



## **ATRIUM REAL ESTATE INVESTMENT TRUST**

# **Condensed Financial Statements**

## **Fourth Quarter Ended 31 December 2015**

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

	<b>(Unaudited)</b> <b>As at</b> <b>31.12.2015</b> <b>RM</b>	<b>(Audited)</b> <b>As at</b> <b>31.12.2014</b> <b>RM</b>
<b>ASSETS</b>		
<b>Non-current asset</b>		
Investment properties	221,900,000	217,300,000
<b>Current assets</b>		
Trade and other receivables	1,991,328	1,769,216
Deposits with licensed financial institution	14,649,240	13,094,807
Bank balance	143,445	267,338
	16,784,013	15,131,361
Non-current asset held for sale	-	8,900,000
<b>TOTAL ASSETS</b>	<u>238,684,013</u>	<u>241,331,361</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Trade and other payables	3,990,224	2,190,316
Borrowings	20,000,000	20,000,000
	23,990,224	22,190,316
<b>Current liabilities</b>		
Trade and other payables	1,821,466	5,635,802
Borrowings	39,600,000	45,000,000
	41,421,466	50,635,802
<b>TOTAL LIABILITIES</b>	<u>65,411,690</u>	<u>72,826,118</u>
<b>NET ASSET VALUE (“NAV”)</b>	<u>173,272,323</u>	<u>168,505,243</u>
<b>FINANCED BY:</b>		
<b>UNITHOLDERS’ FUNDS</b>		
Unitholders’ capital	119,351,580	119,351,580
Undistributed income	53,920,743	49,153,663
<b>TOTAL UNITHOLDERS’ FUNDS</b>	<u>173,272,323</u>	<u>168,505,243</u>
<b>NUMBERS OF UNITS IN CIRCULATION (UNITS)</b>	<u>121,801,000</u>	<u>121,801,000</u>
<b>NAV PER UNIT (RM)</b>		
- before proposed distribution	1.4226	1.3834
- after proposed distribution (Note 1)	1.4096	1.3654

The Condensed Balance Sheet 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 fourth and final income distribution for 2015 of 1.30 sen per unit payable on 26 February 2016.)*

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2015 RM	Preceding Year Corresponding Quarter 31.12.2014 RM	Current Year to Date 31.12.2015 RM	Preceding Year to Date 31.12.2014 RM
Gross revenue	2,798,387	3,640,133	12,867,213	16,152,609
Property operating expenses	(487,037)	(466,676)	(1,933,862)	(1,866,352)
<b>Net rental income</b>	2,311,350	3,173,457	10,933,354	14,286,257
Interest income	119,852	123,416	531,834	425,966
Gain on disposal of investment property	341,874	-	4,600,000	-
Change in fair value of investment properties	4,291,163	4,500,000	4,291,163	4,500,000
Other income	1,050,000	-	1,081,652	58,800
<b>Total income</b>	8,114,239	7,796,873	21,438,003	19,271,023
<b>Trust expenses</b>				
Manager's fees	(337,788)	(331,027)	(1,355,407)	(1,310,814)
Trustee's fees	(27,445)	(26,896)	(110,127)	(106,503)
Auditors' fees	(7,250)	(7,500)	(23,000)	(21,000)
Tax agent's fees	(1,710)	(1,310)	(5,800)	(5,000)
Finance costs	(683,588)	(722,983)	(2,712,303)	(2,809,681)
Valuation fees	(40,000)	(63,500)	(40,000)	(63,500)
Administrative expenses	(825,489)	(29,913)	(1,247,179)	(130,919)
Others	(341,874)	-	(361,943)	(1,000)
<b>Total Expenses</b>	(2,265,144)	(1,183,129)	(5,855,759)	(4,448,417)
<b>Income before taxation</b>	5,849,095	6,613,744	15,582,244	14,822,606
Taxation	-	-	(157,577)	-
<b>Net income/Total comprehensive income for the period</b>	5,849,095	6,613,744	15,424,667	14,822,606

