



## **ATRIUM REAL ESTATE INVESTMENT TRUST**

# **Condensed Financial Statements**

**Second Quarter Ended 30 June 2021**

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**ATRIUM REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**

|  | (Unaudited)<br>As at<br>30.06.2021<br>RM | (Audited)<br>As at<br>31.12.2020<br>RM |
|--|--|--|
| <b>ASSETS</b>                                  |  |  |
| <b>Non-current asset</b>                       |  |  |
| Investment properties                          | 505,376,753                              | 460,376,753                            |
| Investment properties - accrued lease income   | 3,323,247                                | 3,323,247                              |
|  | <u>508,700,000</u>                       | <u>463,700,000</u>                     |
| <b>Current assets</b>                          |  |  |
| Receivables, deposits and prepayments          | 8,412,563                                | 9,630,507                              |
| Deposits with licensed financial institution   | 23,743,206                               | 30,385,550                             |
| Bank balance                                   | 1,069,874                                | 861,407                                |
|  | <u>33,225,643</u>                        | <u>40,877,464</u>                      |
| <b>TOTAL ASSETS</b>                            | <u>541,925,643</u>                       | <u>504,577,464</u>                     |
| <b>LIABILITIES</b>                             |  |  |
| <b>Non-current liabilities</b>                 |  |  |
| Tenant's deposits                              | 12,177,729                               | 9,225,474                              |
| Borrowings                                     | 211,231,130                              | 175,231,130                            |
| Deferred tax                                   | 7,392,942                                | 7,392,942                              |
|  | <u>230,801,801</u>                       | <u>191,849,546</u>                     |
| <b>Current liabilities</b>                     |  |  |
| Payables and accruals                          | 3,731,798                                | 7,371,682                              |
| Borrowings                                     | 40,951,512                               | 39,600,000                             |
|  | <u>44,683,310</u>                        | <u>46,971,682</u>                      |
| <b>TOTAL LIABILITIES</b>                       | <u>275,485,111</u>                       | <u>238,821,228</u>                     |
| <b>NET ASSET VALUE ("NAV")</b>                 | <u>266,440,532</u>                       | <u>265,756,236</u>                     |
| <b>FINANCED BY:</b>                            |  |  |
| <b>UNITHOLDERS' FUNDS</b>                      |  |  |
| Unitholders' capital                           | 204,129,835                              | 204,129,835                            |
| Undistributed income                           | 62,310,697                               | 61,626,401                             |
| <b>TOTAL UNITHOLDERS' FUNDS</b>                | <u>266,440,532</u>                       | <u>265,756,236</u>                     |
| <b>NUMBERS OF UNITS IN CIRCULATION (UNITS)</b> | <u>204,625,680</u>                       | <u>204,625,680</u>                     |
| <b>NAV PER UNIT (RM)</b>                       |  |  |
| - before proposed distribution                 | 1.3021                                   | 1.2987                                 |
| - after proposed distribution (Note 1)         | 1.2801                                   | 1.2687                                 |

The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2020 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 2021 of 2.20 sen per unit payable on 30 August 2021)*

