



## **ATRIUM REAL ESTATE INVESTMENT TRUST**

# **Condensed Financial Statements**

## **Fourth Quarter Ended 31 December 2019**

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

	(Unaudited) As at 31.12.2019 RM	(Audited) As at 31.12.2018 RM
<b>ASSETS</b>		
<b>Non-current asset</b>		
Investment properties	410,300,000	278,000,000
<b>Current assets</b>		
Trade and other receivables	13,479,037	6,634,550
Deposits with licensed financial institution	39,642,506	1,900,000
Bank balance	691,180	1,049,904
	<u>53,812,723</u>	<u>9,584,454</u>
<b>TOTAL ASSETS</b>	<u>464,112,723</u>	<u>287,584,454</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Trade and other payables	10,763,665	4,342,447
Borrowings	140,231,130	33,231,130
Deferred tax	7,240,113	-
	<u>158,234,908</u>	<u>37,573,577</u>
<b>Current liabilities</b>		
Trade and other payables	2,496,496	4,977,954
Borrowings	41,742,594	62,430,000
	<u>44,239,090</u>	<u>67,407,954</u>
<b>TOTAL LIABILITIES</b>	<u>202,473,998</u>	<u>104,981,531</u>
<b>NET ASSET VALUE (“NAV”)</b>	<u>261,638,725</u>	<u>182,602,923</u>
<b>FINANCED BY:</b>		
<b>UNITHOLDERS’ FUNDS</b>		
Unitholders’ capital	204,129,835	119,351,580
Undistributed income	57,508,890	63,251,343
<b>TOTAL UNITHOLDERS’ FUNDS</b>	<u>261,638,725</u>	<u>182,602,923</u>
<b>NUMBERS OF UNITS IN CIRCULATION (UNITS)</b>	<u>204,625,680</u>	<u>121,801,000</u>
<b>NAV PER UNIT (RM)</b>		
- before proposed distribution	1.2786	1.4992
- after proposed distribution (Note 1)	1.2563	1.4782

The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2018 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 fourth and final income distribution for 2019 of 2.23 sen per unit payable on 9 March 2020.)*

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2019 RM	Preceding Year Corresponding Quarter 31.12.2018 RM	Current Year to Date 31.12.2019 RM	Preceding Year to Date 31.12.2018 RM
Gross revenue	7,609,658	4,899,816	22,355,392	18,778,845
Unbilled lease income receivable <sup>1</sup>	605,961	-	605,961	-
Property operating expenses	8,215,619 (81,808)	4,899,816 (109,047)	22,961,353 (1,548,352)	18,778,845 (1,521,941)
<b>Net rental income</b>	8,133,811	4,790,768	21,413,001	17,256,904
Interest income	325,298	11,143	529,327	111,322
Change in fair value of investment properties	(991,155)	1,723,369	(991,155)	1,723,369
Other income	-	133,302	-	134,115
<b>Total net income</b>	7,467,954	6,658,583	20,951,173	19,225,710
<b>Trust expenses</b>				
Manager's fees	(538,913)	(365,635)	(1,768,098)	(1,444,809)
Trustee's fees	(53,891)	(36,563)	(176,810)	(128,134)
Auditors' fees	(7,500)	(9,300)	(30,000)	(30,000)
Impairment loss on trade receivables	-	(274,698)	-	(774,698)
Tax agent's fees	(1,420)	(1,420)	(6,500)	(6,000)
Finance costs	(2,115,557)	(1,123,636)	(5,453,098)	(4,245,695)
Valuation fees	22,039 <sup>2</sup>	(44,670)	(82,206)	(45,670)
Administrative expenses	(886,343)	(528,985)	(2,465,155)	(727,776)
Others	258,915 <sup>2</sup>	(155,662)	(239,130)	(225,394)
<b>Total Expenses</b>	(3,322,670)	(2,540,569)	(10,220,997)	(7,628,176)
<b>Income before taxation</b>	4,145,284	4,118,014	10,730,176	11,597,534
Taxation	(7,240,113) <sup>3</sup>	-	(7,240,113) <sup>3</sup>	-
<b>Net (loss)/income for the period</b>	(3,094,829)	4,118,014	3,490,063	11,597,534

