



ATRIUM REAL ESTATE INVESTMENT TRUST

Condensed Financial Statements

Third Quarter Ended 30 September 2020

Contents

Condensed Statement of Financial Position	1
Condensed Statement of Profit or Loss and Other Comprehensive Income	2 to 3
Condensed Statement of Changes in Net Asset Value	4 to 5
Condensed Statement of Cash Flows	6
Notes to the Financial Statements	7 to 16

ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 30.09.2020 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	27,887,129	13,479,037
Deposits with licensed financial institution	27,854,395	39,642,506
Bank balance	1,001,578	691,180
	<u>56,743,102</u>	<u>53,812,723</u>
TOTAL ASSETS	<u>467,043,102</u>	<u>464,112,723</u>
LIABILITIES		
Non-current liabilities		
Trade and other payables	10,907,084	10,763,665
Borrowings	140,231,130	140,231,130
Deferred tax	7,240,113	7,240,113
	<u>158,378,327</u>	<u>158,234,908</u>
Current liabilities		
Trade and other payables	3,570,286	2,496,496
Borrowings	41,097,941	41,742,594
	<u>44,668,227</u>	<u>44,239,090</u>
TOTAL LIABILITIES	<u>203,046,554</u>	<u>202,473,998</u>
NET ASSET VALUE ("NAV")	<u>263,996,548</u>	<u>261,638,725</u>
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	204,129,835	204,129,835
Undistributed income	59,866,713	57,508,890
TOTAL UNITHOLDERS' FUNDS	<u>263,996,548</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	1.2901	1.2786
- after proposed distribution (Note 1)	1.2701	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 November 2020.)

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2020 RM	Preceding Year Corresponding Quarter 30.09.2019 RM	Current Year to Date 30.09.2020 RM	Preceding Year to Date 30.09.2019 RM
Gross revenue	7,619,526	4,919,412	22,838,843	14,745,734
Unbilled lease income receivable ¹	648,238	-	1,930,621	-
Property operating expenses	8,267,764 (555,603)	4,919,412 (486,731)	24,769,464 (1,836,526)	14,745,734 (1,466,544)
Net rental income	7,712,161	4,432,681	22,932,938	13,279,190
Interest income	126,598	101,566	636,218	204,029
Other income	197,563	-	197,563	-
Total net income	8,036,322	4,534,247	23,766,719	13,483,219
Trust expenses				
Manager's fees	(530,795)	(456,210)	(1,572,832)	(1,229,185)
Trustee's fees	(53,079)	(45,621)	(157,283)	(122,919)
Auditors' fees	(8,001)	(7,500)	(26,003)	(22,500)
Tax agent's fees	(8,190)	(1,410)	(11,220)	(5,080)
Finance costs	(1,746,377)	(1,058,467)	(5,309,536)	(3,337,541)
Valuation fees	-	-	-	(104,245)
Administrative expenses	(791,538)	(732,741)	(1,343,990)	(1,578,812)
Others	(50,433)	(240,885)	(239,852)	(498,045)
Total Expenses	(3,188,413)	(2,542,834)	(8,660,716)	(6,898,327)
Income before taxation	4,847,909	1,991,413	15,106,003	6,584,892
Taxation	-	-	-	-
Net income for the period	4,847,909	1,991,413	15,106,003	6,584,892

**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 30.09.2020 RM	Preceding Year Corresponding Quarter 30.09.2019 RM	Current Year to Date 30.09.2020 RM	Preceding Year to Date 30.09.2019 RM
Total comprehensive income for the period	4,847,909	1,991,413	15,106,003	6,584,892
Net income for the period is made up as follows:				
-Realised Income	4,199,671	1,991,413	13,175,382	6,584,892
-Unrealised - Unbilled lease income receivable ¹	648,238	-	1,930,621	-
	4,847,909	1,991,413	15,106,003	6,584,892

Earnings per unit (including unrealised income) (sen)

- after manager's fees	2.37	1.36 [#]	7.38	4.77 [#]
- before manager's fees	2.63	1.67 [#]	8.15	5.66 [#]

Earnings per unit (realised) (sen)

- after manager's fees	2.05	1.36 [#]	6.44	4.77 [#]
- before manager's fees	2.31	1.67 [#]	7.21	5.66 [#]

Distribution per unit (sen)

- Proposed/Declared	2.00	1.00	6.00	4.40
---------------------	------	------	------	------

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.

