



ATRIUM REAL ESTATE INVESTMENT TRUST

Condensed Financial Statements

Third Quarter Ended 30 September 2023

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ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 30.09.2023 RM	(Audited) As at 31.12.2022 RM
ASSETS		
Non-current asset		
Investment properties	568,592,320	532,875,679
Investment properties – accrued lease income	9,924,321	9,924,321
	<u>578,516,641</u>	<u>542,800,000</u>
Current assets		
Trade and other receivables	9,824,870	6,109,761
Deposits with a licensed bank	40,276,493	47,947,417
Bank balances	904,391	15,742,683
	<u>51,005,754</u>	<u>69,799,861</u>
TOTAL ASSETS	<u>629,522,395</u>	<u>612,599,861</u>
LIABILITIES		
Non-current liabilities		
Tenants’ deposits	16,696,851	11,042,109
Borrowings	211,231,130	211,231,130
Deferred tax liability	8,955,745	8,955,744
	<u>236,883,726</u>	<u>231,228,983</u>
Current liabilities		
Trade and other payables	1,470,217	5,972,155
Borrowings	39,600,000	39,600,000
	<u>41,070,217</u>	<u>45,572,155</u>
TOTAL LIABILITIES	<u>277,953,943</u>	<u>276,801,138</u>
NET ASSET VALUE (“NAV”)	<u>351,568,451</u>	<u>335,798,723</u>
FINANCED BY:		
UNITHOLDERS’ FUNDS		
Unitholders’ capital	288,477,719	274,487,719
Undistributed income	63,090,732	61,311,004
TOTAL UNITHOLDERS’ FUNDS	<u>351,568,451</u>	<u>335,798,723</u>
NUMBER OF UNITS IN CIRCULATION	<u>265,550,680</u>	<u>255,550,680</u>
NAV PER UNIT (RM)		
- before income distribution	1.3239	1.3140
- after income distribution (Note 1)	1.3069	1.2950

The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2022 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 2023 of 1.70 sen per unit, payable on 30 November 2023)*

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

	Individual Quarter		Cumulative Quarter	
	Current Year to Quarter 30.09.2023 RM	Preceding Year Corresponding 30.09.2022 RM	Current Year to Date 30.09.2023 RM	Preceding Year to Date 30.09.2022 RM
Gross revenue	9,249,203	8,749,696	27,661,238	26,146,151
Unbilled lease income receivable	604,777	789,081	1,917,721	2,418,891
Property operating expenses	9,853,980 (797,010)	9,538,777 (656,734)	29,578,958 (2,075,189)	28,565,042 (1,926,142)
Net rental income	9,056,970	8,882,043	27,503,769	26,638,900
Interest income	376,020	243,116	1,221,461	433,969
Other income	18,000	300	18,827	600
Total income	9,450,990	9,125,460	28,744,057	27,073,469
Trust expenses				
Manager's fees	(886,411)	(761,970)	(2,600,276)	(2,065,854)
Trustee's fees	(88,641)	(76,197)	(260,028)	(206,585)
Auditors' fees	(11,400)	(9,450)	(34,200)	(28,350)
Tax agent's fees	(2,040)	(3,940)	(8,020)	(8,390)
Finance costs	(2,985,707)	(2,588,543)	(8,665,291)	(7,064,206)
Administrative expenses	(288,188)	(315,410)	(1,056,092)	(1,230,352)
Others	(40,685)	-	(190,685)	(162,382)
Total Expenses	(4,303,072)	(3,755,510)	(12,814,592)	(10,766,119)
Income/(loss) before taxation	5,147,918	5,369,950	15,929,465	16,307,350
Taxation	-	-	-	-
Net income/(loss) for the period	5,147,918	5,369,950	15,929,465	16,307,350

**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
	30.09.2023 RM	30.09.2022 RM	30.09.2023 RM	30.09.2022 RM
Total comprehensive income for the period	5,147,918	5,369,950	15,929,465	16,307,351
Net income for the period is made up as follows:				
-Realised Income	4,543,141	4,580,869	14,011,744	13,888,460
-Unrealised - Unbilled lease income receivable ¹	604,777	789,081	1,917,721	2,418,891
	5,147,918	5,369,950	15,929,465	16,307,351