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2019 RM	Preceding Year Corresponding Quarter 31.12.2018 RM	Current Year to Date 31.12.2019 RM	Preceding Year to Date 31.12.2018 RM
<b>Total comprehensive (loss)/income for the period</b>	(3,094,829)	4,118,014	3,490,063	11,597,534
<b>Net income for the period is made up as follows:</b>				
-Realised Income	4,530,478	2,394,645	11,115,370	9,874,165
-Unrealised - Change in fair value of investment properties	(991,155)	1,723,369	(991,155)	1,723,369
-Unrealised - Unbilled lease income receivable*	605,961	-	605,961	-
-Unrealised – Deferred tax	(7,240,113) <sup>3</sup>	-	(7,240,113) <sup>3</sup>	-
	(3,094,829)	4,118,014	3,490,063	11,597,534

**(Loss)/Earnings per unit (including unrealised income/expenses) (sen)**

- after manager's fees	(1.51)	3.38	2.25	9.52
- before manager's fees	(1.25)	3.68	3.40	10.7

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

- after manager's fees	2.21	1.97	7.18 <sup>4</sup>	8.11
- before manager's fees	2.48	2.27	8.32 <sup>4</sup>	9.29

**Distribution per unit (sen)**

- Proposed/Declared	2.23	2.10	6.63	8.10
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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 2018 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.

<sup>2</sup> Due mainly to the capitalization of expenses incurred in the previous quarters for the acquisition of property

<sup>3</sup>Taxation relates to the deferred tax recognized in relation to the fair value gain of freehold land component within the investment properties which is expected to be recovered through sale.

<sup>4</sup>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 01.01.2019 to 31.12.2019**

	← Undistributed Income →			
	Unitholders' Capital RM	Realised RM	Unrealised RM	Total RM
<b>At 1 January 2019</b>	119,351,580	3,150,209	60,101,134	182,602,923
<b>Operations for the period from - 1 January 2019 to 31 December 2019</b>				
Net income for the period	-	11,115,370	(7,625,307)	3,490,063
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	11,115,370	(7,625,307)	3,490,063
<b>Unitholders' transactions</b>				
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	-	(6,674,695)	-	(6,674,695)
Listing expenses	(1,408,133)	-	-	(1,408,133)
Increase/(Decrease) in net assets resulting from unitholders' transactions	84,778,255	(9,232,516)	-	75,545,739
<b>Net assets as at 31 December 2019</b>	<u>204,129,835</u>	<u>5,033,063</u>	<u>52,475,827</u>	<u>261,638,725</u>

**ATRIUM REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (AUDITED)**  
**For The Period from 01.01.2018 to 31.12.2018**

	← Undistributed Income →			
	Unitholders' Capital RM	Realised RM	Unrealised RM	Total RM
<b>At 1 January 2018</b>	119,351,580	2,837,423	58,377,765	180,566,768
<b>Operations for the period from - 1 January 2018 to 31 December 2018</b>				
Net income for the period	-	9,874,165	1,723,369	11,597,534
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	9,874,165	1,723,369	11,597,534
<b>Unitholders' transactions</b>				
Distributions to unitholders				
- 2017 Final	-	(2,253,319)	-	(2,253,319)
- 2018 Interim	-	(7,308,060)	-	(7,308,060)
Decrease in net assets resulting from unitholders' transactions	-	(9,561,379)	-	(7,308,060)
<b>Net assets as at 31 December 2018</b>	<u>119,351,580</u>	<u>3,150,209</u>	<u>60,101,134</u>	<u>182,602,923</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 2018 and the accompanying explanatory notes attached to the financial statements.