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

ATRIUM REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (UNAUDITED)

For The Period from 01.01.2020 to 30.09.2020

	← 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 30 September 2020				
Net income for the period	-	13,175,382	1,930,621	15,106,003
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	13,175,382	1,930,621	15,106,003
Unitholders' transactions				
Distributions to unitholders				
- 2019 final	-	(4,563,153)	-	(4,563,153)
- 2020 interim	-	(8,185,027)	-	(8,185,027)
Decrease in net assets resulting from unitholders' transactions	-	(12,748,180)	-	(12,748,180)
Net assets as at 30 September 2020	<u>204,129,835</u>	<u>5,460,265</u>	<u>54,406,448</u>	<u>263,996,548</u>

ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (AUDITED)
For The Period from 01.01.2019 to 30.09.2019

	← 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 30 September 2019				
Net income for the period	-	6,584,892	-	6,584,892
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	6,584,892	-	6,584,892
Unitholders' transactions				
Issue of Units				
- Placement	26,552,618	-	-	26,552,618
- Rights	59,633,770	-	-	59,633,770
Distributions to unitholders				
- 2018 final	-	(2,557,821)	-	(2,557,821)
- 2019 Interim	-	(4,628,438)	-	(4,628,438)
Listing expenses	(1,408,132)	-	-	(1,408,132)
Increase/(Decrease) in net assets resulting from unitholders' transactions	84,778,256	(7,186,259)	-	77,591,997
Net assets as at 30 September 2019	<u>204,129,836</u>	<u>2,548,842</u>	<u>60,101,134</u>	<u>266,779,812</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 30.09.2020

	(Unaudited) 01.01.2020 to 30.09.2020 RM	(Audited) 01.01.2019 to 31.12.2019 RM
<u>Cash Flow From Operating Activities</u>		
Income before taxation	15,106,003	10,730,176
Adjustments for:		
Changes in fair value of investment properties	-	991,155
Interest income	(636,218)	(529,327)
Interest expense	5,309,536	5,453,098
Operating income before working capital changes	19,779,321	16,645,102
Increase in trade and other receivables	(14,408,092)	(9,444,487)
Increase in trade and other payables	1,217,209	3,939,760
Net cash generated from operating activities	6,588,438	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	636,218	529,327
Net cash used in investing activity	636,218	(43,161,828)
<u>Cash Flow From Financing Activities</u>		
Interest paid	(5,309,536)	(5,453,098)
Distribution to unitholders	(12,748,180)	(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	(18,057,716)	90,092,641
Net (Decrease)/Increase in Cash and Cash Equivalents	(10,833,060)	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	27,358,032	38,191,092
<u>Cash and Cash Equivalents</u>		
Cash and bank balances	1,001,578	691,180
Deposits with licensed financial institution	27,854,395	39,642,506
Bank Overdraft	(1,497,941)	(2,142,594)
	<u>27,358,032</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 30 September 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 an interim distribution of 2.00 sen per unit, amounting to RM4,092,513.60 in respect of the realised income for the period from 1 April 2020 to 30 June 2020 on 15 September 2020.

Based on the third quarter’s results ended 30 September 2020, there will be an interim distribution of 2.00 sen per unit, amounting to RM4,092,513.60 to be payable on 30 November 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. On 22 October 2020, the Proposed Acquisition of Property 1 was completed with the payment of the remaining balance purchase consideration of RM35.0 million.
- On 27 December 2019 Pacific Trustees Berhad, on behalf of Atrium REIT ("Purchaser") entered into a conditional sale and purchase agreement with Permodalan Nasional Berhad in relation to the proposed acquisition of a single storey factory building and ancillary area (comprising guard house, TNB sub-station and surau) and single storey office-cum-canteen building for a total cash consideration of RM45.0 million. Economic Planning Unit ("EPU") has given a conditional approval whereby the proposed acquisition of the Property is subject to Atrium REIT having Bumiputera unitholding of at least 30% equity interest before the transfer of the Property's ownership ("Equity Condition"). Management had instructed its lawyers to write to the EPU to appeal for a waiver of the Equity Condition. The parties have mutually agreed to further extend the Cut-Off Period to 31 October 2020 for the Purchaser to fulfil the outstanding condition precedent to obtain the EPU's approval pursuant to Clause 3.1(b)(i) as set out in the Sale and Purchase Agreement.