Earnings per unit (including unrealised income) (sen)

- after manager's fees	1.94	2.39 [#]	6.05 [#]	7.72 [#]
- before manager's fees	2.27	2.73 [#]	7.04 [#]	8.69 [#]

Earnings per unit (realised) (sen)

- after manager's fees	1.71	2.03 [#]	5.32 [#]	6.57 [#]
- before manager's fees	2.04	2.37 [#]	6.31 [#]	7.55 [#]

Distribution per unit (sen)

- Proposed/Declared	1.70	1.85	5.20	6.30
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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.

[#] Based on weighted average number of units in issue after the issuance and listing of 10,000,000 units (Note B19)

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 2022 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 01.01.2023 to 30.09.2023

← Undistributed Income →

	Unitholders' Capital RM	Realised RM	Unrealised RM	Total RM
At 1 January 2023	274,487,719	5,715,803	55,595,201	335,798,723
Operations for the period from				
- 1 January 2023 to 30 September 2023				
Net income for the period	-	14,011,744	1,917,721	15,929,465
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	14,011,744	1,917,721	15,929,465
Unitholders' transactions				
Issuance of units via Special Issuance	14,000,000	-	-	14,000,000
Distributions to unitholders				
- 2022 final	-	(4,855,463)	-	(4,855,463)
- 2023 Interim	-	(4,647,137)	-	(4,647,137)
- 2023 Second	-	(4,647,137)	-	(4,647,137)
Listing Expenses	(10,000)	-	-	(10,000)
Increase/ (Decrease) in net assets resulting from unitholders' transactions	13,990,000	(14,149,737)	-	(159,737)
Net assets as at 30 September 2023	288,477,719	5,577,810	57,512,922	351,568,451

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 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)
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

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 2022 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	Preceding Year Corresponding Year to Date
	30.09.2023	30.09.2022
	RM	RM
<u>Cash Flow From Operating Activities</u>		
Income before taxation	15,929,465	16,307,350
Adjustments for:		
Interest income	(1,221,461)	(433,969)
Interest expense	8,665,291	7,064,206
Operating income before working capital changes	23,373,294	22,937,587
Increase in trade and other receivables	(5,243,283)	(2,528,591)
Increase/ (Decrease) in trade and other payables	2,680,980	(495,282)
Net cash generated from operating activities	20,810,991	19,913,714
<u>Cash Flow From Investing Activity</u>		
Enhancement of investment property	(35,716,641)	(18,407,904)
Interest income	1,221,461	433,969
Net cash used in investing activity	(34,495,180)	(17,973,935)
<u>Cash Flow From Financing Activities</u>		
Issuance of units via Private Placement & Special Issuance (less listing expenses)	13,990,000	56,357,883
Interest paid	(8,665,291)	(7,064,206)
Distribution to unitholders	(14,149,736)	(14,323,798)
Net cash used in financing activities	(8,825,027)	34,969,879
Net Decrease in Cash and Cash Equivalents	(22,509,216)	36,909,659
Cash and Cash Equivalents at the Beginning of the Period	63,690,100	20,300,027
Cash and Cash Equivalents at the End of the Period	41,180,884	57,209,686
Cash and bank balances	904,391	1,440,924
Deposits with licensed financial institution	40,276,493	57,764,957
Bank overdraft	-	(1,996,195)
	<u>41,180,884</u>	<u>57,209,686</u>

The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2022 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 2023

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 2022.

A2. Audit Report of Preceding Financial Year Ended 31 December 2022

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 income distribution of 1.75 sen per unit, amounting to RM4,647,136.90 in respect of the realised income for the period from 1 April 2023 to 30 June 2023 on 4 September 2023.

