



## **ATRIUM REAL ESTATE INVESTMENT TRUST**

# **Condensed Financial Statements**

## **Fourth Quarter Ended 31 December 2017**

### **Contents**

Condensed Statement of Financial Position	1
Condensed Statement of Comprehensive Income	2
Condensed Statement of Changes In Net Asset Value	3 to 4
Condensed Statement of Cash Flows	5
Notes to the Financial Statements	6 to 14

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

	(Unaudited) As at 31.12.2017 RM	(Audited) As at 31.12.2016 RM
<b>ASSETS</b>		
<b>Non-current asset</b>		
Investment properties	268,434,341	236,300,000
<b>Current assets</b>		
Trade and other receivables	3,471,818	4,496,031
Deposits with licensed financial institution	4,447,911	1,372,338
Bank balance	3,122,795	835,739
	11,042,524	6,704,108
<b>TOTAL ASSETS</b>	<u>279,476,865</u>	<u>243,004,108</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Trade and other payables	5,641,933	5,722,030
Borrowings	29,165,288	20,000,000
	<u>34,807,221</u>	<u>25,722,030</u>
<b>Current liabilities</b>		
Trade and other payables	4,502,877	6,543,600
Borrowings	59,600,000	39,600,000
	<u>64,102,877</u>	<u>46,143,600</u>
<b>TOTAL LIABILITIES</b>	<u>98,910,098</u>	<u>71,865,630</u>
<b>NET ASSET VALUE (“NAV”)</b>	<u>180,566,767</u>	<u>171,138,478</u>
<b>FINANCED BY:</b>		
<b>UNITHOLDERS’ FUNDS</b>		
Unitholders’ capital	119,351,580	119,351,580
Undistributed income	61,215,187	51,786,898
<b>TOTAL UNITHOLDERS’ FUNDS</b>	<u>180,566,767</u>	<u>171,138,478</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	1.4825	1.4051
- after proposed distribution (Note 1)	1.4640	1.3891

The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2016 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 2017 of 1.85 sen per unit payable on 16 March 2018.)*

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2017 RM	Preceding Year Corresponding Quarter 31.12.2016 RM	Current Year to Date 31.12.2017 RM	Preceding Year to Date 31.12.2016 RM
Gross revenue	4,315,002	3,930,079	17,303,651	14,522,023
Property operating expenses	(295,159)	(390,732)	(2,120,521)	(2,185,124)
<b>Net rental income</b>	4,019,843	3,539,347	15,183,130	12,336,899
Interest income	39,829	(5,576)	144,699	198,621
Change in fair value of investment properties	9,100,000	(2,513,398)	9,100,000	(2,513,398)
Other income	200,704	52,000	740,995	64,817
<b>Total income</b>	13,360,376	1,072,373	25,168,824	10,086,939
<b>Trust expenses</b>				
Manager's fees	(344,496)	(348,024)	(1,368,448)	(1,384,599)
Trustee's fees	(25,837)	(30,102)	(110,634)	(120,497)
Auditors' fees	(8,500)	(8,900)	(28,000)	(26,000)
Impairment losses on trade receivables	(684,846)	-	(748,947)	-
Tax agent's fees	(1,400)	(1,400)	(5,700)	(5,400)
Finance costs	(993,429)	(646,541)	(3,732,096)	(2,643,479)
Valuation fees	(70,585)	(37,736)	(90,339)	(35,472)
Administrative expenses	70,002	(651,826)	(668,447)	(1,161,481)
Others	(26,466)	(11,500)	(268,481)	(23,000)
<b>Total Expenses</b>	(2,085,557)	(1,736,029)	(7,021,092)	(5,399,928)
<b>Income before taxation</b>	11,274,819	(663,656)	18,147,732	4,687,011
Taxation	(10,672)	-	(10,672)	-
<b>Net income/Total comprehensive income for the period</b>	11,264,147	(663,656)	18,137,060	4,687,011
<b>Net income for the period is made up as follows:</b>				
-Realised	2,164,147	1,849,742	9,037,060	7,200,409
-Unrealised	9,100,000	(2,513,398)	9,100,000	(2,513,398)
<b>Earnings per unit (realised)(sen)</b>				
- after manager's fees	1.78	1.52	7.42	5.91
- before manager's fees	2.06	1.81	8.54	7.05
<b>Distribution per unit (sen)</b>				
Interim : paid	1.85	1.50	5.55	4.30
: proposed	1.85	1.60	1.85	1.60

