



ATRIUM REAL ESTATE INVESTMENT TRUST

Condensed Financial Statements

Fourth Quarter Ended 31 December 2022

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ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 31.12.2022 RM	(Audited) As at 31.12.2021 RM
ASSETS		
Non-current asset		
Investment properties	532,875,679	502,875,648
Investment properties – accrued lease income	9,924,321	6,824,352
	<u>542,800,000</u>	<u>509,700,000</u>
Current assets		
Trade and other receivables	4,581,587	6,327,813
Deposits with a licensed bank	47,947,417	22,745,492
Bank balances	15,742,683	1,769,567
	<u>68,271,687</u>	<u>30,842,872</u>
TOTAL ASSETS	<u>611,071,687</u>	<u>540,542,872</u>
LIABILITIES		
Non-current liabilities		
Tenants’ deposits	11,042,109	12,454,863
Borrowings	211,231,130	211,231,130
Deferred tax liability	7,473,787	7,473,786
	<u>229,747,027</u>	<u>231,159,779</u>
Current liabilities		
Tenants’ deposits	2,306,858	865,974
Trade and other payables	2,137,122	1,612,474
Borrowings	39,600,000	43,815,032
	<u>44,043,980</u>	<u>46,293,480</u>
TOTAL LIABILITIES	<u>273,791,007</u>	<u>277,453,259</u>
NET ASSET VALUE (“NAV”)	<u>337,280,680</u>	<u>263,089,613</u>
FINANCED BY:		
UNITHOLDERS’ FUNDS		
Unitholders’ capital	274,487,718	204,129,835
Undistributed income	62,792,962	58,959,778
TOTAL UNITHOLDERS’ FUNDS	<u>337,280,680</u>	<u>263,089,613</u>
NUMBER OF UNITS IN CIRCULATION	<u>255,550,680</u>	<u>204,625,680</u>
NAV PER UNIT (RM)		
- before income distribution	1.3198	1.2857
- after income distribution (Note 1)	1.3008	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 fourth and final income distribution for 2022 of 1.90 sen per unit payable on 28 February 2023.)

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to Date	Preceding Year to Date
	31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
Gross revenue	8,876,684	8,993,222	35,022,834	35,554,599
Unbilled lease income receivable	681,078	849,551	3,099,969	3,501,105
	9,557,762	9,842,773	38,122,803	39,055,704
Property operating expenses	(462,654)	(770,858)	(2,388,796)	(2,643,153)
Net rental income	9,095,107	9,071,915	35,734,007	36,412,551
Interest income	364,171	235,440	798,140	556,553
Other income	854	22,339	1,454	22,339
Reversal of impairment loss on trade receivables	-	-	-	750,000
Total income	9,460,132	9,329,694	36,533,601	37,741,443
Trust expenses				
Manager's fees	(824,102)	(679,501)	(2,889,955)	(2,353,836)
Trustee's fees	(82,410)	(67,950)	(288,996)	(235,384)
Auditors' fees	(13,150)	(11,000)	(41,500)	(38,000)
Tax agent's fees	(2,010)	(1,410)	(10,400)	(7,150)
Finance costs	(2,758,331)	(2,854,594)	(9,822,536)	(8,460,398)
Valuation fees	(100,774)	(105,321)	(100,774)	(99,821)
Administrative expenses	(382,087)	(675,704)	(1,612,438)	(2,861,282)
Others	(10,320)	(30,300)	(172,702)	(210,450)
Change in fair value of investment properties	1,105,370	(5,189,083)	1,105,370	(5,189,083)
Total Expenses	(3,067,813)	(9,614,863)	(13,833,931)	(19,455,402)
Income/(loss) before taxation	6,392,319	(285,169)	22,699,670	18,286,041
Taxation	-	(80,844)	-	(80,844)
Net income/(loss) for the period	6,392,319	(366,013)	22,699,670	18,205,197