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 2023 is based on the valuation of independent registered valuers from the previous audited financial statements for the financial year ended 31 December 2022 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 265,550,680 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 September 2023	Immediate Preceding Quarter As at 30 June 2023
Net asset value (RM)	351,568,451	351,067,670
Units in circulation (units)	265,550,680	265,550,680
Net asset value per unit (RM)		
- before distribution	1.3239	1.3220
- after distribution	1.3069	1.3045
Market price per unit (RM)	1.38	1.39
Highest traded price per unit during the quarter (RM)	1.41	1.41
Lowest traded price per unit during the quarter (RM)	1.38	1.36

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

There were no significant changes in the Net Assets 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 higher gross revenue of RM9.25 million compared to the corresponding preceding quarter of RM8.75 million. This increase can be attributed to the step-up in rental rates and the absence of rent-free amortization adjustment during the current quarter. Interest income increased significantly due to higher funds deposited with Short Time Money Market and higher interest rates offered.

The trust expenses for current quarter were higher compared to the corresponding preceding quarter due to the increase in Managers' fees, Trustees' fees and finance costs. The Managers' fees and Trustees' fees for the current quarter were higher as a result of an increase in the Net Assets Value arising from funds raised from the private placement and special issuance exercises carried out in 2nd half of 2022 and 1st quarter of 2023, whilst, the increase in finance costs was due to the Overnight Policy Rate ("OPR") hikes by 75 basis points over the last 12 months. As a result, net income (realised) for the quarter decreased by 0.8% to RM4.54 million compared to corresponding preceding quarter.

Nine Months Results

For the nine months ended 30 September 2023, Atrium REIT recorded a gross revenue of RM27.7 million, a slight increase of 5.8% compared to the corresponding preceding period of RM26.1 million.

Net income (realised) for the period increased by 0.9% as compared to the corresponding preceding period due to the higher gross revenue and other income even though trust expenses were significantly higher. Gross revenue was higher due to the step-up in rental rates and the absence of rent-free amortization adjustment during the current period, whilst other income was higher due to the higher funds deposited in Short Term Money Market and higher interest rates offered as compared to corresponding preceding period.

The trust expenses were 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 lower. The Managers' fees and Trustees' fees for the current period were higher as a result of higher Net Asset Value arising from Private Placement and Special Issuance exercises during 2nd half of 2022 and 1st quarter of 2023. The increase in finance costs was due to OPR hikes by 75 basis points over the last 12 months. The administrative expenses were lower this quarter because additional administrative fees were incurred on the revision of terms of the credit facility in the corresponding preceding period.

B4. Comparison with Preceding Quarter

	Current Quarter 01.07.2023 To 30.09.2023 RM	Preceding Quarter 01.04.2023 To 30.06.2023 RM
Gross revenue	9,249,203	9,213,811
Unbilled lease income receivable	604,777	660,098
	<hr/> 9,853,980	<hr/> 9,873,909
Property expenses	(797,010)	(647,980)
Net property income	<hr/> 9,056,970	<hr/> 9,225,929
Interest income	376,020	432,382
Other income	18,000	-
Total income	<hr/> 9,450,990	<hr/> 9,658,311
Trust expenses	(4,303,072)	(4,223,114)
Income/ (loss) before taxation	<hr/> 5,147,918	<hr/> 5,435,197
Taxation	-	-
Net income/ (loss)	<hr/> 5,147,918	<hr/> 5,435,197
 Net income for the financial quarter is made up as follows:		
-Realised income	4,543,141	4,775,099
-Unrealised income/ (loss)	604,777	660,098
	<hr/> 5,147,918	<hr/> 5,435,197

Atrium REIT's net income (realised) for the quarter ended 30 September 2023 was lower compared to the preceding quarter due mainly to higher repair and maintenance costs arising from upkeeping of properties in the current quarter, whilst the increase in trust expenses was mainly due to higher finance cost compared to the preceding quarter.

B5. Maintenance Costs and Major Capital Expenditure

A total capital expenditure of RM35,716,641 was incurred during the financial period, with RM8,951,651 of that total being incurred during the quarter under review. The AEI of Atrium Shah Alam 4 ("ASA4") was successfully completed in September 2023, and the Certificate of Completion and Compliance ("CCC") was obtained on 5 October 2023.

B6 (a) Economic Outlook

On 7 September 2023, the Monetary Policy Committee (MPC) of Bank Negara Malaysia decided to maintain the Overnight Policy Rate (OPR) at 3.00 percent.

