



ATRIUM REAL ESTATE INVESTMENT TRUST

Condensed Financial Statements

Third Quarter Ended 30 September 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 30.09.2022 RM	(Audited) As at 31.12.2021 RM
ASSETS		
Non-current asset		
Investment properties	521,283,552	502,875,648
Investment properties – accrued lease income	6,824,352	6,824,352
	<u>528,107,904</u>	<u>509,700,000</u>
Current assets		
Trade and other receivables	8,856,404	6,327,813
Deposits with a licensed bank	57,764,957	22,745,492
Bank balances	1,440,924	1,769,567
	<u>68,062,285</u>	<u>30,842,872</u>
TOTAL ASSETS	<u>596,170,189</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	7,473,787	7,473,786
	<u>231,527,330</u>	<u>231,159,779</u>
Current liabilities		
Tenants’ deposits	526,555	865,974
Trade and other payables	1,089,061	1,612,474
Borrowings	41,596,195	43,815,032
	<u>43,211,811</u>	<u>46,293,480</u>
TOTAL LIABILITIES	<u>274,739,140</u>	<u>277,453,259</u>
NET ASSET VALUE (“NAV”)	<u>321,431,049</u>	<u>263,089,613</u>
FINANCED BY:		
UNITHOLDERS’ FUNDS		
Unitholders’ capital	260,487,718	204,129,835
Undistributed income	60,943,331	58,959,778
TOTAL UNITHOLDERS’ FUNDS	<u>321,431,049</u>	<u>263,089,613</u>
NUMBER OF UNITS IN CIRCULATION	<u>245,550,680</u>	<u>204,625,680</u>
NAV PER UNIT (RM)		
- before income distribution	1.3090	1.2857
- after income distribution (Note 1)	1.2905	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 third interim income distribution for 2022 of 1.85 sen per unit payable on 30 November 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
	30.09.2022 RM	30.09.2021 RM	30.09.2022 RM	30.09.2021 RM
Gross revenue	8,749,696	8,876,002	26,146,151	26,561,377
Unbilled lease income receivable	789,081	954,409	2,418,891	2,651,554
	9,538,777	9,830,411	28,565,042	29,212,931
Property operating expenses	(656,734)	(626,961)	(1,926,142)	(1,872,295)
Net rental income	8,882,043	9,203,450	26,638,900	27,340,636
Interest income	243,116	109,012	433,969	321,114
Other income	300	250,000	600	750,000
Total income	9,125,460	9,562,462	27,073,469	28,411,750
Trust expenses				
Manager's fees	(761,970)	(626,202)	(2,065,854)	(1,674,335)
Trustee's fees	(76,197)	(62,620)	(206,585)	(167,434)
Auditors' fees	(9,450)	(9,000)	(28,350)	(27,000)
Tax agent's fees	(3,940)	(1,410)	(8,390)	(5,740)
Finance costs	(2,588,543)	(1,801,641)	(7,064,206)	(5,605,804)
Administrative expenses	(315,410)	(383,339)	(1,230,352)	(2,185,578)
Others	-	(45,750)	(162,382)	(174,650)
Total Expenses	(3,755,509)	(2,929,962)	(10,766,118)	(9,840,541)
Income/(loss) before taxation	5,369,950	6,632,500	16,307,351	18,571,209
Taxation	-	-	-	-
Net income/(loss) for the period	5,369,950	6,632,500	16,307,351	18,571,209

**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
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM	RM	RM	RM
Total comprehensive income/(loss) for the period	5,369,950	6,632,500	16,307,351	18,571,209
Net income/(loss) for the period is made up as follows:				
-Realised Income	4,580,869	5,678,091	13,888,460	15,919,655
-Unrealised - Unbilled lease income receivable ¹	789,081	954,409	2,418,891	2,651,554
	5,369,950	6,632,500	16,307,351	18,571,209

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

- after manager's fees	2.39 [#]	3.24	7.72 [#]	9.08
- before manager's fees	2.73 [#]	3.55	8.69 [#]	9.89

Earnings per unit (realised) (sen)

- after manager's fees	2.03 [#]	2.77	6.57 [#]	7.78
- before manager's fees	2.37 [#]	3.08	7.55 [#]	8.60

