



ATRIUM REAL ESTATE INVESTMENT TRUST

Condensed Financial Statements

Fourth Quarter Ended 31 December 2023

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ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 31.12.2023 RM	(Audited) As at 31.12.2022 RM
ASSETS		
Non-current asset		
Investment properties	583,314,808	532,875,679
Investment properties – accrued lease income	12,385,192	9,924,321
	<u>595,700,000</u>	<u>542,800,000</u>
Current assets		
Trade and other receivables	10,837,980	6,109,761
Deposits with a licensed bank	36,564,571	47,947,417
Bank balances	823,476	15,742,683
	<u>48,226,027</u>	<u>69,799,861</u>
TOTAL ASSETS	<u>643,926,027</u>	<u>612,599,861</u>
LIABILITIES		
Non-current liabilities		
Tenants’ deposits	15,420,567	11,042,109
Borrowings	211,231,130	211,231,130
Deferred tax liability	10,235,744	8,955,744
	<u>236,887,441</u>	<u>231,228,983</u>
Current liabilities		
Trade and other payables	9,599,785	5,972,155
Borrowings	40,602,670	39,600,000
	<u>50,202,455</u>	<u>45,572,155</u>
TOTAL LIABILITIES	<u>287,089,896</u>	<u>276,801,138</u>
NET ASSET VALUE (“NAV”)	<u>356,836,131</u>	<u>335,798,723</u>
FINANCED BY:		
UNITHOLDERS’ FUNDS		
Unitholders’ capital	288,477,719	274,487,719
Undistributed income	68,358,412	61,311,004
TOTAL UNITHOLDERS’ FUNDS	<u>356,836,131</u>	<u>335,798,723</u>
NUMBER OF UNITS IN CIRCULATION	<u>265,550,680</u>	<u>255,550,680</u>
NAV PER UNIT (RM)		
- before income distribution	1.3438	1.3140
- after income distribution (Note 1)	1.3268	1.2950

The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements.

(Note 1 - Being Net Asset Value Per Unit after reflecting realised income to be distributed as final interim income distribution for 2023 of 1.70 sen per unit, payable on 29 February 2024)

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

	Individual Quarter		Cumulative Quarter	
	Current Year to Quarter	Preceding Year Corresponding Quarter	Current Year to Date	Preceding Year to Date
	31.12.2023 RM	31.12.2022 RM	31.12.2023 RM	31.12.2022 RM
Gross revenue	9,443,195	8,876,684	37,104,433	35,022,834
Unbilled lease income receivable	543,150	681,078	2,460,870	3,099,969
	9,986,345	9,557,762	39,565,303	38,122,803
Property operating expenses	(1,128,089)	(462,655)	(3,203,277)	(2,388,796)
Net rental income	8,858,256	9,095,107	36,362,026	35,734,007
Interest income	338,842	364,170	1,560,303	798,140
Other income	76,576	854	95,403	1,454
Total income	9,273,674	9,460,131	38,017,732	36,533,601
Trust expenses				
Manager's fees	(892,528)	(824,102)	(3,492,804)	(2,889,955)
Trustee's fees	(89,253)	(82,410)	(349,280)	(288,996)
Auditors' fees	(12,300)	(13,150)	(46,500)	(41,500)
Tax agent's fees	(2,080)	(2,010)	(10,100)	(10,400)
Finance costs	(2,943,517)	(2,758,331)	(11,639,260)	(9,822,536)
Valuation fees	(101,604)	(100,774)	(124,789)	(100,774)
Administrative expenses	(342,305)	(382,087)	(1,442,398)	(1,612,438)
Others	(29,451)	(10,319)	(122,500)	(172,702)
Changes in fair value of investment properties	6,201,405	1,105,370	6,201,405	1,105,370
Total Expenses	1,788,367	(3,067,813)	(11,026,226)	(13,833,931)
Income/(loss) before taxation	11,062,041	6,392,318	26,991,506	22,699,670
Taxation	(1,280,000)	(1,481,958)	(1,280,000)	(1,481,958)
Net income/(loss) for the period	9,782,041	4,910,360	25,711,506	21,217,712

