



ATRIUM REAL ESTATE INVESTMENT TRUST

Condensed Financial Statements

Second Quarter Ended 30 June 2023

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ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 30.06.2023 RM	(Audited) As at 31.12.2022 RM
ASSETS		
Non-current asset		
Investment properties	559,640,669	532,875,679
Investment properties – accrued lease income	9,924,321	9,924,321
	<u>569,564,990</u>	<u>542,800,000</u>
Current assets		
Trade and other receivables	7,422,811	6,109,761
Deposits with a licensed bank	48,681,316	47,947,417
Bank balances	2,691,891	15,742,683
	<u>58,796,018</u>	<u>69,799,861</u>
TOTAL ASSETS	<u>628,361,008</u>	<u>612,599,861</u>
LIABILITIES		
Non-current liabilities		
Tenants’ deposits	14,484,575	11,042,109
Borrowings	211,231,130	211,231,130
Deferred tax liability	8,955,745	8,955,744
	<u>234,671,450</u>	<u>231,228,983</u>
Current liabilities		
Trade and other payables	3,021,888	5,972,155
Borrowings	39,600,000	39,600,000
	<u>42,621,888</u>	<u>45,572,155</u>
TOTAL LIABILITIES	<u>277,293,338</u>	<u>276,801,138</u>
NET ASSET VALUE (“NAV”)	<u>351,067,670</u>	<u>335,798,723</u>
FINANCED BY:		
UNITHOLDERS’ FUNDS		
Unitholders’ capital	288,477,719	274,487,719
Undistributed income	62,589,951	61,311,004
TOTAL UNITHOLDERS’ FUNDS	<u>351,067,670</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	1.3220	1.3140
- after income distribution (Note 1)	1.3045	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 second interim income distribution for 2023 of 1.750 sen per unit payable on 4 September 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	Preceding Year Corresponding Quarter	Current Year to Date	Preceding Year to Date
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM	RM	RM	RM
Gross revenue	9,213,811	8,706,021	18,412,035	17,396,455
Unbilled lease income receivable	660,098	811,763	1,312,943	1,629,810
Property operating expenses	9,873,909	9,517,784	19,724,978	19,026,265
	(647,980)	(651,369)	(1,278,179)	(1,269,409)
Net rental income	9,225,929	8,866,415	18,446,799	17,756,856
Interest income	432,382	91,370	845,441	190,853
Other income	-	300	827	300
Total income	9,658,311	8,958,085	19,293,067	17,948,009
Trust expenses				
Manager's fees	(875,389)	(658,659)	(1,713,866)	(1,303,884)
Trustee's fees	(87,539)	(65,866)	(171,387)	(130,388)
Auditors' fees	(11,400)	(9,450)	(22,800)	(18,900)
Tax agent's fees	(4,780)	(2,040)	(5,980)	(4,450)
Finance costs	(2,881,574)	(2,303,371)	(5,679,583)	(4,475,663)
Administrative expenses	(307,432)	(363,636)	(767,904)	(914,942)
Others	(55,000)	(127,382)	(150,000)	(162,382)
Total Expenses	(4,223,114)	(3,530,404)	(8,511,520)	(7,010,609)
Income/(loss) before taxation	5,435,197	5,427,681	10,781,547	10,937,400
Taxation	-	-	-	-
Net income/(loss) for the period	5,435,197	5,427,681	10,781,547	10,937,400

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

	Individual Quarter		Cumulative Quarter	
	Current Year to Quarter	Preceding Year Corresponding Quarter	Current Year to Date	Preceding Year to Date
	30.06.2023 RM	30.06.2022 RM	30.06.2023 RM	30.06.2022 RM
Total comprehensive income for the period	5,435,197	5,427,681	10,781,547	10,937,400
Net income for the period is made up as follows:				
-Realised Income	4,775,099	4,615,918	9,468,604	9,307,590
-Unrealised - Unbilled lease income receivable ¹	660,098	811,763	1,312,943	1,629,810
	5,435,197	5,427,681	10,781,547	10,937,400

Earnings per unit (including unrealised income) (sen)