Distribution per unit (sen)

- declared	1.85	2.50	6.30	7.20
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[#] Based on weighted average number of units in issue after the issuance and listing of 40,925,000 placement units (Note B19)

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 30.09.2022

	← 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 September 2022				
Net income/(loss) for the period	-	13,888,460	2,418,891	16,307,351
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	13,888,460	2,418,891	16,307,351
Unitholders' transactions				
Issuance of units via Private Placement	57,295,000	-	-	57,295,000
Distributions to unitholders				
- 2021 final	-	(5,217,955)	-	(5,217,955)
- 2022 Interim	-	(9,105,843)	-	(9,105,843)
Listing expenses	(937,117)	-	-	(937,117)
Increase/(Decrease) in net assets resulting from unitholders' transactions	56,357,883	(14,323,798)	-	42,034,085
Net assets as at 30 September 2022	260,487,718	5,652,620	55,290,711	321,431,049

ATRIUM REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
For The Period from 01.01.2021 to 30.09.2021

	← 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 September 2021				
Net income for the period	-	15,919,655	2,651,554	18,571,209
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	15,919,655	2,651,554	18,571,209
Unitholders' transactions				
Distributions to unitholders				
- 2020 final	-	(6,138,770)	-	(6,138,770)
- 2021 interim	-	(9,617,408)	-	(9,617,408)
Decrease in net assets resulting from unitholders' transactions	-	(15,756,178)	-	(15,756,178)
Net assets as at 30 September 2021	204,129,835	7,149,236	57,292,196	268,571,267

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 30.09.2022 RM	Preceding Year to Date 30.09.2021 RM
<u>Cash Flow From Operating Activities</u>		
Income before taxation	16,307,350	18,571,209
Adjustments for:		
Interest income	(433,969)	(321,114)
Interest expense	7,064,206	5,605,804
Operating income before working capital changes	22,937,587	23,855,899
(Increase) / Decrease in trade and other receivables	(2,528,591)	372,153
Decrease in trade and other payables	(495,282)	(1,686,643)
Net cash generated from operating activities	19,913,714	22,541,409
<u>Cash Flow From Investing Activity</u>		
Acquisition of investment property	-	(9,000,000)
Enhancement of investment property	(18,407,904)	(3,184,917)
Interest income	433,969	321,114
Net cash used in investing activity	(17,973,935)	(11,863,803)
<u>Cash Flow From Financing Activities</u>		
Issuance of units via Private Placement	56,357,883	-
Interest paid	(7,064,206)	(5,605,804)
Distribution to unitholders	(14,323,798)	(15,756,178)
Net cash used in financing activities	34,969,879	(21,361,982)
Net Increase/(Decrease) in Cash and Cash Equivalents	36,909,659	(10,684,376)
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	57,209,686	20,562,581
Cash and bank balances	1,440,924	2,792,284
Deposits with licensed financial institution	57,764,957	22,652,852
Bank overdraft	(1,996,195)	(4,882,555)
	<u>57,209,686</u>	<u>20,562,581</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 30 September 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 second interim distribution of 2.25 sen per unit, amounting to RM4,604,078 in respect of the realised income for the period from 1 April 2022 to 30 June 2022 on 30 August 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 September 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

Atrium REIT's fund size increased from 204,625,680 units to 245,550,680 units during the quarter under review with the successful issuance and listing of 40,925,000 units at an issue price of RM1.40 per unit, pursuant to a private placement exercise on 17 August 2022.

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 September 2022	Immediate Preceding Quarter As at 30 June 2022
Net asset value (RM)	321,431,049	264,307,293
Units in circulation (units)	245,550,680	204,625,680
Net asset value per unit (RM)		
- before distribution	1.3090	1.2917
- after distribution	1.2905	1.2692
Market price per unit (RM)	1.37	1.46
Highest traded price per unit during the quarter (RM)	1.48	1.50
Lowest traded price per unit during the quarter (RM)	1.37	1.44

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

The Net Asset Value increased was due to the successful issuance of 40,925,000 units during the quarter under review. Consequently, as a result of the issuance of new units at a higher unit price than the NAV per unit of RM1.29 as at 30 June 2022, the NAV per unit has enhanced to RM1.31 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 RM8.75 million compared to the corresponding preceding quarter of RM8.88 million, mainly due to rent-free amortization adjustment during the current quarter. Net income (realised) for the quarter decreased by 19.5% to RM4.57 million, mainly due to higher trust expenses.