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

-Realised	1,557,932	2,113,744	11,133,504	10,322,606
-Unrealised	4,291,163	4,500,000	4,291,163	4,500,000

**Earnings per unit (sen)**

- after manager's fees	4.80	5.43	12.66	12.17
- before manager's fees	5.08	5.70	13.78	13.24

**Distribution per unit (sen)**

- Interim : paid	1.65	2.20	6.95	6.60
- Final : proposed	1.30	1.80	1.30	1.80

The Condensed Income Statement 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 31.12.2015**

	← Undistributed Income →			Total RM
	Unitholders' Capital RM	Realised RM	Unrealised 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 31 December 2015</b>				
Net income for the period	-	11,133,504	4,291,163	15,424,667
Realisation of unrealised loss*	-	(1,100,000)	1,100,000	-
Increase in net assets resulting from operations	-	10,033,504	5,391,163	15,424,667
<b>Unitholders' transactions</b>				
Distributions to unitholders				
- 2014 Final	-	(2,192,418)	-	(2,192,418)
- 2015 Interim	-	(8,465,169)	-	(8,465,169)
Decrease in net assets resulting from unitholders' transactions	-	(10,657,587)	-	(10,657,587)
<b>Net assets as at 31 December 2015</b>	119,351,580	2,129,580	51,791,163	173,272,323

\* The disposal of Atrium Rawang resulted in the realisation of the fair value loss from revaluation of RM1,100,000.

**ATRIUM REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE**  
**(UNAUDITED)(cont'd)**  
**For The Period from 01.01.2014 to 31.12.2014**

	Unitholders' Capital RM	← Undistributed Income →		
		Realised RM	Unrealised RM	Total 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 31 December 2014</b>				
Net income for the period	-	10,322,606	4,500,000	14,822,606
Increase in net assets resulting from operations	-	10,322,606	4,500,000	14,822,606
<b>Unitholders' transactions</b>				
Distributions to unitholders				
- 2013 Final	-	(2,679,622)	-	(2,679,622)
- 2014 Interim	-	(8,038,866)	-	(8,038,866)
Decrease in net assets resulting from unitholders' transactions	-	(10,718,488)	-	(10,718,488)
<b>Net assets as at 31 December 2014</b>	119,351,580	2,753,663	46,400,000	168,505,243

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 FLOW (UNAUDITED)**

**For The Period from 01.01.2015 to 31.12.2015**

	<b>Current Year to Date 31.12.2015 RM</b>	<b>Preceding Year to Date 31.12.2014 RM</b>
<b><u>Cash Flow From Operating Activities</u></b>		
Income before taxation	15,582,244	14,822,606
Adjustments for:		
Bad debts written off	341,874	-
Change in fair value of investment properties	(4,291,163)	(4,500,000)
Interest income	(531,834)	(425,966)
Interest expense	2,712,303	2,809,681
Gain on disposal of investment property	4,600,000	-
Operating income before working capital changes	9,213,424	12,706,321
Increase in trade and other receivables	(222,112)	(813,918)
(Decrease)/increase in trade and other payables	(2,014,428)	1,800,805
Cash generated from operating activities	6,976,884	13,693,208
Tax paid	(157,577)	-
Net cash generated from operating activities	6,819,307	13,693,208
<b><u>Cash Flow From Investing Activity</u></b>		
Interest income	531,834	425,966
Enhancement of investment property	(308,837)	-
Proceed from disposal of investment property	13,158,126	-
Net cash generated from investing activity	13,381,123	425,966
<b><u>Cash Flow Form Financing Activities</u></b>		
Interest paid	(2,712,303)	(2,809,681)
Distribution to unitholders		
- In respect of previous financial year	(2,192,418)	(2,679,622)
- In respect of current financial year	(8,465,169)	(8,038,866)
Repayment of bank borrowings	(5,400,000)	-
Net cash used in financing activities	(18,769,890)	(13,528,169)
<b>Net Increase In Cash And Cash Equivalents</b>	<b>1,430,540</b>	<b>591,005</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>14,792,685</b>	<b>13,362,145</b>
<b><u>Cash and cash equivalents</u></b>		
Cash and bank balances	143,445	234,969
Deposits with licensed financial institution	14,649,240	12,536,171
	<u>14,792,685</u>	<u>12,771,140</u>

