



## **ATRIUM REAL ESTATE INVESTMENT TRUST**

# **Condensed Financial Statements**

## **Second Quarter Ended 30 June 2015**

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

	(Unaudited) As at 30.06.2015 RM	(Audited) As at 31.12.2014 RM
<b>ASSETS</b>		
<b>Non-current asset</b>		
Investment properties	217,300,000	217,300,000
<b>Current assets</b>		
Trade and other receivables	2,062,209	1,769,216
Deposits with licensed financial institution	19,640,539	13,094,807
Bank balance	431,455	267,338
	22,134,203	15,131,361
Non-current asset held for sale	-	8,900,000
<b>TOTAL ASSETS</b>	<b>239,434,203</b>	<b>241,331,361</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Trade and other payables	3,499,606	2,190,316
Borrowings	20,000,000	20,000,000
	23,499,606	22,190,316
<b>Current liabilities</b>		
Trade and other payables	4,521,165	5,635,802
Borrowings	39,600,000	45,000,000
	44,121,165	50,635,802
<b>TOTAL LIABILITIES</b>	<b>67,620,771</b>	<b>72,826,118</b>
<b>NET ASSET VALUE (“NAV”)</b>	<b>171,813,432</b>	<b>168,505,243</b>
<b>FINANCED BY:</b>		
<b>UNITHOLDERS’ FUNDS</b>		
Unitholders’ capital	119,351,580	119,351,580
Undistributed income	52,461,852	49,153,663
<b>TOTAL UNITHOLDERS’ FUNDS</b>	<b>171,813,432</b>	<b>168,505,243</b>
<b>NUMBERS OF UNITS IN CIRCULATION (UNITS)</b>	<b>121,801,000</b>	<b>121,801,000</b>
<b>NAV PER UNIT (RM)</b>		
- before proposed distribution	1.4106	1.3834
- after proposed distribution (Note 1)	1.3746	1.3654

The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2014 and the accompanying explanatory notes attached to the financial statements.

*(Note 1 - Being Net Asset Value Per Unit after reflecting realised income to be distributed as second interim income distribution for 2015 of 3.60 sen per unit payable on 11 September 2015.)*

**ATRIUM REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2015 RM	Preceding Year Corresponding Quarter 30.06.2014 RM	Current Year to Date 30.06.2015 RM	Preceding Year to Date 30.06.2014 RM
Gross revenue	3,094,804	4,199,171	6,640,951	8,398,342
Property operating expenses	(470,458)	(470,959)	(941,557)	(935,706)
<b>Net rental income</b>	2,624,346	3,728,212	5,699,394	7,462,636
Interest income	141,573	100,266	255,990	197,156
Gain on disposal of investment property*	4,258,126	-	4,258,126	-
Other income	7,289	-	31,652	-
<b>Total income</b>	7,031,334	3,828,478	10,245,162	7,659,792
<b>Trust expenses</b>				
Manager's fees	(343,049)	(326,580)	(674,135)	(649,470)
Trustee's fees	(27,873)	(26,535)	(54,773)	(52,769)
Auditors' fees	(5,250)	(4,500)	(10,500)	(9,000)
Tax agent's fees	(1,200)	(1,200)	(2,400)	(2,400)
Finance costs	(666,451)	(679,288)	(1,359,503)	(1,368,666)
Administrative expenses	(358,809)	(45,146)	(394,981)	(79,815)
Others	(2,070)	-	(20,069)	(1,000)
<b>Total Expenses</b>	(1,404,702)	(1,083,249)	(2,516,361)	(2,163,120)
<b>Income before taxation</b>	5,626,632	2,745,229	7,728,801	5,496,672
Taxation	(157,577)	-	(157,577)	-
<b>Net income/Total comprehensive income for the period</b>	5,469,055	2,745,229	7,571,224	5,496,672

**Net income for the period is made up as follows:**

-Realised	5,469,055	2,745,229	7,571,224	5,496,672
-Unrealised	-	-	-	-

**Earnings per unit (sen)**

- after manager's fees	4.49	2.25	6.22	4.51
- before manager's fees	4.77	2.52	6.77	5.05

**Distribution per unit (sen)**

- Interim : paid	1.70	2.20	1.70	2.20
: proposed	3.60	2.20	3.60	2.20

\* The disposal of Atrium Rawang resulted in a gain on disposal of RM4,258,126 and the realisation of fair value loss from revaluation of RM1,100,000.

