



ATRIUM REAL ESTATE INVESTMENT TRUST

Condensed Financial Statements

First Quarter Ended 31 March 2020

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ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION

| | (Unaudited) As at 31.03.2020 RM | (Audited) As at 31.12.2019 RM |
|--|--|--|
| ASSETS | | |
| Non-current asset | | |
| Investment properties | 410,300,000 | 410,300,000 |
| Current assets | | |
| Trade and other receivables | 16,532,079 | 13,479,037 |
| Deposits with licensed financial institution | 37,466,292 | 39,642,506 |
| Bank balance | 1,571,482 | 691,180 |
| | <u>55,569,853</u> | <u>53,812,723</u> |
| TOTAL ASSETS | <u>465,869,853</u> | <u>464,112,723</u> |
| LIABILITIES | | |
| Non-current liabilities | | |
| Trade and other payables | 10,763,665 | 10,763,665 |
| Borrowings | 140,231,130 | 140,231,130 |
| Deferred tax | 7,240,113 | 7,240,113 |
| | <u>158,234,908</u> | <u>158,234,908</u> |
| Current liabilities | | |
| Trade and other payables | 2,912,409 | 2,496,496 |
| Borrowings | 42,483,015 | 41,742,594 |
| | <u>45,395,424</u> | <u>44,239,090</u> |
| TOTAL LIABILITIES | <u>203,630,332</u> | <u>202,473,998</u> |
| NET ASSET VALUE ("NAV") | <u>262,239,521</u> | <u>261,638,725</u> |
| FINANCED BY: | | |
| UNITHOLDERS' FUNDS | | |
| Unitholders' capital | 204,129,835 | 204,129,835 |
| Undistributed income | 58,109,686 | 57,508,890 |
| TOTAL UNITHOLDERS' FUNDS | <u>262,239,521</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 | 1.2816 | 1.2786 |
| - after proposed distribution (Note 1) | 1.2616 | 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 interim income distribution for 2020 of 2.00 sen per unit payable on 30 June 2020.)

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

| | Individual Quarter | | Cumulative Quarter | |
|---|--|--|--|--|
| | Current Year Quarter 31.03.2020 RM | Preceding Year Corresponding Quarter 31.03.2019 RM | Current Year to Date 31.03.2020 RM | Preceding Year to Date 31.03.2019 RM |
| Gross revenue | 7,609,658 | 4,913,161 | 7,609,658 | 4,913,161 |
| Unbilled lease income receivable ¹ | 641,191 | - | 641,191 | - |
| Property operating expenses | 8,250,849 (592,214) | 4,913,161 (489,734) | 8,250,849 (592,214) | 4,913,161 (489,734) |
| Net rental income | 7,658,635 | 4,423,427 | 7,658,635 | 4,423,427 |
| Interest income | 290,004 | 14,109 | 290,004 | 14,109 |
| Total net income | 7,948,639 | 4,437,536 | 7,948,639 | 4,437,536 |
| Trust expenses | | | | |
| Manager's fees | (518,779) | (357,545) | (518,779) | (357,545) |
| Trustee's fees | (51,878) | (35,755) | (51,878) | (35,755) |
| Auditors' fees | (10,001) | (7,500) | (10,001) | (7,500) |
| Tax agent's fees | (1,560) | (1,380) | (1,560) | (1,380) |
| Finance costs | (1,755,905) | (1,193,085) | (1,755,905) | (1,193,085) |
| Valuation fees | - | (20,849) | - | (20,849) |
| Administrative expenses | (352,193) | (280,860) | (352,193) | (280,860) |
| Others | (94,375) | (55,053) | (94,375) | (55,053) |
| Total Expenses | (2,784,691) | (1,952,027) | (2,784,691) | (1,952,027) |
| Income before taxation | 5,163,948 | 2,485,509 | 5,163,948 | 2,485,509 |
| Taxation | - | - | - | - |
| Net (loss)/income for the period | 5,163,948 | 2,485,509 | 5,163,948 | 2,485,509 |