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

|   | <b>Individual Quarter</b>                         |   | <b>Cumulative Quarter</b>                         |   |
|---|---|---|---|---|
|   | <b>Current Year Quarter<br/>30.06.2021<br/>RM</b> | <b>Preceding Year Corresponding Quarter<br/>30.06.2020<br/>RM</b> | <b>Current Year to Date<br/>30.06.2021<br/>RM</b> | <b>Preceding Year to Date<br/>30.06.2020<br/>RM</b> |
| Gross revenue                                 | 8,863,533   | 7,609,659   | 17,685,375  | 15,219,317  |
| Unbilled lease income receivable <sup>1</sup> | 871,097   | 641,191   | 1,697,145   | 1,282,383   |
|   | 9,734,630   | 8,250,850   | 19,382,520  | 16,501,700  |
| Property operating expenses                   | (691,227)   | (688,709)   | (1,245,334)                                       | (1,280,923)   |
| <b>Net rental income</b>                      | <b>9,043,403</b>                                  | <b>7,562,141</b>  | <b>18,137,186</b>                                 | <b>15,220,777</b>                                   |
| Interest income                               | 106,933   | 219,616   | 212,101   | 509,620   |
| Other income                                  | 300,000   | -   | 500,000   | -   |
| <b>Total income</b>                           | <b>9,450,336</b>                                  | <b>7,781,757</b>  | <b>18,849,287</b>                                 | <b>15,730,397</b>                                   |
| <b>Trust expenses</b>                         |   |   |   |   |
| Manager's fees                                | (527,083)   | (523,258)   | (1,048,133)                                       | (1,042,037)   |
| Trustee's fees                                | (52,708)  | (52,326)  | (104,813)   | (104,204)   |
| Auditors' fees                                | (9,000)   | (8,001)   | (18,000)  | (18,002)  |
| Tax agent's fees                              | (2,960)   | (1,470)   | (4,330)   | (3,030)   |
| Finance costs                                 | (2,160,400)                                       | (1,807,254)   | (3,804,163)                                       | (3,563,159)   |
| Administrative expenses                       | (1,251,706)                                       | (198,821)   | (1,802,240)                                       | (552,451)   |
| Others  | (40,000)  | (80,044)  | (128,900)   | (189,419)   |
| <b>Total Expenses</b>                         | <b>(4,043,857)</b>                                | <b>(2,671,174)</b>  | <b>(6,910,579)</b>                                | <b>(5,472,302)</b>                                  |
| <b>Income before taxation</b>                 | <b>5,406,479</b>                                  | <b>5,110,583</b>  | <b>11,938,708</b>                                 | <b>10,258,095</b>                                   |
| Taxation                                      | -   | -   | -   | -   |
| <b>Net income for the period</b>              | <b>5,406,479</b>                                  | <b>5,110,583</b>  | <b>11,938,708</b>                                 | <b>10,258,095</b>                                   |

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

|   | <b>Individual Quarter</b>                         |   | <b>Cumulative Quarter</b>                         |   |
|---|---|---|---|---|
|   | <b>Current Year Quarter<br/>30.06.2021<br/>RM</b> | <b>Preceding Year Corresponding Quarter<br/>30.06.2020<br/>RM</b> | <b>Current Year to Date<br/>30.06.2021<br/>RM</b> | <b>Preceding Year to Date<br/>30.06.2020<br/>RM</b> |
| <b>Total comprehensive income for the period</b>            | 5,406,479   | 5,110,583   | 11,938,708  | 10,258,095  |
| <b>Net income for the period is made up as follows:</b>     |   |   |   |   |
| -Realised Income  | 4,535,382   | 4,469,392   | 10,241,563  | 8,975,712   |
| -Unrealised - Unbilled lease income receivable <sup>1</sup> | 871,097   | 641,191   | 1,697,145   | 1,282,383   |
|   | 5,406,479   | 5,110,583   | 11,938,708  | 10,258,095  |

**Earnings per unit (including unrealised income) (sen)**

|                         |      |      |      |      |
|-------------------------|------|------|------|------|
| - after manager's fees  | 2.64 | 2.50 | 5.83 | 5.01 |
| - before manager's fees | 2.90 | 2.75 | 6.35 | 5.52 |

**Earnings per unit (realised) (sen)**

|                         |      |      |      |      |
|-------------------------|------|------|------|------|
| - after manager's fees  | 2.22 | 2.18 | 5.01 | 4.39 |
| - before manager's fees | 2.47 | 2.44 | 5.52 | 4.90 |

**Distribution per unit (sen)**

|                     |      |      |      |      |
|---------------------|------|------|------|------|
| - Proposed/Declared | 2.20 | 2.00 | 4.70 | 4.00 |
|---------------------|------|------|------|------|

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 2020 and the accompanying explanatory notes attached to the financial statements.

<sup>1</sup> 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**  
**UNAUDITED CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE**  
**For The Period from 01.01.2021 to 30.06.2021**