The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 31 December 2016 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 01.01.2017 to 31.12.2017**

	Unitholders' Capital RM	← Undistributed Income →		Total RM
		Realised RM	Unrealised RM	
<b>At 1 January 2017</b>	119,351,580	2,509,133	49,277,765	171,138,478
<b>Operations for the period from - 1 January 2017 to 31 December 2017</b>				
Net income for the period	-	9,037,060	9,100,000	18,137,060
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-			
<b>Unitholders' transactions</b>				
Distributions to unitholders				
- 2016 Final	-	(1,948,816)	-	(1,948,816)
- 2017 Interim	-	(6,759,955)	-	(6,759,955)
Decrease in net assets resulting from unitholders' transactions	-	(8,708,771)	-	(8,708,771)
<b>Net assets as at 31 December 2017</b>	119,351,580	2,837,422	58,377,765	180,566,767

**ATRIUM REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (AUDITED)**  
**For The Period from 01.01.2016 to 31.12.2016**

	← Undistributed Income →			
	Unitholders' Capital RM	Realised RM	Unrealised RM	Total RM
<b>At 1 January 2016</b>	119,351,580	2,129,579	51,791,163	173,272,322
<b>Operations for the period from - 1 January 2016 to 31 December 2016</b>				
Net income for the period	-	7,200,409	(2,513,398)	4,687,011
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	7,200,409	(2,513,398)	4,687,011
<b>Unitholders' transactions</b>				
Distributions to unitholders				
- 2015 Final	-	(1,583,413)	-	(1,583,413)
- 2016 Interim	-	(5,237,442)	-	(5,237,442)
Decrease in net assets resulting from unitholders' transactions	-	(6,820,855)	-	(6,820,855)
<b>Net assets as at 31 December 2016</b>	<u>119,351,580</u>	<u>2,509,133</u>	<u>49,277,765</u>	<u>171,138,478</u>

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the Audited Financial Report for the year ended 31 December 2016 and the accompanying explanatory notes attached to the financial statements.

**ATRIUM REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**For The Period from 01.01.2017 to 31.12.2017**

	<b>01.01.2017 to 31.12.2017 RM</b>	<b>01.01.2016 to 31.12.2016 RM</b>
<b><u>Cash Flow From Operating Activities</u></b>		
Income before taxation	18,147,732	4,687,011
Adjustments for:		
Changes in fair value of investment properties	(9,100,000)	2,513,398
Interest income	(144,699)	(198,621)
Interest expense	3,732,096	2,643,479
Operating income before working capital changes	12,635,129	9,645,267
Decrease/(Increase) in trade and other receivables	1,024,213	(2,392,280)
(Decrease)/Increase in trade and other payables	(2,120,820)	6,341,516
Cash generated from operating activities	11,538,522	13,594,503
Tax paid	(10,672)	-
Net cash generated from operating activities	11,527,850	13,594,503
<b><u>Cash Flow From Investing Activity</u></b>		
Acquisition of investment property	(21,698,113)	-
Enhancement of investment property	(1,336,228)	(16,913,398)
Interest income	144,699	198,621
Net cash used in investing activity	(22,889,642)	(16,714,777)
<b><u>Cash Flow From Financing Activities</u></b>		
Interest paid	(3,732,096)	(2,643,479)
Distribution to unitholders	(8,708,771)	(6,820,855)
Borrowings	29,165,288	-
Net cash generated from/(used in) financing activities	16,724,421	(9,464,334)
<b>Net Increase/(Decrease) In Cash And Cash Equivalents</b>	<b>5,362,629</b>	<b>(12,584,608)</b>
<b>Cash And Cash Equivalents At The Beginning Of the Period</b>	<b>2,208,077</b>	<b>14,792,685</b>
<b>Cash And Cash Equivalents At The End Of the Period</b>	<b>7,570,706</b>	<b>2,208,077</b>
<b><u>Cash and cash equivalents</u></b>		
Cash and bank balances	3,122,795	835,739
Deposits with licensed financial institution	4,447,911	1,372,338
	<u>7,570,706</u>	<u>2,208,077</u>

