



ATRIUM REAL ESTATE INVESTMENT TRUST

Condensed Financial Statements

Fourth Quarter Ended 31 December 2020

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ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 31.12.2020 RM	(Audited) As at 31.12.2019 RM
ASSETS		
Non-current asset		
Investment properties	460,376,753	410,300,000
Investment properties - accrued lease income	3,323,247	-
	<u>463,700,000</u>	<u>410,300,000</u>
Current assets		
Trade and other receivables	9,630,507	13,479,037
Deposits with licensed financial institution	30,385,550	39,642,506
Bank balance	861,407	691,180
	<u>40,877,464</u>	<u>53,812,723</u>
TOTAL ASSETS	<u>504,577,464</u>	<u>464,112,723</u>
LIABILITIES		
Non-current liabilities		
Trade and other payables	9,225,474	10,763,665
Borrowings	175,231,130	140,231,130
Deferred tax	7,392,942	7,240,113
	<u>191,849,546</u>	<u>158,234,908</u>
Current liabilities		
Trade and other payables	7,371,682	2,496,496
Borrowings	39,600,000	41,742,594
	<u>46,971,682</u>	<u>44,239,090</u>
TOTAL LIABILITIES	<u>238,821,228</u>	<u>202,473,998</u>
NET ASSET VALUE ("NAV")	<u>265,756,236</u>	<u>261,638,725</u>
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	204,129,835	204,129,835
Undistributed income	61,626,401	57,508,890
TOTAL UNITHOLDERS' FUNDS	<u>265,756,236</u>	<u>261,638,725</u>
NUMBERS OF UNITS IN CIRCULATION (UNITS)	<u>204,625,680</u>	<u>204,625,680</u>
NAV PER UNIT (RM)		
- before proposed distribution	1.2987	1.2786
- after proposed distribution (Note 1)	1.2687	1.2563

The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2019 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 final income distribution for 2020 of 3.00 sen per unit payable on 26 February 2021.)

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2020 RM	Preceding Year Corresponding Quarter 31.12.2019 RM	Current Year to Date 31.12.2020 RM	Preceding Year to Date 31.12.2019 RM
Gross revenue	8,848,436	7,609,658	31,687,279	22,355,392
Unbilled lease income receivable ¹	786,665	605,961	2,717,286	605,961
Property operating expenses	9,635,101 (330,598)	8,215,619 (81,808)	34,404,565 (2,167,124)	22,961,353 (1,548,352)
Net rental income	9,304,503	8,133,811	32,237,441	21,413,001
Interest income	129,829	325,298	766,047	529,327
Other income	170	-	197,734	-
Change in fair value of investment properties	(399,642) ²	(991,155)	(399,642) ²	(991,155)
Total income	9,034,860	7,467,954	32,801,580	20,951,173
Trust expenses				
Manager's fees	(534,252)	(538,913)	(2,107,084)	(1,768,098)
Trustee's fees	(53,425)	(53,891)	(210,708)	(176,810)
Auditors' fees	(11,997)	(7,500)	(38,000)	(30,000)
Tax agent's fees	(1,280)	(1,420)	(12,500)	(6,500)
Finance costs	(1,813,352)	(2,115,557)	(7,122,889)	(5,453,098)
Valuation fees	(110,000)	22,039 ³	(110,000)	(82,206)
Administrative expenses	(129,939)	(886,343)	(1,473,930)	(2,465,155)
Others	(375,585)	258,915 ³	(615,437)	(239,130)
Total Expenses	(3,029,830)	(3,320,670)	(11,690,548)	(10,220,997)
Income before taxation	6,005,030	4,145,284	21,111,032	10,730,176
Taxation ⁴	(152,829)	(7,240,113)	(152,829)	(7,240,113)
Net income for the period	5,852,201	(3,094,829)	20,958,203	3,490,063

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2020 RM	Preceding Year Corresponding Quarter 31.12.2019 RM	Current Year to Date 31.12.2020 RM	Preceding Year to Date 31.12.2019 RM
Total comprehensive income for the period	5,852,201	(3,094,829)	20,958,203	3,490,063
Net income for the period is made up as follows:				
-Realised Income	5,618,007	4,530,478	18,793,388	11,115,370
- Unrealised - Change in fair value of investment properties	(399,642) ²	(991,155)	(399,642) ²	(991,155)
-Unrealised - Unbilled lease income receivable ¹	786,665	605,961	2,717,286	605,961
-Unrealised – Deferred tax	(152,829)	(7,240,113)	(152,829)	(7,240,113)
	5,852,201	(3,094,829)	20,958,203	3,490,063

