



ATRIUM REAL ESTATE INVESTMENT TRUST

Condensed Financial Statements

Third Quarter Ended 30 September 2012

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ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 30.09.2012 RM	(Audited) As at 31.12.2011 RM
ASSETS		
Non-current assets		
Investment properties	194,700,000	194,700,000
Current assets		
Trade and other receivables	651,637	1,488,420
Deposits with licensed financial institution	12,496,383	14,546,371
Bank balance	555,212	734,298
	13,703,232	16,769,089
TOTAL ASSETS	208,403,232	211,469,089
LIABILITIES		
Non-current liabilities		
Trade and other payables	4,281,004	2,713,839
Borrowings	20,000,000	20,000,000
	24,281,004	22,713,839
Current liabilities		
Trade and other payables	1,759,112	6,604,332
Borrowings	45,000,000	45,000,000
	46,759,112	51,604,332
TOTAL LIABILITIES	71,040,116	74,318,171
NET ASSET VALUE ("NAV")	137,363,116	137,150,918
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	119,351,580	119,351,580
Undistributed income	18,011,536	17,799,338
TOTAL UNITHOLDERS' FUNDS	137,363,116	137,150,918
NUMBERS OF UNITS IN CIRCULATION (UNITS)	121,801,000	121,801,000
NAV PER UNIT (RM)		
- before proposed distribution	1.1278	1.1260
- after proposed distribution (Note 1)	1.1058	1.1047

The Condensed Balance Sheet should be read in conjunction with the Audited Financial Report for the year ended 31 December 2011 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 third interim income distribution for 2012 of 2.20 sen per unit payable on 30 November 2012.)

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2012 RM	Preceding Year Corresponding Quarter 30.09.2011 RM	Current Year to Date 30.09.2012 RM	Preceding Year to Date 30.09.2011 RM
Gross revenue	4,117,229	3,519,585	12,231,091	10,558,754
Property operating expenses	(441,682)	(341,390)	(1,310,325)	(1,021,146)
Net rental income	3,675,547	3,178,195	10,920,766	9,537,608
Interest income	100,991	136,071	301,046	423,233
Miscellaneous income	-	-	-	5,873
Total income	3,776,538	3,314,266	11,221,812	9,966,714
Trust expenses				
Manager's fees	(275,302)	(196,074)	(748,325)	(579,268)
Trustee's fees	(22,368)	(13,071)	(57,873)	(38,618)
Auditors' fees	(4,500)	(4,500)	(13,500)	(13,500)
Tax agent's fees	(1,260)	(1,540)	(3,780)	(3,790)
Finance costs	(695,954)	(470,157)	(2,136,986)	(1,347,918)
Valuation fees	-	-	-	(15,000)
Administrative expenses	(16,103)	(21,448)	(95,472)	(91,124)
Others	-	(40,218)	(73)	(40,218)
Total Expenses	(1,015,487)	(747,008)	(3,056,009)	(2,129,436)
Income before taxation	2,761,051	2,567,258	8,165,803	7,837,278
Taxation	-	-	-	-
Net income/Total comprehensive income for the period	2,761,051	2,567,258	8,165,803	7,837,278

Net income for the period is made up as follows:

-Realised	2,761,051	2,567,258	8,165,803	7,837,278
-Unrealised	-	-	-	-

Earnings per unit (sen)

- after manager's fees	2.27	2.11	6.70	6.43
- before manager's fees	2.49	2.27	7.32	6.91

Distribution per unit (sen)

- Interim : paid	2.20	2.15	4.40	4.30
: proposed	2.20	2.10	2.20	2.10

The Condensed Income Statement should be read in conjunction with the Audited Financial Report for the year ended 31 December 2011 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 01.01.2012 to 30.09.2012

	← Undistributed Income →			
	Unitholders' Capital RM	Realised RM	Unrealised RM	Total RM
Net assets as at 1 January 2012	119,351,580	2,899,338	14,900,000	137,150,918
Operations for the period from - 1 January 2012 to 30 September 2012				
Net income for the period	-	8,165,803	-	8,165,803
Increase in net assets resulting from operations	-	8,165,803	-	8,165,803
Unitholders' transactions				
Distributions to unitholders				
- 2011 Final	-	(2,594,361)	-	(2,594,361)
- 2012 First and Second interim	-	(5,359,244)	-	(5,359,244)
Decrease in net assets resulting from unitholders' transactions	-	(7,953,605)	-	(7,953,605)
Net assets as at 30 September 2012	119,351,580	3,111,536	14,900,000	137,363,116