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 31.03.2020 RM | Preceding Year Corresponding Quarter 31.03.2019 RM | Current Year to Date 31.03.2020 RM | Preceding Year to Date 31.03.2019 RM |
| Total comprehensive (loss)/income for the period | 5,163,948 | 2,485,509 | 5,163,948 | 2,485,509 |
| Net income for the period is made up as follows: | | | | |
| -Realised Income | 4,522,757 | 2,485,509 | 4,522,757 | 2,485,509 |
| -Unrealised - Unbilled lease income receivable ¹ | 641,191 | - | 641,191 | - |
| | 5,163,948 | 2,485,509 | 5,163,948 | 2,485,509 |
| Earnings per unit (including unrealised income) (sen) | | | | |
| - after manager's fees | 2.52 | 2.04 | 2.52 | 2.04 |
| - before manager's fees | 2.78 | 2.33 | 2.78 | 2.33 |
| Earnings per unit (realised) (sen) | | | | |
| - after manager's fees | 2.21 | 2.04 | 2.21 | 2.04 |
| - before manager's fees | 2.46 | 2.33 | 2.46 | 2.33 |
| Distribution per unit (sen) | | | | |
| - Proposed/Declared | 2.00 | 1.40 | 2.00 | 1.40 |

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.

ATRIUM REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (UNAUDITED)

For The Period from 01.01.2020 to 31.03.2020

| | ← 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 March 2020 | | | | |
| Net income for the period | - | 4,522,757 | 641,191 | 5,163,948 |
| Other comprehensive income, net of tax | - | - | - | - |
| Total comprehensive income | - | 4,522,757 | 641,191 | 5,163,948 |
| Unitholders' transactions | | | | |
| Distributions to unitholders - 2019 final | - | (4,563,152) | - | (4,563,152) |
| Decrease in net assets resulting from unitholders' transactions | - | (4,563,152) | - | (4,563,152) |
| Net assets as at 31 March 2020 | <u>204,129,835</u> | <u>4,992,668</u> | <u>53,117,018</u> | <u>262,239,521</u> |

ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (AUDITED)
For The Period from 01.01.2019 to 31.03.2019

| | ← 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 March 2019 | | | | |
| Net income for the period | - | 2,485,509 | - | 2,485,509 |
| Other comprehensive income, net of tax | - | - | - | - |
| Total comprehensive income | - | 2,485,509 | - | 2,485,509 |
| Unitholders' transactions | | | | |
| Distributions to unitholders | | | | |
| - 2018 final | - | (2,557,821) | - | (2,557,821) |
| - 2019 Interim | - | (1,705,214) | - | (1,705,214) |
| Decrease in net assets resulting from unitholders' transactions | - | (4,263,035) | - | (4,263,035) |
| Net assets as at 31 March 2019 | <u>119,351,580</u> | <u>1,372,683</u> | <u>60,101,134</u> | <u>180,825,397</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 31.03.2020

| | (Unaudited) 01.01.2020 to 31.03.2020 RM | (Audited) 01.01.2019 to 31.12.2019 RM |
|---|--|--|
| <u>Cash Flow From Operating Activities</u> | | |
| Income before taxation | 5,163,948 | 10,730,176 |
| Adjustments for: | | |
| Changes in fair value of investment properties | - | 991,155 |
| Interest income | (290,004) | (529,327) |
| Interest expense | 1,755,905 | 5,453,098 |
| Operating income before working capital changes | 6,629,849 | 16,645,102 |
| Increase in trade and other receivables | (3,053,042) | (9,444,487) |
| Increase in trade and other payables | 415,913 | 3,939,760 |
| Net cash generated from operating activities | 3,992,720 | 11,140,375 |
| <u>Cash Flow From Investing Activity</u> | | |
| Acquisition of investment property | - | (41,640,048) |
| Enhancement of investment property | - | (2,051,107) |
| Interest income | 290,004 | 529,327 |
| Net cash used in investing activity | 290,004 | (43,161,828) |
| <u>Cash Flow From Financing Activities</u> | | |
| Interest paid | (1,755,905) | (5,453,098) |
| Distribution to unitholders | (4,563,152) | (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 in)/generated from financing activities | (6,319,057) | 90,092,641 |
| Net (Decrease)/Increase in Cash and Cash Equivalents | (2,036,333) | 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 | 36,154,759 | 38,191,092 |
| <u>Cash and Cash Equivalents</u> | | |
| Cash and bank balances | 1,571,482 | 691,180 |
| Deposits with licensed financial institution | 37,466,292 | 39,642,506 |
| Bank Overdraft | (2,883,015) | (2,142,594) |
| | <u>36,154,759</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 March 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.