|  | Unitholders'<br>Capital<br>RM | ← Undistributed Income → |                   |                    |
|--|-------------------------------|--------------------------|-------------------|--------------------|
|  |                               | Realised<br>RM           | Unrealised<br>RM  | Total<br>RM        |
| <b>At 1 January 2021</b>   | 204,129,835                   | 6,985,759                | 54,640,642        | 265,756,236        |
| <b>Operations for the period from<br/>- 1 January 2021 to 30 June 2021</b> |                               |                          |                   |                    |
| Net income for the period  | -                             | 10,241,563               | 1,697,145         | 11,938,708         |
| Other comprehensive income, net of tax                                     | -                             | -                        | -                 | -                  |
| Total comprehensive income   | -                             | 10,241,563               | 1,697,145         | 11,938,708         |
| <b>Unitholders' transactions</b>   |                               |                          |                   |                    |
| Distributions to unitholders   |                               |                          |                   |                    |
| - 2020 final   | -                             | (6,138,770)              | -                 | (6,138,770)        |
| - 2021 interim   | -                             | (5,115,642)              | -                 | (5,115,642)        |
| Decrease in net assets resulting from<br>unitholders' transactions         | -                             | (11,254,412)             | -                 | (11,254,412)       |
| <b>Net assets as at 30 June 2021</b>                                       | <u>204,129,835</u>            | <u>5,972,910</u>         | <u>56,337,787</u> | <u>266,440,532</u> |

**ATRIUM REAL ESTATE INVESTMENT TRUST**  
**UNAUDITED CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE**  
**For The Period from 01.01.2020 to 30.06.2020**

|  | ← Undistributed Income →      |                  |                   |                    |
|--|-------------------------------|------------------|-------------------|--------------------|
|  | Unitholders'<br>Capital<br>RM | Realised<br>RM   | Unrealised<br>RM  | Total<br>RM        |
| <b>At 1 January 2020</b>   | 204,129,835                   | 5,033,063        | 52,475,827        | 261,638,725        |
| <b>Operations for the period from<br/>- 1 January 2020 to 30 June 2020</b> |                               |                  |                   |                    |
| Net income for the period  | -                             | 8,975,712        | 1,282,383         | 10,258,095         |
| Other comprehensive income, net of tax                                     | -                             | -                | -                 | -                  |
| Total comprehensive income   | -                             | 8,975,712        | 1,282,383         | 10,258,095         |
| <b>Unitholders' transactions</b>   |                               |                  |                   |                    |
| Distributions to unitholders   |                               |                  |                   |                    |
| - 2019 final   | -                             | (4,563,153)      | -                 | (4,563,153)        |
| - 2020 interim   | -                             | (4,092,514)      | -                 | (4,092,514)        |
| Decrease in net assets resulting from<br>unitholders' transactions         | -                             | (8,655,667)      | -                 | (8,655,667)        |
| <b>Net assets as at 30 June 2020</b>                                       | <u>204,129,835</u>            | <u>5,353,108</u> | <u>53,758,210</u> | <u>263,241,153</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 2020 and the accompanying explanatory notes attached to the financial statements.

**ATRIUM REAL ESTATE INVESTMENT TRUST**  
**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**

|   | <b>Current<br/>Year to Date<br/>30.06.2021<br/>RM</b> | <b>Preceding<br/>Year to Date<br/>30.06.2020<br/>RM</b> |
|---|---|---|
| <b><u>Cash Flow From Operating Activities</u></b>               |   |   |
| Income before taxation  | 11,938,708  | 10,258,095  |
| Adjustments for:  |   |   |
| Interest income   | (212,101)   | (509,620)   |
| Interest expense  | 3,804,163   | 3,563,159   |
| Operating income before working capital changes                 | 15,530,770  | 13,311,634  |
| Decrease/(increase) in trade and other receivables              | 1,217,944   | (14,431,864)  |
| (Decrease)/Increase in trade and other payables                 | (687,629)   | 488,241   |
| Net cash generated from/(used in) operating activities          | 16,061,085  | (631,989)   |
| <b><u>Cash Flow From Investing Activity</u></b>                 |   |   |
| Acquisition of investment property                              | (9,000,000)   | -   |
| Enhancement of investment property                              | -   | -   |
| Interest income   | 212,101   | 509,620   |
| Net cash (used in)/generated from investing activity            | (8,787,899)   | 509,620   |
| <b><u>Cash Flow From Financing Activities</u></b>               |   |   |
| Interest paid   | (3,804,163)   | (3,563,159)   |
| Distribution to unitholders                                     | (11,254,412)  | (8,655,667)   |
| Net cash used in financing activities                           | (15,058,575)  | (12,218,826)  |
| <b>Net Decrease in Cash and Cash Equivalents</b>                | <b>(7,785,389)</b>                                    | <b>(12,341,195)</b>                                     |
| <b>Cash and Cash Equivalents at the Beginning of the Period</b> | <b>31,246,957</b>                                     | <b>38,191,092</b>                                       |
| <b>Cash and Cash Equivalents at the End of the Period</b>       | <b>23,461,568</b>                                     | <b>25,849,897</b>                                       |
| <b><u>Cash and Cash Equivalents</u></b>                         |   |   |
| Cash and bank balances  | 1,069,874   | 2,323,988   |
| Deposits with licensed financial institution                    | 23,743,206  | 27,736,553  |
| Bank Overdraft  | (1,351,512)   | (4,210,644)   |
|   | <u>23,461,568</u>                                     | <u>25,849,897</u>                                       |

