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# OUR **MISSION**

To maximise income in order to reward unitholders with a competitive rate of return for their investment through regular and stable distributions and achieving long-term growth in distributions and Net Asset Value per Unit.

# PROFILE OF ATRIUM REAL ESTATE INVESTMENT TRUST

Atrium REIT is an industrial asset focused real estate investment trust constituted by a Trust Deed entered into on 20 November 2006, amended by the First Supplementary Deed dated 25 November 2008 and the Restated Deed dated 24 March 2016 between CIMB Commerce Trustee Berhad (formerly known as BHLB Trustee Berhad) as the Trustee and Atrium REIT Managers Sdn Bhd as the Manager (collective known as **"First Deed"**).

On 21 April 2016, the Manager, CIMB Commerce Trustee Berhad (**"Retiring Trustee"**) and Pacific Trustees Berhad (**"New Trustee"**) entered into a Second Supplementary Deed to effect the change of trustee of Atrium REIT from the Retiring Trustee to the New

Trustee. The First Deed and the Second Supplementary Deed were further amended by a Second Restated Deed dated 17 December 2019 entered into between the Manager and Pacific Trustees Berhad, as the Trustee of Atrium REIT.

Atrium REIT was listed on Main Board of Bursa Malaysia Securities Berhad on 2 April 2007

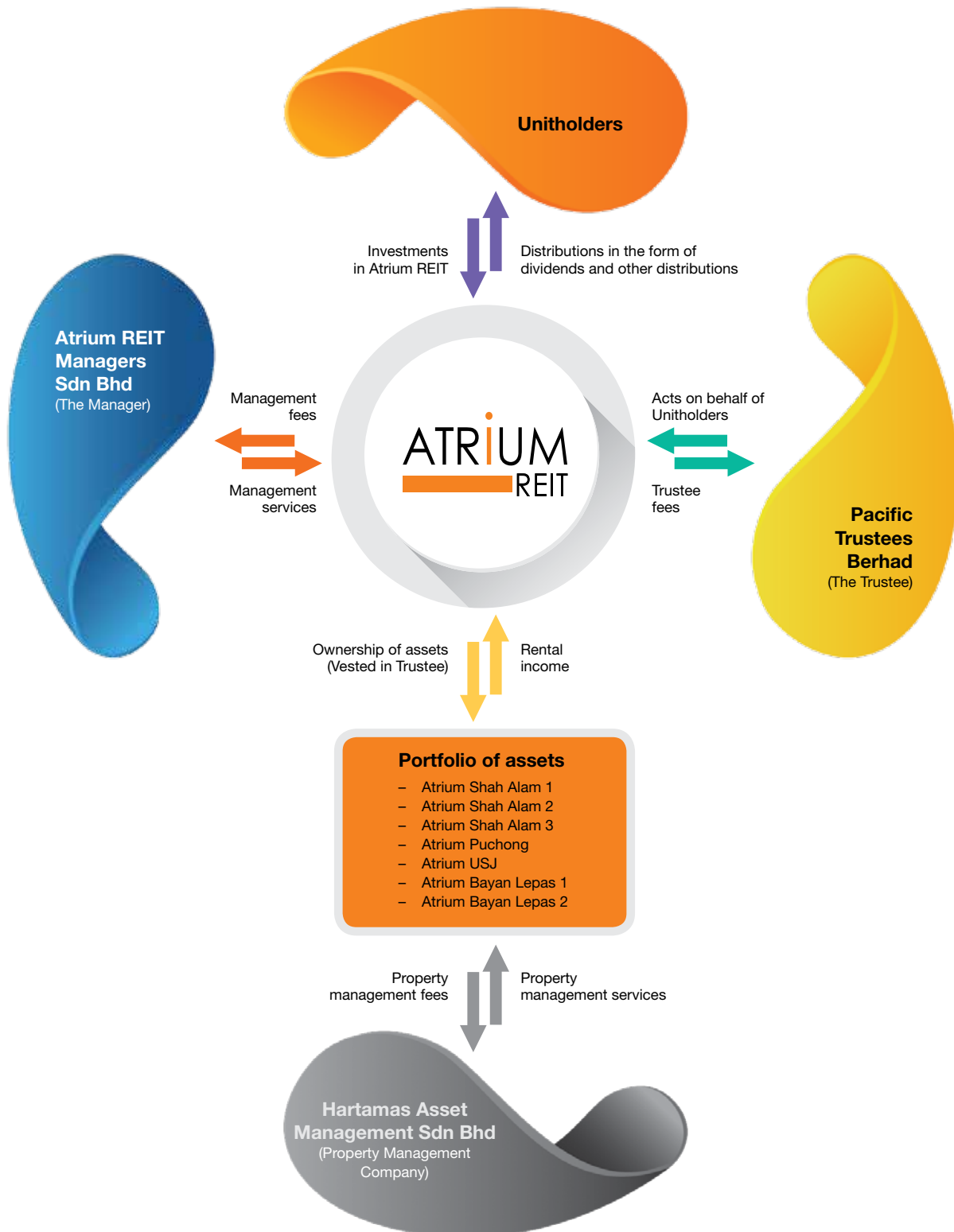
Atrium REIT's property portfolio consists of seven industrial properties located in prime locations in the Klang Valley and Penang, namely, Atrium Shah Alam 1, Atrium Shah Alam 2, Atrium Shah Alam 3, Atrium Puchong, Atrium USJ, Atrium Bayan Lepas 1 and Atrium Bayan Lepas 2.





# STRUCTURE OF ATRIUM REAL ESTATE INVESTMENT TRUST

The following diagram illustrates the structure of Atrium REIT and indicates the relationships between Atrium REIT, the Manager, the Property Management Company, the Trustee and the Unitholders:



## PROFILE OF THE MANAGER

Atrium REIT Managers Sdn Bhd is the Manager for Atrium REIT and is responsible for the administration and management of Atrium REIT. The Manager is also responsible for the implementation of the REIT's investment and business strategies. The Manager was incorporated in Malaysia on 22 September 2005 and is subsidiary of Glory Blitz Industries Sdn Bhd.

### Salient Features of the Fund

<b>Name of fund</b>	: Atrium REIT
<b>Fund category</b>	: Real Estate
<b>Fund type</b>	: Growth and income
<b>Investment objectives</b>	: To maximise income in order to reward unitholders with annual stable distributions of income and to acquire quality assets to achieve long-term growth in the Net Asset Value per unit of the Fund
<b>Fund investment strategy</b>	: Aim to achieve the primary objectives of the Fund by implementing investment and growth strategies such as organic growth strategies, acquisition strategies and financing strategies
<b>Term of the Trust</b>	: Atrium REIT will continue its operation until such time as determined by the Trustee and the Manager as provided under the provision of Clause 19 of the Second Restated Deed dated 17 December 2019.
<b>Size of Fund</b>	: 204,625,680 units
<b>Authorised investments</b>	: Invest in real estate, non-real estate-related assets and cash, deposit and money market instruments. At least 75% of Atrium REIT's total assets must be invested in real estate that generates recurrent rental income at all times.
<b>Financial year end</b>	: 31 December
<b>Distribution policy</b>	: At least 90% of the distributable income of Atrium REIT shall be distributed semi-annually or at such other intervals as determined by the Manager in its absolute discretion; in arrears.
<b>Borrowing limitations</b>	: Up to 50% of the total asset value of the Fund at the time the borrowing is incurred.
<b>Revaluation policy</b>	: The properties will be revalued annually pursuant to Malaysian Financial Reporting Standard 140 and Clause 10.02(b)(i) of the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts.
<b>Redemption policy</b>	: Unitholders have no right to request the Fund to repurchase their units while the units are listed
<b>Minimum initial investment</b>	: Minimum of 100 units
<b>Minimum additional investments</b>	: Multiples of 100 units
<b>Investor profile</b>	: Suitable for investors who understand the risks related to the real estate industry and expect to benefit from the periodic distribution of income and long-term growth of the Fund
<b>Quotation</b>	: Main Market of Bursa Malaysia Securities Berhad
<b>Bursa Malaysia Stock Number</b>	: ATRIUM 5130