**ATRIUM REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**For The Period from 01.01.2019 to 31.12.2019**

	<b>(Unaudited)</b> <b>01.01.2019 to</b> <b>31.12.2019</b> <b>RM</b>	<b>(Audited)</b> <b>01.01.2018 to</b> <b>31.12.2018</b> <b>RM</b>
<b><u>Cash Flow From Operating Activities</u></b>		
Income before taxation	10,730,176	11,597,534
Adjustments for:		
Changes in fair value of investment properties	991,155	(1,723,369)
Interest income	(529,327)	(111,322)
Interest expense	5,453,098	4,245,695
Impairment loss on trade receivables	-	774,698
Reversal of impairment loss on trade receivables	-	(133,301)
Operating income before working capital changes	16,645,102	14,649,935
Increase in trade and other receivables	(9,444,487)	(3,804,128)
Increase/(Decrease) in trade and other payables	3,939,760	(824,409)
Net cash generated from operating activities	11,140,375	10,021,398
<b><u>Cash Flow From Investing Activity</u></b>		
Acquisition of investment property	(41,640,048)	-
Enhancement of investment property	(2,051,107)	(7,842,291)
Interest income	529,327	111,322
Net cash used in investing activity	(43,161,828)	(7,730,969)
<b><u>Cash Flow From Financing Activities</u></b>		
Interest paid	(5,453,098)	(4,245,695)
Distribution to unitholders	(9,232,516)	(9,569,379)
Drawdown of bank loans	20,000,000	4,065,842
Repayment of bank loans	-	(20,000,000)
Proceeds from issue of units	86,186,388	-
Placement expenses	(1,408,133)	-
Net cash generated from/(used in) financing activities	90,092,641	(29,741,232)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>58,071,188</b>	<b>(27,450,803)</b>
<b>Cash and Cash Equivalents at the Beginning of the Period</b>	<b>(19,880,096)</b>	<b>7,570,707</b>
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>38,191,092</b>	<b>(19,880,096)</b>
<b><u>Cash and Cash Equivalents</u></b>		
Cash and bank balances	691,180	1,049,904
Deposits with licensed financial institution	39,642,506	1,900,000
Bank Overdraft	(2,142,594)	(22,830,000)
	<u>38,191,092</u>	<u>(19,880,096)</u>

The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2018 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 2019**

**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 2018.

**A2. Audit Report of Preceding Financial Year Ended 31 December 2018**

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 except for the following:

Atrium REIT Capital Sdn Bhd is a special purpose vehicle incorporated and wholly owned by the Trust, to raise funds on behalf of the Trust via proposed issuance of unrated medium term notes (“MTNs”) pursuant to an unrated MTNs programme of up to RM999.0 million in nominal value.

During the financial quarter under review, Atrium REIT Capital issued RM87 million of MTNs (“Tranche 2”) which were fully subscribed by Public Bank Berhad.

## **A7. Income Distribution**

During the quarter under review, Atrium REIT paid an interim income distribution of 1.00 sen per unit, amounting to RM2,046,256.80 in respect of the realized income for the period from 1 July 2019 to 30 September 2019, on 29 November 2019.

Based on the fourth quarter's results ended 31 December 2019, there will be a fourth and final distribution of 2.23 sen per unit, amounting to RM4,563, 152.66 to be payable on 9 March 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 27 December 2019 Pacific Trustees Berhad, on behalf of Atrium REIT entered into a conditional sale and purchase agreement with Permodalan Nasional Berhad in relation to the proposed acquisition of a single storey factory building and ancillary area (comprising guard house, TNB sub-station and surau) and single storey office-cum-canteen building for a total cash consideration of RM45.0 million.

## **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 As at 31 December 2019</b>	<b>Immediate Preceding Quarter As at 30 September 2019</b>
Net asset value (RM)	261,638,725	266,779,811
Units in circulation (units)	204,625,680	204,625,680
Net asset value per unit (RM)		
- before distribution	1.2786	1.3037
- after distribution	1.2563	1.2937
Market price per unit (RM)	1.04	1.04
Highest traded price per unit during the quarter (RM)	1.07	1.21
Lowest traded price per unit during the quarter (RM)	1.02	1.04

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

There were no significant change in the Net Asset Value and the Net Asset Value per unit for the quarter under review.