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 30 September 2020	Immediate Preceding Quarter As at 30 June 2020
Net asset value (RM)	263,996,548	263,241,153
Units in circulation (units)	204,625,680	204,625,680
Net asset value per unit (RM)		
- before distribution	1.2901	1.2865
- after distribution	1.2701	1.2665
Market price per unit (RM)	1.07	1.03
Highest traded price per unit during the quarter (RM)	1.09	1.07
Lowest traded price per unit during the quarter (RM)	1.00	0.90

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 RM7.62 million compared to the last corresponding quarter of RM4.92 million. Income before taxation (realised) for the quarter increased by 110.9% as compared to the last corresponding quarter due mainly to the higher gross revenue and other income. The substantial increase in gross revenue was mainly due to the rental income from Atrium Bayan Lepas 2 ("ABL2") which commenced in October 2019, whilst other income was in relation to the one-off gain on disposal of used racking system.

The trust expenses were higher compared to the last corresponding quarter mainly due to the higher Manager's fees and finance costs even though other expenses were lower. The increase in Manager's

fees was due to the increase in Net Asset Value as a result of the issuance of new units under placement and rights issue exercise. Finance costs increased due to the drawdown of the Tranche 2 of the Medium Term Note (“MTN”) programme to finance the acquisition of ABL2. The other expenses were higher in the last corresponding quarter due mainly to the legal fees and other charges incurred for the corporate exercise and proposed acquisitions.

Nine Months Results

For the nine months ended 30 September 2020, Atrium REIT recorded a gross revenue of RM22.8 million an increase of 54.9% as compared to the last corresponding period of RM14.7 million. Income before taxation (realised) for the period increased by 100.1% as compared to the last corresponding period due mainly to the higher gross revenue, interest income and other income. The substantial increase in gross revenue was mainly due to the rental income from Atrium Bayan Lepas 2 (“ABL2”) which commenced in October 2019, whilst the increase in interest income and other income were due to the higher deposits placed in short term money market and the one-off gain on disposal of used racking system respectively.

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

B4. Comparison with Preceding Quarter

	Current Quarter 01.07.2020 To 30.09.2020 RM	Preceding Quarter 01.04.2020 To 30.06.2020 RM
Gross revenue	7,619,526	7,609,659
Unbilled lease income receivable	648,238	641,191
	8,267,764	8,250,850
Property expenses	(555,603)	(688,709)
Net property income	7,712,161	7,562,141
Interest income	126,598	219,616
Other income	197,563	-
Total income	8,036,322	7,781,757
Trust expenses	(3,188,413)	(2,671,174)
Income before taxation	4,847,909	5,110,583
Taxation	-	-
Net (loss)/ income	4,847,909	5,110,583
Net income/(loss) for the financial quarter is made up as follows:		
-Realised income	4,199,671	4,469,392
-Unrealised income/(loss)	648,238	641,191
	4,847,909	5,110,583

Atrium REIT's net income (realised) for the quarter ended 30 September 2020 was lower compared to the preceding quarter due to the higher trust expenses. The trust expenses were higher due to the following expenses:

- registration fee for the Memorandum of Transfer for Lumiled Plant 1 acquisition; and
- real estate agent's fee for the new tenancy at Atrium Puchong.

B5. Maintenance Costs and Major Capital Expenditure

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

B6(a). Economic Outlook

The IMF revised down its projection of global growth in 2020 to -4.9% in June from its earlier estimate of -3.0% in April. The slowdown in economic conditions from the containment measures and weakness in labour market conditions were deeper than expected. Although growth is expected to recover in 2021, this is conditional on the effective curbing of the COVID-19 pandemic by the end of 2020. The projected growth contraction in 2020 across the advanced and emerging economies is expected to be deeper compared to the Global Financial Crisis. Overall, consumption and services output are expected to decline, as restricted mobility hampers retail sales, tourism and recreation, and transportation.