The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2016 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 2017**

**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” or “Trust”) for the year ended 31 December 2016.

**A2. Audit Report of Preceding Financial Year Ended 31 December 2016**

The Auditors Report on the financial statements of the preceding financial year was not qualified.

**A3. Seasonality or Cyclicity of Operations**

The business operations of Atrium REIT are not materially affected by any seasonal or cyclical factor.

**A4. Exceptional or Unusual Items**

There were no unusual items to be disclosed for the quarter under review.

**A5. Changes in Estimates of Amounts Reported**

This is not applicable as no estimates were previously reported.

**A6. Changes in Debt and Equity Securities**

There was no issuance, cancellation, repurchase, resale and repayment of equity securities during the current financial quarter. 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 1.85 sen per unit, amounting to RM2,253,318.50 in respect of the quarter ended 30 September 2017 on 30 November 2017. Based on the fourth quarter’s results ended 31 December 2017, there will be a final distribution of 1.85 sen per unit, amounting to RM2,253,318.50 to be payable on the 16 March 2018.

## 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. During the quarter under review, a revaluation exercise was undertaken by the Trust pursuant to Malaysian Financial Reporting Standard 140. The revaluation resulted in a gain of RM9,100,000 and has been incorporated into the financial statements of Atrium REIT as at 31 December 2017.

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	23.11.2017	80,000	81,600	1,600
Atrium Shah Alam 2	Freehold	Industrial	Shah Alam	14.11.2017	72,000	76,100	4,100
Atrium Puchong	Freehold	Industrial	Puchong	14.11.2017	50,000	51,000	1,000
Atrium USJ	Freehold	Industrial	Subang	21.11.2017	34,300	36,700	2,400
				Total	236,300	245,400	9,100

The investment properties are valued based on valuations performed by independent registered valuers.

Note 1: No valuation was carried out Atrium Shah Alam 3 ("ASA3") as the property is currently undergoing Asset Enhancement Initiatives ("AEI") and the Manager is of the opinion that the fair value of ASA3 is not reliably measurable as at 31 December 2017. Pursuant to the provisions in MFRS 140, if an entity determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value of the property to be reliably measurable when construction is complete, it shall measure that investment property under construction at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier).

## 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 December 2017 RM	As at 31 December 2016 RM
<u>Realised</u>		
Distributable undistributed income	2,837,422	2,509,133
<u>Unrealised</u>		
Cumulative net changes arising from the fair value adjustments to the investment properties	58,377,765	49,277,765
	<u>61,215,187</u>	<u>51,786,898</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 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 December 2017	Immediate Preceding Quarter As at 30 September 2017
Net asset value (RM)	180,566,767	171,555,937
Units in circulation (units)	121,801,000	121,801,000
Net asset value per unit (RM)	1.4825	1.4085
Market price per unit (RM)	1.11	1.14
Highest traded price per unit during the quarter (RM)	1.17	1.21
Lowest traded price per unit during the quarter (RM)	1.10	1.12

#### Quarterly Results

For the quarter ended 31 December 2017, Atrium REIT recorded a gross revenue of RM4,315,002 which is 9.8% higher than the last corresponding quarter of RM3,930,079. Income before taxation for the quarter of RM11,274,819 increased substantially compared to a loss of RM663,656 achieved in the last corresponding quarter.