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to Date	Preceding Year to Date
	31.12.2022 RM	31.12.21 RM	31.12.2022 RM	31.12.2021 RM
Total comprehensive income/(loss) for the period	6,392,319	(366,013)	22,699,670	18,205,197
Net income/(loss) for the period is made up as follows:				
-Realised Income	4,605,871	4,054,363	18,494,331	19,974,019
- Unrealised - Change in fair value of investment properties	1,105,370	(5,189,083)	1,105,370	(5,189,083)
-Unrealised - Unbilled lease income receivable ¹	681,078	849,551	3,099,969	3,501,105
- Unrealised - Deferred tax	-	(80,844)	-	(80,844)
	6,392,319	(366,013)	22,699,670	18,205,197

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

- after manager's fees	2.59	(0.18)	9.20	8.90
- before manager's fees	2.92	0.15	10.37	10.05

Earnings per unit (realised) (sen)

- after manager's fees	1.87	1.98	7.49	9.76
- before manager's fees	2.20	2.31	8.66	10.91

Distribution per unit (sen)

- declared	1.90	2.55	8.20	9.75
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Based on weighted average number of units in issue after the issuance and listing of 40,925,000 placement units, and 10,000,000 placements 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 31.12.2022

← 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 31 December 2022				
Net income/(loss) for the period	-	18,494,331	4,205,339	22,699,670
Total comprehensive income	-	18,494,331	4,205,339	22,699,670
Unitholders' transactions				
Issuance of units via Private Placement	57,295,000	-	-	57,295,000
Issuance of units via Special Issuance	14,000,000			14,000,000
Distributions to unitholders				
- 2021 final	-	(5,217,955)	-	(5,217,955)
- 2022 Interim	-	(13,648,530)	-	(13,648,530)
Listing expenses	(937,117)	-	-	(937,117)
Increase/(Decrease) in net assets resulting from unitholders' transactions	70,357,883	(18,866,485)	-	51,491,398
Net assets as at 31 December 2022	274,487,718	5,715,803	57,077,159	337,280,680

ATRIUM REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
For The Period from 01.01.2021 to 31.12.2021

← 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 31 December 2021				
Net income for the period	-	19,974,019	(1,768,822)	18,205,197
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	19,974,019	(1,768,822)	18,205,197
Unitholders' transactions				
Distributions to unitholders	-	(6,138,770)	-	(6,138,770)
- 2020 final	-	(14,733,050)	-	(14,733,050)
- 2021 interim	-	(14,733,050)	-	(14,733,050)
Decrease in net assets resulting from unitholders' transactions	-	(20,871,820)	-	(20,871,820)
Net assets as at 31 December 2021	204,129,835	6,087,958	52,871,820	263,089,613

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 31.12.2022 RM	Preceding Year to Date 31.12.2021 RM
<u>Cash Flow From Operating Activities</u>		
Income before taxation	22,699,669	18,286,041
Adjustments for:		
Changes in fair value of investment properties	(1,105,370)	5,189,083
Interest income	(798,140)	(556,553)
Interest expense	9,822,537	8,460,398
Reverval of impairment loss on trade receivables	-	(750,000)
Trade payables written off	-	(22,339)
Operating income before working capital changes	30,618,696	30,606,630
(Increase) / Decrease in trade and other receivables	(1,353,743)	(3,920,466)
Increase/ (Decrease) in trade and other payables	552,778	(1,788,774)
Net cash generated from operating activities	29,817,731	24,897,390
<u>Cash Flow From Investing Activity</u>		
Acquisition of investment property	-	(6,335,604)
Enhancement of investment property	(28,894,659)	(852,374)
Interest income	798,140	528,608
Net cash used in investing activity	(28,096,519)	(6,659,370)
<u>Cash Flow From Financing Activities</u>		
Issuance of units via Private Placement and Special Issuance	70,357,883	-
Interest paid	(9,822,537)	(8,313,130)
Distribution to unitholders	(18,866,485)	(20,871,820)
Net cash used in financing activities	41,668,861	(29,184,950)
Net Increase/(Decrease) in Cash and Cash Equivalents	43,390,073	(10,946,930)
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	63,690,100	20,300,027
Cash and bank balances	15,742,683	1,769,567
Deposits with licensed financial institution	47,947,417	22,745,492
Bank overdraft	-	(4,215,032)
	<u>63,690,100</u>	<u>20,300,027</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 December 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 third interim distribution of 1.85 sen per unit, amounting to RM4,542,687 in respect of the realised income for the period from 1 July 2022 to 30 September 2022 on 30 November 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 investment properties are valued based on valuations performed by independent registered valuers. During the quarter under review, a revaluation exercise was undertaken by the Trust pursuant to Paragraph 10.02(b)(i) of the Securities Commission's Guidelines on Listed Real Estate Investment Trusts and Malaysian Financial Reporting Standard 140. The revaluation resulted in a profit of RM 1,105,370 and has been incorporated into the financial statements of Atrium REIT as at 31 December 2022.