A7. Income Distribution

During the quarter under review, Atrium REIT paid a final distribution of 2.23 sen per unit, amounting to RM4,563,152.66 in respect of the realised income for the period from 1 October 2019 to 31 December 2019 on 9 March 2020.

Based on the first quarter’s results ended 31 March 2020, there will be an interim distribution of 2.00 sen per unit, amounting to RM4,092,513.60 to be payable on 30 June 2020.

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.

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 Acquisitions

- On 11 November 2019, Pacific Trustees Berhad, on behalf of Atrium REIT entered into SPA 1 with Lumileds to acquire Property 1 for a cash consideration of RM50.0 million. Concurrently with the execution of SPA 1, the Trustee and Lumileds also entered and signed in escrow the Leaseback Agreement 1. The Leaseback Agreement 1 will commence upon the completion date of SPA 1 for a term of 15 years on a triple net basis. This proposed acquisition is expected to be completed in the third quarter of 2020.
- On 27 December 2019 Pacific Trustees Berhad, on behalf of Atrium REIT 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. This proposed acquisition is expected to be completed in the third quarter of 2020.

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 March 2020 | Immediate Preceding Quarter As at 31 December 2019 |
|---|--|---|
| Net asset value (RM) | 262,239,521 | 261,638,725 |
| Units in circulation (units) | 204,625,680 | 204,625,680 |
| Net asset value per unit (RM) | | |
| - before distribution | 1.2816 | 1.2786 |
| - after distribution | 1.2616 | 1.2563 |
| Market price per unit (RM) | 0.92 | 1.04 |
| Highest traded price per unit during the quarter (RM) | 1.11 | 1.07 |
| Lowest traded price per unit during the quarter (RM) | 0.81 | 1.02 |

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 substantially to RM7,609,658 compared to the last corresponding quarter of RM4,913,161. Income before taxation (realised) for the quarter increased by 107.8% as compared to the last corresponding quarter due to the higher gross revenue and interest income even though the trust expenses were much higher. Gross revenue increased substantially mainly due to the rental income from Atrium Bayan Lepas 2 ("ABL2") which commenced in October 2019 whilst interest income increased due to the higher deposits in the short term money market.

The trust expenses were higher compared to the last corresponding quarter mainly due to the higher Manager's fees, finance costs and administrative expenses. 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 exercise. Finance costs increased due to the drawdown of the Tranche 2 of the MTN programme to finance the acquisition of ABL2. The administrative expenses increased due to bank commission for a Bank Guarantee facility, security and facility agents' fees for the MTN programme. The Bank Guarantee was in favour of Penang Development Corporation for the consent fee to transfer Lumileds Plant 1

B4. Comparison with Preceding Quarter

| | Current Quarter 01.01.2020 To 31.03.2020 RM | Preceding Quarter 01.10.2019 To 31.12.2019 RM |
|---|--|--|
| Gross revenue | 7,609,658 | 7,609,658 |
| Unbilled lease income receivable | 641,191 | 605,961 |
| | 8,250,849 | 8,215,619 |
| Property expenses | (592,214) | (81,808) |
| Net property income | 7,658,635 | 8,133,811 |
| Interest income | 290,004 | 325,298 |
| Change in Fair Value of Investment Properties | - | (911,155) |
| Total income | 7,948,639 | 7,467,954 |
| Trust expenses | (2,784,691) | (3,322,670) |
| Income before taxation | 5,163,948 | 4,145,284 |
| Taxation | - | (7,240,113) |
| Net (loss)/ income | 5,163,948 | (3,094,829) |
| Net income/(loss) for the financial quarter is made up as follows: | | |
| -Realised income | 4,522,757 | 4,530,478 |
| -Unrealised income/(loss) | 641,191 | (7,625,307) |
| | 5,163,948 | (3,094,829) |

There were no significant changes in the Atrium REIT's net income (realised) for the quarter ended 31 March 2020 as compared to the preceding quarter.