The global economy continues to expand, driven by resilient domestic demand supported by strong labour market conditions. Global growth, however, remains weighed down by persistently elevated core inflation and higher interest rates. Global trade is also affected by rotation of spending from goods to services, and the ongoing electrical and electronics (E&E) downcycle. The slower-than-expected growth in China also weighed on the global economy. Globally, headline inflation continued to moderate. While core inflation in advanced economies is slowing down, it remains above historical averages. For most central banks, the monetary policy stance is likely to remain tight. The growth outlook remains subject to downside risks, mainly from a slower momentum in major economies, higher-than-anticipated inflation outturns, an escalation of geopolitical tensions, and a sharp tightening in financial market conditions.

In the second quarter of the year, growth of the Malaysian economy was affected by slower external demand and a decline in commodity production. Moving forward, growth will continue to be driven by resilient domestic expenditure amid the challenging external environment. Continued employment and wage growth, particularly in the domestic-oriented sectors, remain supportive of household spending. Tourist arrivals and spending are expected to improve further. Investment activity would be supported by continued progress of multi-year infrastructure projects, and implementation of catalytic initiatives under the recently announced national master plans. Domestic financial conditions also remain conducive to financial intermediation amid sustained credit growth. These factors will continue to underpin the growth momentum going into 2024. While the growth outlook is subject to downside risks stemming from weaker-than-expected external demand and larger and protracted declines in commodity production, upside risks mainly emanate from stronger-than-expected tourism activity, a stronger recovery from the E&E downcycle, and faster implementation of existing and new projects.

In line with expectations, headline and core inflation have continued to ease amid the more moderate cost conditions. This moderating trend would likely continue in the second half of 2023, partly reflecting the higher base from the second half of 2022 and continued easing momentum of price increases. Risks to the inflation outlook remain highly subject to changes to domestic policy on subsidies and price controls, global commodity prices and financial market developments, as well as the degree of persistence in core inflation.

At the current OPR level, the monetary policy stance remains supportive of the economy and is consistent with the current assessment of the inflation and growth prospects. The MPC remains vigilant to ongoing developments to inform the assessment on the outlook of domestic inflation and growth. The MPC will ensure that the monetary policy stance remains conducive to sustainable economic growth amid price stability.

(Source: Bank Negara Malaysia: <https://www.bnm.gov.my/-/monetary-policy-statement-07092023#:~:text=In%20line%20with%20expectations%2C%20headline,easing%20momentum%20of%20price%20increases.>)

B6 (b) Prospects

The occupancy rate for the Trust's portfolio of properties as at 30 September 2023 was 100%, with the exception of ASA4, which has recently completed its AEI. Following the successful completion of the AEI and the issuance of the CCC, the Manager has handed over ASA4's vacant possession to the lessee on 19 October 2023, and the lease for ASA4 shall commenced on the same date.

The Manager remains cautious due to the uncertainties surrounding the economic recovery as a result of the global economic slowdown, inflationary pressures and geopolitical risks. Despite the

uncertainties and the challenging market conditions, the Manager is of the view that Atrium REIT's portfolio of properties will remain resilient and is expected to continue delivering sustainable performance for the financial year of 2023.

B7. Portfolio Composition

As at 30 September 2023, the portfolio composition of Atrium REIT is as follows:

Investments in Real Estates

Description of property	Tenure of land	Occupancy rate as at 30.09.2023	Date of Valuation	Cost of Investment	Latest valuation	Net Book Value (A)	Percentage of (A) over Net Assets Value
		%		RM'000	RM'000	RM'000	%
Atrium Shah Alam 1	Freehold	100	21.11.2022	60,003	96,200	96,200	27%
Atrium Shah Alam 2	Freehold	100	21.11.2022	64,495	83,500	83,500	24%
Atrium Shah Alam 3	Freehold	100	22.11.2022	31,544	30,200	30,200	9%
Atrium Shah Alam 4	Leasehold	-	21.11.2022	109,580	62,500	98,217	28%
Atrium Puchong	Freehold	100	22.11.2022	39,044	58,800	58,800	17%
Atrium USJ	Freehold	100	22.11.2022	25,000	39,600	39,600	11%
Atrium Bayan Lepas 1	Leasehold	100	30.11.2022	5,372	50,000	50,000	14%
Atrium Bayan Lepas 2	Leasehold	100	30.11.2022	132,440	122,000	122,000	35%
				467,478	542,800	578,517	