The details of the said revaluation carried out are tabled as follows:

Description of property	Tenure of land	Existing use	Location	Date of latest valuation	Net Book Value RM'000	Latest valuation RM'000	Revaluation Gain/(Loss) RM'000
Atrium Shah Alam 1 ¹	Freehold	Industrial	Shah Alam	21.11. 2022	92,127	96,200	4,073
Atrium Shah Alam 2 ¹	Freehold	Industrial	Shah Alam	21.11.2022	78,905	83,500	4,596
Atrium Shah Alam 3 ¹	Freehold	Industrial	Shah Alam	22.11. 2022	29,627	30,200	573
Atrium Shah Alam 4 ¹	Leasehold	Industrial	Shah Alam	21.11. 2022	74,163	62,500	(11,663)
Atrium Puchong ¹	Freehold	Industrial	Puchong	22.11. 2022	53,400	58,800	5,400
Atrium USJ ¹	Freehold	Industrial	Subang	22.11. 2022	38,200	39,600	1,400
Atrium Bayan Lepas 1 ²	Leasehold	Industrial	Bayan Lepas	29.11. 2022	51,930	50,000	(1,930)
Atrium Bayan Lepas 2 ²	Leasehold	Industrial	Bayan Lepas	30.11. 2022	123,344	122,000	(1,344)
Total					541,696	542,800	1,105

¹ The valuations of the properties were conducted by Raine & Horne International Zaki & Partners Sdn Bhd., an independent firm of professional valuers

² The valuations of the properties were conducted by IVPS Property Consultant Sdn. Bhd., an independent firm of professional valuers.

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 245,550,680 units to 255,550,680 units during the quarter under review with the successful issuance and listing of 10,000,000 units at an issue price of RM1.40

per unit, pursuant to a special issuance exercise on 28 December 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 31 December 2022	Immediate Preceding Quarter As at 30 September 2022
Net asset value (RM)	337,280,680	321,431,049
Units in circulation (units)	255,550,680	245,550,680
Net asset value per unit (RM)		
- before distribution	1.3198	1.3090
- after distribution	1.3008	1.2905
Market price per unit (RM)	1.37	1.37
Highest traded price per unit during the quarter (RM)	1.40	1.48
Lowest traded price per unit during the quarter (RM)	1.32	1.37

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

The Net Asset Value increased was due to the successful issuance of 10,000,000 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 RM1.38 as at 28 December 2022, the NAV per unit has enhanced to RM1.32 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 RM8.88 million compared to the corresponding preceding quarter of RM8.99 million, mainly due to rent-free amortization adjustment during the current quarter. Net income (realised) for the quarter increased by 13.6% to RM4.61 million, mainly due to lower property expenses and trust expenses.

The interest income was higher compared to the corresponding preceding quarter due to higher funds and deposits rates offered during the quarter.

The trust expense for current quarter is lower compared to the corresponding preceding quarter due mainly to the administrative expenses which were lower compared to the corresponding preceding quarter where stamp duty was incurred for the land lease extension for Atrium Bayan Lepas 2.