The Condensed Cash Flow Statement 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 December 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 debts and 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 1.65 sen per unit, amounting to RM 2,009,716.50 in respect of the quarter ended 30 September 2015 on 27 November 2015. Based on the fourth quarter’s results ended 31 December 2015, there will be a final distribution of 1.30 sen per unit, amounting to RM 1,583,413 to be payable on the 29 February 2016.

**A8. Segment Reporting**

No segment information is prepared as the 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 in pursuant to Malaysian Financial Reporting Standard 140 and in compliance with Clause 10.03 of the REIT Guidelines issued by the Securities Commission. The revaluation resulted in a gain of RM4,291,163 and has been incorporated into the financial statements of Atrium REIT as at 31 December 2015.

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 RM'000	Latest valuation RM'000	Revaluation Gain/(Loss) RM'000
Atrium Shah Alam 1	Freehold	Industrial	Shah Alam	03.12.2015	75,309	79,000	3,691
Atrium Shah Alam 2	Freehold	Industrial	Shah Alam	03.12.2015	64,000	63,000	(1,000)
Atrium Puchong	Freehold	Industrial	Puchong	03.12.2015	47,000	48,500	1,500
Atrium USJ	Freehold	Industrial	Subang	03.12.2015	31,300	31,400	100
				Total	217,609	221,900	4,291

## A10. Material Events

There was no material event subsequent to the end of the current financial quarter save and except as disclosed under Note B5.

## 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

Please refer to Note B5.

## 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 December 2015 RM	As at 31 December 2014 RM
<u>Realised</u>		
Distributable undistributed income	2,129,580	2,753,663
<u>Unrealised</u>		
Cumulative net changes arising from the fair value adjustments to the investment properties	51,791,163	46,400,000
	<u>53,920,743</u>	<u>49,153,663</u>



## **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 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 2015</b>	<b>Immediate Preceding Quarter As at 30 September 2015</b>
Net asset value (RM)	173,272,323	169,432,944
Units in circulation (units)	121,801,000	121,801,000
Net asset value per unit (RM)	1.4226	1.3911
Market price per unit (RM)	1.10	1.08
Highest traded price per unit during the quarter (RM)	1.14	1.16
Lowest traded price per unit during the quarter (RM)	1.06	1.01

#### **Quarterly Results**

For the quarter ended 31 December 2015, the Atrium REIT recorded total income of RM8,114,239 which is 4.1% higher than the corresponding quarter of RM7,796,873. Income before taxation for the quarter of RM5,849,095 represents an decrease of 11.6% compared to RM6,613,744 achieved in the last corresponding quarter.

The income before taxation (realised) for the quarter under review decreased by 26.3% to RM1,557,932 from RM2,113,744 achieved in the last corresponding quarter. The significant decrease is mainly due to the rental void in Atrium Shah Alam 2 and an increase in the Trust expenses. The Trust expenses increased mainly due to the increase in administrative and other expenses even though there was a decrease in the finance costs. The higher administrative expenses is due to the real estate agents' fees for Atrium Shah Alam 1 and Atrium Puchong whilst the increase in other expenses is due to bad debt written off relating to a non-recoverable goods and services tax paid.

## **Financial Year End Result**

For the financial year ended 31 December 2015 (“FY2015”), Atrium REIT recorded total income of RM21,438,003 which is 11.2% higher than the RM19,271,023 achieved in the last financial year while net income before taxation (realised) for FY2015 increased by 7.9% to RM11,133,504 as compared to RM10,322,606 achieved in the last financial year.