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

	Individual Quarter		Cumulative Quarter	
	Current Year to Quarter	Preceding Year Corresponding Quarter	Current Year to Date	Preceding Year to Date
	31.12.2023 RM	31.12.2022 RM	31.12.2023 RM	31.12.2022 RM
Total comprehensive income for the period	9,782,041	4,910,360	25,711,506	21,217,710
Net income for the period is made up as follows:				
-Realised Income	4,317,486	4,605,870	18,329,231	18,494,329
- Unrealised - Deferred Taxation	(1,280,000)	(1,481,958)	(1,280,000)	(1,481,958)
- Unrealised - Change in fair value of investment properties	6,201,405	1,105,370	6,201,405	1,105,370
-Unrealised - Unbilled lease income receivable ¹	543,150	681,078	2,460,870	3,099,969
	9,782,041	4,910,360	25,711,506	21,217,710

Earnings per unit (including unrealised income) (sen)

- after manager's fees	3.68	2.00 [#]	9.75 [#]	9.64 [#]
- before manager's fees	4.02	2.33 [#]	11.07 [#]	10.95 [#]

Earnings per unit (realised) (sen)

- after manager's fees	1.63	1.87 [#]	6.95 [#]	8.40 [#]
- before manager's fees	1.96	2.21 [#]	8.27 [#]	9.72 [#]

Distribution per unit (sen)

- Proposed/Declared	1.70	1.90	6.90	8.20
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¹ Recognition of unbilled lease income receivable pursuant to requirements of MFRS 16 whereby, income from operating leases is to be recognized on a straight-line basis, including contractual increase in rental rates over the fixed tenure of the lease.

[#] Based on weighted average number of units in issue after the issuance and listing of 10,000,000 units (Note B19)

The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements.

ATRIUM REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
For The Period from 01.01.2023 to 31.12.2023

	← Undistributed Income →			
	Unitholders' Capital	Realised	Unrealised	Total
	RM	RM	RM	RM
At 1 January 2023	274,487,719	5,715,803	55,595,201	335,798,723
Operations for the period from				
- 1 January 2023 to 31 December 2023				
Net income for the period	-	18,329,231	7,382,275	25,711,506
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	18,329,231	7,382,275	25,711,506
Unitholders' transactions				
Issuance of units via Special Issuance	14,000,000	-	-	14,000,000
Distributions to unitholders			-	
- 2022 final	-	(4,855,462)	-	(4,855,462)
- 2023 Interim	-	(4,647,137)	-	(4,647,137)
- 2023 Second	-	(4,647,137)	-	(4,647,137)
- 2023 Third	-	(4,514,362)	-	(4,514,362)
Listing Expenses	(10,000)	-	-	(10,000)
Increase/ (Decrease) in net assets resulting from unitholders' transactions	13,990,000	(18,664,098)	-	(4,674,098)
Net assets as at 31 December 2023	288,477,719	5,380,936	62,977,476	356,836,131

ATRIUM REAL ESTATE INVESTMENT TRUST
AUDITED CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
For The Period from 01.01.2022 to 31.12.2022

	← Undistributed Income →			
	Unitholders' Capital	Realised	Unrealised	Total
	RM	RM	RM	RM
At 1 January 2022	204,129,835	6,087,958	52,871,820	263,089,613
Operations for the period from				
-1 January 2022 to 31 December 2022				
Net income for the period	-	18,494,329	2,723,381	21,217,710
Total comprehensive income	-	18,494,329	2,723,381	21,217,710
Unitholders' transactions				
Issuance of units via Private Placement	57,295,000	-	-	57,295,000
Issuance of units via Special Issuance	14,000,000	-	-	14,000,000
Distributions to unitholders				
- 2021 final	-	(5,217,955)	-	(5,217,955)
- 2022 Interim	-	(13,648,529)	-	(13,648,529)
Listing Expenses	(937,116)	-	-	(937,116)
Decrease in net assets resulting from unitholders' transactions	70,357,884	(18,866,484)	-	51,491,400
Net assets as at 31 December 2022	274,487,719	5,715,803	55,595,201	335,798,723

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the Audited Financial Report for the year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements.

ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CASH FLOWS

	(Unaudited) Current Year to Date	(Audited) Preceding Year Corresponding Year to Date
	31.12.2023	31.12.2022
	RM	RM
<u>Cash Flow From Operating Activities</u>		
Income before taxation	26,991,506	22,699,669
Adjustments for:		
Changes in fair value of investment properties	(6,201,405)	(1,105,370)
Interest income	(1,560,303)	(798,140)
Interest expense	11,639,260	9,822,537
Operating income before working capital changes	30,869,058	30,618,696
Increase in trade and other receivables	(7,161,145)	(2,853,778)
Increase in trade and other payables	7,858,820	1,856,402
Net cash generated from operating activities	31,566,733	29,621,320
<u>Cash Flow From Investing Activity</u>		
Enhancement of investment property	(44,237,724)	(28,894,659)
Interest income	1,532,358	770,001
Net cash used in investing activity	(42,705,366)	(28,124,658)
<u>Cash Flow From Financing Activities</u>		
Issuance of units via Private Placement & Special Issuance (less listing expenses)	13,990,000	70,357,883
Interest paid	(11,491,992)	(9,597,986)
Distribution to unitholders	(18,664,098)	(18,866,485)
Net cash used in financing activities	(16,166,090)	41,893,412
Net Decrease in Cash and Cash Equivalents	(27,304,723)	43,390,073
Cash and Cash Equivalents at the Beginning of the Period	63,690,100	20,300,027
Cash and Cash Equivalents at the End of the Period	36,385,377	63,690,100
Cash and bank balances	823,476	15,742,683
Deposits with licensed financial institution	36,564,571	47,947,417
Bank overdraft	(1,002,670)	-
	36,385,377	63,690,100

The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements.

ATRIUM REAL ESTATE INVESTMENT TRUST
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
For the Quarter Ended 31 December 2023

A. DISCLOSURE REQUIREMENTS AS PER MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134

A1. Basis of Preparation

The quarterly financial report comprises Atrium REIT and its wholly-owned special purpose company, Atrium REIT Capital Sdn. Bhd., a company incorporated in Malaysia, of which the principal activity is to raise financing for and on behalf of Atrium REIT

The quarterly financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) 134: Interim Financial Reporting, and paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Second Restated Deed dated 17 December 2019 and the Securities Commission's Guidelines on Listed Real Estate Investment Trusts.

The accounting policies and methods of computation used in the preparation of the quarterly financial report are consistent with those adopted in the preparation of the audited financial information of the Atrium Real Estate Investment Trust (“Atrium REIT” or “Trust”) for the year ended 31 December 2022.

A2. Audit Report of Preceding Financial Year Ended 31 December 2022

The Auditors Report on the financial statements of the preceding financial year was not qualified.

A3. Seasonality or Cyclicity of Operations

The business operations of Atrium REIT are not materially affected by any seasonal or cyclical factor.

A4. Exceptional or Unusual Items

There were no unusual items to be disclosed for the quarter under review.

A5. Changes in Estimates of Amounts Reported

This is not applicable as no estimates were previously reported.

A6. Changes in Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of equity securities during the current financial quarter.

A7. Income Distribution

During the quarter under review, Atrium REIT paid a third interim income distribution of 1.70 sen per unit, amounting to RM4,514,361.56 in respect of the realised income for the period from 1 July 2023 to 30 September 2023 on 30 November 2023.

A8. Segment Reporting

No segment information is prepared as Atrium REIT's activities are predominantly in one industry segment and occur predominantly in Malaysia.