Twelve Months Results

For the twelve months ended 31 December 2022, Atrium REIT recorded a gross revenue of RM35 million, a slight decrease of 1.5% compared to the corresponding preceding period of RM35.5 million. Net income (realised) for the period decreased by 7.4% 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 total income was lower mainly due to the absence of 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 the increase in interest rates as a result of the increase in OPR rate in September and November 2022. The administrative expenses were significantly lower compared to the corresponding preceding period where real estate agents' fees were incurred for securing of a new lessee and payment of stamp duty.

B4. Comparison with Preceding Quarter

	Current Quarter 01.10.2022 To 31.12.2022 RM	Preceding Quarter 01.07.2022 To 30.09.2022 RM
Gross revenue	8,876,684	8,749,696
Unbilled lease income receivable	681,077	789,081
	<hr/> 9,557,761	<hr/> 9,538,777
Property expenses	(462,654)	(656,734)
Net property income	<hr/> 9,095,107	<hr/> 8,882,043
Interest income	364,171	243,116
Other income	854	300
Change in fair value of investment properties	1,105,370	-
Total income	<hr/> 10,565,502	<hr/> 9,125,459
Trust expenses	(4,173,183)	(3,755,509)
Income/ (loss) before taxation	<hr/> 6,392,319	<hr/> 5,369,950
Taxation	-	-
Net income	<hr/> 6,392,319	<hr/> 5,369,950
Net income for the financial quarter is made up as follows:		
-Realised income	4,605,871	4,580,869
-Unrealised income	1,786,448	789,081
	<hr/> 6,392,319	<hr/> 5,369,950

Atrium REIT's net income (realised) for the quarter ended 31 December 2022 was slightly higher compared to the preceding quarter due mainly to higher gross revenue, lower property expenses and higher interest income. 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 November 2022.

B5. Maintenance Costs and Major Capital Expenditure

A total of RM10,486,757 capital expenditure was incurred for the asset enhancement initiative undertaken at Atrium Shah Alam 4 (“ASA4”) to upgrade the existing factory building to a grade A warehouse facility (“AEI”) for the current quarter ended 31 December 2022. The total costs incurred to date for this AEI is RM28,863,161. The AEI is in progress and it is targeted to be completed by 2nd quarter of 2023.

B6 (a) Economic Outlook

Economic and Financial Developments in Malaysia in the Third Quarter of 2022

Stronger expansion of 14.2% in the third quarter (2Q 2022: 8.9%)

The Malaysian economy registered a stronger growth of 14.2% in the third quarter of 2022 (2Q 2022: 8.9%). While there were base effects from the negative growth in the third quarter of 2021, growth was also driven by strong domestic demand, underpinned by improvements in labour market and income conditions, as well as ongoing policy support. Exports remained supported by strong demand for E&E products. The recovery of inbound tourism lent further support to economic activity. By sector, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.9% (2Q 2022: 3.5%). Overall, the Malaysian economy expanded by 9.3% in the first three quarters of 2022.

Headline inflation is likely to have peaked for the year at 4.5% during the quarter (2Q 2022: 2.8%) while core inflation increased further to 3.7% (2Q 2022: 2.5%). As expected, the increase in headline inflation was largely driven by the base effect from the discount on electricity bill implemented in the third quarter of 2021, as well as sustained increases in core inflation and price-volatile items. The inflationary pressures reflected the confluence of elevated cost pressures, particularly for food-related items, and strong demand conditions.

Financing conditions

Net financing to the private sector grew by 5.4% (2Q 2022: 4.9%) supported mainly by higher outstanding loan growth (6.1%; 2Q 2022: 5.4%), driven by the household segment. Meanwhile, outstanding corporate bond growth remained sustained at 3.5% (2Q 2022: 3.4%). Outstanding business loan growth stood at 5.0%, as the growth in loan repayments outpaced that of loan disbursements. Loan applications remained forthcoming across segments and most loan purposes. For households, outstanding loans grew by 6.2% mostly on account of high growth in loan disbursements for the purchase of houses and cars.