Earnings per unit (including unrealised income) (sen)

- after manager's fees	2.86	(1.51)	10.24	2.25
- before manager's fees	3.12	(1.25)	11.27	3.40

Earnings per unit (realised) (sen)

- after manager's fees	2.75	2.21	9.18	7.18 ⁵
- before manager's fees	3.01	2.48	10.21	8.32 ⁵

Distribution per unit (sen)

- Proposed/Declared	3.00	2.23	9.00	6.63
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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 2019 and the accompanying explanatory notes attached to the financial statements.

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

² Change in fair value of investment properties comprises the following:

	RM
Gain on revaluation of investment properties	2,923,605
Accrued lease income receivable	(3,323,247)
Net change in fair value of investment properties	<u>(399,642)</u>

³ Due mainly to the capitalization of expenses incurred in the previous quarters for the acquisition of property

⁴ Taxation relates to the deferred tax recognized in relation to the fair value gain of freehold land component within the investment properties which is expected to be recovered through sale.

⁵ Based on weighted average number of units in issue after the issuance and listing of 24,360,200 placement units and 58,464,480 rights units. (Note B19)

ATRIUM REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (UNAUDITED)

For The Period from 01.01.2020 to 31.12.2020

	← Undistributed Income →			
	Unitholders' Capital RM	Realised RM	Unrealised RM	Total RM
At 1 January 2020	204,129,835	5,033,063	52,475,827	261,638,725
Operations for the period from - 1 January 2020 to 31 December 2020				
Net income for the period	-	18,793,388	2,164,815	20,958,203
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	18,793,388	2,164,815	20,958,203
Unitholders' transactions				
Distributions to unitholders				
- 2019 final	-	(4,563,152)	-	(4,563,152)
- 2020 interim	-	(12,277,540)	-	(12,277,540)
Decrease in net assets resulting from unitholders' transactions	-	(16,840,692)	-	(16,840,692)
Net assets as at 31 December 2020	<u>204,129,835</u>	<u>6,985,759</u>	<u>54,640,642</u>	<u>265,756,236</u>

ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (AUDITED)
For The Period from 01.01.2019 to 31.12.2019

	← Undistributed Income →			
	Unitholders' Capital RM	Realised RM	Unrealised RM	Total RM
At 1 January 2019	119,351,580	3,150,209	60,101,134	182,602,923
Operations for the period from - 1 January 2019 to 31 December 2019				
Net income for the period	-	11,115,370	(7,625,307)	3,490,063
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	11,115,370	(7,625,307)	3,490,063
Unitholders' transactions				
Issue of Units				
- Placement	26,552,618	-	-	26,552,618
- Rights	59,633,770	-	-	59,633,770
Distributions to unitholders				
- 2018 final	-	(2,557,821)	-	(2,557,821)
- 2019 Interim	-	(6,674,695)	-	(6,674,695)
Listing expenses	(1,408,133)	-	-	(1,408,133)
Increase/(Decrease) in net assets resulting from unitholders' transactions	84,778,255	(9,232,516)	-	75,545,739
Net assets as at 31 December 2019	<u>204,129,835</u>	<u>5,033,063</u>	<u>52,475,827</u>	<u>261,638,725</u>

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 2019 and the accompanying explanatory notes attached to the financial statements.

ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CASH FLOWS
For The Period from 01.01.2020 to 31.12.2020