The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 31 December 2014 and the accompanying explanatory notes attached to the financial statements.

**ATRIUM REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (UNAUDITED)**  
**For The Period from 01.01.2015 to 30.06.2015**

	← Undistributed Income →			
	Unitholders' Capital RM	Realised RM	Unrealised RM	Total RM
<b>Net assets as at 1 January 2015</b>	119,351,580	2,753,663	46,400,000	168,505,243
<b>Operations for the period from - 1 January 2015 to 30 June 2015</b>				
Net income for the period	-	7,571,224	-	7,571,224
Realisation of unrealised loss	-	(1,100,000)	1,100,000	-
Increase in net assets resulting from operations	-	6,471,224	1,100,000	7,571,224
<b>Unitholders' transactions</b>				
Distributions to unitholders				
- 2014 Final	-	(2,192,418)	-	(2,192,418)
- 2015 Interim	-	(2,070,617)	-	(2,070,617)
Decrease in net assets resulting from unitholders' transactions	-	(4,263,035)	-	(4,263,035)
<b>Net assets as at 30 June 2015</b>	<u>119,351,580</u>	<u>4,961,852</u>	<u>47,500,000</u>	<u>171,813,432</u>

**ATRIUM REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (AUDITED)**  
**For The Period from 01.01.2014 to 30.06.2014**

	Unitholders' Capital RM	← Undistributed Income →		Total RM
		Realised RM	Unrealised RM	
<b>Net assets as at 1 January 2014</b>	119,351,580	3,149,545	41,900,000	164,401,125
<b>Operations for the period from - 1 January 2014 to 30 June 2014</b>				
Net income for the period	-	5,496,672	-	5,496,672
Increase in net assets resulting from operations	-	5,496,672	-	5,496,672
<b>Unitholders' transactions</b>				
Distributions to unitholders				
- 2013 final	-	(2,679,622)	-	(2,679,622)
- 2014 Interim		(2,679,622)		(2,679,622)
Decrease in net assets resulting from unitholders' transactions	-	(5,359,244)	-	(5,359,244)
<b>Net assets as at 30 June 2014</b>	119,351,580	3,286,973	41,900,000	164,538,553

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 2014 and the accompanying explanatory notes attached to the financial statements.

**ATRIUM REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**For The Period from 01.01.2015 to 30.06.2015**

	<b>Current Year to Date 30.06.2015 RM</b>	<b>Preceding Year to Date 30.06.2014 RM</b>
<b><u>Cash Flow From Operating Activities</u></b>		
Income before taxation	7,728,801	5,496,672
Adjustments for:		
Interest income	(255,990)	(197,156)
Interest expense	1,359,503	1,368,666
Gain on disposal of investment property	(4,258,126)	-
Operating income before working capital changes	4,574,188	6,668,182
Increase in trade and other receivables	(292,993)	(437,786)
Increase in trade and other payables	194,653	59,066
Cash generated from operating activities	4,475,848	6,289,462
Tax paid	(157,577)	-
Net cash generated from operating activities	4,318,271	6,289,462
<b><u>Cash Flow From Investing Activity</u></b>		
Interest income	255,990	197,156
Proceeds from disposal of investment property	13,158,126	-
Net cash generated from investing activities	13,414,116	197,156
<b><u>Cash Flow From Financing Activities</u></b>		
Interest paid	(1,359,503)	(1,368,666)
Distribution to unitholders	(4,263,035)	(5,359,244)
Repayment of STRC	(5,400,000)	-
Net cash used in financing activities	(11,022,538)	(6,727,910)
<b>Net Increase In Cash And Cash Equivalents</b>	<b>6,709,849</b>	<b>(241,292)</b>
<b>Cash And Cash Equivalents At The Beginning Of the Period</b>	<b>13,362,145</b>	<b>12,771,140</b>
<b>Cash And Cash Equivalents At The End Of the Period</b>	<b>20,071,994</b>	<b>12,529,848</b>
<b><u>Cash and cash equivalents</u></b>		
Cash and bank balances	431,455	147,956
Deposits with licensed financial institution	19,640,539	12,381,892
	<u>20,071,994</u>	<u>12,529,848</u>

The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2014 and the accompanying explanatory notes attached to the financial statements.