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
				RM (million)	%	
Part finance proposed acquisition of ABL1 & ABL2 and its related expenses	58.2	40.7	-	17.5	30.1	[#] By 31 December 2023
Defray estimated expenses relating to the Rights Issue	1.4	1.4	-	-	-	Completed
Total	59.6	42.1	-	17.5	29.4	

[#]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 from 30 June 2023 to 31 December 2023.

B8.2 Private Placement and Special Issuance 60,925,000 units

Purpose	Proposed Utilisation RM (million)	Actual Utilisation RM (million)	Deviation RM (million)	Balance		Intended Time Frame for Utilisation
				RM (million)	%	
Part finance proposed AEI of ASA4@Sek 16, Shah Alam and its related expenses	84.4	64.6	-	19.8	23.2	[#] By 30 June 2024
Defray estimated expenses relating to the Private Placement	0.9	0.9	-	-	-	Completed
Total	85.3	65.5	-	19.8	23.2	

[#]The Board has resolved to extend the utilization of the funds to 30 June 2024.

B9. Status of Corporate Proposal

There was no corporate proposal announced during the current financial quarter.

B10. Material Litigation

B10.1 Litigation case with Marelli Asia Pacific Sdn Bhd

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. The case management and the appeal for hearing was fixed on 14 February 2023 and 28 February 2023 respectively, by the Court of Appeal. However, at the hearing on 28 February 2023, the Court adjourned the hearing to 3 August 2023. No further filings from the parties were required.

On 3 August 2023, our appeal at the Court of Appeal was dismissed. The Board of Directors had decided not to take further action on the matter pursuant to the decision of the Court of Appeal on 3 August 2023. As of the date of this report, Atrium REIT had fully settled all the claims outlined in items (a), (b) and (c) above. In view that the Board of Directors had decided not to pursue this matter further, this litigation case has been concluded and brought to a close.

The outcome of this claim did not have a material financial or operational impact on Atrium REIT for the financial year ending 31 December 2023.

B10.2 Litigation case with S L Ng Trading Agency Sdn Bhd

High Court of Malaya at Kuala Lumpur
Writ of Summons no.: WA-22NCvc-730-12/2022

S L Ng Trading Agency Sdn Bhd ...Plaintiff

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

The Trustee of Atrium REIT (“Trustee”) was served with a Writ of Summons and Statement of Claim on 29 December 2022 (“Writ”), by S L Ng Trading Agency Sdn Bhd, a prospective tenant of Atrium REIT (“Plaintiff”) through its Solicitors, Messrs C. S. Tam & Co. (“Plaintiff’s Claim”).

The Plaintiff’s Claim is in respect of the following:-

1. Specific Performance based on the terms stipulated in the draft Tenancy Agreement, prepared by the Solicitors, Messrs C. S. Tam & Co. on 7 September 2022;
2. The Defendant is required to sign the Tenancy Agreement stated in item (a) above within seven (7) days from the date of the Order;
3. Regardless of whether or not the Tenancy Agreement is signed by the Defendant, the Defendant is ordered to complete the construction of the building in accordance with the Plaintiff’s specification and deliver the vacant possession to the Plaintiff on or before 31 March 2023;
4. The Defendant shall pay the damages to be assessed in addition to or alternatively in lieu of specific performance for the breach of contract;
5. The interest on the awarded damages at the rate of 8% per annum from the date of Writ until full settlement;
6. Costs; and
7. Such other reliefs that the court deems expedient

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. Due to the preliminary nature of the suit, the Manager is unable to estimate and assess the financial and/or operational impact on Atrium REIT. Case managements were conducted via e-review on 27 January 2023 and 10 March 2023.