A9. Valuation of Property, Plant & Equipment

The investment properties are valued based on valuations performed by independent registered valuers. During the quarter under review, a revaluation exercise was undertaken by the Trust pursuant to Paragraph 10.02(b)(i) of the Securities Commission's Guidelines on Listed Real Estate Investment Trusts and Malaysian Financial Reporting Standard 140. The revaluation resulted in a profit of RM6,201,405.30 and has been incorporated into the financial statements of Atrium REIT as at 31 December 2023.

The details of the said revaluation carried out are tabled as follows:

Description of property	Tenure of land	Existing use	Location	Date of latest valuation	Net Book Value	Latest valuation	Revaluation Gain/(Loss)
					RM'000	RM'000	RM'000
Atrium Shah Alam 1 ¹	Freehold	Industrial	Shah Alam	27-Nov-23	96,340	100,000	3,660
Atrium Shah Alam 2 ¹	Freehold	Industrial	Shah Alam	27-Nov-23	83,500	88,300	4,800
Atrium Shah Alam 3 ¹	Freehold	Industrial	Shah Alam	28-Nov-23	30,235	30,500	265
Atrium Shah Alam 4 ¹	Leasehold	Industrial	Shah Alam	28-Nov-23	106,738	102,300	(4,438)
Atrium Puchong ¹	Freehold	Industrial	Puchong	30-Nov-23	58,800	61,700	2,900
Atrium USJ1	Freehold	Industrial	Subang	27-Nov-23	39,600	40,900	1,300
Atrium Bayan Lepas 1 ²	Leasehold	Industrial	Bayan Lepas	29-Nov-23	50,788	50,000	(788)
Atrium Bayan Lepas 2 ²	Leasehold	Industrial	Bayan Lepas	29-Nov-23	123,498	122,000	(1,498)
				Total	589,499	595,700	6,201

¹ The valuations of the properties were conducted by Raine & Horne International Zaki & Partners Sdn Bhd., an independent firm of professional valuers

² The valuations of the properties were conducted by First Pacific Valuers Property Consultants Sdn. Bhd., an independent firm of professional valuers.

A10. Material Events

There was no material event as at the latest practicable date from the date of this report.

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

During the quarter under review, there was no change to Atrium REIT's fund size of 265,550,680 units.

A12. Changes in Contingent Liabilities

There is no contingent liability to be disclosed.

B. ADDITIONAL DISCLOSURE REQUIREMENT AS PER PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Manager's Investment Objectives

The Manager's investment objectives are to maximise profits in order to reward Unitholders with a stable distribution of income and to acquire quality assets to achieve long term growth in the Net Asset Value ("NAV") per unit. The Manager has achieved its objective of rewarding Unitholders with stable and attractive return through consistent distribution of income since the listing of the Atrium REIT on 2 April 2007. There was no change in the investment objectives of the Atrium REIT as at the date of this report.

B2. Strategies and Policies

There was no change in strategies and policies employed since the preceding financial year.

B3. Review of Performance

	Current Quarter As at 31 December 2023	Immediate Preceding Quarter As at 30 September 2023
Net asset value (RM)	356,836,131	351,568,451
Units in circulation (units)	265,550,680	265,550,680
Net asset value per unit (RM)		
- before distribution	1.3438	1.3239
- after distribution	1.3268	1.3069
Market price per unit (RM)	1.38	1.38
Highest traded price per unit during the quarter (RM)	1.41	1.41
Lowest traded price per unit during the quarter (RM)	1.37	1.38

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

The increase in the Net Assets Value and the Net Asset Value per unit for the quarter under review as compared to the preceding quarter was due mainly to the gain in fair value of the investment properties.

Quarter Results

During the quarter under review, Atrium REIT registered a rise in gross revenue, increasing from RM8.88 million in the previous corresponding quarter to RM9.44 million. This growth is attributed to step-up rental rates and the absence of rent-free amortization adjustments during the current quarter. Conversely, interest income witnessed a decline due to reduced placements in the Short Term Money Market. This decline is due to lower available funds because of payments made to contractors for the Asset Enhancement Initiative at Atrium Shah Alam 4

The trust expenses for the current quarter marked an increase compared to the corresponding preceding quarter. This increase was primarily driven by higher Manager's fees, Trustee's fees, and finance costs. The increase in Manager's fees and Trustee's fees resulted from the increased Net Assets Value following funds raised from private placement and special issuance exercises conducted in the latter half of 2022 and the first quarter of 2023. Additionally, the increase in finance costs was attributed to a 75-basis-point hike in the Overnight Policy Rate ("OPR") over the past 12 months. Consequently, the net income (realized) for the quarter saw a 6.26% decrease to RM4.32 million compared to the corresponding preceding quarter.