2020  
FINANCIAL HIGHLIGHTS

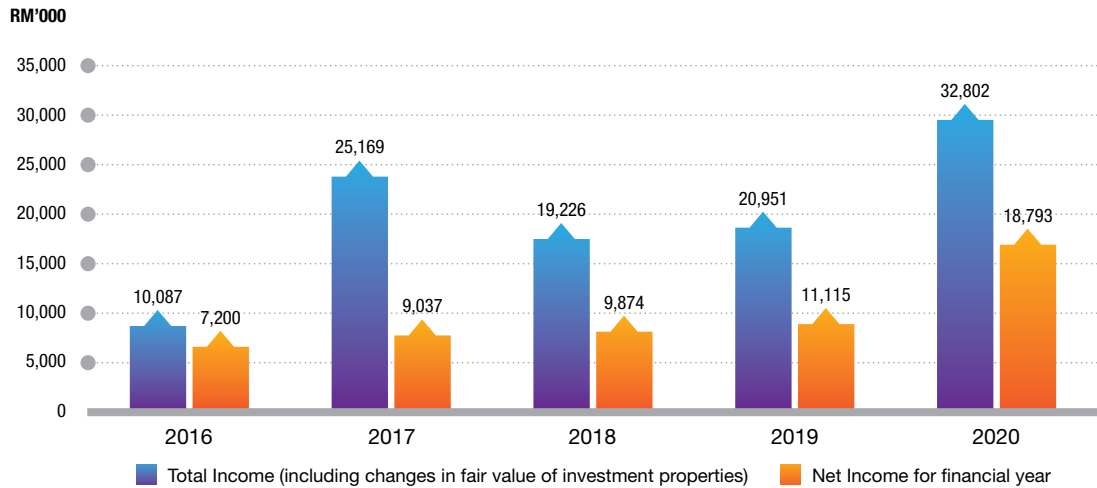


1. Based on closing market price on 31 December 2020 of RM 1.15 per unit

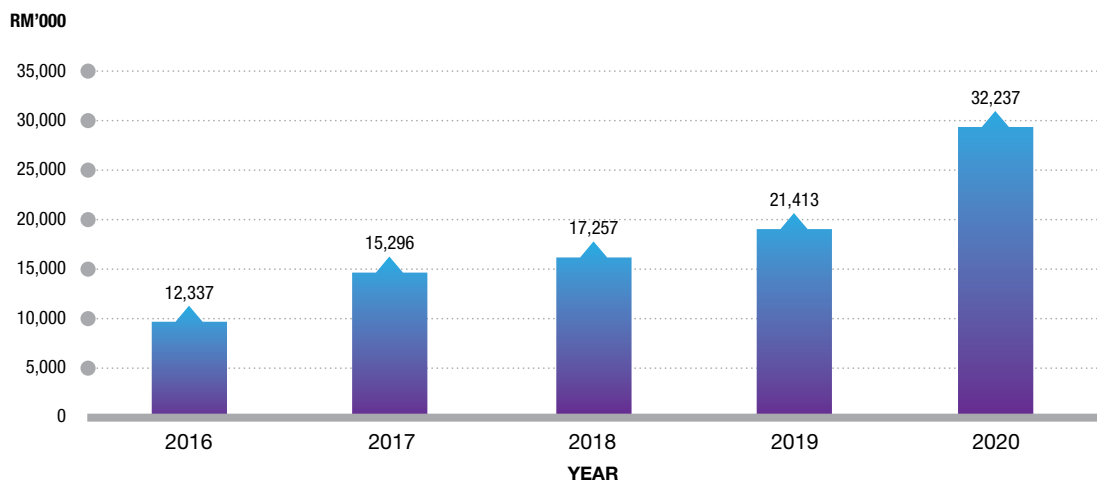
2020 FINANCIAL HIGHLIGHTS

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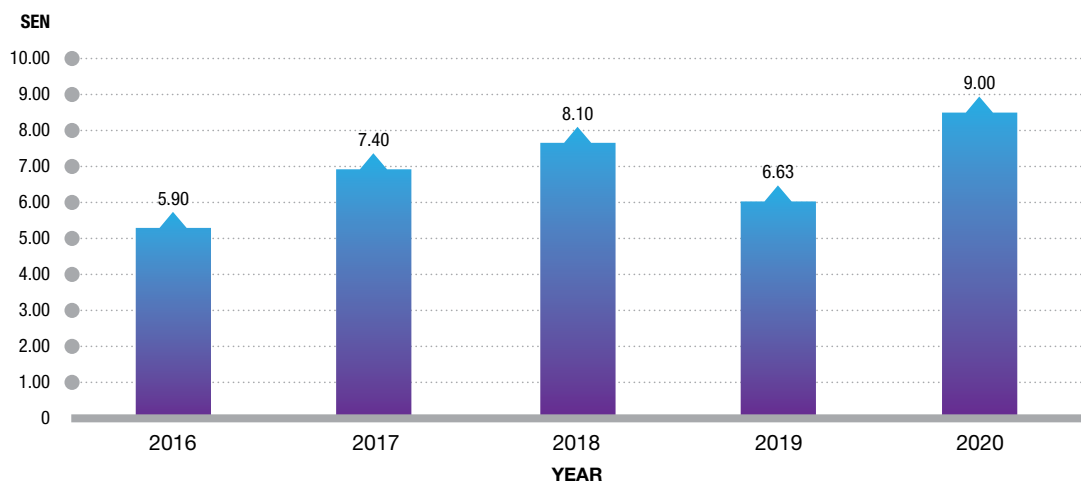
TOTAL INCOME AND REALISED NET INCOME



NET PROPERTY INCOME



DISTRIBUTION PER UNIT

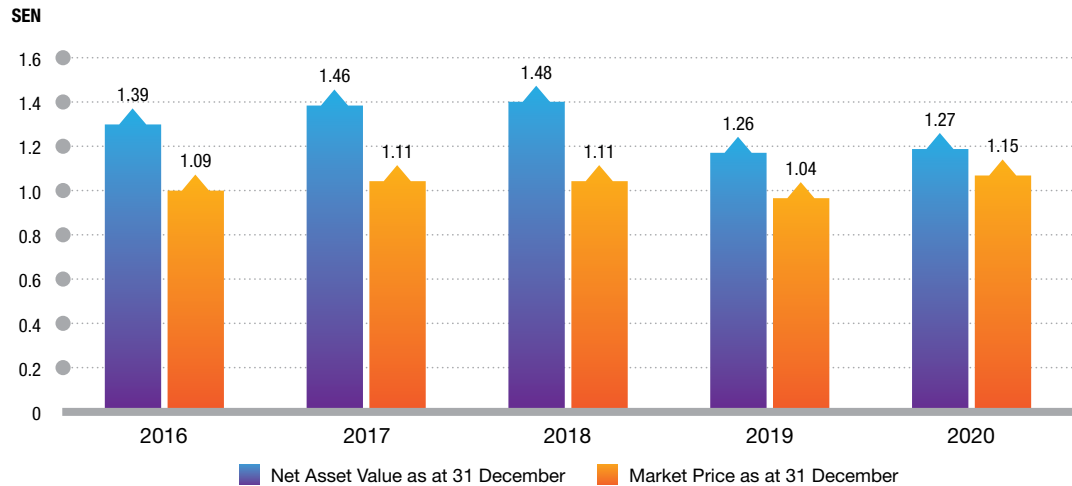




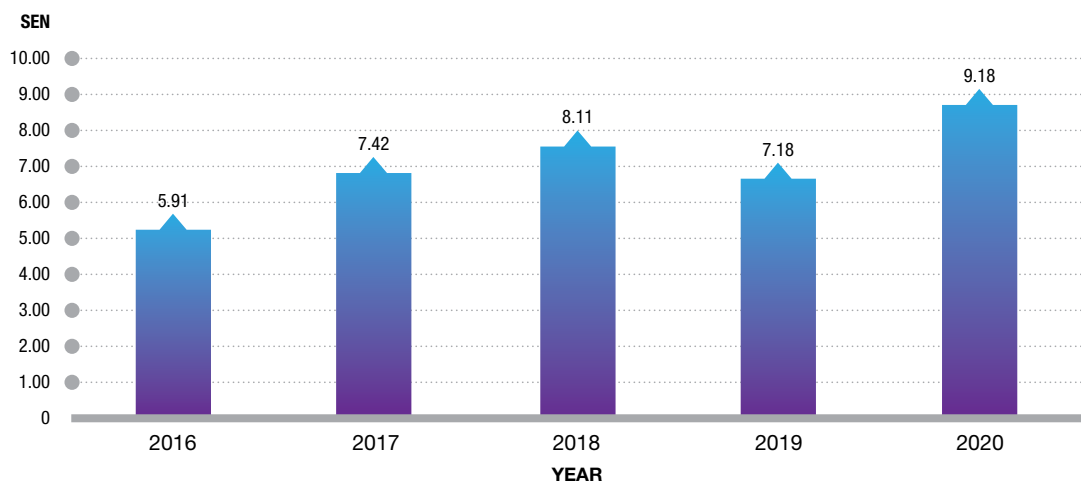
## 2020 FINANCIAL HIGHLIGHTS

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### NET ASSET VALUE AND MARKET PRICE PER UNIT

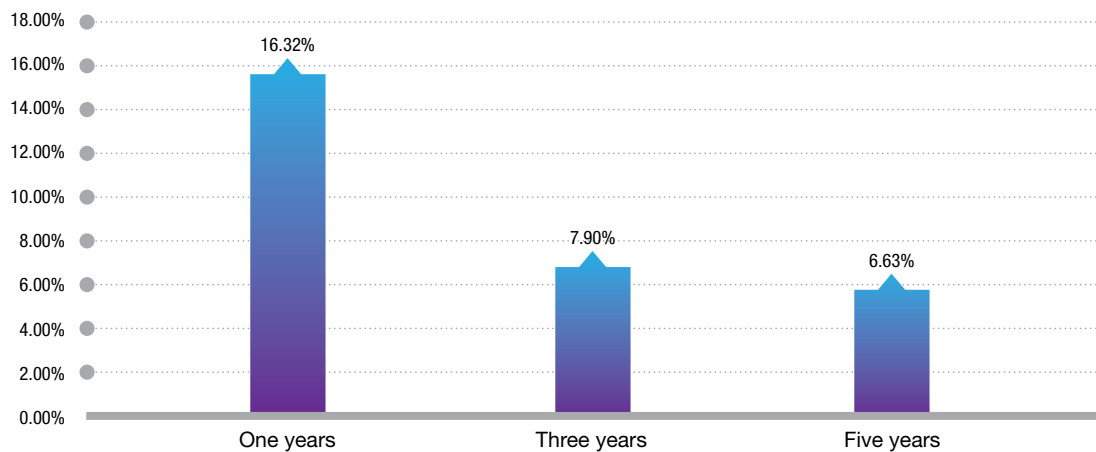


### NET INCOME PER UNIT (Realised)



*Note: The net income per unit (realised) for 2019 is calculated based on the weighted average number of units in issue*

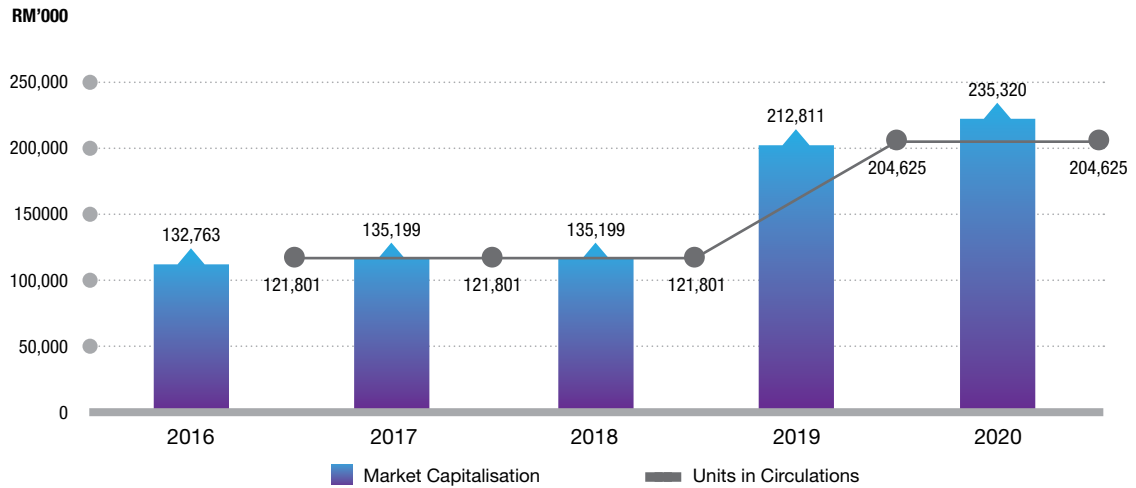
### AVERAGE ANNUAL RETURN FOR ATRIUM REIT %