**ATRIUM REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**  
**For The Quarter Ended 30 June 2015**

**Disclosure requirements as per Malaysian Financial Reporting Standards (“MFRS”) 134**

**A1. Basis of Preparation**

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”) for the year ended 31 December 2014.

**A2. Audit Report of Preceding Financial Year Ended 31 December 2014**

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 the 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. The outstanding debt is disclosed in Note B15.

**A7. Income Distribution**

During the quarter under review, the Atrium REIT paid an interim income distribution of 1.70 sen per unit, amounting to RM 2,070,617 in respect of the quarter ended 31 March 2015 on 29 May 2015. Based on the second quarter’s results ended 30 June 2015, there will be an interim distribution of 3.60 sen per unit, amounting to RM 4,384,836 to be distributed on the 11 September 2015.

**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. The valuations of the investment properties have been brought forward without amendment from the audited financial statements for the year ended 31 December 2014.

#### **A10. Material Events**

There was no material event subsequent to the end of the current financial quarter.

#### **A11. Changes in the Composition of Atrium REIT**

There is no change in composition of Atrium REIT for the current financial quarter.

#### **A12. Changes in Contingent Liabilities**

There is no contingent liability to be disclosed.

#### **A13. Supplementary Information on Realised and Unrealised Income**

The Undistributed Income as at the end of the reporting period may be analysed as follows:

	As at 30 June 2015 RM	As at 31 December 2014 RM
<u>Realised</u>		
Distributable undistributed income	4,961,852	2,753,663
<u>Unrealised</u>		
Cumulative net changes arising from the fair value adjustments to the investment properties	47,500,000	46,400,000
	52,461,852	49,153,663

#### **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 30 June 2015</b>	<b>Immediate Preceding Quarter As at 31 March 2015</b>
Net asset value (RM)	171,813,432	168,414,994
Units in circulation (units)	121,801,000	121,801,000
Net asset value per unit (RM)	1.4106	1.3827
Market price per unit (RM)	1.14	1.21
Highest traded price per unit during the quarter (RM)	1.21	1.25
Lowest traded price per unit during the quarter (RM)	1.14	1.18

#### Quarterly Results

For the quarter ended 30 June 2015, Atrium REIT recorded total income of RM7,031,334 which is 83.7% higher than the last corresponding quarter of RM3,828,478. Income before taxation for the quarter of RM5,626,632 represents an increase of 105.0% compared to RM2,745,229 achieved in the last corresponding quarter.

The total income and income before taxation (realised) for the quarter under review increased significantly due mainly to the gain in the disposal of Atrium Rawang even though there was decrease in gross revenue. The decrease in gross revenue is due to the rent free period for Atrium Shah Alam 1, rental void in Atrium Puchong and the loss of rental income resulting from the disposal of Atrium Rawang.

### B4. Comparison with Preceding Quarter

	<b>Current Quarter 01.04.2015 To 30.06.2015 RM</b>	<b>Preceding Quarter 01.01.2015 To 31.03.2015 RM</b>
Gross revenue	3,094,804	3,546,147
Property expenses	(470,458)	(471,099)
<b>Net property income</b>	<u>2,624,346</u>	<u>3,075,048</u>
Interest income	141,573	138,780
Gain in disposal of investment property	4,258,126	-
Other income	7289	-
<b>Total income</b>	<u>7,031,334</u>	<u>3,213,828</u>
Trust expenses	(1,404,702)	(1,111,659)
<b>Income before taxation</b>	<u>5,626,632</u>	<u>2,102,169</u>
Taxation	(157,577)	-
<b>Net income</b>	<u>5,469,055</u>	<u>2,102,169</u>
<b>Net income for the financial quarter is made up as follows:</b>		
-Realised	5,469,055	2,102,169
-Unrealised	-	-
	<u>5,469,055</u>	<u>2,102,169</u>

Atrium REIT's Net Income for the quarter ended 30 June 2015 is significantly higher compared to the preceding quarter due to the gain in disposal of Atrium Rawang even though there was a decrease in gross revenue. Gross revenue decreased due to the rent free period for Atrium Shah Alam 1 and loss of rental income resulting from the disposal of Atrium Rawang.