- after manager's fees	2.05	2.65	4.12 [#]	5.35
- before manager's fees	2.38	2.97	4.77 [#]	5.98

Earnings per unit (realised) (sen)

- after manager's fees	1.80	2.26	3.62 [#]	4.55
- before manager's fees	2.13	2.58	4.27 [#]	5.19

Distribution per unit (sen)

- Proposed/Declared	1.75	2.25	3.50	4.45
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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 30.06.2023

← **Undistributed Income** →

	Unitholders ' Capital	Realised	Unrealised	Total
	RM	RM	RM	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 June 2023				
Net income/(loss) for the period	-	9,468,604	1,312,943	10,781,547
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	9,468,604	1,312,943	10,781,547
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)
Listing Expenses	(10,000)	-	-	(10,000)
Increase/ (Decrease) in net assets resulting from unitholders' transactions	13,990,000	(9,502,600)	-	4,487,400
Net assets as at 30 June 2023	288,477,719	5,681,807	56,908,144	351,067,670

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

← Undistributed Income →

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

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
	30.06.2023	30.06.2022
	RM	RM
<u>Cash Flow From Operating Activities</u>		
Income before taxation	10,781,547	10,937,400
Adjustments for:		
Interest income	(845,441)	(190,853)
Interest expense	5,679,584	4,475,663
Operating income before working capital changes	15,615,690	15,222,210
Increase in trade and other receivables	(2,841,225)	(2,550,059)
Increase/ (Decrease) in trade and other payables	2,020,375	(459,533)
Net cash generated from operating activities	14,794,840	12,212,618
<u>Cash Flow From Investing Activity</u>		
Enhancement of investment property	(26,764,990)	(10,236,370)
Interest income	845,441	190,853
Net cash used in investing activity	(25,919,549)	(10,045,517)
<u>Cash Flow From Financing Activities</u>		
Issuance of units via Special Issuance (less listing expenses)	13,990,000	-
Interest paid	(5,679,584)	(4,475,663)
Distribution to unitholders	(9,502,600)	(9,719,720)
Net cash used in financing activities	(1,192,184)	(14,195,383)
Net Decrease in Cash and Cash Equivalents	(12,316,893)	(12,028,282)
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	51,373,207	8,271,745
Cash and bank balances	2,691,891	957,462
Deposits with licensed financial institution	48,681,316	21,246,781
Bank overdraft	-	(13,932,498)
	<u>51,373,207</u>	<u>8,271,745</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 June 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 first 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 January 2023 to 31 March 2023 on 31 May 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 June 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 June 2023	Immediate Preceding Quarter As at 31 March 2023
Net asset value (RM)	351,067,670	350,279,609
Units in circulation (units)	265,550,680	265,550,680
Net asset value per unit (RM)		
- before distribution	1.3220	1.3191
- after distribution	1.3045	1.3016
Market price per unit (RM)	1.39	1.39
Highest traded price per unit during the quarter (RM)	1.41	1.41
Lowest traded price per unit during the quarter (RM)	1.36	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 RM9.20 million compared to the corresponding preceding quarter of RM8.71 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. As a result, net income (realised) for the quarter increased by 3.45% to RM4.78 million, despite a significant increase in trust expenses for the current quarter.

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. The increase in finance costs was due to the Overnight Policy Rate ("OPR") hikes in May 2022, July 2022, September 2022, November 2022 and May 2023.

Six Months Results

For the six months ended 30 June 2023, Atrium REIT recorded a gross revenue of RM18.40 million, a slight increase of 5.8% compared to the corresponding preceding period of RM17.40 million. Net

income (realised) for the period increased by 1.73% as compared to the corresponding preceding period due to the higher gross revenue and other income. 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 significantly 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 in May 2022, July 2022, September 2022 and May 2023. The administrative expenses were significantly lower compared to the corresponding preceding period where additional administrative fees were incurred on the revision of terms of the credit facility.