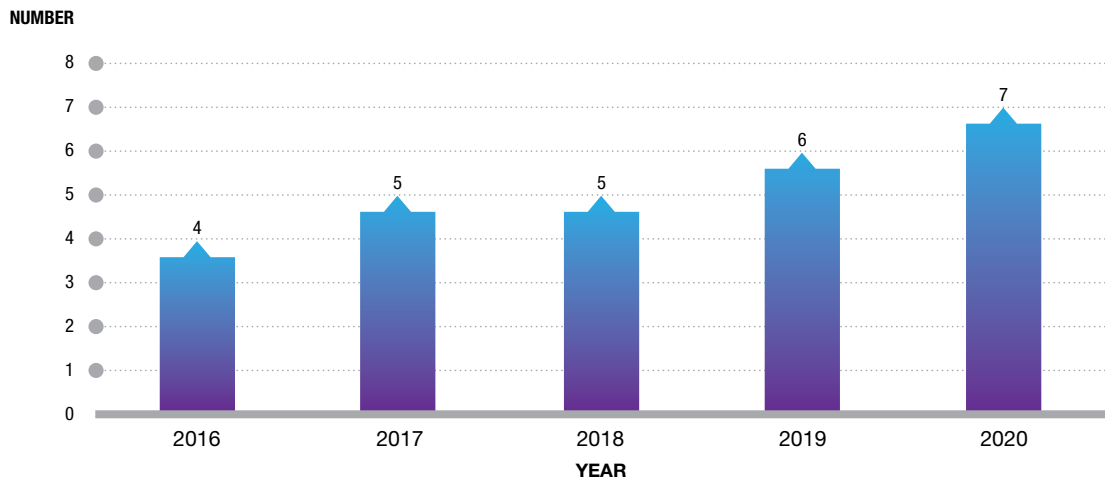
2020 FINANCIAL HIGHLIGHTS

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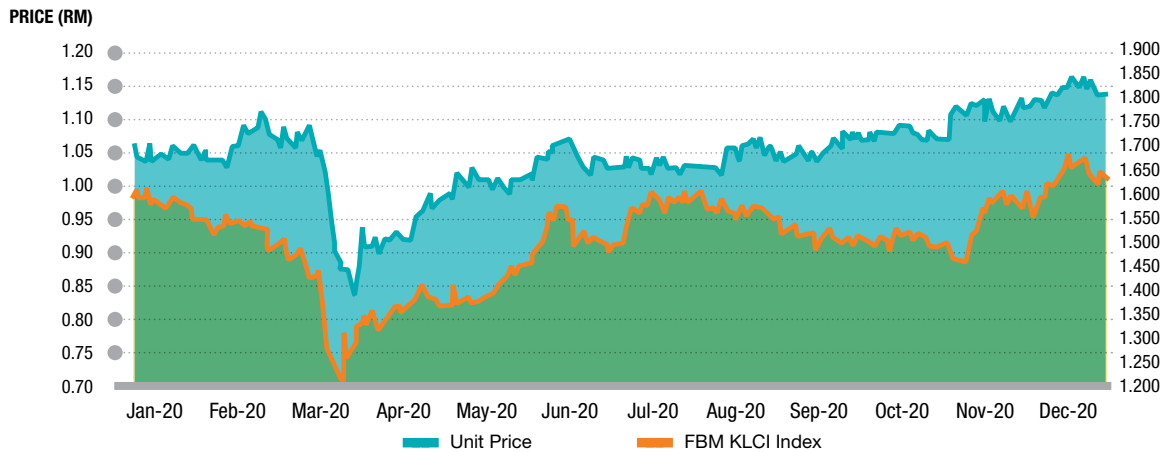
MARKET CAPITALISATION AND UNITS IN CIRCULATIONS



PROPERTIES IN PORTFOLIO



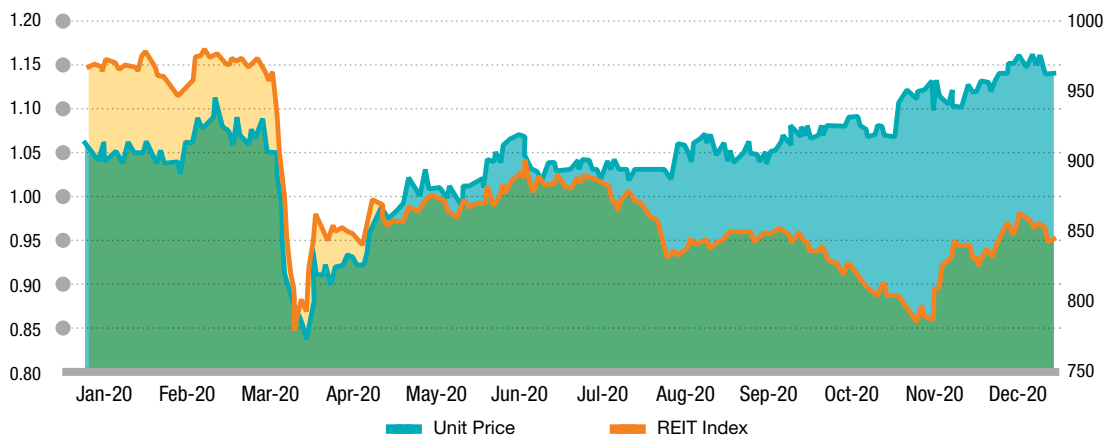
ATRIUM REIT'S UNIT PRICE VS FBM KLCI INDEX



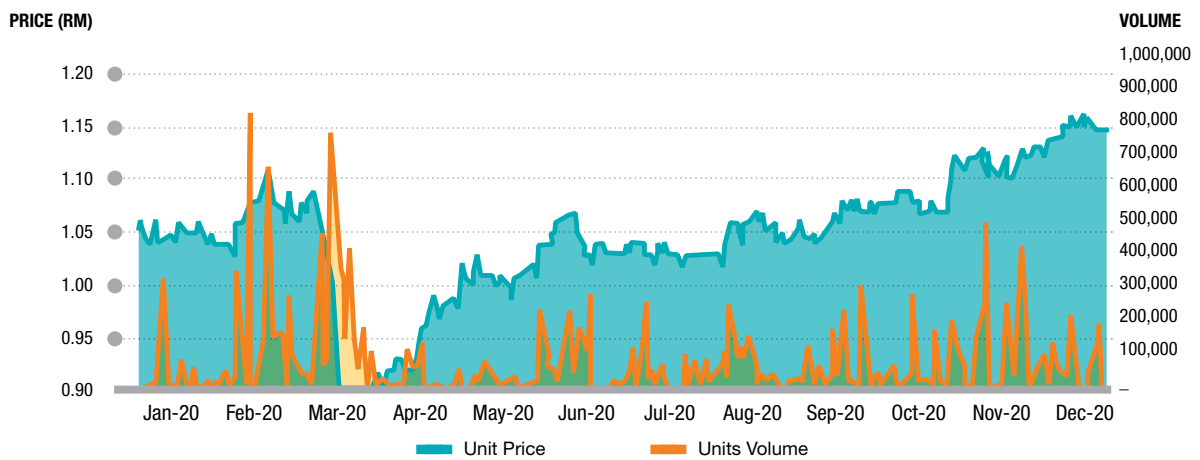
2020 FINANCIAL HIGHLIGHTS

(CONT'D)

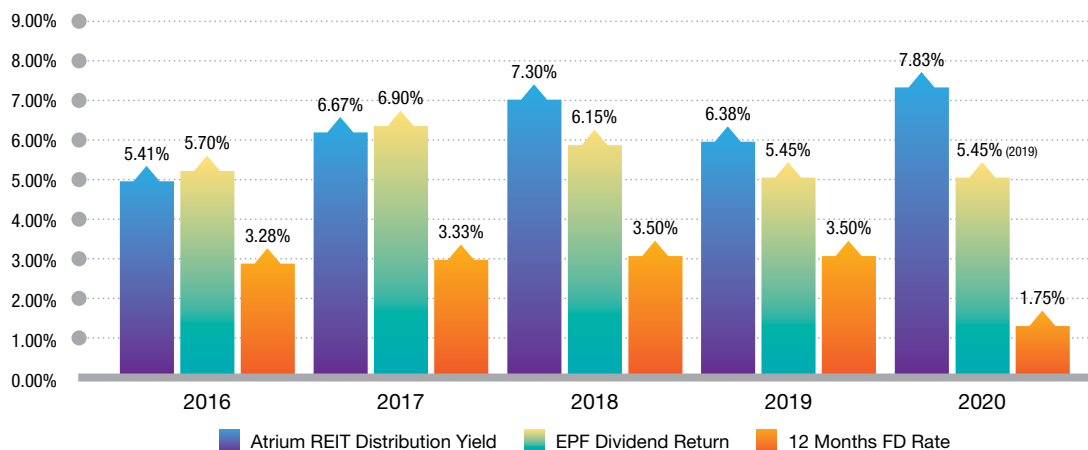
**ATRIUM REIT'S UNIT PRICE VS BURSA MALAYSIA REIT INDEX**



**UNIT PRICE VS VOLUME**



**RETURN COMPARATIVES**



## PERFORMANCE DATA

### I) PORTFOLIO COMPOSITION OF THE TRUST

	2016 %	2017 %	2018 %	2019 %	2020 %
Atrium Shah Alam 1	34	30	30	20	18
Atrium Shah Alam 2	30	28	28	17	16
Atrium Shah Alam 3	-	8	9	7	6
Atrium Bayan Lepas 1	-	-	-	-	10
Atrium Bayan Lepas 2	-	-	-	27	25
Atrium Puchong	21	19	19	12	11
Atrium USJ	14	13	13	8	8
	99	98	99	91	94
Deposits with financial institution	1	2	1	9	6
	100	100	100	100	100

### II) SUMMARY OF PERFORMANCE

	2016	2017	2018	2019	2020
Gross revenue (RM'000)	14,522	17,304	18,779	22,961	34,405
Net property income (RM'000)	12,337	15,296	17,257	21,413	32,237
Net income/(loss) for financial year (RM'000)					
- Realised	7,200	9,037	9,874	11,115	18,793
- Unrealised	(2,513)	9,100	1,723	(7,625)	2,165
Distribution per unit (sen)	5.90	7.40	8.10	6.63	9.00
Distribution yield (%)					
- based on market price as at 31 December	5.41	6.67	7.30	6.38	7.83
Annual total return (%)	1.87	7.58	7.30	0.07	16.32
- Capital return (%)	(3.54)	0.91	0.00	(6.31)	8.49
- Distribution yield (%)	5.41	6.67	7.30	6.38	7.83
Management Expense Ratio (MER) (%)	1.60	1.48	1.44	2.19	1.73

Capital Return is computed based on the net change in market price at the beginning and end of the financial year over the market price at the beginning of the respective financial year.