ATRIUM REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
(UNAUDITED)(cont'd)
For The Period from 01.01.2011 to 30.09.2011

	← Undistributed Income →			
	Unitholders' Capital RM	Realised RM	Unrealised RM	Total RM
Net assets as at 1 January 2011	119,351,580	295,442	8,200,000	127,847,022
Add : Effects of adopting FRS 110	-	2,679,622	-	2,679,622
Net assets as at 1 January 2011(as restated)	119,351,580	2,975,064	8,200,000	130,526,644
Operations for the period from - 1 January 2011 to 30 September 2011				
Net income for the period	-	7,837,278	-	7,837,278
Increase in net assets resulting from operations	-	7,837,278	-	7,837,278
Unitholders' transactions				
Distributions to unitholders				
- 2010 Final	-	(2,679,622)	-	(2,679,622)
- 2011 First and Second interim	-	(5,237,443)	-	(5,237,443)
Decrease in net assets resulting from unitholders' transactions	-	(7,917,065)	-	(7,795,264)
Net assets as at 30 September 2011 (as restated)	119,351,580	2,895,277	8,200,000	130,446,857

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 2011 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 01.01.2012 to 30.09.2012

	Current Year to Date 30.09.2012 RM	Preceding Year to Date 30.09.2011 RM
<u>Cash Flow From Operating Activities</u>		
Income before taxation	8,165,803	7,837,278
Adjustments for:		
Interest income	(301,046)	(423,233)
Interest expense	2,136,986	1,347,918
Operating income before working capital changes	10,001,743	8,761,963
Decrease/(increase) in trade and other receivables	836,783	(2,685,737)
Decrease in trade and other payables	(3,278,055)	(183,226)
Cash generated from operating activities	7,560,471	5,893,000
Tax paid	-	-
Net cash generated from operating activities	7,560,471	5,893,000
<u>Cash Flow From Investing Activities</u>		
Interest income	301,046	423,233
Net cash generated from investing activities	301,046	423,233
<u>Cash Flow From Financing Activities</u>		
Interest paid	(2,136,986)	(1,347,918)
Distribution to unitholders	(7,953,605)	(7,917,065)
Net cash used in financing activities	(10,090,591)	(9,264,983)
Net decrease in Cash and Cash Equivalents	(2,229,074)	(2,948,750)
Cash And Cash Equivalents at the beginning of the period	15,280,669	20,324,880
Cash And Cash Equivalents at the end of the period	13,051,595	17,376,130
<u>Cash and Cash Equivalents</u>		
Cash and bank balances	555,212	1,898,882
Deposits with licensed financial institution	12,496,383	15,477,248
	<u>13,051,595</u>	<u>17,376,130</u>

The Condensed Cash Flow Statement should be read in conjunction with the Audited Financial Report for the year ended 31 December 2011 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 September 2012

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 2011.

A2. Audit Report of Preceding Financial Year Ended 31 December 2011

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, Atrium REIT paid an interim income distribution of 2.20 sen per unit, amounting to RM 2,679,622 in respect of the quarter ended 30 June 2012 on 27 August 2012. For the quarter ended 30 September 2012, Atrium REIT has set aside a sum of 2.20 sen per unit amounting to RM 2,679,622 to be distributed as third interim income distribution.

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. The valuations of land and buildings have been brought forward without amendment from the audited financial statements for the year ended 31 December 2011.