The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2020 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 2021**

**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 2020.

**A2. Audit Report of Preceding Financial Year Ended 31 December 2020**

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 an interim distribution of 2.50 sen per unit, amounting to RM5,115,642 in respect of the realised income for the period from 1 January 2021 to 31 March 2021 on 2 June 2021.

Based on the 2<sup>nd</sup> quarter’s results ended 30 June 2021, there will be an interim distribution of 2.20 sen per unit, amounting to RM4,501,764.96, to be payable on 30 August 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.

#### **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 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**

|   | <b>Current Quarter<br/>As at<br/>30 June 2021</b> | <b>Immediate Preceding<br/>Quarter<br/>As at<br/>31 March 2021</b> |
|---|---|--|
| Net asset value (RM)                                  | 266,440,532                                       | 266,149,695  |
| Units in circulation (units)                          | 204,625,680                                       | 204,625,680  |
| Net asset value per unit (RM)                         |   |  |
| - before distribution                                 | 1.3021  | 1.3007   |
| - after distribution                                  | 1.2801  | 1.2757   |
| Market price per unit (RM)                            | 1.50  | 1.34   |
| Highest traded price per unit during the quarter (RM) | 1.58  | 1.36   |
| Lowest traded price per unit during the quarter (RM)  | 1.34  | 1.14   |

#### **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 RM8.86 million compared to the last corresponding quarter of RM7.61 million. Net income (realised) for the quarter increased by 1.48% to RM4.54 million due mainly to the higher gross revenue and other income. The increase in gross revenue was due mainly to the rental income from Atrium Bayan Lepas 1 ("ABL1") which commenced in October 2020. Other income was from the partial settlement amount received from a defaulted trade debtor following a consent judgement reached on 19.1.2021.

Interest income was significantly lower as a result of lower funds and lower interest rates. Finance costs increased due to the issuance of the MTN Tranche 3 in March 2021. The administrative expenses were significantly higher compared with the last corresponding quarter due mainly to the one-off payment of the real estate agents' fees and the amortization of the consent fees for ABL 1 lease with Lumileds Malaysia Sdn Bhd. The real estate agents' fees were for the securing of a new lessee and a new tenant for Atrium Shah Alam 1 ("ASA1") and Atrium USJ-Block B ("AUSJ") respectively.

## Six Months Results

For the six months ended 30 June 2021, Atrium REIT recorded a gross revenue of RM17.69 million, an increase of 16.20% compared to the last corresponding period of RM15.22 million. Net income (realised) for the period increased by 14.10% as compared to the last corresponding period was due mainly to the higher gross revenue and other income. Gross revenue increased mainly due to the rental income from ABL 1 which commenced in October 2020 whilst other income increased due to the partial settlement amount received from a defaulted trade debtor following a consent judgement reached on 19.1.2021.

Interest income was significantly lower as a result of lower funds and lower interest rates. The trust expenses were higher compared to the last corresponding period mainly due to the higher finance costs and administrative expenses. The increase in finance costs was due to the issuance of the MTN Tranche 3 in March 2021 whilst the administrative expenses were significantly higher due mainly to the one-off payment of the real estate agents' fees and the amortization of the consent fees for ABL 1 lease with Lumileds Malaysia Sdn Bhd. The real estate agents' fees were for the securing of a new lessee and tenant for ASA 1 and AUSJ respectively.