	(Unaudited) 01.01.2020 to 31.12.2020 RM	(Audited) 01.01.2019 to 31.12.2019 RM
<u>Cash Flow From Operating Activities</u>		
Income before taxation	21,111,032	10,730,176
Adjustments for:		
Changes in fair value of investment properties	399,642	991,155
Interest income	(766,047)	(529,327)
Interest expense	7,122,889	5,453,098
Operating income before working capital changes	27,867,516	16,645,102
Decrease/(Increase) in trade and other receivables	554,197	(9,444,487)
(Decrease)/Increase in trade and other payables	(1,809,849)	3,939,760
Net cash generated from operating activities	26,611,864	11,140,375
<u>Cash Flow From Investing Activity</u>		
Acquisition of investment property	(10,371,707)	(41,640,048)
Enhancement of investment property	(104,688)	(2,051,107)
Interest income	737,133	529,327
Net cash used in investing activity	(9,739,262)	(43,161,828)
<u>Cash Flow From Financing Activities</u>		
Interest paid	(6,976,045)	(5,453,098)
Distribution to unitholders	(16,840,692)	(9,232,516)
Drawdown of bank loans	-	20,000,000
Proceeds from issue of units	-	86,186,388
Placement expenses	-	(1,408,133)
Net cash (used)/generated from financing activities	(23,816,737)	90,092,641
Net (Decrease)/Increase in Cash and Cash Equivalents	(6,944,135)	58,071,188
Cash and Cash Equivalents at the Beginning of the Period	38,191,092	(19,880,096)
Cash and Cash Equivalents at the End of the Period	31,246,957	38,191,092
<u>Cash and Cash Equivalents</u>		
Cash and bank balances	861,407	691,180
Deposits with licensed financial institution	30,385,550	39,642,506
Bank Overdraft	-	(2,142,594)
	<u>31,246,957</u>	<u>38,191,092</u>

The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2019 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 2020

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 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 2019.

A2. Audit Report of Preceding Financial Year Ended 31 December 2019

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 except for the following:

During the financial quarter under review, Atrium REIT Capital issued RM35 million of unrated Medium Term Notes - Tranche 1, which were fully subscribed by Public Bank Berhad.

A7. Income Distribution

During the quarter under review, Atrium REIT paid an interim distribution of 2.00 sen per unit, amounting to RM4,092,513.60 in respect of the realised income for the period from 1 July 2020 to 31 October 2020 on 30 November 2020.

Based on the fourth quarter's results ended 31 December 2020 and the undistributed realized income brought forward from the earlier quarters, Atrium REIT had declared a final income distribution of 3.00 sen per unit, amounting to RM6,138,513.60 on 22 January 2021, to be payable on 26 February 2021.

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 gain of RM 2,923,605 and has been incorporated into the financial statements of Atrium REIT as at 31 December 2020.

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	26.11.2020	90,905	91,300	395
Atrium Shah Alam 2 ¹	Freehold	Industrial	Shah Alam	26.11.2020	78,600	78,700	100
Atrium Shah Alam 3 ¹	Freehold	Industrial	Shah Alam	23.11.2020	29,500	29,600	100
Atrium Puchong ¹	Freehold	Industrial	Puchong	27.11.2020	53,200	53,400	200
Atrium USJ ¹	Freehold	Industrial	Subang	25.11.2020	38,200	38,200	-
Atrium Bayan Lepas 1 ²	Leasehold	Industrial	Bayan Lepas	15.12.2020	50,371	51,000	629
Atrium Bayan Lepas 2 ²	Leasehold	Industrial	Bayan Lepas	15.12.2020	120,000	121,500	1,500
Total					460,776	463,700	2,924

¹ The valuations of the properties were conducted by First Pacific Valuers Property Consultants 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 except for the following:

Proposed New Property Acquisition

On 27 December 2019 Pacific Trustees Berhad, on behalf of Atrium REIT (“Purchaser”) entered into a conditional sale and purchase agreement with Permodalan Nasional Berhad in relation to the proposed acquisition of a single storey factory building and ancillary area (comprising guard house, TNB sub-station and surau) and single storey office-cum-canteen building for a total cash consideration of RM45.0 million (“SPA”). The SPA has become unconditional on 26 November 2020 and the target completion date for this proposed acquisition is the first quarter of 2021.

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

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

A12. Changes in Contingent Liabilities

There is no contingent liability to be disclosed.

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 2020	Immediate Preceding Quarter As at 30 September 2020
Net asset value (RM)	265,756,236	263,996,548
Units in circulation (units)	204,625,680	204,625,680
Net asset value per unit (RM)		
- before distribution	1.2987	1.2901
- after distribution	1.2687	1.2701
Market price per unit (RM)	1.15	1.07
Highest traded price per unit during the quarter (RM)	1.16	1.09
Lowest traded price per unit during the quarter (RM)	1.07	1.00

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

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

Quarter Results

For the quarter under review, Atrium REIT's gross revenue increased to RM8.85 million compared to the last corresponding quarter of RM7.61 million. Income before taxation (realised) for the quarter increased by 19.3% as compared to the last corresponding quarter due mainly to the higher gross revenue and lower Trust expenses even though interest income was lower. The increase in gross revenue was mainly due to the rental income from Atrium Bayan Lepas 1 ("ABL1") which commenced in October 2020, whilst interest income was lower as a result of lower interest rates.