The other income was lower compared to the corresponding preceding quarter in the absence of RM250,000 from the final settlement amount received from a defaulted trade debtor following a consent judgement reached on 19 January 2021.

The trust expense for current quarter is higher compared to the corresponding preceding quarter due mainly to the higher finance costs as a result of the increase in the OPR by Bank Negara during the quarter. 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 increase in Managers’ fees and Trustees’ fees as a result of higher Net Asset Value also contributed to the higher trust expenses for the current quarter as compared to the corresponding preceding quarter.

Nine Months Results

For the nine months ended 30 September 2022, Atrium REIT recorded a gross revenue of RM26.14 million, a slight decrease of 1.56% compared to the corresponding preceding period of RM26.56 million. Net income (realised) for the period decreased by 12.76% 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 final 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 as well as higher NAV following on the completion of private placement on 17 August 2022. 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 another 25 basis points in September 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 01.07.2022 To 30.09.2022 RM	Preceding Quarter 01.04.2022 To 30.06.2022 RM
Gross revenue	8,749,696	8,706,021
Unbilled lease income receivable	789,081	811,763
	<hr/> 9,538,777	<hr/> 9,517,784
Property expenses	(656,734)	(651,369)
Net property income	<hr/> 8,882,043	<hr/> 8,866,415
Interest income	243,116	91,370
Other income	300	300
Total income	<hr/> 9,125,459	<hr/> 8,958,085
Trust expenses	(3,755,509)	(3,530,404)
	<hr/> 5,369,950	<hr/> 5,427,681
Income/ (loss) before taxation	<hr/> 5,369,950	<hr/> 5,427,681
Taxation	-	-
Net income/ (loss)	<hr/> 5,369,950	<hr/> 5,427,681
Net income for the financial quarter is made up as follows:		
-Realised income	4,580,869	4,615,918
-Unrealised income/ (loss)	789,081	811,763
	<hr/> 5,369,950	<hr/> 5,427,681

Atrium REIT's net income (realised) for the quarter ended 30 September 2022 was lower compared to the preceding quarter due mainly to the higher trust expenses. The increase in trust expenses was mainly due to higher finance costs in the current quarter as a result of the increase in OPR by 25 basis points in September 2022.

B5. Maintenance Costs and Major Capital Expenditure

A total of RM18,407,902 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 September 2022. The AEI is in progress and it is targeted to be completed by 2nd quarter of 2023.

B6 (a) Economic Outlook

Higher economic growth of 8.9% in the second quarter (1Q 2022: 5.0%)

The Malaysian economy registered a stronger growth of 8.9% in the second quarter of 2022 (1Q 2022: 5.0%). While the GDP was lifted to some extent by the low base from the Full Movement Control Order (FMCO) in June 2021, growth in April and May 2022 was particularly robust. Domestic demand continued to strengthen, underpinned by the steady recovery in labour market conditions and ongoing policy support. The higher growth was also reflective of normalising economic activity as the country moved towards endemicity and reopened international borders. Exports remain supported by strong demand for E&E products. By sector, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy increased by 3.5% (1Q 2022: 3.8%).

During the quarter, headline and core inflation increased to 2.8% and 2.5%, respectively (1Q 2022: 2.2% and 1.7%, respectively). The higher core inflation reflected an improvement in demand conditions amid the high-cost environment, with price increases mainly driven by food away from home and other food items.