### **B4. Comparison with Preceding Quarter**

|                                  | <b>Current Quarter<br/>01.04.2021<br/>To<br/>30.06.2021<br/>RM</b> | <b>Preceding Quarter<br/>01.01.2021<br/>To<br/>31.03.2021<br/>RM</b> |
|----------------------------------|--|--|
| Gross revenue                    | 8,863,533  | 8,821,842  |
| Unbilled lease income receivable | 871,097  | 826,048  |
|                                  | <hr/> 9,734,630  | <hr/> 9,647,890  |
| Property expenses                | (691,227)  | (554,107)  |
|                                  | <hr/> 9,043,403  | <hr/> 9,093,783  |
| <b>Net property income</b>       | 9,043,403  | 9,093,783  |
| Interest income                  | 106,933  | 105,168  |
| Other income                     | 300,000  | 200,000  |
|                                  | <hr/> 9,450,336  | <hr/> 9,398,951  |
| <b>Total income</b>              | 9,450,336  | 9,398,951  |
| Trust expenses                   | (4,043,857)  | (2,866,722)  |
|                                  | <hr/> 5,406,479  | <hr/> 6,532,229  |
| <b>Income before taxation</b>    | 5,406,479  | 6,532,229  |
| Taxation                         | -  | -  |
|                                  | <hr/> 5,406,479  | <hr/> 6,532,229  |
| <b>Net income</b>                | 5,406,479  | 6,532,229  |

|  |           |           |
|--|-----------|-----------|
| <b>Net income for the financial quarter is made up as follows:</b> |           |           |
| -Realised income   | 4,535,382 | 5,706,181 |
| -Unrealised income   | 871,097   | 826,048   |
|  | 5,406,479 | 6,532,229 |

Atrium REIT's net income (realised) for the quarter ended 30 June 2021 was lower compared to the preceding quarter due mainly to the increase in trust expenses. Trust expenses increased significantly due to the one-off payment of the real estate agents' fees and the increase in finance costs. The real estate agents' fees was for the securing of a new lessee and tenant for ASA 1 and AUJ respectively, whilst the increase in finance costs was due to the issuance of the MTN Tranche 3 in March 2021. Other income was from the partial settlement amount received from a defaulted trade debtor following a consent judgement reached on 19.1.2021.

#### **B5. Maintenance Costs and Major Capital Expenditure**

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

#### **B6(a). Economic Outlook**

The global economic recovery has strengthened further, supported by improvements in manufacturing and services activity. The pace of recovery, however, varies across countries. Economies making better progress in their vaccination programmes have been able to ease containment measures, enabling a swift recovery in domestic activity. In several advanced economies, sizeable fiscal and monetary measures are also supporting a stronger recovery momentum, although activities in some economies are disrupted by tighter containment measures to curb COVID-19 resurgences. Financial conditions remain supportive of growth. Overall, the balance of risks to the growth outlook remains tilted to the downside, due mainly to uncertainty over the path of the pandemic as well as potential risks of heightened financial market volatility.

For the Malaysian economy, better-than-expected economic activity in the first quarter of 2021 continued into April, as reflected by latest indicators, particularly on exports, retail spending and labour market conditions. The re-imposition of nation-wide containment measures to curb the resurgence in COVID-19 cases, however, will dampen the growth momentum. The degree of impact to the economy is highly dependent on the stringency and duration of containment measures. Nevertheless, continued allowances for essential economic sectors to operate, albeit at a reduced capacity, and higher adaptability to remote work, automation and digitalisation will partly mitigate the impact of restrictions. The various policy support packages will alleviate some of the financial burdens of households and businesses. Favourable external demand conditions will continue to provide a lift to growth. Going forward, the gradual relaxation of containment measures, alongside the rapid progress of the domestic vaccination programme and continued strength in external demand will provide support for the growth recovery into 2022. The growth outlook, however, remains subject to significant downside risks, due mainly to factors that could lead to a delay in the easing of containment measures or imposition of tighter containment measures, and a weaker-than-expected global growth recovery. The materialisation of these risks could undermine the growth recovery.

*(Source: Bank Negara Malaysia)*

## B6(b). Prospects

### Atrium Shah Alam 1

Ninja Logistics has taken vacant possession of the premises upon expiry of the lease agreement with Marelli Motori Asia on 31 May 2021. The new lease will be for a period of 6 years and commenced on 1 June 2021.

The Manager remains cautious due to the uncertainties surrounding the economic recovery as a result of the current Covid-19 pandemic. Despite the uncertainties and the challenging market conditions, Atrium REIT's portfolio of properties remain resilient and is expected to continue delivering sustainable performance for the rest of the financial year ending 31 December 2021.