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

##### **Atrium Shah Alam 2**

No major capital expenditure was incurred by Atrium REIT during the quarter under review. However, the Manager is proposing to carry out a major refurbishment exercise ("Proposed Refurbishment") to maintain, rectify and upgrade Atrium Shah Alam 2 during the year. Once the scope and cost of the Proposed Refurbishment have been confirmed, the unitholders will be updated via announcements on the Bursa Securities' website.

Nonetheless, the Manager continues to monitor closely the state and condition of the warehouse floor slab during this period.

#### **B6. Prospects**

##### **Atrium Shah Alam 2 ("ASA2")**

The tenancy for ASA2 had expired on 31 May 2015. However, the existing tenant has informed the Manager that they intend to extend the tenancy for another 4 months until 30 September 2015. The Manager is in discussion with prospective tenants to rent ASA2 upon the completion of the Proposed Refurbishment mentioned above.

##### **Atrium Puchong ("AP")**

The lease for AP has expired on 18 September 2014 and the Manager has been working closely with property agents to actively source for a new tenant. At the date of this report, the Manager is in discussion with a few prospects but no new tenant has been secured mainly due to the bad road condition and the traffic congestion in the vicinity of AP as a result of the on-going LRT construction works. The said works are expected to be completed in 1<sup>st</sup> quarter of 2016.

##### **Atrium Rawang ("AR")**

The proposed disposal of AR was completed on 29 April 2015.

The Manager expects the rental void in AP and ASA2, during the Proposed Refurbishment, to affect the financial performance of the REIT for the financial year ended 2015 and 2016. However, the Manager will endeavor to lessen the impact by working with agents and existing tenants to source for a new tenant in order to minimize the rental void in AP. As for ASA2, the Manager is in the midst of confirming the scope and working closely with the relevant consultants to prepare and submit the necessary documentations to the relevant authorities so that the Proposed Refurbishment can be carried out once the tenant vacates the premises.

The Manager will continue to actively identify good assets for new acquisition to improve the yield and to continue focusing on the strategy of having the investment properties leased long-term to reputable tenants.

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

There was no change to the total numbers of properties held by the Atrium REIT since the last reporting period. As at 30 June 2015, the portfolio composition of Atrium REIT is as follow:

## Investments in Real Estates

Description of property	Tenure of land	Existing Use	Occupancy rate as at 30.06.2015 %	Date of Valuation	Acquisition cost RM'000	Latest valuation (A) RM'000	Percentage of (A) over Net Assets Value %
Atrium Shah Alam 1	Freehold	Industrial	100	27.11.2014	57,200	75,000	43.7
Atrium Shah Alam 2	Freehold	Industrial	100	27.11.2014	49,100	64,000	37.2
Atrium Puchong	Freehold	Industrial	0	27.11.2014	38,500	47,000	27.4
Atrium USJ	Freehold	Industrial	100	27.11.2014	25,000	31,300	18.2
					169,800	217,300	

### 8. Utilisation of Proceeds Raised from Issuance of New Units

This is not applicable as there are no proceeds raised from any issuance of new units during the current financial quarter.

### B9. Corporate Development

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

### B10. Material Litigation

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

### 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 the Atrium REIT.

### B12. Revenue Recognition

Rental and interest income are recognized on an accrual basis.

### B13. Manager's Fees

Pursuant to the Deed dated 20 November 2006 and the Supplementary Trust Deed dated 25 November 2008, the Manager is entitled to receive a fee of up to 1.0% per annum of the Net Asset Value ("NAV") of the Trust.

For the quarter ended 31 March 2015, the Manager received a fee of 0.8% per annum of the NAV of the Trust.

### B14. Trustee's Fees

For the quarter ended 31 March 2015, the Trustee received a fee of 0.065% per annum of the NAV of the Trust.