B5. Maintenance Costs and Major Capital Expenditure

No capital expenditure was recognized/incurred during the quarter under review.

B6. Prospects

The global and Malaysian economic outlook for 2020 will be significantly impacted by the COVID-19 pandemic as strict measures to contain the spread of the pandemic, will weigh considerably on both external demand and domestic growth. The Malaysian economy is expected to contract in the second quarter. This reflects the longer duration of containment measures both globally and domestically. As these containment measures are eased and the domestic MCO is lifted, economic activity is expected to gradually improve in 2H 2020. The sizeable fiscal, monetary and financial measures and progress in transport-related public infrastructure projects will provide further support to growth in 2H 2020. In line with the projected improvement in global growth, the Malaysian economy is expected to register a positive recovery in 2021.

(Source: Bank Negara Malaysia)

Atrium USJ-Block A

The tenant, SAF Holland (Malaysia) Sdn Bhd, has informed the Manager that they will not be renewing the tenancy which is expiring on 31 August 2020. The Manager has engaged agents to market the space and expects a replacement tenant to be found during the financial year, due to the size and prime location of the property

The occupancy rate for the Trust's portfolio of properties as at 31 March 2020 was 100%. Save and except Atrium USJ-Block A, the Manager expects the Trust's remaining portfolio of properties to maintain at 100% occupancy for the financial year.

The Manager expects the Trust's performance to be sustainable for this financial year with the full year contribution from Atrium Bayan Lepas 2 which was acquired on 7 October 2019 and the positive contribution from the acquisition of Lumileds Plant 1 that is expected to be completed by the third quarter of this financial year.

B7. Portfolio Composition

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

Investments in Real Estates

| Description of property | Tenure of land | Occupancy rate as at 31.03.2020 % | 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 | 31.10.2019 | 59,899 | 90,800 | 90,800 | 34.6 |
| Atrium Shah Alam 2 | Freehold | 100 | 31.10.2019 | 64,491 | 78,600 | 78,600 | 30.0 |
| Atrium Shah Alam 3 | Freehold | 100 | 01.11.2019 | 31,156 | 29,500 | 29,500 | 11.2 |
| Atrium Bayan Lepas 2 | Leasehold | 100 | 30.08.2019 | 131,240 | 120,000 | 120,000 | 45.8 |
| Atrium Puchong | Freehold | 100 | 04.11.2019 | 39,044 | 53,200 | 53,200 | 20.3 |
| Atrium USJ | Freehold | 100 | 04.11.2019 | 25,000 | 38,200 | 38,200 | 14.6 |
| | | | | <hr/> | | <hr/> | |
| | | | | 351,190 | | 410,300 | |

B8. Utilisation of Proceeds Raised from Issuance of New Units**Placement of 24,360,200 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 | 26.2 | 12.2 | - | 14.0 | 53.4 | Within 15 months* |
| Defray estimated expenses relating to the Placement | 0.6 | 0.6 | - | - | - | Within 1 month |
| Total | 26.8 | 12.8 | - | 14.0 | 52.2 | |

* The Board of the Manager has resolved to extend the timeframe for the utilisation of proceeds which have been earmarked to part finance the proposed acquisition of Lumileds properties for an additional 9 months to 3 July 2020 due to the Movement Control Order imposed by the Government.

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 | 33.5 | - | 24.7 | 42.4 | Within 9 months |
| Defray estimated expenses relating to the Rights Issue | 1.4 | 1.4 | - | - | - | Within 1 month |
| Total | 59.6 | 34.9 | - | 24.7 | 41.4 | |

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 Trustees 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.

During the case management on 2 March 2020, our lawyers informed the Court that the Defendant had served them with the Notice of Change of Solicitors on 5 February 2020. The Defendant's counsel sought the Court's instructions for them to revert on the draft index of common bundle of documents and issues to be tried.