B4. Comparison with Preceding Quarter

	Current Quarter 01.04.2023 To 30.06.2023 RM	Preceding Quarter 01.01.2023 To 31.03.2023 RM
Gross revenue	9,213,811	9,198,224
Unbilled lease income receivable	660,098	652,845
	9,873,909	9,851,069
Property expenses	(647,980)	(630,199)
Net property income	9,225,929	9,220,870
Interest income	432,382	413,059
Other income	-	827
Total income	9,658,311	9,634,756
Trust expenses	(4,223,114)	(4,288,406)
Income/ (loss) before taxation	5,435,197	5,346,350
Taxation	-	-
Net income/ (loss)	5,435,197	5,346,350
Net income for the financial quarter is made up as follows:		
-Realised income	4,775,099	4,693,505
-Unrealised income/ (loss)	660,098	652,845
	5,435,197	5,346,350

Atrium REIT's net income (realised) for the quarter ended 30 June 2023 was higher compared to the preceding quarter due mainly to step-up in rental income for one of the properties during the current quarter. The property expenses increased slightly due to higher repair and maintenance costs arising from upkeeping of a property in the current quarter whilst the decrease in trust expenses was mainly due to administrative fee incurred on credit facility during the preceding quarter.

B5. Maintenance Costs and Major Capital Expenditure

A total of RM26,764,990 capital expenditure was incurred for the enhancement of Atrium Shah Alam 4 ("ASA4") from the existing factory building to a grade A warehouse facility ("AEI"). The AEI is targeted to obtain CPC ("Certificate of Practical Completion") by 3rd Quarter of 2023.

B6 (a) Economic Outlook

At its meeting on 3 May 2023, the Monetary Policy Committee (MPC) of Bank Negara Malaysia decided to increase the Overnight Policy Rate (OPR) by 25 basis points to 3.00 percent. The ceiling and floor rates of the corridor of the OPR are correspondingly increased to 3.25 percent and 2.75 percent, respectively.

The global economy continues to be driven by resilient domestic demand supported by strong labour market conditions, and a stronger-than-expected rebound of China's economy. Nevertheless, the global economy continues to be weighed down by elevated cost pressures and higher interest rates. Headline inflation continued to moderate, but core inflation has persisted 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 an escalation of geopolitical tensions, higher-than-anticipated inflation outturns, and a sharp tightening in financial market conditions including from further stress in the banking sector.

For the Malaysian economy, latest developments point towards further expansion in economic activity in the first quarter of 2023 after the strong performance in 2022. While exports are expected to moderate, growth in 2023 will be driven by domestic demand. Household spending remains resilient, underpinned by better labour market conditions as unemployment continues to decline to pre-pandemic levels. The pickup in tourist arrivals is expected to lift tourism-related activities. Further progress of multi-year infrastructure projects will support investment activity. Domestic financial conditions also remain conducive to financial intermediation, with no signs of excessive tightening affecting consumption and investment activities. Risks to the domestic growth outlook are relatively balanced. Upside risks mainly emanate from domestic factors such as stronger-than-expected tourism activity and implementation of projects including those from the re-tabled Budget 2023, while downside risks stem from weaker-than-expected global growth and more volatile global financial market conditions.

As expected, headline inflation trended lower in recent months on account of moderating cost factors. Both headline and core inflation are expected to moderate over the course of 2023, averaging between 2.8% – 3.8%. However, core inflation will remain at elevated levels amid firm demand conditions. Existing price controls and fuel subsidies will continue to partly contain the extent of upward pressures to inflation. The balance of risk to the inflation outlook is tilted to the upside and remains highly subject to any changes to domestic policy including on subsidies and price controls, financial market developments, as well as global commodity prices.

With the domestic growth prospects remaining resilient, the MPC judges that it is timely to further normalise the degree of monetary accommodation. With this decision, the MPC has withdrawn the monetary stimulus intended to address the COVID-19 crisis in promoting economic recovery. In light of the continued strength of the Malaysian economy, the MPC also recognises the need to ensure that the stance of monetary policy is appropriate to prevent the risk of future financial imbalances. At the current level, the monetary policy stance is slightly accommodative and remains supportive of the economy. The MPC will continue to ensure that the monetary policy stance remains consistent with the outlook of domestic inflation and growth.