Twelve Months Results

For the twelve months ending on 31 December 31 2023, Atrium REIT reported a gross revenue of RM37.10 million, marking an approximate 5.94% increase from the corresponding preceding period's RM35.02 million. Consequently, the net income (realized) for the period experienced a slight increase to RM17.05million as compared to RM17.01million in the corresponding preceding period, primarily attributable to higher total income despite a significant increase in trust expenses.

The increase in gross revenue was attributed to step-up rental rates and the absence of rent-free amortization adjustments during the current period. Furthermore, other income saw an increase due to higher funds deposited in the Short-Term Money Market and the offering of higher interest rates compared to the corresponding preceding period.

Trust expenses recorded a significant increase compared to the corresponding preceding period, primarily driven by higher Manager's fees, Trustee's fees, and finance costs, even though administrative expenses were lower. The rise in Manager's fees and Trustees' fees was a consequence of a higher Net Asset Value resulting from Private Placement and Special Issuance exercises conducted in the second half of 2022 and the first quarter of 2023. The increase in finance costs was due to a 75-basis-point hike in the Overnight Policy Rate over the last 12 months. Notably, administrative expenses were lower in this period, as additional administrative expenses were incurred during the corresponding preceding period due to the revision of terms of a credit facility

B4. Comparison with Preceding Quarter

	Current Quarter 01.10.2023 To 31.12.2023 RM	Preceding Quarter 01.07.2023 To 30.09.2023 RM
Gross revenue	9,443,195	9,249,203
Unbilled lease income receivable	543,150	604,777
	<hr/> 9,986,345	<hr/> 9,853,980
Property expenses	(1,128,089)	(797,010)
Net property income	<hr/> 8,858,256	<hr/> 9,056,970
Interest income	338,842	376,020
Other income	76,576	18,000
Change in fair value of investment properties	6,201,405	-
Total income	<hr/> 15,475,079	<hr/> 9,450,990
Trust expenses	(4,413,038)	(4,303,072)
Income before taxation	<hr/> 11,062,041	<hr/> 5,147,918
Taxation	(1,280,000)	-
Net income	<hr/> 9,782,041	<hr/> 5,147,918
Net income for the financial quarter is made up as follows:		
-Realised income	4,317,486	4,543,141
-Unrealised income	5,464,555	604,777
	<hr/> 9,782,041	<hr/> 5,147,918

Atrium REIT's net income (realised) for the quarter ended 31 December 2023 was lower compared to the preceding quarter due mainly to higher property expenses arising from upkeeping of properties in the current quarter, whilst the increase in trust expenses was mainly due to higher finance cost compared to the preceding quarter.

B5. Maintenance Costs and Major Capital Expenditure

A total capital expenditure of RM44,237,725 was incurred during the financial year, with RM8,521,084 of that total being incurred during the quarter under review. The AEI of Atrium Shah Alam 4 (“ASA4”) has been completed and is now pending the payment of the final contract and retention sums.

B6 (a) Economic Outlook

On 17 November 2023, Bank Negara Malaysia released the Economic and Financial Developments in Malaysia for the third quarter of 2023:

The economy grew by 3.3% in the third quarter

The Malaysian economy expanded by 3.3% in the third quarter of 2023 (2Q 2023: 2.9%). Growth was anchored by resilient domestic demand. Household spending remained supported by continued growth in employment and wages. Meanwhile, investment activity was underpinned by the progress of multi-year projects and capacity expansion by firms. Exports remained soft amid prolonged weakness in external demand. This, however, was partially offset by the recovery in inbound tourism. On the supply side, the services, construction and agriculture sectors remained supportive of growth. This was partly offset by the decline in production in the manufacturing sector given the weakness in demand for electrical and electronic (E&E) products and lower production of refined petroleum products. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 2.6% (2Q 2023: 1.5%). Overall, the Malaysian economy expanded by 3.9% in the first three quarters of 2023.