**B15. Borrowings and Debt Securities**

	As at 30 June 2015 RM	As at 31 December 2014 RM
<u>Short Term Financing</u>		
Short Term Revolving Credit (“STRC”) - secured	39,600,000	45,000,000
<u>Long Term Financing</u>		
Term Loan (“TL”) - secured	20,000,000	20,000,000
	59,600,000	65,000,000

The STRC facility is secured by way of a first party legal charge over Atrium Shah Alam 1. This financing facility is renewable on a yearly basis subject to the Bank’s review. The interest rates for the STRC facility ranged from 4.30% to 4.34% per annum for the quarter under review.

The interest rate for the TL facility ranged from 4.635% to 4.675% per annum for the quarter under review. The TL facility is secured by all monies First Party charge over Atrium USJ. This financing facility has a maturity of 7 years from the date of first drawdown and will be repaid in full via a bullet repayment at maturity.

**B16. Unitholdings of Directors and their Related Parties**

As at 30.06.2015	Number of units held	Percentage of total units %	Market value RM
<b>Direct unit holdings in Atrium REIT</b>			
Atrium REIT Managers Sdn Bhd	750,800	0.62	855,912
<b>Directors of the Manager:</b>			
Dato’ Dr Ir Mohamad Khir Bin Harun	-	-	-
Wong Sui Ee	363,000	0.30	413,820
Tor Peng Sie	100,000	0.08	114,000
How Hu Son	100,000	0.08	114,000
Soong Kwong Heng	55,000	0.05	62,700
Glory Blitz Industries Sdn Bhd	10,024,800	8.23	11,428,272
Sparkle Skyline Sdn Bhd	9,258,900	7.60	10,555,146
Chan Kam Tuck (note 1)	25,236,400	20.72	28,769,496
Chan Kum Chong	70,000	0.06	79,800

The market value is determined by multiplying the number of units with the closing market price of RM1.14 per unit.

*Note 1- Unitholding under Chan Kam Tuck is made up of his individual holding of 10,236,400 units and his deemed holding under a trust where he is the beneficiary.*

## B17. Taxation

Atrium REIT intends to distribute at least 90% of the distributable income (realised) to unitholders for the financial year 2015, which is exempt from tax pursuant to Section 61A(1) of Income Tax Act, 1967 under the Finance Act, 2006. Thus, Atrium REIT should not incur any tax expenses for the financial year and has not provided any tax expense for this current financial quarter save and the Real Property Gains Tax for the disposal of Atrium Rawang which was completed in April 2015.

## B18. Distribution to Unitholders

Distributions to unitholders are from the following sources:

	<b>01.01.2015 To 30.06.2015 RM</b>	<b>01.01.2014 To 30.06.2014 RM</b>
Net property income	5,699,394	7,462,636
Interest income	255,990	197,156
Gain on disposal of investment property	4,258,126	-
Other income	31,652	-
	<hr/>	<hr/>
Total Income	10,245,162	7,659,792
Less: Expenses	(2,516,361)	(2,163,120)
	<hr/>	<hr/>
Income before taxation	7,728,801	5,496,672
Taxation	(157,577)	-
	<hr/>	<hr/>
Net income	7,571,224	5,496,672
Less: Income distributed	(2,070,617)	(2,679,622)
Less: Proposed second interim distribution	(4,384,836)	(2,679,622)
	<hr/>	<hr/>
Balance undistributed income	1,115,771	137,428
	<hr/>	<hr/>
Distribution per unit (sen)		
- First interim distribution paid on 29 May 2015 (2014: paid on 30 May 2014)	1.70	2.20
- Second interim distribution payable on 11 September 2015 (2014: paid on 29 August 2014)	3.60	2.20

For the financial quarter ended 30 June 2015, the Board of Directors of the Manager has declared a second interim income distribution of 3.60 sen per unit to be paid on 11 September 2015 to the unitholders registered in the Record of Depositors on 24 August 2015.

Withholding tax will be deducted for distributions made to the following categories of unitholders :

- Resident individual (withholding tax at 10%)
- Non Resident individual (withholding tax at 10%)
- Resident institutional investors (withholding tax at 10%)
- Non-resident institutional investors (withholding tax at 10%)
- Resident companies (No withholding tax. Subject to corporate tax at prevailing rate)
- Non-resident companies (withholding tax at 25% for Year of Assessment 2015)

## **B19. 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 the Atrium REIT as at 30 June 2015 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 7 August 2015.

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: 7 August 2015