Exchange rate developments

The ringgit depreciated by 4.6% against the US dollar in the second quarter of 2022 (YTD until 10 August 2022: -6.3%), broadly in line with the movement of regional currencies (2Q 2022: -4.7%; YTD: -5.8%). This largely reflected the continued strengthening of the US dollar following aggressive US monetary policy tightening, increased investors' risk aversion due to the weaker global growth outlook and the military conflict in Ukraine. Nonetheless, elevated commodity prices and Malaysia's economic recovery helped to cushion the downward impact from the external developments on the ringgit during the quarter. Going forward, while domestic financial markets will continue to be subjected to episodes of heightened volatility, spill overs to domestic financial intermediation are expected to remain broadly contained, supported by Malaysia's healthy external position and strong banking system.

Financing conditions

Net financing to the private sector grew by 4.9% (1Q 2022: 4.5%) amid higher growth in outstanding loans (5.4%; 1Q 2022: 4.4%). Outstanding corporate bond growth moderated (3.4%; 1Q 2022: 4.6%) as growth in bond redemptions continued to outpace that of issuances. Outstanding business loan grew by 5.5% (1Q 2022: 4.3%), following strong expansion in loan disbursements for both working capital and investments. For households, outstanding loan growth increased further (5.7%; 1Q 2022: 4.8%), with higher growth recorded across all loan purposes. Loan disbursements remained robust amid strong loan demand, particularly for the purchase of cars and houses. Overall, loan repayments for both the business and household segments have been encouraging upon the lapse of repayment assistance programmes and the reopening of the economy.

The Malaysian economy will be supported by firm domestic demand

With growth in the first half of 2022 at 6.9%, the Malaysian economy is projected to expand further for the remainder of the year. Commenting on the outlook for 2022, Bank Negara Malaysia Governor Tan Sri Nor Shamsiah explained, “While external demand could face headwinds from slower global growth, the Malaysian economy will continue to be supported by firm domestic demand. Growth would also benefit from improving labour market conditions and higher tourist arrivals, as well as continued implementation of multi-year investment projects”. However, Malaysia’s growth remains susceptible to a weaker-than-expected global growth, further escalation of geopolitical conflicts and worsening supply chain disruptions.

Headline inflation is projected to trend higher in some months during the remainder of the year, due partly to the base effect from the discount on electricity prices implemented in 3Q 2021. Core inflation is expected to average higher in 2022, as demand continues to improve amid the high-cost environment. The extent of upside pressures on inflation is expected to remain partly contained by the existing price control measures, fuel subsidies and the continued spare capacity in the economy. Nevertheless, the inflation outlook continues to be contingent on upside risks stemming from the strength of domestic demand, global price developments, and domestic policy measures.

(Source: Bank Negara Malaysia)

B6 (b) Prospects

Atrium Shah Alam (“ASA 4”)

The committed tenant has requested to withdraw the tenancy commitment. The Manager is aggressively looking for tenant(s) to occupy ASA4.

The occupancy rate for the Trust’s portfolio of properties as at 30 September 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 is in progress and is targeted to be completed by 2nd quarter of 2023.

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, we are of the view that Atrium REIT's portfolio of properties will remain resilient and is expected to continue delivering sustainable performance for the remaining of 2022.

B7. Portfolio Composition

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

Investments in Real Estates

Description of property	Tenure of land	Occupancy rate as at 30.09.2022 %	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	28.56
Atrium Shah Alam 2	Freehold	100	02.11.2021	64,143	78,900	78,905	24.55
Atrium Shah Alam 3	Freehold	100	02.11.2021	31,516	29,600	29,627	9.22
Atrium Shah Alam 4	Leasehold	0	02.11.2021	46,836	45,300	63,676	19.81
Atrium Puchong	Freehold	100	02.11.2021	39,044	53,400	53,400	16.61
Atrium USJ	Freehold	100	02.11.2021	25,000	38,200	38,200	11.88
Atrium Bayan Lepas 1	Leasehold	100	06.12.2021	50,371	51,000	51,000	15.87
Atrium Bayan Lepas 2	Leasehold	100	07.12.2021	132,440	121,500	121,500	37.80
				449,354	509,700	528,108	

B8. Utilisation of Proceeds Raised from Issuance of New Units**B8.1 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.

B8.2 Private Placement of 40,925,000 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 AEI of ASA4@Sek 16, Shah Alam and its related expenses	56.4	18.7	-	37.7	66.8	12 months
Defray estimated expenses relating to the Private Placement	0.9	0.9	-	-	-	Within 1 month
Total	57.3	19.6	-	37.7	65.8	

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. The case management and the appeal for hearing has been fixed on 14 February 2023 and 28 February 2023 respectively, at the Court of Appeal.