The slight increase in realised net income is mainly due to gain on disposal of Atrium Rawang and increase in other income even though the gross revenue decreased significantly as a result of the rental void in Atrium Shah Alam 2 and part of Atrium Puchong, loss of rental income following the disposal of Atrium Rawang and an increase in Trust expenses. The Trust expenses increased mainly due to the increase in administrative and other expenses even though there was a decrease in the finance costs. The higher administrative expenses is due to the real estate agents’ fees for Atrium Shah Alam 1, Atrium Puchong and Atrium Rawang whilst the increase in other expenses is due to bad debt written off relating to a non-recoverable goods and services tax paid.

### **Comparison with Preceding Quarter**

	<b>Current Quarter 01.10.2015 To 31.12.2015 RM</b>	<b>Preceding Quarter 01.07.2015 To 30.09.2015 RM</b>
Gross revenue	2,798,387	3,427,878
Property expenses	(487,037)	(505,268)
<b>Net property income</b>	<b>2,311,350</b>	<b>2,922,610</b>
Interest income	119,852	155,992
Gain on disposal of investment property	341,874	-
Change in fair value of investment properties	4,291,163	-
Other income	1,050,000	-
<b>Total income</b>	<b>8,114,239</b>	<b>3,078,602</b>
Trust expenses	(2,265,144)	(1,074,254)
<b>Income before taxation</b>	<b>5,849,095</b>	<b>2,004,348</b>
Taxation	-	-
<b>Net income</b>	<b>5,849,095</b>	<b>2,004,348</b>
<b>Net income for the financial quarter is made up as follows:</b>		
-Realised	1,557,932	2,004,348
-Unrealised	4,291,163	-
	<b>5,849,095</b>	<b>2,004,348</b>

Atrium REIT’s net income for the quarter ended 31 December 2015 is substantially higher than the previous quarter due mainly to the revaluation gains on the investment properties and increase in other income even though gross revenue decreased as a result of the rental void in Atrium Shah Alam 2.

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

### **Atrium Shah Alam 1**

The Manager undertook an Asset Enhancement Initiative (“AEI”) involving the replacement of one (1) new passenger lift, changing of the whole warehouse lighting system, upgrading of the power supply, installation of additional translucent sheets around the perimeter of the warehouse building, external wall and facade repainting and upgrading of the toilets in the office building. The AEI is expected to be completed in the 1<sup>st</sup> quarter of 2016 at an estimated cost of approximately RM3.0 million.

### **Atrium Shah Alam 2**

With the previous tenant, CEVA Logistics, having moved out of the premises, the Manager took the opportunity to undertake a proposed AEI for Atrium Shah Alam 2 involving mainly the upgrading and refurbishment of the whole warehouse floor slab and roof, replacement of the warehouse lighting system, replacement of the rain water goods, external wall and facade repainting as well as sheet piling works at the rear boundary of the property. The AEI commenced in the 1<sup>st</sup> quarter of 2016 and is expected to be fully completed by the 3<sup>rd</sup> quarter of 2016 at a total contract sum of approximately RM15.4 million, excluding Goods and Services Tax.

## **B6. Prospects**

### **Atrium Shah Alam 2 (“ASA 2”)**

The Manager has secured a new tenant to rent ASA2 upon completion of the AEI. The rental will be in 2 phases, with the delivery of Phase 1 targeted at 2<sup>nd</sup> quarter of 2016 and delivery of Phase 2 by the 4<sup>th</sup> quarter of 2016. The parties are in the midst of finalizing the tenancy documents for execution.

### **Atrium Puchong (“AP”)**

During the quarter under review, a new tenant rented 100,000 sq. ft. of the warehouse space. The same tenant subsequently rented an additional 49,684 sq. ft. of warehouse space with the expiry date to be co-terminus with the first tenancy of 100,000 sq. ft. i.e. 31 March 2016. The Manager is in discussion with a few prospects to take up the premises upon expiry of the current tenancy.