### **Quarter Results**

For the quarter under review, Atrium REIT's gross revenue increased substantially to RM7,609,658 compared to the last corresponding quarter of RM4,899,816. Income before taxation (realised) for the quarter increased by 89.2% as compared to the last corresponding quarter due to the higher gross revenue and interest income even though the trust expenses were much higher. Gross revenue increased substantially mainly due to the rental income from Atrium Bayan Lepas 2 ("ABL2") which commenced in October 2019 whilst interest income increased due to the higher deposits in the short term money market.

The trust expenses were higher compared to the last corresponding quarter mainly due to the higher Manager's fees, finance costs and administrative expenses even though there was a provision for impairment loss for the last corresponding quarter. The increase in Manager's fees was due to the increase in Net Asset Value as a result of the issuance of new units under placement and rights exercise. Finance costs increased due to the drawdown of the Tranche 2 of the MTN programme to finance the acquisition of ABL2. The administrative expenses increased due to the registration fee for transfer of lease for ABL2, professional and secretarial fees incurred for the incorporation of the SPV, regulatory fees, professional fees, legal fees and subscription fee for the MTN programme.

## Twelve Months Results

For the twelve months financial period ended 31 December 2019, Atrium REIT recorded a gross revenue of RM23.0million which was approximately 22.0% higher than the corresponding period due mainly to the full year rental income from Atrium Shah Alam 3 and rental income from ABL 2 which commenced in October 2019. Consequently, income before taxation (realised) for the period increased by 12.6% as compared to the last corresponding period even though the trust expenses were higher.

The trust expenses were higher compared to the last corresponding period due to the higher Manager's fees, finance costs and administrative expenses. The increase in Manager's fees was due to the increase in Net Asset Value as a result of the issuance of new units under placement and rights exercise. The higher finance cost was due to the drawdown of Tranche 2 of the MTN programme to finance the acquisition of ABL2. Administrative expenses increased substantially due to the regulatory fees, professional fees and service taxes incurred for the corporate exercise and proposed acquisitions, upfront fee/subscription fee for a new term loan/ Tranche 2 of the MTN programme, stamp duty for new bank facility and commitment fees for bank facilities.

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

	<b>Current Quarter 01.10.2019 To 31.12.2019 RM</b>	<b>Preceding Quarter 01.07.2019 To 30.09.2019 RM</b>
Gross revenue	7,609,658	4,919,412
Unbilled lease income receivable	605,961	-
	<hr/> 8,215,619	<hr/> 4,919,412
Property expenses	(81,808)	(486,731)
	<hr/> 8,133,811	<hr/> 4,432,680
<b>Net property income</b>	8,133,811	4,432,680
Interest income	325,298	101,567
<b>Change in Fair Value of Investment Properties</b>	(911,155)	-
<b>Total income</b>	<hr/> 7,467,954	<hr/> 4,534,247
Trust expenses	(3,322,670)	(2,542,834)
<b>Income before taxation</b>	<hr/> 4,145,284	<hr/> 1,991,413
Taxation	(7,240,113)	-
<b>Net (loss)/ income</b>	<hr/> (3,094,829)	<hr/> 1,991,413
<b>Net (loss)/income for the financial quarter is made up as follows:</b>		
-Realised income	4,530,478	2,107,969
-Unrealised loss	(7,625,307)	-
	<hr/> (3,094,829)	<hr/> 2,107,969

Atrium REIT's net income (realised) for the quarter ended 31 December 2019 was significantly higher due mainly to the rental income from Atrium Bayan Lepas 2, lower property operating expenses and higher interest income even though the trust expenses were higher compared to the preceding quarter. The lower property expenses was due mainly to the reversal of sinking fund provision which was not fully utilised.

The trust expenses were higher due to the higher Manager's fees and finance costs. 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 the rights exercise. Finance costs increased with the drawdown of the Tranche 2 of the MTN programme to finance the acquisition of ABL2.

Taxation relates to the deferred tax recognized in relation to the fair value gain of freehold land component within the investment properties which is expected to be recovered through sale.

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

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

#### **B6. Prospects**

The occupancy rate for the Trust's portfolio of properties as at 31 December 2019 was 100%. Barring any unforeseen circumstances, the Manager expects the Trust's existing portfolio of properties to maintain at 100% occupancy for the next financial year.