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 September 2012 RM	As at 31 December 2011 RM
<u>Realised</u>		
Distributable undistributed income	3,111,536	2,899,338
<u>Unrealised</u>		
Cumulative net changes arising from the fair value adjustments to the investment properties	14,900,000	14,900,000
	18,011,536	17,799,338

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 30 September 2012	Immediate Preceding Quarter As at 30 June 2012
Net asset value (RM)	137,363,116	137,281,686
Units in circulation (units)	121,801,000	121,801,000
Net asset value per unit (RM)	1.1278	1.1271
Market price per unit (RM)	1.22	1.18
Highest traded price per unit during the quarter (RM)	1.23	1.19
Lowest traded price per unit during the quarter (RM)	1.18	1.14

Quarterly Results

For the quarter ended 30 September 2012, Atrium REIT recorded Total Income of RM 3,776,538 which is slightly higher than the corresponding quarter of RM 3,314,266. Net Income for the quarter of RM 2,761,051 represents an increase of 7.55% compared to RM 2,567,258 achieved in the last corresponding quarter.

The improved result is due mainly to the additional contribution from Atrium USJ. Correspondingly, the property operating expenses and the finance costs have increased as a result of the said property. Interest income decreased due to a decrease in deposits with licensed financial institutions as part of the funds were used for financing the acquisition of Atrium USJ and also for refunding the excess security deposits back to the tenant/lessee.

Nine Months Results

For the nine months financial period ended 30 September 2012, Atrium REIT recorded Total Income of RM 11,221,812 which is 12.6% higher than the corresponding period of RM 9,966,714. Net Income for the period of RM 8,165,803 represents an increase of 4.2% compared to RM 7,837,278 achieved in the last corresponding period.

The improved result is due mainly to the positive contribution from Atrium USJ. Correspondingly, the property operating expenses and the finance costs have increased as a result of the new acquisition. Interest income decreased due to a decrease in deposits with licensed financial institutions as part of the funds were used for financing the acquisition of Atrium USJ and also for refunding the excess security deposits back to the tenant/lessee.

The increase in Trust Expenses is due to the increase in Manager's Fees, Trustee's Fees and finance costs. The Manager's and Trustee's fees increased to 0.8% and 0.065% respectively with effect from 1 April 2012.

The Finance costs for the current period have increased as compared to the preceding year corresponding period mainly due to the increase in bank borrowings via a new RM20.0 million Term Loan facility from Public Bank Berhad, secured to part finance the acquisition of Atrium USJ.

B4. Comparison with Preceding Quarter

	Current Quarter 01.07.2012 To 30.09.2012 RM	Preceding Quarter 01.04.2012 To 30.06.2012 RM
Gross revenue	4,117,229	4,064,202
Property expenses	(441,682)	(438,397)
Net property income	3,675,547	3,625,805
Interest income	100,991	98,560
Change in fair value of investment properties	-	-
Miscellaneous income	-	-
Total income	3,776,538	3,724,365
Trust expenses	(1,015,487)	(1,039,590)
Income before taxation	2,761,051	2,684,775
Taxation	-	-
Net income	2,761,051	2,684,775

Atrium REIT's Net Income (Realised) for the quarter ended 30 September 2012 increased as compared to the preceding quarter mainly due to the positive rental reversion for the

extension of the tenancy for Atrium USJ (Block C) and renewal of the tenancy for Atrium Shah Alam 2.

There Trust Expenses for the quarter under review decreased slightly as compared to the preceding quarter due the decrease in administrative expenses even though there was a slight increase in the finance costs.

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.

B6. Prospects

Atrium USJ

Block C

The tenancy with Century Total Logistics which expired on 30 June 2012 was extended for a further 4 months until 31 October 2012 (“Extended Period”). During the quarter under review, the Manager successfully concluded negotiations with one of the potential tenants, a 3rd party logistics provider, to rent the total lettable area of Block C (“Premises”) upon expiry of the Extended Period. The new tenant has confirmed that it will be renting the Premises for a period of 3 years with option for another 2 years. The Manager is confident that the new tenancy agreement will be executed on/before the expiry of the Extended Period.

Currently, all the properties of Atrium REIT are fully tenanted and the Manager expects this 100% occupancy rate to be maintained for all the Trust’s properties in 2012. The 100% occupancy rates of the properties are due to their strong tenants, competitive rental rates, strategic locations and excellent facilities.