Headline inflation continued to moderate to 2% (2Q 2023: 2.8%) during the quarter. The moderation was recorded in both non-core inflation and core inflation. For non-core inflation, fresh food and fuel contributed to the decline. Core inflation declined further to 2.5% (2Q 2023: 3.4%) but remained above its long-term average (2011-2019 average: 2%). The moderation in core inflation was largely contributed by selected services, including food away from home, expenditure in restaurants and cafés, and personal transport repair and maintenance. Inflation pervasiveness declined as the share of Consumer Price Index (CPI) items recording monthly price increases moderated to 40.8% during the quarter (2Q 2023: 42.7%), below the third quarter long-term (2011-2019) average of 44.5%.

Financing conditions

The growth in credit to the private non-financial sector improved to 4.2% (2Q 2023: 3.7%), supported by higher growth in business loans (1.6%; 2Q 2023: 0.5%) while outstanding corporate bonds growth was sustained at 5% (2Q 2023: 4.9%). The higher business loan growth was driven mainly by improving growth in working capital loans to non-SMEs. Of note, SME loan growth remained forthcoming (6.7%; 2Q 2023: 6.4%). For households, outstanding loans expanded by 5.4% (2Q 2023: 5.1%), reflecting steady growth across key purposes.

Going forward, growth will remain resilient despite external headwinds on account of firm domestic demand

BNM Governor Datuk Abdul Rasheed Ghaffour says, "Despite the challenging global environment, the Malaysian economy is projected to expand by around 4% in 2023 and 4% – 5% in 2024. Growth will continue to be driven by the expansion in domestic demand amid steady employment and income prospects, particularly in domestic-oriented sectors. This growth performance along with other favourable economic developments would provide support to the ringgit."

Improvements in tourist arrivals and spending are expected to continue. Investment will be supported by further progress of multi-year infrastructure projects and the implementation of catalytic initiatives. Measures under Budget 2024 will also provide additional impetus to economic activity.

The growth outlook remains subject to downside risks stemming primarily from weaker- than- expected external demand as well as larger and more protracted declines in commodity production. However, there are upside risk factors such as stronger-than-expected tourism activity, a stronger recovery from the E&E downcycle, and faster implementation of existing and new investment projects.

Headline and core inflation to remain moderate for the remainder of 2023

As expected, both headline and core inflation have been declining throughout the year, mainly due to milder cost conditions. This would likely continue for the remainder of 2023. Overall, headline inflation is expected to average between 2.5% and 3% in 2023. Going forward, risks to the inflation outlook remain highly subject to changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

(source: https://www.bnm.gov.my/-/qb23q3_en_pr)

B6 (b) Prospects

As of 31 December 2023, the Trust's property portfolio achieved 100% full occupancy rate. This includes the recently completed ASA4 property, currently tenanted by DHL, and the lease is scheduled to commence in 1st quarter of 2024.

The Manager remains cautious owing to the uncertainties surrounding the economic rebound amid the global economic slowdown, inflationary pressures, the on-going wars and geopolitical risks. Despite these uncertainties and the demanding market environment, the Manager is of the view that Atrium REIT's property portfolio will remain resilient and is expected to continue delivering sustainable performance throughout the financial year of 2024.