Distribution Yield is computed based on the total income distribution for the financial year over the market price at the end of the respective financial year.

Total Return is the total of Capital Return and Distribution Yield.

The calculation of MER, which have been verified by the auditors, is based on total fees of Atrium REIT incurred, including the Manager's fees, Trustee's fees, audit fees, tax agent's fees, administrative and other expenses, to the average net asset value of Atrium REIT for the financial year calculated on a daily basis.

PERFORMANCE DATA

(CONT'D)

**III) ASSET VALUE, UNIT AND MARKET PRICE INFORMATION**

	2016	2017	2018	2019	2020
Asset under management (RM'000)	236,300	268,434	278,000	410,300	463,700
Total asset value (RM'000)	243,004	279,477	287,584	464,113	504,577
Net asset value (NAV)(RM'000)					
- Before proposed final distribution	171,138	180,567	182,603	261,639	265,756
- After proposed final distribution	169,190	178,313	180,045	257,076	259,617
Total borrowings (RM'000)	59,600	88,765	95,661	181,974	214,831
Gearing (%)	24.53	31.76	33.26	39.21	42.58
Units in circulation ('000)	121,801	121,801	121,801	204,625	204,625
NAV per unit – after proposed distribution					
- As at 31 December (RM)	1.39	1.46	1.48	1.26	1.27
- Highest NAV for the year (RM)	1.43	1.48	1.50	1.51	1.31
- Lowest NAV for the year (RM)	1.39	1.40	1.47	1.26	1.27
Market price per unit					
- as at 31 December (RM)	1.09	1.11	1.11	1.04	1.15
- Highest traded for the year (RM)	1.15	1.21	1.16	1.27	1.16
- Lowest traded for the year (RM)	1.05	1.08	1.06	1.02	0.81
Market Capitalisation (RM'000)	132,763	135,199	135,199	212,811	235,320

**(IV) DISTRIBUTIONS FOR LAST 5 YEARS**

	Distribution Per Unit (Sen)	Date	Net Asset Value Per Unit (RM)	
			Before Distribution	After Distribution
<b>2016</b>				
1st Quarter	1.30	31 May 16	1.42	1.41
2nd Quarter	1.50	6 Sep 16	1.43	1.41
3rd Quarter	1.50	30 Nov 16	1.43	1.41
4th Quarter	1.60	22 Mar 17	1.41	1.39
	<b>5.90</b>			
<b>2017</b>				
1st Quarter	1.85	31 May 17	1.41	1.39
2nd Quarter	1.85	30 Aug 17	1.41	1.39
3rd Quarter	1.85	30 Nov 17	1.41	1.39
4th Quarter	1.85	16 Mar 18	1.48	1.46
	<b>7.40</b>			

PERFORMANCE DATA

(CONT'D)

(IV) DISTRIBUTIONS FOR LAST 5 YEARS (CONT'D)

	Distribution Per Unit (Sen)	Date	Net Asset Value Per Unit (RM)	
			Before Distribution	After Distribution
<b>2018</b>				
1st Quarter	2.00	31 May 18	1.48	1.46
2nd Quarter	2.00	30 Aug 18	1.49	1.49
3rd Quarter	2.00	30 Nov 18	1.49	1.47
4th Quarter	2.10	28 Feb 19	1.50	1.48
	<b>8.10</b>			
<b>2019</b>				
1st Quarter	1.40	22 Apr 19	1.50	1.48
2nd Quarter	2.00	8 Aug 19	1.43	1.41
3rd Quarter	1.00	29 Nov 19	1.30	1.29
4th Quarter	2.23	9 Mar 20	1.28	1.26
	<b>6.63</b>			
<b>2020</b>				
1st Quarter	2.00	30 Jun 20	1.28	1.26
2nd Quarter	2.00	15 Sep 20	1.29	1.27
3rd Quarter	2.00	30 Nov 20	1.29	1.27
4th Quarter	3.00	26 Feb 21	1.30	1.27
	<b>9.00</b>			

V) AVERAGE ANNUAL RETURN FOR ATRIUM REIT

	%
One year	16.32
Three years	7.90
Five years	6.63

**Note:** Average Annual Return is computed based on the Total Return per unit for the period, averaged over the number of years.

**Past performance is not necessarily indicative of future performance and that unit prices and investment returns may fluctuate.**



## CHAIRMAN'S STATEMENT



I am happy to report that despite experiencing the most challenging financial year, brought on by the black swan event of the Covid-19 pandemic and other developments in the external operating landscape, Atrium Real Estate Investment Trust (“Atrium REIT”) has continued to register steady growth and progress in the realisation of its business objectives.

The business model of Atrium REIT, which is based on its portfolio of industrial properties have proven to be comparatively resilient and this has enabled an improved financial performance for FY2020.

I am pleased to share that Atrium REIT for FY2020 has delivered growth in both gross revenue and net property income of 49.84% and 50.55% respectively, underpinned by stronger contributions from our seven properties.

Notably, contributions from Atrium Bayan Lepas One and Atrium Bayan Lepas 2, formerly known as Lumileds Plant 1 and Lumileds Plant 2 respectively, made significant positive impacts to Atrium REIT’s improved financial performance.

Please refer to the Management Discussion and Analysis section of this annual report for further details on Atrium REIT’s financial performance.

On the back of improving financial performance, I am pleased to announce stronger returns to unitholders for FY2020.

### DELIVERING VALUES AMIDST A CHALLENGING ENVIRONMENT

The onset of the Covid-19 pandemic and the ensuing movement control order (“MCO”) imposed across Malaysia had a telling socio-economic effect on an unprecedented scale.

No industry or sector has been left unscathed from the pandemic and the ensuing effects and as a result, Malaysia following the trend of many other nations across the world, posted negative gross domestic product (“GDP”) growth in FY2020.

The Malaysian economy had contracted by 5.5% in FY2020 with a sharp decline of 17.1% in the second quarter of the year alone.

Atrium REIT’s tenants have also been affected by the pandemic. The imposition of work from home for non-essential staff and implementation of Covid-19 standard operating procedures (“SOPs”) and other measures had caused some degree of disruption to their regular business operations.

Other impacts were a slowdown in business activity due to reduced demand for goods and services caused by the declining economic and commercial activity during the MCO period.

In response, the Manager of Atrium REIT has provided the tenants with deferred rental payments schemes. This has enabled our tenants to better cope with the challenging operating scenario, while ensuring full occupancy of our properties.

Our tenants have expressed appreciation to the Manager’s proactiveness in lending support and I believe such measures will further strengthen our relationships with the tenants for mutual benefit going forward.

### ENHANCING PORTFOLIO VALUE

In FY2020, Atrium REIT continued to focus on enhancing the value of its assets and increasing net asset value (“NAV”). Key activities such as renewal of tenancies and revaluation of properties were successfully executed

## CHAIRMAN'S STATEMENT

(CONT'D)

and efforts to identify properties for acquisition were increased.

Moving forward, optimizing and growing the portfolio will continue to be the main focus of Atrium REIT. Properties that, in the opinion of the Manager, have been fully optimised and where redevelopment or asset enhancement initiatives are no longer feasible, asset disposal may be an option should the prices offered is attractive.

Further details of our portfolio, business activities as well as highlights and achievements are provided in the Management Discussion and Analysis ("MD & A") section of this annual report.

### STRENGTHENING CORPORATE GOVERNANCE AND ANTI CORRUPTION

In FY2020, the Manager has implemented the Atrium REIT Anti-bribery and Corruption Policy ("ABAC") which is in line with the amended Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"), notably Section 17A of the MACC Act.

Atrium REIT is serious about maintaining a zero tolerance position with regard to corrupt acts, whether within the company or involving vendors, suppliers, contractors and tenants.

We are committed to operating in an above board manner and towards this end, beyond just introducing a dedicated ABAC policy, efforts have been made in FY2020 to promote awareness of the Policy among key stakeholders, both internally and externally. All vendors, suppliers and business partners have been notified of our ABAC Policy and must provide their commitment to abide by the Policy. This is a prerequisite towards maintaining a business relationship with Atrium REIT.

Briefing sessions were held for the Board of Directors and staff. On a related note, the Property Manager continues to review its procedures in relation to corruption related risks.

### OUTLOOK AND PROSPECTS

The Malaysian economy is expected to continue to feel the effects of the Covid-19 pandemic going into FY2021. However, with the removal of a strict MCO and a return to normalcy for most economic activities, FY2021 should see a strong recovery, barring any other unforeseen circumstances.

The welcome news of successful testing of various Covid-19 vaccines also inspires confidence and with Malaysia looking to secure sufficient dosages for up to 60%-70% of the population, this should provide a much

needed shot-in-the-arm for business confidence and consumer sentiment. This should translate into increased economic activities going forward, which will support a rebound in GDP growth for FY2021.

The outlook for Malaysia's industrial property market remains positive, being one of the few property sectors that has been less impacted by the Covid-19 pandemic. Demand for industrial property remains stable and is expected to be on the uptrend as manufacturers look to capitalise on the various tax incentives introduced under the National Economic Recovery Plan ("NREP") and Budget 2021.