Private sector expenditure and external demand conditions will remain muted as labour market weaknesses persist. Nevertheless, proactive government stimulus measures are a key support to growth, and the gradual re-opening of economic sectors will reduce the degree of the contraction. Downside risks to global growth remain elevated. A resurgence in COVID-19 cases could necessitate economies to reinstate lockdown measures, which will further dampen growth prospects. This will also accentuate the volatility of capital flows in vulnerable EMEs and could trigger an unwinding of external sector imbalances.

Economic activity in Malaysia contracted sharply in the first half of the year -8.3% as the measures introduced to contain the pandemic globally and domestically resulted in a concurrent supply and demand shock to the economy. However, growth is expected to have troughed in 2Q 2020. Economic activity has resumed significantly since the economy began to reopen in early May. Monthly indicators such as wholesale and retail trade, industrial production, electricity generation, and gross exports all grew faster in June than in the period between March and May. The improvement in growth in 2H 2020 will also be supported by the recovery in global growth and continued policy support. In particular, consumption and investment activities are expected to benefit from the wide-range of measures in the fiscal stimulus packages, continued financial measures and low interest environment.

While there is upside potential to growth, the pace and strength of the recovery remain susceptible to downside risks emanating from domestic and external factors. Growth could potentially be lifted by a larger-than-expected impact from stimulus measures. Nevertheless, the prospect of secondary COVID-19 outbreaks leading to the re-imposition of containment measures, more persistent weakness in labour market conditions, and a weaker-than-expected recovery in global growth pose downside risks to growth.

(Source: Bank Negara Malaysia)

B6(b). Prospects

Atrium USJ-Block B

The tenant, CJ Century Logistics Sdn Bhd (“CJ Century”) has informed the Manager that they have changed their plan and will be renewing the tenancy which is expiring on 31 December 2020. The Manager is in the midst of negotiating with CJ Century on the renewal terms. In the meantime, the Manager will continue to market the space through agents pending the finalization of the renewal terms with CJ Century

Atrium Puchong

The tenant, FM Global Logistics (M) Sdn Bhd (“FM”), has informed the Manager that they will not be renewing the tenancy which is expiring on 31 January 2021. The Manager has secured a new tenant, Lazada Express (Malaysia) Sdn Bhd (“Lazada”) to take over the whole premises. The new tenancy commenced on 1 October 2020 after FM agreed to early handover the premises to Lazada in phases. The new tenancy is for a tenure of 3 years with option to renew for another 2 years.

The occupancy rate for the Trust’s portfolio of properties as at 30 September 2020 was 100% and the Manager expects the Trust’s portfolio of properties to maintain 100% occupancy for the remaining of 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 which was completed on 22 October 2020.

B7. Portfolio Composition

As at 30 September 2020, the portfolio composition of Atrium REIT is as follows:

Investments in Real Estates

Description of property	Tenure of land	Occupancy rate as at 30.09.2020 %	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	34.4%
Atrium Shah Alam 2	Freehold	100	31.10.2019	64,491	78,600	78,600	29.8%
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	45.5%
Atrium Puchong	Freehold	100	04.11.2019	39,044	53,200	53,200	20.2%
Atrium USJ	Freehold	100	04.11.2019	25,000	38,200	38,200	14.5%
				<hr/>		<hr/>	
				351,190		410,300	
				<hr/>		<hr/>	

B8. Utilisation of Proceeds Raised from Issuance of New Units

Rights Issue of 58,464,480 units

Purpose	Proposed Utilisation RM (million)	Actual Utilisation RM (million)	Deviation RM (million)	Balance		Intended Time Frame for Utilisation (from date of listing)
				RM (million)	%	
Part finance proposed acquisition of Lumileds properties and its related expenses	58.2	34.1	-	24.1	41.4	Within 15 months [#]
Defray estimated expenses relating to the Rights Issue	1.4	1.4	-	-	-	Within 1 month
Total	59.6	35.5	-	24.1	40.4	

The Board of the Manager has resolved to utilize the balance of the proceeds for the extension of the lease for Atrium Bayan Lepas 2. The lawyers appointed for the extension has been in discussion and meeting with Penang Development Corporation and Penang Land Office to finalise the extension process and procedures since end of last year. However, due to the Movement Control Order, the whole process was temporarily put on hold and only resumed in June. 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 2020.

