for the period (realised) (RM)	4,615,918	4,535,382
Earnings/(loss) per unit (including unrealised income/(loss)) (sen)		
- after manager's fees	2.65	2.64
- before manager's fees	2.97	2.90
Earnings per unit (realised) (RM)		
- after Manager's fees	2.26	2.22
- before Manager's fees	2.58	2.47

B20. Responsibility Statement

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 Atrium REIT as at 30 June 2022 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 the Manager on 28 July 2022.

By Order of the Board

WONG SUI EE
Executive Director
Atrium REIT Managers Sdn Bhd
Registration No: 200501028391 (710526-V)
(As the Manager of Atrium Real Estate Investment Trust)
Kuala Lumpur
Dated: 28 July 2022