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 September 2022 RM	As at 30 June 2022 RM
Trade receivables		
Third parties	106,224	163,089
Less: Impairment losses	-	-
Total trade receivables	106,224	163,089
Other receivables, deposits and prepayments	8,750,180	8,714,783
Receivables, Deposits and Prepayments	8,856,404	8,877,872

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	106,224	97,273	-	-	8,951
Total	106,224	97,273	-	-	8,951

B14. Manager’s Fees

For the quarter ended 30 September 2022, the Manager received a fee of 1.0% per annum of the Net Asset Value (“NAV”) of the Trust.

B15. Trustee’s Fees

For the quarter ended 30 September 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 September 2022 RM	As at 30 June 2022 RM
<u>Short Term Financing (secured)</u>		
Short Term Revolving Credit	39,600,000	39,600,000
Overdraft	1,996,195	13,932,498
<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
	252,827,325	264,763,628

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 September 2022, the Manager has declared a third interim income distribution of 1.85 sen per unit, amounting to RM4,542,687.58. The book closure and payment dates in respect of the third interim income distribution have been fixed on 14 November 2022 and 30 November 2022 respectively.

Distributions to unitholders are from the following sources:

	Current Year Quarter 30.09.22 RM	Preceding Year Corresponding Quarter 30.09.21 RM	Current Year to date 30.09.22 RM	Preceding Year To date 30.09.21 RM
Rental income (realised)	8,749,696	8,876,002	26,146,151	26,561,377
Interest income	243,116	109,012	433,969	321,114
Other income	300	250,000	600	750,000
Total income	8,993,112	9,235,014	26,580,720	27,632,491
Property operating expenses	(656,734)	(626,961)	(1,926,142)	(1,872,295)
Trust expenses	(3,755,509)	(2,929,962)	(10,766,118)	(9,840,541)
Total Expenses	(4,412,243)	(3,556,923)	(12,692,260)	(11,712,836)
Realised income before taxation	4,580,869	5,678,091	13,888,460	15,919,655
Taxation	-	-	-	-
Realised income for the period	4,580,869	5,678,091	13,888,460	15,919,655
Undistributed realised income				
- Previous year's	870,003	846,989	870,003	846,989
- Previous quarter's	201,748	624,156	-	-
Total realised income available for distribution	5,652,620	7,149,236	14,758,463	16,766,644
Declared income distribution	(4,542,688)	(5,115,642)	(13,648,531)	(14,733,050)
Balance undistributed realised income	1,109,932	2,033,594	1,109,932	2,033,594
Distribution per unit (sen)				
- Declared	1.85	2.50	6.30	7.20

B.19 Earnings Per Unit

	Current Quarter ended 30 September 2022	Corresponding Quarter ended 30 September 2021	Year to Date ended 30 September 2022	Year to Date ended 30 September 2021
Units in circulation (units)	245,550,680	204,625,680	245,550,680	204,625,680
Weighted Average units in circulation (units)	224,643,343	204,625,680	211,371,559	204,625,680
Net Income/(Loss) for the period (including unrealised income/expenses) (RM)	5,369,950	6,632,500	16,307,351	18,571,209
Net Income for the period (realised) (RM)	4,580,869	5,678,091	13,888,460	15,919,655
Earnings/(Loss) per unit (including unrealised income/expenses) (sen)				
- after manager's fees	2.39	3.24	7.72	9.08
- before manager's fees	2.73	3.55	8.69	9.89
Earnings per unit (realised) (RM)				
- after Manager's fees	2.03	2.77	6.57	7.78
- before Manager's fees	2.37	3.08	7.55	8.60

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 September 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 27 October 2022.

By Order of the Board

WONG SUI EE
Executive Director
Atrium REIT Managers Sdn Bhd
Registration No: 200501028391 (710526-V)s
(As the Manager of Atrium Real Estate Investment Trust)
Kuala Lumpur
Dated: 27 October 2022