The trust expenses were lower compared to the last corresponding quarter mainly due to the lower finance costs and administrative expenses even though other expenses were higher. Finance costs decreased due to the lower interest rates as a result of Bank Negara's cumulative reduction of the Overnight Policy Rate by 1.25% for 2020. The administrative expenses were lower compared with the last corresponding period due to the absence of the registration fee for transfer of lease for ABL2, professional and secretarial fees incurred for the incorporation of the SPV, regulatory fees, professional fees, legal fees and subscription fee for the MTN programme which were incurred in the last corresponding period for the corporate exercise and proposed acquisitions. The other expenses were higher in the current quarter due mainly to the penalty/late interest incurred for the acquisition of ABL1.

Twelve Months Results

For the twelve months ended 31 December 2020, Atrium REIT recorded a gross revenue of RM31.7 million, an increase of 41.7% as compared to the last corresponding period of RM22.4 million. Income before taxation (realised) for the period increased by 69.1% as compared to the last corresponding period due mainly to the higher gross revenue, interest income and other income. The substantial increase in gross revenue was mainly due to the rental incomes from Atrium Bayan Lepas 1 ("ABL1") and Atrium Bayan Lepas 2 ("ABL2") which commenced in October 2020 and October 2019 respectively. The increase in interest income and other income were due to the higher deposits placed in short term money market and the one-off gain on disposal of used racking system respectively.

The trust expenses were higher compared to the last corresponding period mainly due to the higher Manager's fees, finance costs and other expenses even though administrative expenses were lower. The increase in Manager's fees was due to the increase in Net Asset Value as a result of the issuance of new units under placement and rights issue exercise. Finance costs increased due to the drawdown of the Tranche 1 & 2 of the MTN programme to finance the acquisition of ABL1 and ABL2 respectively. The administrative expenses were lower compared with the last corresponding period due to the absence of regulatory fees, professional fees and other charges which were incurred in the last corresponding period for the corporate exercise and proposed acquisitions. The other expenses were higher in the current period due mainly to the penalty/late interest incurred for the acquisition of ABL1.

B4. Comparison with Preceding Quarter

	Current Quarter 01.10.2020 To 31.12.2020 RM	Preceding Quarter 01.07.2020 To 30.09.2020 RM
Gross revenue	8,848,346	7,619,526
Unbilled lease income receivable	786,665	648,238
	<hr/> 9,635,101	<hr/> 8,267,764
Property expenses	(330,598)	(555,603)
Net property income	<hr/> 9,304,503	<hr/> 7,712,161
Interest income	129,829	126,598
Changes in fair value of investment properties	(399,642)	-
Other income	170	197,563
Total income	<hr/> 9,034,860	<hr/> 8,036,322
Trust expenses	(3,029,830)	(3,188,413)
Income before taxation	<hr/> 6,005,030	<hr/> 4,847,909
Taxation	(152,829)	-
Net (loss)/ income	<hr/> 5,852,201	<hr/> 4,847,909
Net income/(loss) for the financial quarter is made up as follows:		
-Realised income	5,618,007	4,199,671
-Unrealised income	234,194	648,238
	<hr/> 5,852,201	<hr/> 4,847,909

Atrium REIT's net income (realised) for the quarter ended 31 December 2020 was higher compared to the preceding quarter due mainly to the higher gross revenue contributed by the rental income from ABL1 which commenced in October 2020.

B5. Maintenance Costs and Major Capital Expenditure

A total of RM104,688 capital expenditure was incurred for the enhancement of the property of Atrium REIT during the quarter under review.

B6(a). Economic Outlook

At the October World Economic Outlook, the IMF revised up its projection of global growth in 2020 to -4.4% (June projection: -4.9%). This was primarily due to better-than-expected growth outturns, particularly in advanced economies, where labour markets recovered more quickly than expected. For 2021, the IMF projects the global economy to grow by 5.2%, although this outlook is highly conditional on progress in the resolution of the pandemic. The recent resurgence in COVID-19 cases across some advanced and emerging economies therefore poses a downside to the outlook. Some major economies have already begun to reinstate containment measures and delay plans to reopen. This will dampen growth prospects in the fourth quarter of 2020 and recovery momentum heading into 2021. Although the more recent containment measures have not been imposed to the same degree observed in the second quarter, higher risk aversion will suppress private sector demand and weigh on growth.