The Court took note of the above and directed as follows:-

(a) parties are to file (i) common bundle of documents; and (ii) issues to be tried on or before 10 April 2020; and

(b) further directions on filing of the list of witnesses and witness statements will be given on the next case management which was fixed on 10 April 2020.

Due to the Movement Control Order and the closure of all courts the case management fixed on 10 April was adjourned to 22 June 2020.

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 March 2020 | As at 31 December 2019 |
|--|--------------------------------|-----------------------------------|
| | RM | RM |
| Trade receivables | | |
| Third parties | 2,820,605 | 2,234,824 |
| Less: Impairment losses | (1,390,344) | (1,390,344) |
| Total trade receivables | 1,430,261 | 844,480 |
| Other receivables, deposits and prepayments | 15,101,818 | 12,634,557 |
| Trade and Other Receivables | 16,532,079 | 13,479,037 |

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 to the latest accounting standards. The Manager has commenced legal proceedings against the said debtor and is of the opinion that the potential recovery of the outstanding impaired amount is good.

Included in other receivables, deposits and prepayments is the amount of RM9.5 million paid as deposits for new properties 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 | 2,820,605 | 9,908 | 560,625 | 0 | 2,250,072 |
| TOTAL | 2,820,605 | 9,908 | 560,625 | 0 | 2,250,072 |

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 March 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 March 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 March 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 | 2,883,015 | 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 2 | 87,000,000 | 87,000,000 |
| | 182,714,145 | 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) | 7,609,658 | 4,913,161 | 7,609,658 | 4,913,161 |
| Interest income | 290,004 | 14,109 | 290,004 | 14,109 |
| Total income | 7,899,662 | 4,927,270 | 7,899,662 | 4,927,270 |
| Property operating expenses | (592,214) | (489,734) | (592,214) | (489,734) |
| Trust expenses | (2,784,691) | (1,952,027) | (2,784,691) | (1,952,027) |
| Total Expenses | (3,376,905) | (2,441,761) | (3,376,905) | (2,441,761) |
| Realised income before taxation | 4,522,757 | 2,485,509 | 4,522,757 | 2,485,509 |
| Taxation | - | - | - | - |
| Realised income for the period | 4,522,757 | 2,485,509 | 4,522,757 | 2,485,509 |
| Undistributed realised income | | | | |
| - Previous year's | 469,910 | 592,388 | 469,910 | 592,388 |
| - Previous quarter's | - | - | - | - |
| Total realised income available for distribution | 4,992,667 | 3,077,897 | 4,992,667 | 3,077,897 |
| Proposed/declared income distribution | (4,092,513) | (1,705,214) | (4,092,513) | (1,705,214) |
| Balance undistributed realised income | 900,154 | 1,372,683 | 900,154 | 1,372,683 |
| Distribution per unit (sen) | | | | |
| - Proposed/Declared | 2.00 | 1.40 | 2.00 | 1.40 |

B.19 Earnings Per Unit

| | Current Quarter ended 31 March 2020 | Corresponding Quarter ended 31 March 2019 |
|--|--|--|
| Units in circulation (units) | 204,625,680 | 121,801,000 |
| Weighted Average units in circulation (units) | 204,625,680 | 121,801,000 |
| Net Income/(Loss) for the period (including unrealised income/expenses) (RM) | 5,163,948 | 2,485,509 |
| Net Income for the period (realised) (RM) | 4,522,757 | 2,485,509 |
| Earnings/(Loss) per unit (including unrealised income/expenses) (sen) | | |
| - after manager's fees | 2.52 | 2.04 |
| - before manager's fees | 2.78 | 2.33 |
| Earnings per unit (realised) (RM) | | |
| - after Manager's fees | 2.21 | 2.04 |
| - before Manager's fees | 2.46 | 2.33 |

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 March 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 28 May 2020.

By Order of the Board

WONG SUI EE
Executive Director
Atrium REIT Managers Sdn Bhd
Company No: 710526-V
(As the Manager of Atrium Real Estate Investment Trust)
Kuala Lumpur
Dated: 28 May 2020