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 September 2012, 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 30.09.2012 %	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	31.12.2011	57,200	64,600	47.1
Atrium Shah Alam 2	Freehold	Industrial	100	31.12.2011	49,100	56,000	40.8
Atrium Puchong	Freehold	Industrial	100	31.12.2011	38,500	40,300	29.4
Atrium Rawang	Freehold	Industrial	100	31.12.2011	10,000	8,600	6.3
Atrium USJ	Freehold	Industrial	100	31.12.2011	25,000	25,200	18.4
						179,800	194,700

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 recognised 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 30 September 2012, the Manager received a fee of 0.8% per annum of the NAV of the Trust.

B14. Trustee's Fees

For the quarter ended 30 September 2012, the Trustee received a fee of 0.065% per annum of the NAV of the Trust.

B15. Borrowings and Debt Securities

	As at 30 September 2012 RM	As at 31 December 2011 RM
<u>Short Term Financing</u>		
Short Term Revolving Credit ("STRC") - secured	45,000,000	45,000,000
<u>Long Term Financing</u>		
Term Loan ("TL") - secured	20,000,000	20,000,000
	<u>65,000,000</u>	<u>65,000,000</u>

The STRC facility is secured by way of a first party legal charge over Atrium Shah Alam 1 and Atrium Rawang. This financing facility is renewable on a yearly basis subject to the Bank's review. The interest rates for the STRC facility ranged from 4.11% to 4.18% per annum for the quarter under review.

The interest rate for the TL facility is 4.425% per annum for the quarter under review. The TL facility is secured by all monies First Party legal 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 30.09.2012	Number of units held	Percentage of total units %	Market value RM
Direct unit holdings in Atrium REIT			
Atrium REIT Managers Sdn Bhd	322,100	0.26	392,962

As at 30.09.2012	Number of units held	Percentage of total units %	Market value RM
Directors of the Manager:			
Dato' Dr Ir Mohamad Khir Bin Harun	-	-	-
Wong Sui Ee	323,000	0.27	394,060
Tor Peng Sie	100,000	0.08	122,000
How Hu Son	100,000	0.08	122,000
Soong Kwong Heng	55,000	0.05	67,100
Related parties of the Manager:			
Glory Blitz Industries Sdn Bhd	20,024,800	16.44	24,430,256
Sparkle Skyline Sdn Bhd	9,258,900	7.60	11,295,858
Chan Kam Tuck	15,608,500	12.81	19,042,370
Chan Kum Chong	70,000	0.06	85,400

The market value is determined by multiplying the number of units with the closing market price of RM1.22 per unit.

B17. Taxation

Atrium REIT intends to distribute at least 90% of the distributable income (realised) to unitholders for the financial year 2012, 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:

	01.07.2012 To 30.09.2012 RM	01.01.2012 To 30.09.2012 RM
Current tax expense	-	-
Reconciliation of effective tax expense		
Income before taxation	2,761,051	8,165,803
Income tax using Malaysian tax rate of 25%	690,263	2,041,451
Effect of income exempted from tax	(690,263)	(2,041,451)
Tax expense	-	-

B18. Distribution to Unitholders

Distributions to unitholders are from the following sources:

	01.01.2012 to 30.09.2012 RM	01.01.2011 to 30.09.2011 RM
Net property income	10,920,766	9,537,608
Interest income	301,046	423,233
Miscellaneous income	-	5,873
	<hr/>	<hr/>
	11,221,812	9,966,714
Less: Expenses	<u>(3,056,009)</u>	<u>(2,129,436)</u>
Net income	8,165,803	7,837,278
Less : Income distributed	(5,359,244)	(5,237,443)
Less : Proposed interim distribution	<u>(2,679,622)</u>	<u>(2,557,821)</u>
Balance undistributed income	<hr/> 126,937 <hr/>	<hr/> 42,014 <hr/>

Distribution per unit (sen)

- First Interim distribution payable on 31 May 2012 (2011: paid on 31 May 2011)	2.20	2.15
- Second Interim distribution payable on 27 August 2012 (2011: paid on 26 August 2011)	2.20	2.15
- Proposed Third Interim distribution payable on 30 November 2012 (2011: paid on 30 November 2011)	2.20	2.10

For the financial quarter ended 30 September 2012, the Board of Directors of the Manager has declared an interim income distribution of 2.20 sen per unit to be paid on 30 November 2012 to the unitholders registered in the Record of Depositors on 7 November 2012.

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 2012)

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 September 2012 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 23 October 2012.

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 October 2012