In the third quarter, the Malaysian economy improved markedly following the gradual lifting of nationwide containment measures, as well as support from better external demand conditions. The recent resurgence of COVID-19 cases and targeted containment measures in most states could affect

the momentum of the recovery in the final quarter of the year. However, as most economic sectors have been allowed to continue to operate, subject to sectoral standard operating procedures (SOPs), the impact is unlikely to be as severe as the containment measures during previous periods. Going into 2021, growth is expected to improve further, benefitting from the recovery in global demand and spillovers onto the domestic sectors, continued policy support including the recent KITA PRIHATIN and 2021 Budget measures, as well as higher production from existing and new facilities. However, the pace of recovery will be uneven across sectors with some industries expected to remain below pre-pandemic levels, and a slower improvement in the labour market. The balance of risks is tilted to the downside, emanating mainly from ongoing uncertainties surrounding COVID-19 globally and domestically. However, the economy could benefit from a larger-than-expected positive impact from various policy measures, and better-than-expected recovery in global economy

(Source: Bank Negara Malaysia)

B6(b). Prospects

Atrium USJ-Block B

Our tenant, CJ Century Logistics Sdn Bhd (“CJ Century”) has informed the Manager that they would not be renewing its tenancy and will vacate the premises in January 2021. However, the Manager has secured our existing tenant, Rohlig Malaysia Sdn Bhd (from Atrium USJ-Block A) to take over the premises. The new tenancy will be for a period of 3 years and is targeted to commence on 1 February 2021. The Manager is in the midst of finalizing the terms of the tenancy agreement with Rohlig.

The occupancy rate for the Trust’s portfolio of properties as at 31 December 2020 was 100%. Barring any unforeseen circumstances, the Manager expects the Trust’s existing portfolio of properties to maintain 100% occupancy throughout the financial year 2021.

B7. Portfolio Composition

As at 31 December 2020, the portfolio composition of Atrium REIT is as follows:

Investments in Real Estates

Description of property	Tenure of land	Occupancy rate as at 31.12.2020 %	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	26.11.2020	60,004	91,300	91,300	33.9%
Atrium Shah Alam 2	Freehold	100	26.11.2020	64,491	78,700	78,700	29.3%
Atrium Shah Alam 3	Freehold	100	23.11.2020	31,156	29,600	29,600	11.0%
Atrium Puchong	Freehold	100	27.11.2020	39,044	53,400	53,400	19.8%
Atrium USJ	Freehold	100	25.11.2020	25,000	38,200	38,200	14.2%
Atrium Bayan Lepas 1	Leasehold	100	15.12.2020	50,371	51,000	51,000	45.2%
Atrium Bayan Lepas 2	Leasehold	100	15.12.2020	131,240	121,500	121,500	19.0%
				401,306		463,700	

B8. Utilisation of Proceeds Raised from Issuance of New Units

Rights Issue of 58,464,480 units

Purpose	Proposed Utilisation RM (million)	Actual Utilisation RM (million)	Deviation RM (million)	Balance		Intended Time Frame for Utilisation (from date of listing)
				RM (million)	%	
Part finance proposed acquisition of Lumileds properties and its related expenses	58.2	34.4	-	23.8	40.9	Within 21 months [#]
Defray estimated expenses relating to the Rights Issue	1.4	1.4	-	-	-	Within 1 month
Total	59.6	35.8	-	23.8	39.9	

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 are ongoing and is only expected to be completed by June 2021. In view of this, the Board has resolved to extend the timeframe for the utilisation of proceeds for an additional 6 months to 30 June 2021.

B9. Status of Corporate Proposal

Save and except as disclosed under note A10 above, there were no corporate proposals announced but not completed as at the latest practicable date from the issuance of this report.

B10. Material Litigation

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

Kuala Lumpur High Court
(Civil Division)
Suit No: WA-22NCvC-780-11/2018

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

Biforst Logistics Sdn Bhd ...Defendant

The above legal suit was filed by the Trustee on behalf of Atrium REIT to recover the outstanding rentals, utilities, repairs and maintenance costs and all incidental costs and expenses in relation to the tenancy for Atrium Puchong.

After several discussions, a consent judgment was successfully recorded between the parties on 19.1.2021 whereby the Defendant shall pay the Plaintiff a settlement sum of RM750,000.00 in several installments and in the event of any default thereof, execution proceedings may be commenced by Plaintiff against Defendant immediately to recover the full sum.