(Source: Bank Negara Malaysia: <https://www.bnm.gov.my/-/monetary-policy-statement-03052023>)

B6 (b) Prospects

The occupancy rate for the Trust's portfolio of properties as at 30 June 2023 is 100% save and except for Atrium Shah Alam 4 ("ASA4"), which is currently undergoing a major AEI. The Manager has secured a lessee for ASA4 and the lease shall commence upon the completion of the AEI.

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 June 2023, the portfolio composition of Atrium REIT is as follows:

Investments in Real Estates

Description of property	Tenure of land	Occupancy rate as at 30.06.2023	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	100,928	62,500	89,265	25%
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%
				458,826	542,800	569,565	

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	55.6	-	28.8	34.1	[#] By 30 June 2024
Defray estimated expenses relating to the Private Placement	0.9	0.9	-	-	-	Completed
Total	85.3	56.5	-	28.8	33.8	

[#]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.

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 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 June 2023 RM	As at 31 March 2023 RM
Trade receivables		
Third parties	16,000	125,222
Less: Impairment losses	-	-
Total trade receivables	<u>16,000</u>	<u>125,222</u>
Other receivables, deposits and prepayments	<u>7,406,811</u>	<u>6,969,717</u>
Receivables, Deposits and Prepayments	<u><u>7,422,811</u></u>	<u><u>7,094,939</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	16,000				16,000
Total	16,000				16,000

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 June 2023 RM	As at 31 March 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 June 2023, the Manager has declared a second interim income distribution of 1.75 sen per unit, amounting to RM4,647,137. The book closure and payment dates in respect of the second interim income distribution have been fixed on 18 August 2023 and 4 September 2023 respectively.

Distributions to unitholders are from the following sources:

	Current Year Quarter 30.06.23 RM	Preceding Year Corresponding Quarter 30.06.22 RM	Current Year To Date 30.06.23 RM	Preceding Year To Date 30.06.22 RM
Rental income (realised)	9,213,811	8,706,021	18,412,035	17,396,455
Interest income	432,382	91,370	845,441	190,853
Other income	-	300	827	300
Total income	9,646,193	8,797,691	19,258,303	17,587,608
Property operating expenses	(647,980)	(651,369)	(1,278,179)	(1,269,409)
Trust expenses	(4,223,114)	(3,530,404)	(8,511,520)	(7,010,609)
Total Expenses	(4,871,094)	(4,181,773)	(9,789,699)	(8,280,018)
Realised income before taxation	4,775,099	4,615,918	9,468,604	9,307,590
Taxation	-	-	-	-
Realised income for the period	4,775,099	4,615,918	9,468,604	9,307,590
Undistributed realised income				
- Previous year's	860,341	870,003	860,341	870,003
- Previous quarter's	46,368	189,907	-	-
Total realised income available for distribution	5,681,808	5,675,828	10,328,945	10,177,593
Declared income distribution	(4,647,137)	(4,604,078)	(9,294,274)	(9,105,843)
Balance undistributed realised income	1,034,671	1,071,750	1,034,671	1,071,750
Distribution per unit (sen)				
- Declared	1.75	2.25	3.50	4.45

B.19 Earnings Per Unit

	Current Year Quarter ended 30 June 2023	Corresponding Quarter ended 30 June 2022	Year to Date ended 30 June 2023	Year to Date ended 30 June 2022
Units in circulation (units)	265,550,680	204,625,680	265,550,680	245,550,680
Weighted average units in circulation (units)	265,550,680	204,625,680	261,904,271	204,625,680
Net Income for the period (including unrealised income/) (RM)	5,435,197	5,427,681	10,781,547	10,937,400
Net Income for the period (realised) (RM)	4,775,099	4,615,918	9,468,604	9,307,590
Earnings/ per unit (including unrealised income) (sen)				
- after manager's fees	2.05	2.65	4.12	5.35
- before manager's fees	2.38	2.97	4.77	5.98
Earnings per unit (realised) (RM)				
- after Manager's fees	1.80	2.26	3.62	4.55
- before Manager's fees	2.13	2.58	4.27	5.19

B20. Responsibility Statement

In the opinion of the Directors of the Manager, this quarterly report has been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Atrium REIT as at 30 June 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 3 August 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: 3 August 2023