The Malaysian economy will be supported by firm domestic demand

The economy will continue to expand, albeit at a more moderate pace, in the fourth quarter of 2022. The expected slower pace of growth reflects the more challenging global environment as well as absence of base effects. Nevertheless, growth for the whole year of 2022 is expected to remain robust given the strong outturns in the first three quarters of the year.

Looking ahead, the Malaysian economy is expected to expand by 4.0 – 5.0% in 2023. Bank Negara Malaysia Governor Tan Sri Nor Shamsiah explained, “The Malaysian economy will continue to be supported by firm domestic demand amid continued improvements in the labour market. Growth would also benefit from the realisation of large infrastructure projects as well as higher tourist arrivals. However, Malaysia’s growth remains susceptible to a weaker-than-expected global growth, higher risk aversion in global financial markets, further escalation of geopolitical conflicts and re-emergence of supply chain disruptions.”

Headline inflation to moderate for the remainder of 2022

Headline inflation is expected to moderate in the fourth quarter of 2022, but remain elevated. The base effect from the discount on electricity bill which contributed to higher inflation in the third quarter will dissipate in the fourth quarter of 2022. Overall, headline inflation is expected to average at 3.3% in 2022. Underlying inflation, as measured by core inflation, is expected to stay elevated for the remainder of 2022 given improving demand amid the high-cost environment.

Moving into 2023, headline and core inflation are expected to remain elevated amid both demand and cost pressures, as well as any changes to domestic policy measures. Additional upward pressures to inflation will remain partly contained by the existing price controls, subsidies, and the remaining spare capacity in the economy. The balance of risk to the inflation outlook in 2023 is tilted to the upside and continues to be subject to domestic policy measures on subsidies, as well as global commodity price developments arising mainly from the ongoing military conflict in Ukraine and prolonged supply-related disruptions.

(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 currently evaluating the prospective tenant(s) and is confident that suitable tenant(s) will be found to occupy ASA4.

The occupancy rate for the Trust’s portfolio of properties as at 31 December 2022 is 100% save and except Atrium Shah Alam 4 (“ASA4”), which is currently undergoing a major 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, 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 31 December 2022, the portfolio composition of Atrium REIT is as follows:

Investments in Real Estates

Description of property	Tenure of land	Occupancy rate as at 31.12.2022 %	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	21.11. 2022	60,004	96,200	92,127	27%
Atrium Shah Alam 2	Freehold	100	21.11.2022	64,143	83,500	78,905	23%
Atrium Shah Alam 3	Freehold	100	22.11. 2022	31,516	30,200	29,627	9%
Atrium Shah Alam 4	Leasehold	0	21.11. 2022	46,836	62,500	74,163	22%
Atrium Puchong	Freehold	100	22.11. 2022	39,044	58,800	53,400	16%
Atrium USJ	Freehold	100	22.11. 2022	25,000	39,600	38,200	11%
Atrium Bayan Lepas 1	Leasehold	100	29.11. 2022	50,371	50,000	51,930	15%
Atrium Bayan Lepas 2	Leasehold	100	30.11. 2022	132,440	122,000	123,344	37%
				449,354	542,800	541,696	

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 2022 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 30 June 2023.

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	

B8.3 Special Issuance of 10,00,000 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	-	-	56.4	100	12 months
Defray estimated expenses relating to the Private Placement	0.9	-	-	0.9	-	Within 1 month
Total	57.3	-	-	57.3	100	

B9. Status of Corporate Proposal

Proposed Special Issuance of up to 20,000,000 Placement Units to Chan Kam Tuck, a major unitholder of Atrium REIT.

Bursa Securities had on 14 September 2022 approved the listing and quotation of up to 20,000,000 new units under the Proposed Special Issuance which was approved by the unitholders in the Unitholders' Meeting held on 27 October 2022. Subsequently, Atrium REIT has completed issuance and listing of 10,000,000 new units at an issue price of RM1.40 per unit (representing 4% of the total issued fund size of Atrium REIT of 245,550,680 units) on 28 December 2022. The balance of 10,000,000 units is targeted to be issued by first (1st) quarter of 2023.