Atrium REIT can continue to draw on its inherent strengths and competitive advantages to maintain a sustainable momentum of progress going forward. Our asset portfolio comprises Grade-A warehouses, including high-specification facilities that meet the requirements for manufacturing or storage activities.

Our properties are located in prime locations such as Shah Alam, Bayan Lepas and other key industrial or commercial hubs. These locations have excellent infrastructure and connectivity to highways, major population centres, business districts and ease of access to maritime ports and airports.

On the back of our long-term leases, growing demand for industrial spaces that continues to outpace supply and the strengths of our asset portfolio and the proven capabilities and experience of the Property Manager, the Board is cautiously optimistic of FY2021 being a comparable, if not better year than FY2020.

### ACKNOWLEDGEMENTS AND APPRECIATION

On behalf of the Board, I wish to take this opportunity to thank the Manager and its employees for their tireless contributions to Atrium REIT's excellent performance during this challenging period. Appreciation is also expressed to our many stakeholders who have played no small part in our continued journey of progress in FY2020.

The Board also wishes to express its gratitude to our unitholders for their continued vote of confidence and their support. Together, we may all continue moving forward to deliver a better financial and operational performance and to continue creating value for our unitholders in FY2021.

### DATO DR. IR. MOHAMAD KHIR BIN HARUN

Chairman  
Atrium REIT Managers Sdn Bhd  
08 February 2021

# MANAGEMENT DISCUSSION AND ANALYSIS

## MANAGER'S INVESTMENT OBJECTIVES AND STRATEGIES

The Manager's investment objectives are to maximise income in order to reward unitholders annually with a stable distribution of income and to acquire quality assets to achieve long term growth in Net Asset Value ("NAV") per unit.

In accordance with its investment policies and compliance with REIT guidelines, Atrium REIT invests in real estate, single-purpose companies whose principal assets comprise real estate, real estate-related or non-real estate-related assets, cash, deposits, money market instruments, and any other investment which is permissible under the Securities Commission Guidelines on Listed Real Estate Investment Trusts ("REITs Guidelines") or otherwise permitted by the Securities Commission.

Following are the Manager's strategies in sustaining value creation for Atrium REIT. These strategies comply with the Restated Deed and Supplementary (herewith collectively referred to as "the Deed") and the REITs Guidelines.

**Organic Growth**

- Proactive asset management, maximising tenant retention, creating leasing opportunities and strong budgetary controls.
- Invests in real estate, single-purpose companies whose principal assets comprise real estate, real estate-related or non-real estate-related assets, cash, deposits, money market instruments, and any other investment permissible under the REITs Guidelines or by the Securities Commission.

**Compliance**

- At least 75% of total asset value must be derived from property assets that generate recurrent rental income.
- Aggregate investments in property development activities and real estate under construction must not exceed 15% of total asset value.

**Acquisition**

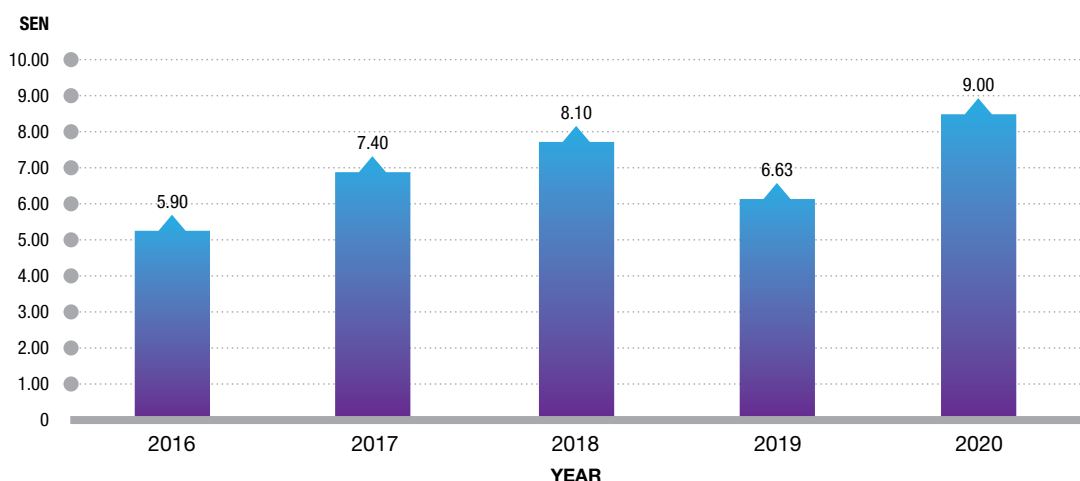
- Increase cashflows, and yields, distribution per unit and NAV per unit via strategic acquisition of assets.
- Leverage on both debt and equity to fund future acquisitions.

**Financing and Capital Management**

- Comply with provisions of the Deed REITs Guidelines
- To maintain borrowing levels at 50% (or lower) of total asset value.
- Adopt a hedging strategy to mitigate against change of interest rate risks when appropriate.
- Maintain suitable debt-equity structure to meet funding needs while ensuring unitholders' returns are sustainably optimised.

Atrium REIT has achieved its objective of rewarding unitholders with stable and attractive return through consistent distribution of income for every quarter since the listing of Atrium REIT on 2 April 2007.

## DISTRIBUTION PER UNIT



MANAGEMENT DISCUSSION AND ANALYSIS

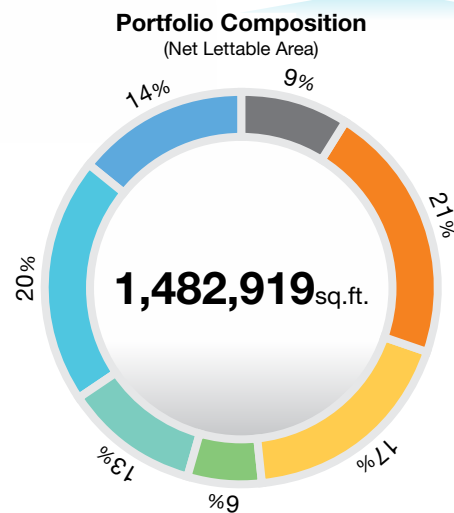
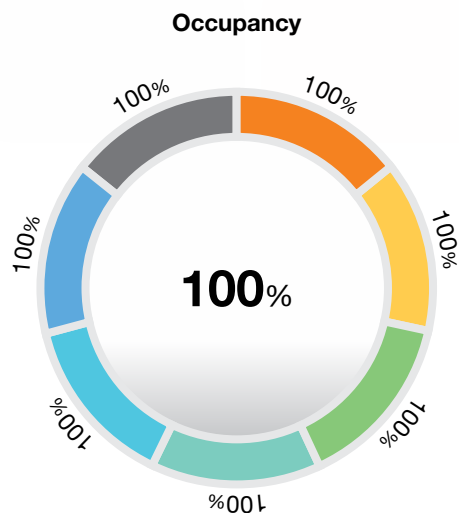
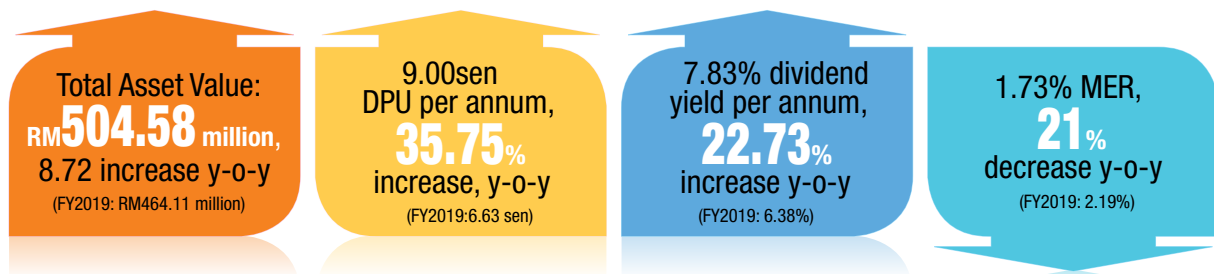
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INVESTMENT PORTFOLIO BREAKDOWN

Save and except for the completion of Atrium Bayan Lepas 1 acquisition, there is no change in the portfolio composition of Atrium REIT for the current financial year. Atrium REIT's composition of investment as at 31 December 2020 is as follows:

Portfolio Composition	Market Value (RM)	%
Atrium Shah Alam 1	91,300,000	18.5
Atrium Shah Alam 2	78,700,000	15.9
Atrium Shah Alam 3	29,600,000	6.0
Atrium Bayan Lepas 1	51,000,000	10.3
Atrium Bayan Lepas 2	121,500,000	24.6
Atrium Puchong	53,400,000	10.8
Atrium USJ	38,200,000	7.7
	463,700,000	93.9
Deposit with financial institution	30,385,550	6.1
<b>TOTAL</b>	<b>494,085,550</b>	<b>100.0</b>

The Manager intends to hold the properties on a long-term basis. However, as and when appropriate, the Manager may dispose the property and such proceeds may be reinvested in new real estates with better yields and growth potential and/or distributed to unitholders.