B7. Portfolio Composition

As at 31 December 2023, the portfolio composition of Atrium REIT is as follows:

Investments in Real Estates

Description of property	Tenure of land	Occupancy rate as at 31 December 2023	Date of Valuation	Cost of Investment	Latest valuation	Net Book Value (A)	Percentage of (A) over Net Assets Value
		%		RM'000	RM'000	RM'000	%
Atrium Shah Alam 1	Freehold	100	27 November, 2023	60,003	100,000	96,340	27%
Atrium Shah Alam 2	Freehold	100	27 November, 2023	64,495	88,300	83,500	23%
Atrium Shah Alam 3	Freehold	100	28 November, 2023	31,544	30,500	30,235	8%
Atrium Shah Alam 4	Leasehold	100	28 November, 2023	118,401	102,300	106,738	30%
Atrium Puchong	Freehold	100	30 November, 2023	39,044	61,700	58,800	16%
Atrium USJ	Freehold	100	27 November, 2023	25,000	40,900	39,600	11%
Atrium Bayan Lepas 1	Leasehold	100	29 November, 2023	50,372	50,000	50,788	14%
Atrium Bayan Lepas 2	Leasehold	100	29 November, 2023	132,440	122,000	123,498	35%
				521,299	595,700	589,499	

B8. Utilisation of Proceeds Raised from Issuance of New Units

B8.1 Rights Issue of 58,464,480 units

Purpose	Proposed Utilisation RM (million)	Actual Utilisation RM (million)	Deviation RM (million)	Balance		Intended Time Frame for Utilisation
				RM (million)	%	
Part finance proposed acquisition of ABL1 & ABL2 and its related expenses	58.2	40.7	-	17.5	30.1	[#] By 30 June 2024
Defray estimated expenses relating to the Rights Issue	1.4	1.4	-	-	-	Completed
Total	59.6	42.1	-	17.5	29.4	

[#]The Board of the Manager has resolved to utilize the balance of the proceeds for the extension of the tenure of land leases for Atrium Bayan Lepas 1 & 2. The extension process for the said land leases which were expected to be completed by December 2021 could not be completed as a result of the delays and disruptions caused by the imposition of the Movement Control Order to control the pandemic. In view of this, the Board has resolved to extend the timeframe for the utilisation of proceeds from 31 December 2023 to 30 June 2024.

B8.2 Private Placement and Special Issuance 60,925,000 units

Purpose	Proposed Utilisation RM (million)	Actual Utilisation RM (million)	Deviation RM (million)	Balance		Intended Time Frame for Utilisation
				RM (million)	%	
Part finance proposed AEI of ASA4@Sek 16, Shah Alam and its related expenses	84.4	73.6	-	10.8	12.7	[#] By 30 June 2024
Defray estimated expenses relating to the Private Placement	0.9	0.9	-	-	-	Completed
Total	85.3	74.5	-	10.8	12.7	

[#] The Board has resolved to extend the utilization of the funds to 30 June 2024 pending the finalization of the final accounts and the release of the retention sums.

fixed on 15 June 2023. Pursuant to the case management, the parties are required to file Witness Statements on or before 26 January 2024. The trial dates have been fixed on 4 March 2024 and 5 March 2024.

Any material development will be announced accordingly.

B11. Soft Commission

During the financial quarter, the Manager did not receive any soft commission (i.e., goods and services) from the brokers or agents by virtue of transactions conducted by Atrium REIT.

B12. Revenue Recognition

Rental and interest income are recognized on an accrual basis.

B13. Receivables, Deposits and Prepayments

	As at 31 December 2023 RM	As at 30 September 2023 RM
Trade receivables		
Third parties	3,226	185,313
Less: Impairment losses	-	-
Total trade receivables	3,226	185,313
Other receivables, deposits and prepayments	10,834,754	9,639,557
Receivables, Deposits and Prepayments	10,837,980	9,824,870

Ageing analysis of trade receivables

	Total Due (RM)	0 – 15 days (RM)	16 – 30 days (RM)	31 – 45 days (RM)	> 45 days (RM)
Related Parties	-	-	-	-	-
Non-Related Parties	3,226	-	2,563	-	663
Total	3,226	-	2,563	-	663

B14. Manager's Fees

The Manager received a fee of 1.0% per annum of the NAV of the Trust during the quarter under review.