Gross revenue increased due mainly to the additional rental income from Atrium Shah Alam 2 (“ASA2”) which was fully rented during quarter under review. During the last corresponding quarter, ASA2 was partially rented as the Phase 2 space was only taken by the tenant on 1 January 2017. The substantial increase in income before taxation for the quarter under review is due mainly to the gain in fair value and an increase in other income which outweighed the increase in Trust expenses.

Other income increased for the quarter under review due mainly to the reversal of unutilized provisions. The increase in trust expenses is due mainly to the additional finance costs and impairment losses on trade receivables even though the administrative expenses decreased in current quarter. The administrative expenses was lower compared to the last corresponding quarter where the one time real estate agency fees for new tenancy and stamp duty for the Term Loan 2 and 3 facilities was incurred in the last corresponding quarter.

### **Twelve Months Results**

For the financial year ended 31 December 2017, Atrium REIT recorded a total income of RM25,168,124 which is significantly higher than the last financial year due mainly to the fair value gain of the investment properties and an increase in the gross revenue and other income. Consequently, the income before taxation for the current financial year also increased due to the increase in total income even though there was a significant increase in trust expenses.

The gross revenue increased due mainly to the rental income from Atrium Shah Alam 2 which was fully rented when the tenant took over the vacant possession of Phase 2 space on 1 January 2017. Other income increased for the year under review due mainly to the disposal of scrap metal from Atrium Shah Alam 3.

The increase in trust expenses is due mainly to the additional finance costs and impairment losses on trade receivables even though the administrative expenses decreased in the current year. The administrative expenses was lower compared to the last financial year where the one time real estate agency fees for new tenancy and stamp duty for the Term Loan 2 and 3 facilities was incurred in the last financial year.

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

	<b>Current Quarter 01.10.2017 To 31.12.2017 RM</b>	<b>Preceding Quarter 01.07.2017 To 30.09.2017 RM</b>
Gross revenue	4,315,002	4,311,877
Property expenses	(295,159)	(878,341)
<b>Net property income</b>	<b>4,019,843</b>	<b>3,433,536</b>
Interest income	39,829	35,671
Change in fair value	9,100,000	-
Other income	200,704	483,302
<b>Total income</b>	<b>13,360,376</b>	<b>3,952,509</b>
Trust expenses	(2,085,557)	(1,658,383)
<b>Income before taxation</b>	<b>11,274,819</b>	<b>2,294,126</b>
Taxation	(10,672)	-
<b>Net income</b>	<b>11,264,147</b>	<b>2,294,126</b>
<b>Net income for the financial quarter is made up as follows:</b>		
-Realised	2,164,147	2,294,126
-Unrealised	9,100,000	-
	<b>11,264,147</b>	<b>2,294,126</b>

Atrium REIT's net income for the quarter ended 31 December 2017 is significantly higher compared to the preceding quarter due mainly to the gain in fair value of investment properties.

The property expenses in the preceding quarter were higher than the current quarter due mainly to the costs of demolition works carried out at Atrium Shah Alam 3 ("ASA 3") in the preceding quarter. Other income was lower compared to the preceding quarter where the income from disposal of scrap metal from Atrium Shah Alam 3 was recognized in the preceding quarter. The trust expenses in the current quarter is higher due mainly to the impairment losses on trade receivables in the current quarter.

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

### **Atrium Shah Alam 3**

With an international logistic company secured as a new tenant, the property had to be upgraded to meet the requirements of the new tenant. The Manager with the approval of the Trustee undertook an Asset Enhancement Initiative ("AEI") to upgrade the property to a Grade A logistics warehouse. The AEI involve mainly piling works to the whole warehouse floor, construction of a new raised warehouse floor slab, increasing the height of the warehouse, replacement of the roof to the latest roofing system, replacement of the warehouse lightings to a more energy efficient lighting system, installation of additional loading bays and dock-levellers, installation of new fire fighting system and other miscellaneous works. The AEI commenced in the 4th quarter of 2017 and is targeted to be fully completed by the 2nd quarter of 2018 at a total contract sum of approximately RM9.65 million, excluding Goods and Services Tax.

