



ATRIUM REAL ESTATE INVESTMENT TRUST

Condensed Financial Statements

First Quarter Ended 31 March 2015

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ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 31.03.2015 RM	(Audited) As at 31.12.2014 RM
ASSETS		
Non-current asset		
Investment properties	217,300,000	217,300,000
Current assets		
Trade and other receivables	1,710,160	1,769,216
Deposits with licensed financial institution	14,699,702	13,094,807
Bank balance	517,002	267,338
	16,926,864	15,131,361
Non-current asset held for sale	8,900,000	8,900,000
TOTAL ASSETS	<u>243,126,864</u>	<u>241,331,361</u>
LIABILITIES		
Non-current liabilities		
Trade and other payables	3,499,606	2,190,316
Borrowings	20,000,000	20,000,000
	<u>23,499,606</u>	<u>22,190,316</u>
Current liabilities		
Trade and other payables	11,612,264	5,635,802
Borrowings	39,600,000	45,000,000
	<u>51,212,264</u>	<u>50,635,802</u>
TOTAL LIABILITIES	<u>74,711,870</u>	<u>72,826,118</u>
NET ASSET VALUE (“NAV”)	<u>168,414,994</u>	<u>168,505,243</u>
FINANCED BY:		
UNITHOLDERS’ FUNDS		
Unitholders’ capital	119,351,580	119,351,580
Undistributed income	49,063,414	49,153,663
TOTAL UNITHOLDERS’ FUNDS	<u>168,414,994</u>	<u>168,505,243</u>
NUMBERS OF UNITS IN CIRCULATION (UNITS)	<u>121,801,000</u>	<u>121,801,000</u>
NAV PER UNIT (RM)		
- before proposed distribution	1.3827	1.3834
- after proposed distribution (Note 1)	1.3657	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 first interim income distribution for 2015 of 1.70 sen per unit payable on 29 May 2015.)

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2015 RM	Preceding Year Corresponding Quarter 31.03.2014 RM	Current Year to Date 31.03.2015 RM	Preceding Year to Date 31.03.2014 RM
Gross revenue	3,546,147	4,199,171	3,546,147	4,199,171
Property operating expenses	(471,099)	(464,748)	(471,099)	(464,748)
Net rental income	3,075,048	3,734,423	3,075,048	3,734,423
Interest income	138,780	96,891	138,780	96,891
Total income	3,213,828	3,831,314	3,213,828	3,831,314
Trust expenses				
Manager's fees	(331,086)	(322,889)	(331,086)	(322,889)
Trustee's fees	(26,900)	(26,235)	(26,900)	(26,235)
Auditors' fees	(5,250)	(4,500)	(5,250)	(4,500)
Tax agent's fees	(1,200)	(1,200)	(1,200)	(1,200)
Finance costs	(693,052)	(689,378)	(693,052)	(689,378)
Administrative expenses	(36,171)	(34,569)	(36,171)	(34,569)
Others	(18,000)	(1,100)	(18,000)	(1,100)
Total Expenses	(1,111,659)	(1,079,871)	(1,111,659)	(1,079,871)
Income before taxation	2,102,169	2,751,443	2,102,169	2,751,443
Taxation	-	-	-	-
Net income/Total comprehensive income for the period	2,102,169	2,751,443	2,102,169	2,751,443

Net income for the period is made up as follows:

-Realised	2,102,169	2,751,443	2,102,169	2,751,443
-Unrealised	-	-	-	-

Earnings per unit (sen)

- after manager's fees	1.73	2.26	1.73	2.26
- before manager's fees	2.00	2.52	2.00	2.52

Distribution per unit (sen)

- Proposed first interim	1.70	2.20	1.70	2.20
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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 31.03.2015

	← Undistributed Income →			Total RM
	Unitholders' Capital RM	Realised RM	Unrealised RM	
Net assets as at 1 January 2015	119,351,580	2,753,663	46,400,000	168,505,243
Operations for the period from - 1 January 2015 to 31 March 2015				
Net income for the period	-	2,102,169	-	2,102,169
Increase in net assets resulting from operations	-	2,102,169	-	2,102,169
Unitholders' transactions				
Distributions to unitholders - 2014 Final	-	(2,192,418)	-	(2,192,418)
Decrease in net assets resulting from unitholders' transactions	-	(2,192,418)	-	(2,192,418)
Net assets as at 31 March 2015	119,351,580	2,663,414	46,400,000	168,414,994

ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (AUDITED)
For The Period from 01.01.2014 to 31.03.2014