Further to the case management on pre-trial directions on 10 March 2023, the Plaintiff and Defendant were required to file their respective documents on or before 20 April 2023, and the next case management via e-review was fixed on 8 May 2023. Subsequently, the Court had directed that all pre-trial directions to be complied on or before 6 June 2023, and case management had been fixed on 15 June 2023. Pursuant to the case management, the parties are required to file Witness Statements on or before 26 January 2024. The trial dates have been fixed on 4 March 2024 and 5 March 2024.

Any material development will be announced accordingly.

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 2023 RM	As at 30 June 2023 RM
Trade receivables		
Third parties	185,313	16,000
Less: Impairment losses	-	-
Total trade receivables	185,313	16,000
Other receivables, deposits and prepayments	9,639,557	7,406,811
Receivables, Deposits and Prepayments	9,824,870	7,422,811

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	185,313	-	185,313	-	-
Total	185,313	-	185,313	-	-

B14. Manager's Fees

The Manager received a fee of 1.0% per annum of the NAV of the Trust during the quarter under review.

B15. Trustee's Fees

The Trustee received a fee of 0.1% per annum of the NAV of the Trust during the quarter under review.

B16. Borrowings and Debt Securities

	As at 30 September 2023 RM	As at 30 June 2023 RM
<u>Short Term Financing (secured)</u>		
Short Term Revolving Credit	39,600,000	39,600,000
Overdraft	-	-
<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
Total	250,831,130	250,831,130

B17. Taxation

Atrium REIT intends to distribute at least 90% of the distributable income (realised) to unitholders for the financial year 2023, 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 2023, the Manager has declared a third interim income distribution of 1.70 sen per unit, amounting to RM4,514,361.56. The book closure and payment dates in respect of the third interim income distribution have been fixed on 9 November 2023 and 30 November 2023 respectively.

Distributions to unitholders are from the following sources:

	Current Year Quarter 30.09.23 RM	Preceding Year Corresponding Quarter 30.09.22 RM	Current Year To Date 30.09.23 RM	Preceding Year To Date 30.09.22 RM
Rental income (realised)	9,249,203	8,749,696	27,661,238	26,146,151
Interest income	376,020	243,116	1,221,461	433,969
Other income	18,000	300	18,827	600
Total income	9,643,223	8,993,112	28,901,526	26,580,720
Property operating expenses	(797,010)	(656,734)	(2,075,190)	(1,926,142)
Trust expenses	(4,303,072)	(3,755,509)	(12,814,592)	(10,766,118)
Total Expenses	(5,100,082)	(4,412,243)	(14,889,782)	(12,692,260)
Realised income before taxation	4,543,141	4,580,869	14,011,744	13,888,460
Taxation	-	-	-	-
Realised income for the period	4,543,141	4,580,869	14,011,744	13,888,460
Undistributed realised income				
- Previous year's				
- Previous quarter's	860,431	870,003	860,431	870,003
	174,330	201,748	-	-
Total realised income available for distribution	5,577,902	5,652,620	14,872,175	14,758,463
Declared income distribution	(4,514,362)	(4,542,688)	(13,808,635)	(13,648,531)
Balance undistributed realised income	1,063,540	1,109,932	1,063,540	1,109,932
Distribution per unit (sen)				
- Declared	1.70	1.85	5.20	6.30

B.19 Earnings Per Unit

	Current Year Quarter ended 30 September 2023	Corresponding Quarter ended 30 September 2022	Year to Date ended 30 September 2023	Year to Date ended 30 September 2022
Units in circulation (units)	265,550,680	245,550,680	265,550,680	245,550,680
Weighted average units in circulation (units)	265,550,680	224,643,343	263,133,098	211,371,559
Net Income for the period (including unrealised income/ (RM)	5,147,918	5,369,950	15,929,465	16,307,351
Net Income for the period (realised) (RM)	4,543,141	4,580,869	14,011,744	13,888,460
Earnings/ per unit (including unrealised income) (sen)				
- after manager's fees	1.94	2.39	6.05	7.72
- before manager's fees	2.27	2.73	7.04	8.69
Earnings per unit (realised) (RM)				
- after Manager's fees	1.71	2.03	5.32	6.57
- before Manager's fees	2.04	2.37	6.31	7.55

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 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 the Manager on 24 October 2023.

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: 24 October 2023