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:

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 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.

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. The case management has been fixed on 27 January 2023 via e-review at the Kuala Lumpur High Court of Malaya. 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 31 December 2022 RM	As at 30 September 2022 RM
Trade receivables		
Third parties	32,249	106,224
Less: Impairment losses	-	-
Total trade receivables	<u>32,249</u>	<u>106,224</u>
Other receivables, deposits and prepayments	<u>4,549,338</u>	<u>8,750,180</u>
Receivables, Deposits and Prepayments	<u><u>4,581,587</u></u>	<u><u>8,856,404</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	32,249	30,385	-	1,650	214
Total	32,249	30,385	-	1,650	214

B14. Manager's Fees

For the quarter ended 31 December 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 31 December 2022, the Trustee received a fee of 0.1% per annum of the NAV of the Trust.

B16. Borrowings and Debt Securities

	As at 31 December 2022 RM	As at 30 September 2022 RM
<u>Short Term Financing (secured)</u>		
Short Term Revolving Credit	39,600,000	39,600,000
Overdraft	-	1,996,195
<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>250,831,130</u>	<u>252,827,325</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 31 December 2022, the Manager has declared a fourth and final income distribution of 1.90 sen per unit, amounting to RM4,855,462.92. The book closure and payment dates in respect of the fourth and final income distribution have been fixed on 13 February 2023 and 28 February 2023 respectively.

Distributions to unitholders are from the following sources:

	Current Year Quarter 31.12.22 RM	Preceding Year Corresponding Quarter 31.12.21 RM	Current Year to date 31.12.22 RM	Preceding Year To date 31.12.21 RM
Rental income (realised)	8,876,684	8,993,222	35,022,834	35,554,599
Interest income	364,171	235,440	798,140	556,553
Other income	854	22,339	1,454	22,339
Reversal of impairment loss on trade receivables	-	-	-	750,000
Total income	9,241,709	9,251,001	35,822,428	36,883,491
Property operating expenses	(462,654)	(770,858)	(2,388,796)	(2,643,153)
Trust expenses	(4,173,183)	(4,425,780)	(14,939,301)	(14,266,319)
Total Expenses	(4,635,837)	(5,196,638)	(17,328,097)	(16,909,472)
Realised income before taxation	4,605,871	4,054,363	18,494,331	19,974,019
Taxation	-	-	-	-
Realised income for the period	4,605,871	4,054,363	18,494,331	19,974,019
Undistributed realised income				
- Previous year's	870,003	846,989	870,003	846,989
- Previous quarter's	239,930	1,186,606	-	-
Total realised income available for distribution	5,715,804	6,087,958	19,364,334	20,821,008
Declared income distribution	(4,855,463)	(5,217,955)	(18,503,993)	(19,951,005)
Balance undistributed realised income	860,341	870,003	860,341	870,003
Distribution per unit (sen)				
- Declared	1.90	2.55	8.20	9.75

B.19 Earnings Per Unit

	Current Quarter ended 31 December 2022	Corresponding Quarter ended 31 December 2021	Year to Date ended 31 December 2022	Year to Date ended 31 December 2021
Units in circulation (units)	255,625,680	204,625,680	255,625,680	204,625,680
Net Income/(Loss) for the period (including unrealised income/expenses) (RM)	6,392,319	(366,013)	22,699,670	18,205,197
Net Income for the period (realised) (RM)	4,605,871	4,054,363	18,494,331	19,974,019
Earnings/(Loss) per unit (including unrealised income/expenses) (sen)				
- after manager's fees	2.59	(0.18)	9.20	8.90
- before manager's fees	2.92	0.15	10.37	10.05
Earnings per unit (realised) (RM)				
- after Manager's fees	1.87	1.98	7.49	9.76
- before Manager's fees	2.20	2.31	8.66	10.91

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 31 December 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 January 2023.

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 January 2023