## **B6. Prospects**

During the quarter under review, all the properties of Atrium REIT were fully tenanted, save and except for Atrium Shah Alam 3 ("ASA3"). The Manager is targeting to handover the vacant possession of ASA3, upon completion of the AEI mentioned under note B5, by 2<sup>nd</sup> quarter 2018.

The existing tenant for Atrium Puchong has given a notice of early termination of its tenancy and has secured a replacement tenant in its place. The new tenancy shall commence in January 2018.

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 2017, the portfolio composition of Atrium REIT is as follows:

<b>Description of property</b>	<b>Tenure of land</b>	<b>Occupancy rate as at 31.12.2017 %</b>	<b>Date of Valuation</b>	<b>Acquisition cost RM'000</b>	<b>Net Book Value RM'000</b>	<b>Latest Market Value RM'000</b>	<b>Revaluation Gain/(Loss) RM'000</b>
Atrium Shah Alam 1	Freehold	100	23.11.2017	57,200	80,000	81,600	1,600
Atrium Shah Alam 2	Freehold	100	14.11.2017	49,100	72,000	76,100	4,100
Atrium Shah Alam 3*	Freehold	0	N/A	21,698	23,034	n/a	-
Atrium Puchong	Freehold	100	14.11.2017	38,500	50,000	51,000	1,000
Atrium USJ	Freehold	100	21.11.2017	25,000	34,300	36,700	2,400

\* Please refer to Note A9 above

## **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 Atrium REIT.

**B12. Revenue Recognition**

Rental and interest income are recognized on an accrual basis.

**B13. Trade Receivables Credit Terms (Days)**

	Total Due (RM)	0 – 15 days	16 – 30 days	31 – 45 days	> 45 days
Related Parties	0.00	0.00	0.00	0.00	0.00
Non-Related Parties	2,523,921	(3,706)	294,295	0.00	2,233,332
<b>TOTAL</b>	<b>2,523,921</b>	<b>(3,706)</b>	<b>294,295</b>	<b>0.00</b>	<b>2,233,332</b>

The total receivables amount is after taking into account the impairment losses for receivables that are past due as at the end of the reporting period. However, the Manager is of the opinion that the recovery of the total outstanding, inclusive of the impaired amount, is highly probable.

**B14. Manager’s Fees**

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

For the quarter ended 31 December 2017, the Manager received a fee of 0.8% per annum of the NAV of the Trust.

**B15. Trustee’s Fees**

For the quarter ended 31 December 2017, the Trustee received a fee of 0.06% per annum of the NAV of the Trust.

**B16. Borrowings and Debt Securities**

	As at 31 December 2017 RM	As at 31 December 2016 RM
<u>Short Term Financing</u>		
Short Term Revolving Credit (“STRC Facility”) – secured	39,600,000	39,600,000
Term Loan (“TL Facility”) - secured	20,000,000	-
<u>Long Term Financing</u>		
Term Loan (“TL Facility”) - secured	-	20,000,000
Term Loan 2 (“TL 2 Facility”) - secured	10,765,288	-
Term Loan 3 (“TL 3 Facility”) - secured	18,400,000	-
	88,765,288	59,600,000

<b>Bank Facility</b>	<b>Security</b>	<b>Interest Rates for Quarter Under Review</b>	<b>Tenor/Repayment</b>
STRC	First party legal charge over Atrium Shah Alam 1	4.31%	Renewable on a yearly basis subject to Bank's review
TL	A registered open all monies First Party charge over Atrium USJ	4.545%	7 years from the date of first drawdown and will be repaid in full via a bullet repayment at end of tenor.
TL 2	A registered open all monies First Party charge over Atrium Shah Alam 2	4.545%	5 years from the date of full drawdown with option to renew for another period subject to terms and conditions to be mutually agreed. To be repaid in full via a bullet repayment at end of tenor.
TL 3	A registered open all monies First Party charge over Atrium Shah Alam 3	4.545%	10 years from the date of first drawdown with option to renew for another period subject to terms and conditions to be mutually agreed. To be repaid in full via a bullet repayment at end of tenor.