The occupancy rate for the Trust's portfolio of properties as at 30 June 2021 was 100% save and except Atrium Shah Alam 4 ("ASA4"), which is currently untenanted as the Manager is currently undertaking a major Asset Enhancement Initiative to upgrade the existing factory building to a grade A warehouse facility.

## B7. Portfolio Composition

As at 30 June 2021, the portfolio composition of Atrium REIT is as follows:

### Investments in Real Estates

| Description of property | Tenure of land | Occupancy rate as at 30.06.2021 % | 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                    | 34.3%                                     |
| Atrium Shah Alam 2      | Freehold       | 100                               | 26.11.2020        | 64,491                    | 78,700                  | 78,700                    | 29.5%                                     |
| Atrium Shah Alam 3      | Freehold       | 100                               | 23.11.2020        | 31,156                    | 29,600                  | 29,600                    | 11.1%                                     |
| Atrium Shah Alam 4      | Leasehold      | 0                                 | 01.08.2019        | 45,000                    | 45,800                  | 45,000                    | 16.9%                                     |
| Atrium Puchong          | Freehold       | 100                               | 27.11.2020        | 39,044                    | 53,400                  | 53,400                    | 20.0%                                     |
| Atrium USJ              | Freehold       | 100                               | 25.11.2020        | 25,000                    | 38,200                  | 38,200                    | 14.3%                                     |
| Atrium Bayan Lepas 1    | Leasehold      | 100                               | 15.12.2020        | 50,371                    | 51,000                  | 51,000                    | 19.1%                                     |
| Atrium Bayan Lepas 2    | Leasehold      | 100                               | 15.12.2020        | 131,240                   | 121,500                 | 121,500                   | 45.6%                                     |
|                         |                |                                   |                   | 446,306                   | 508,700                 | 508,700                   |   |

## 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                              | 36.1                            | -                      | 22.1         | 38.0        | Within 27 months <sup>#</sup>                              |
| Defray estimated expenses relating to the Rights Issue                            | 1.4                               | 1.4                             | -                      | -            | -           | Within 1 month   |
| <b>Total</b>  | <b>59.6</b>                       | <b>37.5</b>                     | <b>-</b>               | <b>22.1</b>  | <b>37.1</b> |  |

# 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 June 2021 were further delayed as a result of the imposition of MCO 3.0. In view of this, the Board has resolved to extend the timeframe for the utilisation of proceeds for an additional 6 months to 31 December 2021.

## B9. Status of Corporate Proposal

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

## B10. Material Litigation

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

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. The Manager is of the view that the claim is not expected to have a material financial or operational impact on Atrium REIT for the financial year ending 31 December 2021.

#### **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**

|  | <b>As at 30<br/>June 2021<br/>RM</b> | <b>As at 31<br/>March 2021<br/>RM</b> |
|--|--------------------------------------|---------------------------------------|
| <b>Trade receivables</b>                           |                                      |                                       |
| Third parties                                      | 1,882,965                            | 3,748,611                             |
| Less: Impairment losses                            | (890,344)                            | (1,190,344)                           |
| Total trade receivables                            | 992,621                              | 2,558,267                             |
| <b>Other receivables, deposits and prepayments</b> | 7,419,942                            | 5,965,350                             |
| <b>Receivables, Deposits and Prepayments</b>       | 8,412,563                            | 8,523,617                             |

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. A consent judgment was successfully recorded between the parties on 19.1.2021 based on a settlement sum of RM750,000.00 payable in 8 installments.

#### **Ageing analysis of trade receivables**

|                     | <b>Total Due<br/>(RM)</b> | <b>0 – 15 days<br/>(RM)</b> | <b>16 – 30 days<br/>(RM)</b> | <b>31 – 45 days<br/>(RM)</b> | <b>&gt; 45 days<br/>(RM)</b> |
|---------------------|---------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|
| Related Parties     | 0                         | 0                           | 0                            | 0                            | 0                            |
| Non-Related Parties | 1,882,965                 | 1,382                       | 0                            | 0                            | 1,881,583                    |
| <b>TOTAL</b>        | 1,882,965                 | 1,382                       | 0                            | 0                            | 1,881,583                    |

#### **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 30 June 2021, the Manager received a fee of 0.8% per annum of the NAV of the Trust.