The Manager expects the rental void in ASA2 during the AEI and part of AP, to affect the financial performance of the REIT for the financial year ended 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 working closely with the property manager, contractors and consultants to ensure that the AEI is carried out smoothly and meet the targeted completion date.

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 December 2015, the portfolio composition of Atrium REIT is as follows:

## Investments in Real Estates

Description of property	Tenure of land	Existing use	Occupancy rate as at 31.12.2015 %	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	03.12.2015	57,200	79,000	45.6
Atrium Shah Alam 2	Freehold	Industrial	0	03.12.2015	49,100	63,000	36.4
Atrium Puchong	Freehold	Industrial	73	03.12.2015	38,500	48,500	28.0
Atrium USJ	Freehold	Industrial	100	03.12.2015	25,000	31,400	18.1
					169,800	221,900	

### B8. 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 December 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 December 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 December 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
	<u>59,600,000</u>	<u>65,000,000</u>

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 4.50% to 4.51% per annum for the quarter under review.

The interest rate for the TL facility ranged from 4.645% to 4.655% 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 31.12.2015	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	825,880
<b>Directors of the Manager:</b>			
Wong Sui Ee	363,000	0.30	399,300
Tor Peng Sie	100,000	0.08	110,000
How Hu Son	100,000	0.08	110,000
Soong Kwong Heng	55,000	0.05	60,500
<b>Related parties of the Manager:</b>			
Glory Blitz Industries Sdn Bhd	10,024,800	8.23	11,027,280
Sparkle Skyline Sdn Bhd	4,258,900	3.50	4,684,790
Chan Kam Tuck (Note 1)	30,241,400	28.67	33,265,540
Chan Kum Chong	70,000	0.06	77,000

The market value is determined by multiplying the number of units with the closing market price of RM1.10 per unit.

*Note 1 – Unitholding under Chan Kam Tuck is made up of his individual holding of 15,186,400 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, the Atrium REIT should not incur any tax expenses for the financial year and has not provided any tax expense for this current financial quarter.

## B18. Distribution to Unitholders

Distributions to unitholders are from the following sources:

	<b>01.01.2015 to 31.12.2015 RM</b>	<b>01.01.2014 to 31.12.2014 RM</b>
Net property income	10,933,354	14,286,257
Interest income	531,834	425,966
Gain on disposal of investment property	4,600,000	-
Change in fair value of investment properties	4,291,163	4,500,000
Other income	1,081,652	58,800
	<hr/>	<hr/>
	21,438,003	19,271,023
Less: Expenses	(5,855,759)	(4,448,417)
Income before taxation	<hr/>	<hr/>
	15,582,244	14,822,606
Taxation	(157,577)	-
Net income	<hr/>	<hr/>
	15,424,667	14,822,606
Less: Income distributed	(8,465,169)	(8,038,866)
Less: Proposed final distribution	(1,583,413)	(2,192,418)
Less: Unrealised income	(4,291,163)	(4,500,000)
Balance undistributed income (realised)	<hr/>	<hr/>
	1,084,922	91,322
 Distribution per unit (sen)		
- First Interim distribution payable 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
- Third Interim distribution payable on 27 November 2015 (2014: paid on 28 November 2014)	1.65	2.20
- Fourth and final distribution payable on 29 February 2016 (2014: paid on 27 February 2015)	1.30	1.80

For the financial quarter ended 31 December 2015, the Board of Directors of the Manager has declared a fourth and final income distribution of 1.30 sen per unit to be payable on 29 February 2016 to the unitholders registered in the Record of Depositors on 16 February 2016.

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

- Resident and non-resident individual (withholding tax at 10%)
- Resident and 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 24% for Year of Assessment 2016)

## **B17. 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 December 2015 and of its financial performance and cash flows for the quarter/ period ended on that date and duly authorized for release by the Board of the Manager on 28 January 2016.

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: 28 January 2016