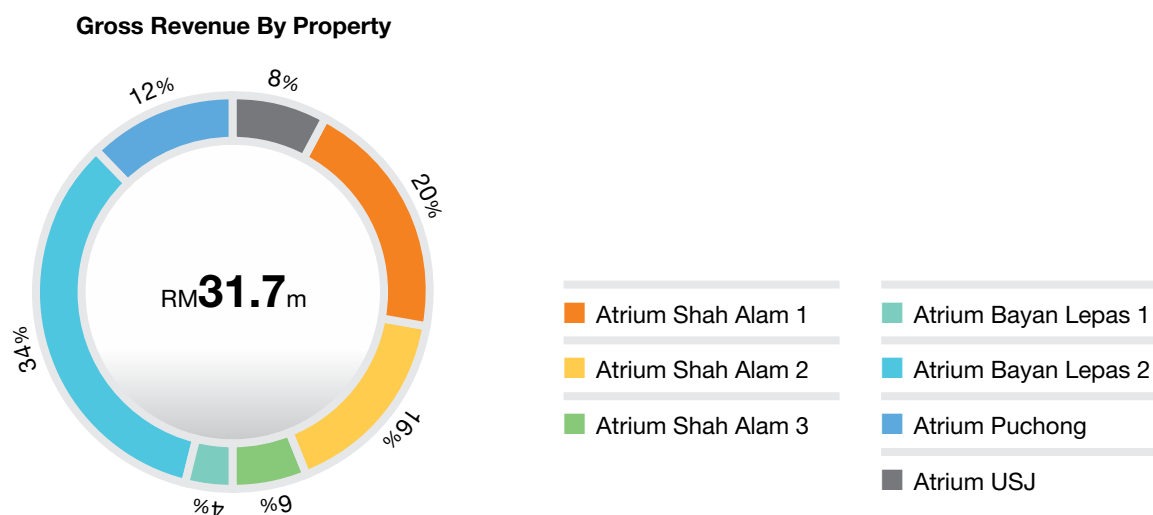


- Atrium Shah Alam 1
- Atrium Shah Alam 2
- Atrium Shah Alam 3
- Atrium Bayan Lepas 1
- Atrium Bayan Lepas 2
- Atrium Puchong
- Atrium USJ

## MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

### INVESTMENT PORTFOLIO BREAKDOWN (CONT'D)



### LOCATION OF PROPERTIES

Atrium REIT's properties are strategically located in key industrial areas, where demand for such property continues to be resilient and stable. Atrium REIT has a total 100% occupancy rate with all properties under the portfolio being fully occupied.

### OVERVIEW OF THE FINANCIAL YEAR

In retrospect, financial year ended 31 December 2020, despite the many challenges faced proved to be another positive year for Atrium REIT.

On the back of stronger contributions from our property portfolio, namely Atrium Bayan Lepas 1 ("ABL1") and Atrium Bayan Lepas 2 ("ABL2"), both revenue and earnings were on an uptrend. Notably, the full year's contribution from ABL2 was a key factor in the stronger financial performance achieved for the financial year.

Consequently, as a result of stronger revenues and earnings, income distribution per unit and dividend has also increased.

As at 31 December 2020, market capitalisation stood at RM235,319,532, representing 10.58% increase as compared to the previous year. The market price per unit was RM1.15, trading at a discount of 11.45% based on the net asset value per unit of RM1.2987 as at 31 December 2020.

	<b>FY2020 (RM'000)</b>	<b>FY2019 (RM'000)</b>	<b>CHANGE %</b>
<b>GROSS REVENUE</b>	34,405	22,961	49.84
Less Property Expenses	(2,167)	(1,548)	(39.99)
Net Property Income	32,238	21,413	50.55
Interest and Other Income	964	529	82.23
Change in Fair Value of Investment Properties	(400)	(991)	59.64
Total Income	32,802	20,951	56.57
Trust Expenses	(4,568)	(4,768)	4.19
Finance Costs	(7,123)	(5,453)	30.63

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

OVERVIEW OF THE FINANCIAL YEAR (CONT'D)

	FY2020 (RM'000)	FY2019 (RM'000)	CHANGE %
Profits for the Financial Year	20,958	3,490	500.52
Other Comprehensive Income	–	–	–
Total Comprehensive Income for the Financial Year	20,958	3,490	500.52
Profit for the Financial Year is made up as follows:			
• Realised	18,793	11,115	69.08
• Unrealised	2,165	(7,625)	128.39
	20,958	3,490	500.52
Income Distribution	18,416	11,238	63.87
Distribution Per Unit (sen)	9.00	6.63	35.75
Annual Total Return	16.32	0.07	23,214.29
Capital Return %	8.49	(6.31)	234.55
Distribution Yield %	7.83	6.38	22.73
Management Expense Ratio ("MER")	1.73	2.19	21.0

GROSS REVENUE

Gross revenue represents rental income received from the rental of investment properties. In FY2020, on the back of additional rental flows from ABL1 and ABL2, Atrium REIT posted an improved topline performance of RM34.41 million, 49.84% higher y-o-y. Included in FY2020 gross revenue is the rental income accounted for on a straight line basis over the lease term of an ongoing lease in compliance to the requirements of MFRS16 which amounted to RM2.72 million (FY2019: RM0.61 million). The achievement is noteworthy as the expansion in revenues was realised during a challenging pandemic year and attest to the quality of the new acquisitions and robustness of the business model, which is centred on in the industrial property segment. The segment has proven comparatively resilient in FY2020, compared to many other property sectors.

PROPERTY EXPENSES

Property expenses increased to RM2.17 million as compared to RM1.55 million in the previous year, primarily due to the increase in repair and maintenance costs of the Fund's assets.

The increase in maintenance costs were necessary to maintain the quality of the investment properties under Atrium REIT and to meet the operational requirements of tenants. Assets must be maintained to retain its value and to ensure higher rentals amidst an increasingly competitive market environment. The higher property expenses was also due to the increase in property management expenses which increased in tandem with the incremental rental income.

NET PROPERTY INCOME

Underpinned by stronger gross revenue, net property income was 50.55% higher at RM32.24 million (FY2019: RM21.41 million).



## MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

### TRUST EXPENSES

Trust expenses decreased by 4.19% to RM4.57 million (FY2019: RM4.77 million). In particular, the lower trust expenses were due to lower administrative expenses, which were partly offset by higher Manager's fees and other expenses. The administrative expenses were also lower compared to FY2019 due to the absence of regulatory fees, professional fees and other charges which were incurred in FY2019 for the corporate exercise and proposed acquisitions. The increase in Manager's fees was due mainly to the increase in Net Asset Value as a result of issuance of new units arising from the private placement and rights issue exercise. Other expenses were higher due mainly to the penalty/late interest incurred for the acquisition of ABL1.

### FINANCE COSTS

Finance costs were also higher in FY2020 by 30.63% to RM7,123 million (FY2019: RM5.45 million) mainly due to higher borrowings during the financial year.

### PROFIT FOR THE FINANCIAL YEAR

Profit for the financial year was significantly higher at RM20.96 million, or approximately 500.52% increase as compared to FY2019 profit of RM3.49 million. The higher profit was mainly due to the significant increase in gross revenue as a result of the full year's contribution from ABL2 and a lower deferred taxation.

### INCOME DISTRIBUTION

The Board of Directors of the Manager has declared a final income distribution of 3.00 sen per unit in respect of the 4th quarter of FY2020, which will be payable on 26 February 2021. The final income distribution, coupled with the aggregate interim income distributions during the financial year of 6.00 sen per unit, represents a total distribution per unit of 9.00 sen for FY2020 (FY2019: 6.63 sen).

### REVIEW OF FINANCIAL POSITION

	FY2020 (RM'000)	FY2019 (RM'000)	CHANGE %
Asset under Management	463,700	410,300	13.01
Trade and Other Receivables	9,631	13,479	(28.55)
Other Current Assets	31,247	40,334	(22.53)
Total Assets	504,577	464,113	8.72
Total Borrowings	214,831	181,974	18.06
Net Asset Value	265,756	261,639	1.57
Gearing (%)	42.58	39.21	8.59
Units in Circulation ('000)	204,626	204,626	-
Market Capitalisation	235,320	212,811	10.58
Net Asset Value per unit (RM)			
• Before Income Distribution	1.2987	1.2786	1.57
• After Income Distribution	1.2687	1.2563	0.99
Market Price as at 31 December (RM)	1.15	1.04	10.58

### ASSET UNDER MANAGEMENT

Asset under Management had increased by 13.01% to RM463.70 million (FY2019: RM410.30 million) on the back of the acquisition of ABL1 and the net gain in revaluation of investment properties at the end of 2020.

### TRADE AND OTHER RECEIVABLES

The decrease in trade and other receivables was attributed to the deposit paid for the acquisition of ABL1 being reclassified to investment property upon the completion of acquisition of ABL1 in October 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

**BORROWINGS**

Atrium REIT's borrowings have increased due to financing obtained to acquire ABL1. Atrium REIT's borrowing levels remains at a healthy level with gearing ratio still below the 50% threshold under the REITs Guidelines.

Management is of the view that the borrowings are necessary to expand the fund's portfolio. Based on its present gearing ratio, Atrium REIT is still able to leverage on further borrowings to make opportunistic acquisitions that fit its investment criteria and enhance its returns to unitholders.

The present strong cash position and balance sheet will enable Atrium REIT to meet its debt obligations while maintaining sufficient cash flow to meet working capital requirements.

	FY2016 (RM'000)	FY2017 (RM'000)	FY2018 (RM'000)	FY2019 (RM'000)	FY2020 (RM'000)
Total Borrowings	59,600	88,765	95,661	181,974	214,831
Current					
– STRC	39,600	39,600	39,600	39,600	39,600
– OD	–	–	22,830	2,143	–
Non-current					
– TL	–	20,000	20,000	–	–
– TL2	–	10,765	10,765	10,765	10,765
– TL3	–	18,400	18,400	18,400	18,400
– TL4	–	–	4,066	4,066	4,066
– MBB TL	–	–	–	20,000	20,000
– MTN – Tranche 1	–	–	–	–	35,000
– MTN – Tranche 2	–	–	–	87,000	87,000
Total Asset	243,004	279,477	287,584	464,113	504,577
Gearing (%)	33.26	31.76	33.26	39.21	42.58%
Interest Rate (%)	4.21 to 4.66	4.30 to 4.57	4.31 to 5.47	4.28 to 5.47	2.90 to 3.51

**UNITHOLDERS CAPITAL**

During the FYE2020, the net proceeds raised from the Rights Issue in 2019 was used to part finance the acquisition of ABL 1 from Lumileds Malaysia Sdn Bhd and its related expenses whilst the balance has been earmarked for the extension of the tenure of land leases for ABL1 and ABL 2. The extension process for the said land leases is ongoing and is only expected to be completed by June 2021. In view of this, the Board has resolved to extend the timeframe for the utilisation of proceeds for an additional 6 months to 30 June 2021.

**Rights Issue Of 58,464,480 Units**

Purpose	Proposed Utilisation RM (million)	Actual Utilisation RM (million)	Deviation RM (million)	Balance		Intended Time Frame for Utilisation (from date of listing)
				RM (million)	%	
Part finance proposed acquisition of Lumileds properties and its related expenses	58.2	34.4	–	23.8	40.9	Within 21 months
Defray estimated expenses relating to the Rights Issue	1.4	1.4	–	–	–	Within 1 month
<b>Total</b>	<b>59.6</b>	<b>35.8</b>	<b>–</b>	<b>23.8</b>	<b>39.9</b>	

## MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

### NET ASSET VALUE (“NAV”)

NAV rose marginally by 1.57% to RM265.76 million (FY2019:RM261.64 million).