B9. Status of Corporate Proposal

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

B10. Material Litigation

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

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

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

Biforst Logistics Sdn Bhd ...Defendant

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

At the hearing on 24.8.2020, the Court allowed the Biforst to withdraw its application to transfer the proceedings to the lower court with costs to be paid by Biforst to the Trustees. Biforst's counsel also informed the Court that Biforst is looking into the possibility of settling the matter with the Trustee. Court fixed the next case management on 20.1.2021 at 9.30am for the Biforst's counsel to update the

Court on settlement. In the event the matter cannot be resolved by then, the Court will give directions on the filing of witness statements and trial be fixed on 1.3.2021 and 2.3.2021 at 10am.

As at the date of this report, the parties are in negotiation on the terms of Biforst's settlement proposal dated 6.10.2020.

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 30 September 2020 RM	As at 30 June 2020 RM
Trade receivables		
Third parties	2,851,760	3,806,304
Less: Impairment losses	(1,390,344)	(1,390,344)
Total trade receivables	1,461,416	2,415,960
Other receivables, deposits and prepayments	26,425,613	25,494,941
Trade and Other Receivables	27,887,029	27,910,901

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 RM19.5 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	2,851,761	0	530,080	0	2,321,681
TOTAL	2,851,761	0	530,080	0	2,321,681

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 September 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 30 September 2020, the Trustee received a fee of 0.08% per annum of the NAV of the Trust.

B16. Borrowings and Debt Securities

	As at 30 September 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	1,497,941	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
	181,329,071	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)	7,619,526	4,919,412	22,838,843	14,745,734
Interest income	126,598	101,566	636,218	204,029
Other income	197,563	-	197,563	-
Total income	7,943,687	5,020,978	23,672,624	14,949,763
Property operating expenses	(555,603)	(486,731)	(1,836,526)	(1,466,544)
Trust expenses	(3,188,413)	(2,542,834)	(8,660,716)	(6,898,327)
Total Expenses	(3,744,016)	(3,029,565)	(10,497,242)	(8,364,871)
Realised income before taxation	4,199,671	1,991,413	13,175,382	6,584,892
Taxation	-	-	-	-
Realised income for the period	4,199,671	1,991,413	13,175,382	6,854,892
Undistributed realised income				
- Previous year's	469,910	592,388	469,910	592,388
- Previous quarter's	790,685	(34,960)	-	-
Total realised income available for distribution	5,460,266	2,548,841	13,645,292	7,177,280
Proposed/declared income distribution	(4,092,514)	(2,046,256)	(12,277,540)	(6,674,695)
Balance undistributed realised income	1,367,752	502,585	1,367,752	502,585
Distribution per unit (sen)				
- Proposed/Declared	2.00	1.00	6.00	4.40

B.19 Earnings Per Unit

	Current Quarter ended 30 September 2020	Corresponding Quarter ended 30 September 2019	Year to Date ended 30 September 2020	Year to Date ended 30 September 2019
Units in circulation (units)	204,625,680	204,625,680	204,625,680	204,625,680
Weighted Average units in circulation (units)	204,625,680	146,796,683	204,625,680	138,078,657
Net Income/(Loss) for the period (including unrealised income/expenses) (RM)	4,847,909	1,991,413	15,106,003	6,584,892
Net Income for the period (realised) (RM)	4,199,671	1,991,413	13,175,382	6,584,892
Earnings/(Loss) per unit (including unrealised income/expenses) (sen)				
- after manager's fees	2.37	1.36	7.38	4.77
- before manager's fees	2.63	1.67	8.15	5.66
Earnings per unit (realised) (RM)				
- after Manager's fees	2.05	1.36	6.44	4.77
- before Manager's fees	2.31	1.67	7.21	5.66

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 September 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 27 October 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: 27 October 2020