	Unitholders' Capital RM	← Undistributed Income →		Total RM
		Realised RM	Unrealised RM	
Net assets as at 1 January 2014	119,351,580	3,149,545	41,900,000	164,401,125
Operations for the period from - 1 January 2014 to 31 March 2014				
Net income for the period	-	2,751,443	-	2,751,443
Increase in net assets resulting from operations	-	2,751,443	-	2,751,443
Unitholders' transactions				
Distributions to unitholders - 2013 final	-	(2,679,622)	-	(2,679,622)
Decrease in net assets resulting from unitholders' transactions	-	(2,679,622)	-	(2,679,622)
Net assets as at 31 March 2014	119,351,580	3,221,366	41,900,000	164,472,946

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 31.03.2015

	Current Year to Date 31.03.2015 RM	Preceding Year to Date 31.03.2014 RM
<u>Cash Flow From Operating Activities</u>		
Income before taxation	2,102,169	2,751,443
Adjustments for:		
Interest income	(138,780)	(96,891)
Interest expense	693,052	689,378
Operating income before working capital changes	2,656,441	3,343,930
Decrease in trade and other receivables	59,056	134,172
Increase/(decrease) in trade and other payables	7,285,752	(58,516)
Cash generated from operating activities	10,001,249	3,419,586
Tax paid	-	-
Net cash generated from operating activities	10,001,249	3,419,586
<u>Cash Flow From Investing Activity</u>		
Interest income and net cash generated from investing activity	138,780	96,891
<u>Cash Flow From Financing Activities</u>		
Interest paid	(693,052)	(689,378)
Distribution to unitholders	(2,192,418)	(2,679,622)
Repayment of STRC	(5,400,000)	-
Net cash used in financing activities	(8,285,470)	(3,369,000)
Net Increase In Cash And Cash Equivalents	1,854,559	147,477
Cash And Cash Equivalents At The Beginning Of the Period	13,362,145	12,771,140
Cash And Cash Equivalents At The End Of the Period	15,216,704	12,918,617
<u>Cash and cash equivalents</u>		
Cash and bank balances	517,002	285,501
Deposits with licensed financial institution	14,699,702	12,633,116
	<u>15,216,704</u>	<u>12,918,617</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 31 March 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. There is a RM5.4million repayment of the STRC facilities for the redemption of Atrium Rawang during the quarter under review. The outstanding debt is disclosed in Note B15.

A7. Income Distribution

During the quarter under review, the Atrium REIT paid a final income distribution of 1.80 sen per unit, amounting to RM 2,192,418 in respect of the quarter ended 31 December 2014 on 27 February 2015. Based on the first quarter’s results ended 31 March 2015, there will be an interim distribution of 1.70 sen per unit, amounting to RM 2,070,617 to be distributed on the 29 May 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 bought 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 31 March 2015 RM	As at 31 December 2014 RM
<u>Realised</u>		
Distributable undistributed income	2,663,414	2,753,663
<u>Unrealised</u>		
Cumulative net changes arising from the fair value adjustments to the investment properties	46,400,000	46,400,000
	49,063,414	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

	Current Quarter As at 31 March 2015	Immediate Preceding Quarter As at 31 December 2014
Net asset value (RM)	168,414,994	168,505,243
Units in circulation (units)	121,801,000	121,801,000
Net asset value per unit (RM)	1.3827	1.3834
Market price per unit (RM)	1.21	1.19
Highest traded price per unit during the quarter (RM)	1.25	1.28
Lowest traded price per unit during the quarter (RM)	1.18	1.16

Quarterly Results

For the quarter ended 31 March 2015, Atrium REIT recorded total income of RM3,213,828 which is 16.1% lower than the last corresponding quarter of RM3,831,314. Income before taxation for the quarter of RM2,102,169 represents an decrease of 23.6% compared to RM2,751,443 achieved in the last corresponding quarter.

The income before taxation (realised) for the quarter under review decreased by 23.6% due mainly to the rental void in Atrium Puchong and an increase in Trust expenses even though there was an increase in other income. The increase in Trust expenses is due to the increase in Manager's fees finance costs and other expenses. The higher Manager's fees was due to higher Net Asset Value whilst finance costs increased due to Bank Negara revising the Overnight Policy Rate to 3.25% in July 2014.