B15. Trustee's Fees

The Trustee received a fee of 0.1% per annum of the NAV of the Trust during the quarter under review.

B16. Borrowings and Debt Securities

	As at 31 December 2023 RM	As at 30 September 2023 RM
<u>Short Term Financing (secured)</u>		
Short Term Revolving Credit	39,600,000	39,600,000
Overdraft	1,002,670	-
<u>Long Term Financing (secured)</u>		
Term Loan	20,000,000	20,000,000
Term Loan 2	10,765,288	10,765,288
Term Loan 3	18,400,000	18,400,000
Term Loan 4	4,065,842	4,065,842
Medium Term Notes		
- Tranche 1	35,000,000	35,000,000
- Tranche 2	87,000,000	87,000,000
- Tranche 3	36,000,000	36,000,000
Total	251,833,800	250,831,130

B17. Taxation

Atrium REIT intends to distribute at least 90% of the distributable income (realised) to unitholders for the financial year 2023, which is exempt from tax pursuant to Section 61A(1) of Income Tax Act, 1967 under the Finance Act, 2006. Thus, Atrium REIT is not expected to incur any tax expenses for the financial year and as such, has not provided any tax expense for this current financial quarter.

B18. Distribution to Unitholders

For the current quarter ended 31 December 2023, the Manager has declared a final income distribution of 1.70 sen per unit, amounting to RM4,514,361.56. The book closure and payment dates in respect of the final income distribution have been fixed on 15 February 2024 and 29 February 2024 respectively.

Distributions to unitholders are from the following sources:

	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM	RM	RM	RM
Rental income (realised)	9,443,195	8,876,684	37,104,433	35,022,834
Interest income	338,842	364,170	1,560,303	798,140
Other income	76,576	853	95,403	1,452
Total income	9,858,613	9,241,707	38,760,139	35,822,426
Property operating expenses	(1,128,089)	(462,654)	(3,203,278)	(2,388,796)
Trust expenses	(4,413,038)	(4,173,182)	(17,227,631)	(14,939,301)
Total Expenses	(5,541,127)	(4,635,836)	(20,430,909)	(17,328,097)
Realised income before taxation	4,317,486	4,605,871	18,329,230	18,494,329
Taxation	-	-	-	-
Realised income for the period	4,317,486	4,605,871	18,329,230	18,494,329
Undistributed realised income				
- Previous year's	860,341	870,003	860,341	870,003
- Previous quarter's	203,109	239,930	-	-
Total realised income available for distribution	5,380,936	5,715,804	19,189,571	19,364,332
Declared income distribution	(4,514,362)	(4,855,463)	(18,322,997)	(18,503,991)
Balance undistributed realised income	866,574	860,341	866,574	860,341
Distribution per unit (sen)				
- Declared	1.70	1.90	6.90	8.20

B.19 Earnings Per Unit

	Current Year Quarter ended 31 December 2023	Corresponding Quarter ended 31 December 2022	Year to Date ended 31 December 2023	Year to Date ended 31 December 2022
Units in circulation (units)	265,550,680	255,550,680	265,550,680	255,550,680
Weighted average units in circulation (units)	265,550,680	245,985,463	263,742,461	220,096,160
Net Income for the period (including unrealised income/) (RM)	9,782,041	4,910,360	25,711,506	21,217,710
Net Income for the period (realised) (RM)	4,317,486	4,605,870	18,329,231	18,494,329
Earnings/ per unit (including unrealised income) (sen)				
- after Manager's fees	3.68	2.00	9.75	9.64
- before Manager's fees	4.02	2.33	11.07	10.95
Earnings per unit (realised) (RM)				
- after Manager's fees	1.63	1.87	6.95	8.40
- before Manager's fees	1.96	2.21	8.27	9.72

B20. Responsibility Statement

In the opinion of the Directors of the Manager, this quarterly report has been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Atrium REIT as at 31 December 2023 and of its financial performance and cash flows for the quarter/ period ended on that date and duly authorised for release by the Board of the Manager on 29 January 2024.

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: 29 January 2024