### UNIT PRICE AND MARKET CAPITALISATION

As at 31 December 2020, market capitalisation stood at RM235,319,532, 10.58% higher year-on-year. Based on the unit price of RM1.15, the trading price discount to NAV as at 31 December 2020 was 11.45% (FY2019:18.66%).

### REVALUATION OF INVESTMENT PROPERTIES

In compliance with Paragraph 10.02(b) (i) of the Listed REITs Guidelines and the Malaysian Financial Reporting Standard 140, a revaluation of investment properties was performed at the financial year-end. Following is a summary of the fair value gains of each investment property for FY2020:

PROPERTY	NET BOOK VALUE BEFORE REVALUATION (RM'000)	FAIR VALUE AS AT END FY2020 (RM'000)	REVALUATION GAIN/(LOSS) (RM'000)
Atrium Shah Alam 1	90,905	91,300	395
Atrium Shah Alam 2	78,600	78,700	100
Atrium Shah Alam 3	29,500	29,600	100
Atrium Bayan Lepas 1	50,371	51,000	629
Atrium Bayan Lepas 2	120,000	121,500	1,500
Atrium Puchong	53,200	53,400	200
Atrium USJ	38,200	38,200	–
<b>TOTAL</b>	<b>460,776</b>	<b>463,700</b>	<b>2,924</b>

### ASSET ENHANCEMENT INITIATIVES (“AEI”) AND PROPERTY ACQUISITION

The Property Manager continues to assess its property portfolio for potential opportunities to optimise the assets’ performance and competitiveness towards increasing the attractiveness of each property and to eventually command higher rentals. This is an ongoing process that is conducted throughout the financial year.

On 27 December 2019, Pacific Trustees Berhad, on behalf of Atrium REIT (“Purchaser”) entered into a conditional sale and purchase agreement with Permodalan Nasional Berhad in relation to the proposed acquisition of two pieces of leasehold land held under H.S. (D) 172494 and H.S. (D) 167421, Town of Shah Alam, Mukim of Damansara, District of Petaling and State of Selangor Darul Ehsan together with all buildings erected thereon for a cash consideration of RM45.0 million (“SPA”). The SPA has become unconditional on 26 November 2020 and the target completion date for this proposed acquisition is the first quarter of 2021.

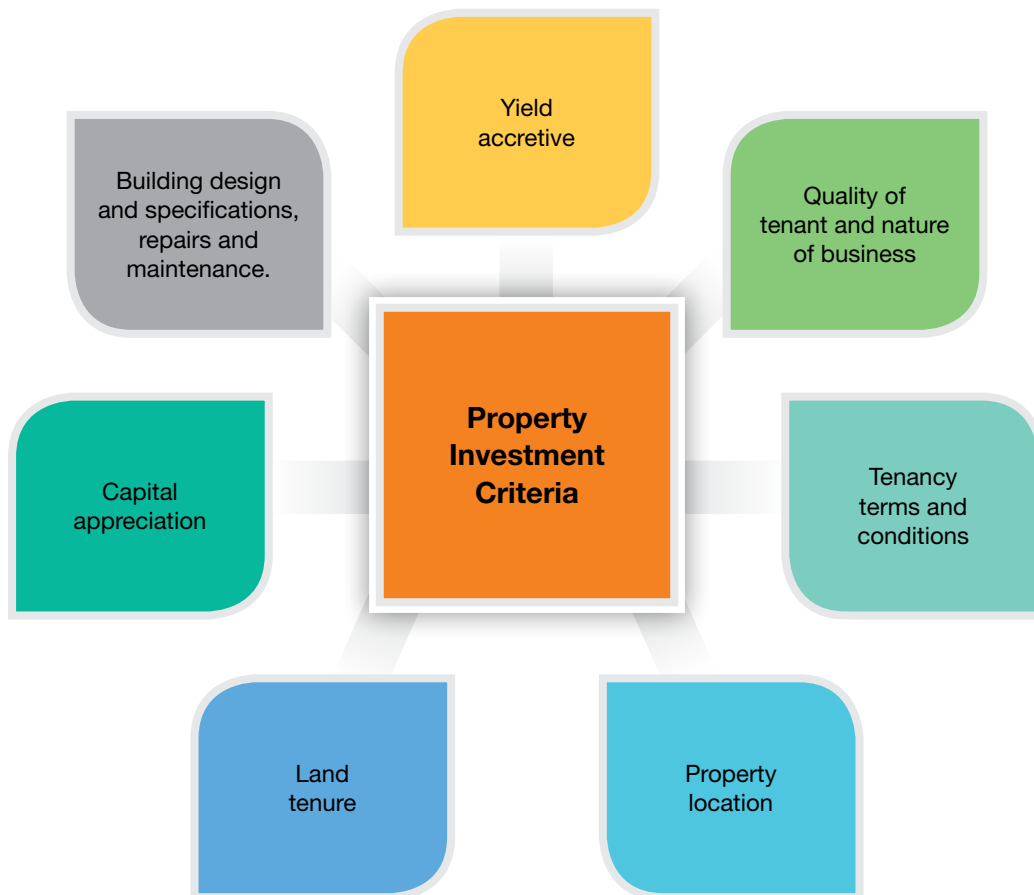
The Manager will continue to pursue yield-accretive acquisitions with focus on industrial properties that meet our investment criteria as well as value-creating asset-enhancement opportunities although meeting sellers’ demands for asset valuation could prove challenging. In line with our proactive asset management strategy, we will also continue to explore any divestment opportunities for any properties that have achieved its optimal potential/value and use the proceeds for either new acquisitions or asset enhancement initiatives.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

**ASSET ENHANCEMENT INITIATIVES (“AEI”) AND PROPERTY ACQUISITION (CONT'D)**

The Manager’s investment criteria are based on the following:



On a separate note, in FY2020, two tenancies were renewed with one additional renewal expected to be completed in the first quarter of FY2021.

**OUTLOOK AND PROSPECTS**

The ongoing COVID-19 pandemic may continue to have a downward impact on global economic growth though initial projections for FY2021 point to a strong recovery. However, the global economic recovery should strengthen with the roll-out of Covid-19 vaccines and lockdowns and movement control orders are eased.

Morgan Stanley projects strong global GDP growth of 6.4% for 2021. Growth will be driven initially by emerging markets, followed by a rebound in economic performance in the U.S. and Europe.

The positive view is also echoed by Fitch Ratings. Despite the expectation of renewed falls in GDP in 4Q20 in the Eurozone and the UK, following the recent tightening of restrictions, GDP for FY2021 is to maintain an upward momentum for FY2021, touching 5.3% (from 5.2%).

US GDP is now projected to expand by 4.5% (up from 4.0%) and China by 8.0% (up from 7.7%) though Eurozone growth is likely to only reach 4.7% (down from 5.5%) as renewed lockdown measures impact economic activity. Fitch has also revised up its global growth forecasts for 2022 to 4.0% from 3.6%.

Sources: <https://www.morganstanley.com> and <https://www.fitchratings.com>

## MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

### MALAYSIA ECONOMIC OUTLOOK

Even as the country recovers, it is likely that the nation will see slow economic growth in the first part of FY2021. The extent of recovery will depend on how fast can a vaccine be approved and disseminated across Malaysia as well as a recovery in export volumes and public and private sector spending.

However, optimism of strong, positive growth is expected. The Ministry of Finance in its Economic Outlook 2021 Report forecast GDP growth for FY2021 to reach between 6.5% and 7.5%. According to the report, GDP growth will stem from the anticipated improvement in global growth and international trade, as well as the various stimulus measures announced under Budget 2021.

The government's Covid-19 stimulus packages are expected to contribute more than four percentage points to GDP growth, according to the report, which noted that all four packages, comprising fiscal and non-fiscal measures, totalled RM305 billion or 21% of the nation's GDP.

As the country recovers from the impact of Covid-19, the domestic economy will return to a more sustainable growth path.

*Source: <https://www.theedgemarkets.com>*

### PROPERTY SECTOR OUTLOOK

While pent-up demand for property is strong, actual propensity to purchase may be affected by a wide range of factors. These include loss of income among individual or corporate buyers, bearish investor sentiment and other factors. Supporting industries such as banking and construction may continue to feel lingering effects, post MCO. This may lead to potential impacts on the property value chain.

Growth for the property sector as a whole is likely to recover strongly in 2022 after a sluggish 2021. According to Juwai IQI's research, the National Price Expectations Index is to persist downwards with an average decline of 4.8% for residential prices in 2021 before recovering in 2022.

However, the Board is of the view that industrial real estate sector remains less impacted by present challenges as proven by operating conditions experienced in FY2020.

*Source: <https://www.iqiglobal.com>*

### INDUSTRIAL PROPERTY SUBSECTOR OUTLOOK

The Malaysian industrial property sector is expected to remain robust going into FY2021. On the back of pent-up demand and other factors, rental rates of industrial space in prime sub-markets, namely Shah Alam, Subang, Petaling Jaya, Kuala Lumpur and Klang are expected to be stable and potentially on an uptrend for FY2021.

With the relaxation of restrictions on business, retail and manufacturing activities as well as the incentives provided under the National Economic Recovery Plan ("NREP"), demand for industrial properties, which continues to outstrip supply, is expected to return to pre-Covid 19 levels.

The highly anticipated New Industrial Master Plan ("New IMP") (2021-2030) should also bode well for the industrial property sector and we look forward to its announcement going forward. Malaysia remains an attractive destination for manufacturing activities and thus continues to attract related investments, especially from foreign manufacturers or distributors, looking for a strategic location to establish a regional production facility or distribution hub.

The growth of eCommerce also drives demand for industrial property. Growing demand for last-mile deliveries are compelling more international e-commerce operators to Malaysia as an important regional distribution hub within their network. Local eCommerce players who require national presence are also actively sourcing for suitable industrial properties.