#### **B17. Unitholdings of Directors and their Related Parties**

<b>As at 31.12.2017</b>	<b>Number of units held</b>	<b>Percentage of total units %</b>	<b>Market value RM</b>
<b>Direct unit holdings in Atrium REIT</b>			
Atrium REIT Managers Sdn Bhd	750,800	0.62	833,388
<b>Directors of the Manager:</b>			
Dato' Dr Ir Mohamad Khir Bin Harun	-	-	-
Wong Sui Ee	373,000	0.31	414,030
Tor Peng Sie	100,000	0.08	111,000
How Hu Son	100,000	0.08	111,000
Soong Kwong Heng	55,000	0.05	61,050
Chan Wan Seong	-	-	-
Glory Blitz Industries Sdn Bhd	10,024,800	8.23	11,127,528
Sparkle Skyline Sdn Bhd	4,258,900	3.50	4,727,379
Chan Kam Tuck (note 1)	30,281,400	24.86	33,612,354
Chan Kum Chong	70,000	0.06	77,700

The market value is determined by multiplying the number of units with the closing market price of RM1.11 per unit.

*Note 1- Unitholding under Chan Kam Tuck is made up of his individual holding of 10,281,400 units and his deemed holding under a trust where he is the beneficiary.*

## B18. Taxation

Atrium REIT intends to distribute at least 90% of the distributable income (realised) to unitholders for the financial year 2017, which is exempt from tax pursuant to Section 61A(1) of Income Tax Act, 1967 under the Finance Act, 2006. Thus, Atrium REIT is not expected to incur any tax expenses for the financial year and as such, has not provided any tax expense for this current financial quarter.

## B19. Distribution to Unitholders

Distributions to unitholders are from the following sources:

	<b>01.01.2017 To 31.12.2017 RM</b>	<b>01.01.2016 To 31.12.2016 RM</b>
Net rental income	15,183,130	12,336,899
Interest income	144,699	198,622
Changes in fair value	9,100,000	(2,513,398)
Other income	740,995	64,817
	<hr/>	<hr/>
Total Income	25,168,824	10,086,940
Less: Expenses	(7,021,092)	(5,399,927)
	<hr/>	<hr/>
Income before taxation	18,147,732	4,687,013
Taxation	(10,672)	-
	<hr/>	<hr/>
Net income	18,137,060	4,687,013
Less: Income distributed	(6,759,955)	(5,237,443)
Less: Proposed fourth and final distribution	(2,253,319)	(1,948,816)
Less: Unrealised income	(9,100,000)	2,513,398
	<hr/>	<hr/>
Balance undistributed income	23,786	14,152
	<hr/>	<hr/>
Distribution per unit (sen)		
- First interim distribution paid on 31 May 2017 (2016: paid on 31 May 2016)	1.85	1.30
- Second interim distribution payable on 30 August 2017 (2016: paid on 6 September 2016)	1.85	1.50
- Third Interim distribution payable on 30 November 2017 (2016: paid on 30 November 2016)	1.85	1.50
- Fourth and final distribution payable on 16 March 2018 (2016: paid on 22 March 2017)	1.85	1.60

For the financial quarter ended 31 December 2017, the Board of Directors of the Manager has declared a fourth and final income distribution of 1.85 sen per unit to be payable on 16 March 2018 to the unitholders registered in the Record of Depositors on 23 February 2018.

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 24% for Year of Assessment 2018)

## **B20. Responsibility Statement**

In the opinion of the Directors of the Manager, this quarterly report has been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Atrium REIT as at 31 December 2017 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 8 February 2018.

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: 8 February 2018