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. Trade Receivables

	As at 31 December 2020 RM	As at 30 September 2020 RM
Trade receivables		
Third parties	2,885,531	2,851,760
Less: Impairment losses	(1,390,344)	(1,390,344)
Total trade receivables	1,495,187	1,461,416
Other receivables, deposits and prepayments	8,135,320	26,425,613
Trade and Other Receivables	9,630,507	27,887,029

The impairment losses related to a debtor that has defaulted in rental payments. The Manager has made full provision for impairment of trade receivable for the long outstanding amount owing by the said debtor in compliance with the latest accounting standards. The Manager has commenced legal proceedings against the said debtor and has reached a settlement with the said debtor (please refer to note B10).

Included in other receivables, deposits and prepayments is the amount of RM4.5 million paid as deposits for new property acquisition.

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	0	0	0	0	0
Non-Related Parties	2,885,531	101,032	527,556	0	2,256,943
TOTAL	2,885,531	101,032	527,556	0	2,256,943

B14. Manager's Fees

Pursuant to the Second Restated Deed dated 17 December 2019, the Manager is entitled to receive a fee of up to 1.0% per annum of the Net Asset Value ("NAV") of the Trust. For the quarter ended 31 December 2020, the Manager received a fee of 0.8% per annum of the NAV of the Trust.

B15. Trustee's Fees

For the quarter ended 31 December 2020, the Trustee received a fee of 0.08% per annum of the NAV of the Trust.

B16. Borrowings and Debt Securities

	As at 31 December 2020 RM	As at 31 December 2019 RM
<u>Short Term Financing (secured)</u>		
Short Term Revolving Credit	39,600,000	39,600,000
Overdraft	-	2,142,594
<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	-
- Tranche 2	87,000,000	87,000,000
	214,831,130	181,973,724

B17. Taxation

Atrium REIT intends to distribute at least 90% of the distributable income (realised) to unitholders for the financial year 2020, 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

Distributions to unitholders are from the following sources:

	Current Quarter RM	Corresponding Quarter RM	Current Year to Date RM	Corresponding Year to Date RM
Rental income (realised)	8,848,436	7,609,658	31,687,279	22,355,392
Interest income	129,829	325,298	766,047	529,327
Other income	170	-	197,734	-
Total income	8,978,435	7,934,956	32,651,060	22,884,719
Property operating expenses	(330,598)	(81,808)	(2,167,124)	(1,548,352)
Trust expenses	(3,029,830)	(3,322,670)	(11,690,548)	(10,220,997)
Total Expenses	(3,360,428)	(3,404,478)	(13,857,672)	(11,769,349)
Realised income before taxation	5,618,007	4,532,478	18,793,388	11,115,370
Taxation	-	-	-	-
Realised income for the period	5,618,007	4,530,478	18,793,388	11,115,370
Undistributed realised income				
- Previous year's	469,910	592,388	469,910	592,388
- Previous quarter's	897,841	(89,804)		-
Total realised income available for distribution	6,985,758	5,033,062	19,263,298	11,707,758
Proposed/declared income distribution	(6,138,770)	(4,563,152)	(18,416,310)	(11,237,848)
Balance undistributed realised income	846,988	469,910	846,988	469,910
Distribution per unit (sen)				
- Declared	3.00	2.23	9.00	6.63

B.19 Earnings Per Unit

	Current Quarter ended 31 December 2020	Corresponding Quarter ended 31 December 2019	Year to Date ended 31 December 2020	Year to Date ended 31 December 2019
Units in circulation (units)	204,625,680	204,625,680	204,625,680	204,625,680
Weighted Average units in circulation (units)	204,625,680	204,625,680	204,625,680	154,852,153
Net Income/(Loss) for the period (including unrealised income/expenses) (RM)	5,852,201	(3,094,829)	20,958,203	3,490,063
Net Income for the period (realised) (RM)	5,618,007	4,530,478	18,793,388	11,115,370
Earnings/(Loss) per unit (including unrealised income/expenses) (sen)				
- after manager's fees	2.86	(1.51)	10.24	2.25
- before manager's fees	3.12	(1.25)	11.27	3.40
Earnings per unit (realised) (RM)				
- after Manager's fees	2.75	2.21	9.18	7.18
- before Manager's fees	3.01	2.48	10.21	8.32

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 2020 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 26 January 2021.

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: 26 January 2021