#### **B15. Trustee's Fees**

For the quarter ended 30 June 2021, the Trustee received a fee of 0.08% per annum of the NAV of the Trust.

**B16. Borrowings and Debt Securities**

|                                       | As at 30 June 2021 | As at 31 March 2021 |
|---------------------------------------|--------------------|---------------------|
|                                       | RM                 | RM                  |
| <u>Short Term Financing (secured)</u> |                    |                     |
| Short Term Revolving Credit           | 39,600,000         | 39,600,000          |
| Overdraft                             | 1,351,512          | -                   |
| <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          |
|                                       | 252,182,642        | 250,831,130         |

**B17. Taxation**

Atrium REIT intends to distribute at least 90% of the distributable income (realised) to unitholders for the financial year 2021, 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<br>Year<br>Quarter<br>30.06.21<br>RM | Preceding Year<br>Corresponding<br>Quarter<br>30.06.20<br>RM | Current<br>Year to<br>Date<br>30.06.21<br>RM | Preceding<br>Year to<br>Date<br>30.06.20<br>RM |
|---|--|--|--|--|
| Rental income (realised)                                | 8,863,533                                    | 7,609,659  | 17,685,375                                   | 15,219,317                                     |
| Interest income   | 106,933                                      | 219,616  | 212,101                                      | 509,620  |
| Other income  | 300,000                                      | -  | 500,000                                      | -  |
| <b>Total income</b>                                     | 9,270,466                                    | 7,829,275  | 18,397,476                                   | 15,728,937                                     |
| Property operating expenses                             | (691,227)                                    | (688,709)  | (1,245,334)                                  | (1,280,923)                                    |
| Trust expenses  | (4,043,857)                                  | (2,671,174)  | (6,910,579)                                  | (5,472,302)                                    |
| <b>Total Expenses</b>                                   | (4,735,084)                                  | (3,359,883)  | (8,155,913)                                  | (6,753,225)                                    |
| <b>Realised income before taxation</b>                  | 4,535,382                                    | 4,469,392  | 10,241,563                                   | 8,975,712                                      |
| Taxation  | -  | -  | -  | -  |
| <b>Realised income for the period</b>                   | 4,535,382                                    | 4,469,392  | 10,241,563                                   | 8,975,712                                      |
| <b>Undistributed realised income</b>                    |  |  |  |  |
| - Previous year's                                       | 846,989                                      | 469,910  | 846,989                                      | 469,910  |
| - Previous quarter's                                    | 590,539                                      | 413,806  | -  | -  |
| <b>Total realised income available for distribution</b> | 5,972,910                                    | 5,353,108  | 11,088,552                                   | 9,445,622                                      |
| <b>Proposed/declared income distribution</b>            | (4,501,765)                                  | (4,092,514)  | (9,617,407)                                  | (8,185,028)                                    |
| Balance undistributed realised income                   | 1,471,145                                    | 1,260,594  | 1,471,145                                    | 1,260,594                                      |
| <b>Distribution per unit (sen)</b>                      |  |  |  |  |
| - Proposed/Declared                                     | 2.20   | 2.00   | 4.70   | 4.00   |

## B.19 Earnings Per Unit

|  | <b>Current Quarter<br/>ended<br/>30 June 2021</b> | <b>Corresponding<br/>Quarter<br/>ended<br/>30 June 2020</b> |
|--|---|---|
| Units in circulation (units)                                 | 204,625,680                                       | 204,625,680   |
| Net Income for the period (including unrealised income) (RM) | 5,406,479   | 5,110,583   |
| Net Income for the period (realised) (RM)                    | 4,535,382   | 4,469,392   |
| <b>Earnings per unit (including unrealised income) (sen)</b> |   |   |
| - after manager's fees                                       | 2.64  | 2.50  |
| - before manager's fees                                      | 2.90  | 2.75  |
| <b>Earnings per unit (realised) (RM)</b>                     |   |   |
| - after Manager's fees                                       | 2.22  | 2.18  |
| - before Manager's fees                                      | 2.47  | 2.44  |

## 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 2021 and of its financial performance and cash flows for the quarter/ period ended on that date and duly authorised for release by the Board of the Manager on 27 July 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: 27 July 2021