The Manager also expects the Trust's performance to improve for the next financial year as Lumileds Plant 2 (renamed Atrium Bayan Lepas 2) which was acquired on 7 October 2019 will contribute to the Trust's income for the full financial year, and the two (2) proposed property acquisitions as mentioned in Note A10 above are also expected to contribute positively to the Trust's income when the acquisitions are completed during the financial year.

#### **B7. Portfolio Composition**

During the quarter under review, Atrium REIT completed the acquisition of Atrium Bayan Lepas 2. As at 31 December 2019, the portfolio composition of Atrium REIT is as follows:

##### **Investments in Real Estates**

Description of property	Tenure of land	Occupancy rate as at 31.12.2019 %	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	34.7
Atrium Shah Alam 2	Freehold	100	31.10.2019	64,491	78,600	78,600	30.0
Atrium Shah Alam 3	Freehold	100	01.11.2019	31,156	29,500	29,500	11.3
Atrium Bayan Lepas 2	Leasehold	100	30.08.2019	131,240	120,000	120,000	45.9
Atrium Puchong	Freehold	100	04.11.2019	39,044	53,200	53,200	20.3
Atrium USJ	Freehold	100	04.11.2019	25,000	38,200	38,200	14.6
				351,190		410,300	

**B8. Utilisation of Proceeds Raised from Issuance of New Units  
Placement of 24,360,200 units**

Purpose	Proposed Utilisation RM (million)	Actual Utilisation RM (million)	Deviation RM (million)	Balance		Intended Time Frame for Utilisation (from date of listing )
				RM (million)	%	
Part finance proposed acquisition of Lumileds properties	26.2	12.2	-	14.0	53.4	Within 12 months*
Defray estimated expenses relating to the Placement	0.6	0.6	-	-	-	Within 1 month
<b>Total</b>	<b>26.8</b>	<b>12.8</b>	<b>-</b>	<b>14.0</b>	<b>52.2</b>	

\* The Board of the Manager has resolved to extend the timeframe for the utilisation of proceeds which have been earmarked to part finance the proposed acquisition of Lumileds properties for an additional 6 months to 3 April 2020 as the Manager envisaged that the acquisition of property 1 will only be completed by 1<sup>st</sup> quarter of 2020.

**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	31.8	-	26.4	45.4	Within 6 months
Defray estimated expenses relating to the Rights Issue	1.4	1.4	-	-	-	Within 1 month
<b>Total</b>	<b>59.6</b>	<b>33.2</b>	<b>-</b>	<b>26.4</b>	<b>44.3</b>	

**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 below:

Kuala Lumpur High Court  
(Civil Division)

Suit No: WA-22NCvC-780-11/2018

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

Biforst Logistics Sdn Bhd ...Defendant

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

During the case management on 21 January 2020, our lawyers informed the Registrar of Court that the Defendant had not reverted on the draft issues to be tried and draft common bundle of documents as of to date.

The Defendant's counsel also informed the Registrar that they will be discharging themselves as solicitors for the Defendant and sought for further date for the Defendant to file the notice of change of solicitors (if any). The Registrar took note of the above and directed the Defendant to file and serve the notice of change of solicitors or notice of application to discharge on the Plaintiff before 2.3.2020. The matter was fixed for further case management on 2.3.2020.

## 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

	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>
	<b>RM</b>	<b>RM</b>
<b>Trade receivables</b>		
Third parties	2,234,824	2,292,007
Less: Impairment losses	(1,390,344)	(1,390,344)
Total trade receivables	844,480	901,663
<b>Other receivables, deposits and prepayments</b>	12,634,557	5,732,887
<b>Trade and Other Receivables</b>	13,479,037	6,634,550

The impairment losses was related to a debtor that has defaulted in rental payments. The Manager has made full provision for impairment of trade receivable for the long outstanding amount owing by the

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

Included in other receivables, deposits and prepayments is the amount of RM9.5 million paid as deposits for new properties acquisition.