B4. Comparison with Preceding Quarter

	Current Quarter 01.01.2015 To 31.03.2015 RM	Preceding Quarter 01.10.2014 To 31.12.2014 RM
Gross revenue	3,546,147	3,640,133
Property expenses	(471,099)	(466,676)
Net property income	<u>3,075,048</u>	<u>3,173,457</u>
Interest income	138,780	123,416
Change in fair value of investment properties	-	4,500,000
Total income	<u>3,213,828</u>	<u>7,796,873</u>
Trust expenses	(1,111,659)	(1,183,129)
Income before taxation	<u>2,102,169</u>	<u>6,613,744</u>
Taxation	-	-
Net income	<u>2,102,169</u>	<u>6,613,744</u>
Net income for the financial quarter is made up as follows:		
-Realised	2,102,169	2,113,744
-Unrealised	-	4,500,000
	<u>2,102,169</u>	<u>6,613,744</u>

Atrium REIT's Net Income for the quarter ended 31 March 2015 is significantly lower compared to the preceding quarter as the net income for the preceding quarter included the revaluation gains on the investment properties.

B5. Maintenance Costs and Major Capital Expenditure

Atrium Shah Alam 2

Since the remedial works carried out in 2009 on the warehouse floor slab due to soil settlement, the Manager has been closely monitoring the state and condition of the affected area. There appears to be some soil movement which however, is not significant enough to render damage to the floor slab.

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 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.

B6. Prospects

Atrium Shah Alam 2 ("ASA2")

The tenancy for ASA2 will be expiring on 31 May 2015. The Manager is in discussion with a prospective tenant to take up ASA2 upon expiry of the tenancy. The prospective tenant will take up the lettable areas in phases in accordance with 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, no new tenant has been secured.

Atrium Rawang ("AR")

The proposed disposal of AR is in progress. Any new developments will be updated via announcements on the Bursa Securities' website.

The Manager expects the rental void in Atrium Puchong to affect the financial performance of the REIT for the financial year ended 2015 but 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.

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 31 March 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 31.03.2015 %	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	44.6
Atrium Shah Alam 2	Freehold	Industrial	100	27.11.2014	49,100	64,000	38.0
Atrium Puchong	Freehold	Industrial	0	27.11.2014	38,500	47,000	27.9
Atrium Rawang*	Freehold	Industrial	100	7.10.2014	10,000	8,900	5.2
Atrium USJ	Freehold	Industrial	100	27.11.2014	25,000	31,300	18.6
						179,800	226,200

* Non-current asset held for sale

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 31 March 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
	<hr/>	<hr/>
	59,600,000	65,000,000

During the quarter under review, there was a repayment of the STRC facilities to redeem Atrium Rawang for the purposes of the Proposed Disposal. The balance 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 4.31% to 4.33% per annum for the quarter under review.

The interest rate for the TL facility ranged from 4.665% to 4.685% 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 31.03.2015	Number of units held	Percentage of total units %	Market value RM
Direct unit holdings in Atrium REIT			
Atrium REIT Managers Sdn Bhd	650,800	0.53	787,468
Directors of the Manager:			
Dato' Dr Ir Mohamad Khir Bin Harun	-	-	-
Wong Sui Ee	363,000	0.30	439,230
Tor Peng Sie	100,000	0.08	121,000
How Hu Son	100,000	0.08	121,000
Soong Kwong Heng	55,000	0.05	66,550
Glory Blitz Industries Sdn Bhd	10,024,800	8.23	12,130,008
Sparkle Skyline Sdn Bhd	9,258,900	7.60	11,203,269
Chan Kam Tuck (note 1)	25,236,400	20.72	30,536,044
Chan Kum Chong	70,000	0.06	84,700

The market value is determined by multiplying the number of units with the closing market price of RM1.21 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.

Reconciliation between applicable income tax expense and effective income tax expense of the Atrium REIT is as follows:

	01.01.2015 To 31.03.2015 RM	01.01.2014 To 31.03.2014 RM
Current tax expense	-	-
Reconciliation of effective tax expense		
Income before taxation	2,102,169	2,751,443
Income tax using Malaysian tax rate of 25%	525,542	687,861
Effect of income exempted from tax	(525,542)	(687,861)
Tax expense	-	-

B18. Distribution to Unitholders

Distributions to unitholders are from the following sources:

	01.01.2015 To 31.03.2015 RM	01.01.2014 To 31.03.2014 RM
Net property income	3,075,048	3,734,423
Interest income	138,780	96,891
Less: Expenses	3,213,828 (1,111,659)	3,831,314 (1,079,871)
Net income	2,102,169	2,751,443
Less: Proposed first interim distribution	(2,070,617)	(2,679,622)
Balance undistributed income	31,552	71,821
Distribution per unit (sen)		
- First interim distribution payable on 29 May 2015 (2014: paid on 30 May 2014)	1.70	2.20

For the financial quarter ended 31 March 2015, the Board of Directors of the Manager has declared a first interim income distribution of 1.70 sen per unit to be paid on 29 May 2015 to the unitholders registered in the Record of Depositors on 12 May 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 31 March 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 23 April 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: 23 April 2015