#### Ageing analysis of trade receivables

	Total Due (RM)	0 – 15 days (RM)	16 – 30 days (RM)	31 – 45 days (RM)	> 45 days (RM)
Related Parties	0	0	0	0	0
Non-Related Parties	2,234,824	0	0	0	2,234,824
TOTAL	2,234,824	0	0	0	2,234,824

#### B14. Manager’s Fees

Pursuant to the Restated Deed dated 24 March 2016 and the Supplementary Deed dated 21 April 2016, the Manager is entitled to receive a fee of up to 1.0% per annum of the Net Asset Value (“NAV”) of the Trust.

For the quarter ended 31 December 2019, the Manager received a fee of 0.8% per annum of the NAV of the Trust.

#### B15. Trustee’s Fees

For the quarter ended 31 December 2019, the Trustee received a fee of 0.08% per annum of the NAV of the Trust.

#### B16. Borrowings and Debt Securities

	As at 31 December 2019 RM	As at 31 December 2018 RM
<u>Short Term Financing (secured)</u>		
Short Term Revolving Credit	39,600,000	39,600,000
Overdraft	2,142,594	22,830,000
<u>Long Term Financing (secured)</u>		
Term Loan	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	-
	181,973,724	95,661,130

#### B17. Taxation

Atrium REIT intends to distribute at least 90% of the distributable income (realised) to unitholders for the financial year 2019, 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:

	<b>Current Quarter RM</b>	<b>Corresponding Quarter RM</b>	<b>Current Year to Date RM</b>	<b>Corresponding Year to Date RM</b>
Rental income	7,609,658	4,899,816	22,355,392	18,778,845
Interest income	325,298	11,143	529,327	111,322
Other income	-	133,302	-	134,115
<b>Total income</b>	<b>7,934,956</b>	<b>5,044,261</b>	<b>22,884,719</b>	<b>19,024,282</b>
Property operating expenses	(81,808)	(109,047)	(1,548,352)	(1,521,941)
Trust expenses	(3,322,670)	(2,540,569)	(10,220,997)	(7,628,176)
<b>Total Expenses</b>	<b>(3,404,478)</b>	<b>(2,556,256)</b>	<b>(11,769,349)</b>	<b>(9,150,117)</b>
<b>Realised income before taxation</b>	<b>4,530,478</b>	<b>2,394,645</b>	<b>11,115,370</b>	<b>9,874,165</b>
Taxation	-	-	-	-
<b>Realised income for the period</b>	<b>4,530,478</b>	<b>2,394,645</b>	<b>11,115,370</b>	<b>9,874,165</b>
<b>Undistributed realised income</b>				
- Previous year's	592,388	584,104	592,388	584,104
- Previous quarter's	(89,803)	171,460	-	-
<b>Total realised income available for distribution</b>	<b>5,033,063</b>	<b>3,150,209</b>	<b>11,707,758</b>	<b>10,458,269</b>
<b>Proposed/declared income distribution</b>	<b>(4,563,153)</b>	<b>(2,557,821)</b>	<b>(11,237,848)</b>	<b>(9,865,881)</b>
Balance undistributed realised income	469,910	592,388	469,910	592,388
<b>Distribution per unit (sen)</b>				
- Proposed/Declared	2.23	2.10	6.63	8.10

## B.19 Earnings Per Unit

	<b>Current Quarter ended 31 December 2019</b>	<b>Year to Date ended 31 December 2019</b>
Units in circulation (units)	204,625,680	204,625,680
Weighted Average units in circulation (units)	204,625,680	154,852,153
Net (Loss)/Income for the period (including unrealised income/expenses) (RM)	(3,094,829)	3,490,063
Net Income for the period (realised) (RM)	4,530,478	11,115,370
<b>(Loss)/Earnings per unit (including unrealised income/expenses) (sen)</b>		
- after manager's fees	(1.51)	2.25
- before manager's fees	(1.25)	3.40
<b>Earnings per unit (realised) (RM)</b>		
- after Manager's fees	2.21	7.18
- before Manager's fees	2.48	8.32

## **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 2019 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 6 February 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: 6 February 2020