However, improvements in momentum is expected to be gradual as post Covid-19, businesses are likely to adopt a more cautious approach to making investments. We foresee a decline in large scale industrial investments. Hence, smaller-scale standalone developments in established, matured industrial parks with good accessibility and connectivity, such as those within Atrium REIT's portfolio may see higher demand.

*Sources: <https://www.thestar.com.my>; <https://www.cbre.com.my>; <https://www.edgeprop.my> and <https://content.knightfrank.com>*

### KLANG VALLEY INDUSTRIAL PROPERTY MARKET OUTLOOK

While outlook for the overall industrial sector in Malaysia appears positive, challenges continue to persist, especially in the Klang Valley where there remains a general mismatch between excess supply and now weakened demand for industrial space post COVID-19.

While conditions are likely to improve progressively in FY2021, the impact of MCO 2.0 which commenced in mid-January and has been extended in staged phases up to early March, will have a downward impact on demand. The extent of the impact will only be evident in the second half of FY2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

### KLANG VALLEY INDUSTRIAL PROPERTY MARKET OUTLOOK (CONT'D)

In addition, competition is also likely to intensify with new supply coming into the market. The Klang Valley by far, has the largest volume of industrial properties than any other locations in Malaysia.

Several large industrial developments that have recently been developed or are being developed in Klang Valley include AREA's logistics facility in Ampang, Galaxy Logistics Hub in Kuala Selangor, Hap Seng Industrial Hub in Shah Alam, Ikea Distribution Centre in Pulau Indah and the KLIA Aeropolis Digital Free Trade Zone.

However, niched industrial properties, with a proven track record in strategic locations and excellent quality will continue to outperform the market. These include terraced factories/warehouses followed by semi-detached factories / warehouses and vacant industrial plots. While the macro-perspective is challenging, at the granular level, properties that retain their value proposition will continue to see high tenant interest and with that stable rental yields.

Popular areas where industrial properties are still much sought after such as Shah Alam, Subang and Port Klang will continue to attract interest for either industrial land or warehousing.

Increased e-commerce activities will also support demand in the long-term for warehousing, distribution and sorting facilities.

*Source: <https://www.nst.com.my>*

### PENANG INDUSTRIAL PROPERTY MARKET OUTLOOK

Penang's strong manufacturing base and track record provides the industrial sector with robustness to shrug off the effects of the pandemic. A trend of pricing standoff exists, pending further market clarity with buyers underwriting lower values and higher capital rates. Demand will likely remain strong particularly on the back of various facilitating factors.

The logistics sector and certain industrial segments will continue to offer stable yields, as they are underpinned by demand from the e-commerce, pharmaceutical and technology sectors, including the niched semi-conductor market. Of note, the surge in demand for gloves, pharmaceuticals and personal protection equipment ("PPE") will drive demand from non-traditional manufacturers to venture into the aforementioned segments, thereby ramping up demand for industrial properties.

Other positive factors include the RM1 billion allocation to encourage investment into high technology, high value-added and research and development activity in the aerospace and electrical and electronics sectors in Batu Kawan Industrial Park. The RM1bil project is estimated to complete over 15 years.

The various land reclamation project on the island's shores attest to the continued appeal of Penang as a manufacturing and industrial hub. These and other infrastructure projects will have a strong stimulus effect on the local economy, while also attracting domestic and foreign direct investments to Penang.

Prospects for Penang's industrial property sector on both the island and the mainland appear stable, barring any unforeseen circumstances. Potential growth areas are Taman Perindustrian Bukit Minyak, Penang Science Park and Batu Kawan Industrial Park.

*Sources: <https://www.theedgemarkets.com> and <https://www.thestar.com.my>*

### PROSPECTS & PRIORITIES

Atrium REIT will continue to pursue its strategies towards generating continued financial value and sustainable returns for unitholders. This includes increasing cashflows and yields, together with growth in distribution per unit and NAV per unit through selective acquisitions.

The focus remain on sourcing for suitable properties, in particular industrial properties that offer the potential of robust and sustained rental yield over the medium and long-term horizons.

In identifying suitable properties for acquisition, we will continue to look at the existing locations that we operate, which are the Klang Valley, Shah Alam, Penang, and possibly Johor, in particular the industrial area of Senai.

Prior to the onset of the Covid-19 pandemic, Senai had experienced significant growth, supported by rising local and international investments. There is strong demand for industrial properties in this location due to various factors such as the US-China trade war, the various incentives provided under Iskandar Malaysia and the inherent strategic location of Johor to Singapore.

Nevertheless, we will continue to also identify potentials within the areas we have already established a presence. Purchase of properties will be funded by a combination of internally generated funds, bank borrowings and through the capital markets. This may include issuance of commercial papers/bonds where Atrium REIT will be credit-rated.

We may also consider unlocking the value of fully optimised properties within our portfolio should we receive a competitive offer for said properties.

Atrium REIT goes into FY2021 with 100% occupancy for its properties. Still, we aim to offer longer-term leases towards securing revenues while proceeding with AEs towards strengthening the overall appeal and advantage of our properties.



# PROPERTY PORTFOLIO



## ATRIUM SHAH ALAM 1



<b>Property</b>	: Atrium Shah Alam 1
<b>Address</b>	: Lot 1-8, Persiaran Jubli Perak, Seksyen 22, 40300 Shah Alam Selangor Darul Ehsan, Malaysia
<b>Title details</b>	: GRN 177482 for Lot No. 38264, Pekan Baru Hicom, District of Petaling State of Selangor Darul Ehsan, Malaysia
<b>Property type</b>	: Industrial
<b>Description</b>	: A single storey warehouse annexed with a four storey office building having a total Net Lettable Area measuring approximately 311,736 sq.ft.
<b>Year of completion</b>	: 2005
<b>Land details</b>	: Freehold land measuring approximately 573,124 sq.ft.
<b>Existing use</b>	: Factory and office
<b>Parking spaces</b>	: 191 car bays 105 motorcycle bays 30 lorry bays
<b>Date of acquisition</b>	: 2 April 2007
<b>Cost of acquisition</b>	: RM57,200,000
<b>Lessee</b>	: Marelli Motori Asia Sdn Bhd
<b>Occupancy</b>	: 100%
<b>Lease Period</b>	: 6 years, expiring on 31 May 2021
<b>Major capital expenditure</b>	: RM104,688
<b>Encumbrances</b>	: The property is charged to a financial institution to secure a Short Term Revolving Credit facility of RM 39,600,000
<b>Latest valuation</b>	: RM 91,300,000
<b>Date of last valuation</b>	: 26 November 2020
<b>Valuer</b>	: First Pacific Valuers Property Consultants Sdn Bhd
<b>Fair Value adjustment</b>	: RM395,312
<b>Net book value</b>	: RM90,904,688

PROPERTY PORTFOLIO

(CONT'D)



ATRIUM  
SHAH ALAM 2



<b>Property</b>	: Atrium Shah Alam 2
<b>Address</b>	: Lot 7A, Persiaran Jubli Perak, Seksyen 22, 40300 Shah Alam Selangor Darul Ehsan, Malaysia
<b>Title details</b>	: Lot No. P.T. 90 held under H.S.(D) No. 188265, Pekan Baru Hicom District of Petaling, State of Selangor Darul Ehsan, Malaysia
<b>Property type</b>	: Industrial
<b>Description</b>	: A single storey warehouse annexed with a double storey office building having a total Net Lettable Area measuring approximately 259,933 sq.ft.
<b>Year of completion</b>	: 2004
<b>Land details</b>	: Freehold land measuring approximately 522,706 sq.ft.
<b>Existing use</b>	: Warehouse and office
<b>Parking spaces</b>	: 125 car bays 129 motorcycle bays 20 lorry bays
<b>Date of acquisition</b>	: 2 April 2007
<b>Cost of acquisition</b>	: RM49,100,000
<b>Tenant</b>	: Samsung SDS Malaysia Sdn Bhd (Formerly known as Samsung SDS Global SCL (M) Sdn Bhd)
<b>Occupancy</b>	: 100%
<b>Tenancy Period</b>	: 5 years expiring 31 March 2024
<b>Major capital expenditure</b>	: Nil
<b>Encumbrances</b>	: The property is charged to a financial institution to secure a Term Loan, Overdraft and Bank Guarantee facilities of RM49,900,000
<b>Latest valuation</b>	: RM78,700,000
<b>Date of last valuation</b>	: 26 November 2020
<b>Valuer</b>	: First Pacific Valuers Property Consultants Sdn Bhd
<b>Fair Value adjustment</b>	: RM100,000
<b>Net book value</b>	: RM78,600,000

PROPERTY PORTFOLIO

(CONT'D)



**ATRIUM  
SHAH ALAM 3**



<b>Property</b>	: Atrium Shah Alam 3
<b>Address</b>	: No.10, Persiaran Sabak Bernam, Section 26, Shah Alam Industrial Estate 40000 Shah Alam, Selangor Darul Ehsan, Malaysia
<b>Title details</b>	: H.S.(D) 63508, PT503, Mukim Damansara, District of Petaling Selangor Darul Ehsan, Malaysia
<b>Property type</b>	: Industrial
<b>Description</b>	: A single storey warehouse annexed with a double storey office having a total Net Lettable Area measuring approximately 90,670 sq.ft.
<b>Year of completion</b>	: 1990
<b>Land details</b>	: Freehold land measuring approximately 140,078 sq.ft.
<b>Existing use</b>	: Warehouse and office
<b>Parking spaces</b>	: 64 car bays 32 motorcycle bays 8 lorry bays
<b>Date of acquisition</b>	: 16 March 2017
<b>Cost of acquisition</b>	: RM21,698,113
<b>Tenant</b>	: Agility Logistics Sdn Bhd
<b>Occupancy</b>	: 100%
<b>Tenancy Period</b>	: 3 years, expiring on 24 July 2021
<b>Major capital expenditure</b>	: Nil
<b>Encumbrances</b>	: The property is charged to a financial institution to secure a Term Loan and Bank Guarantee facility of RM23.5 million
<b>Latest valuation</b>	: RM29,600,000
<b>Date of last valuation</b>	: 23 November 2020
<b>Valuer</b>	: First Pacific Valuers Property Consultants Sdn Bhd
<b>Fair Value adjustment</b>	: RM100,000
<b>Net book value</b>	: RM29,500,000

PROPERTY PORTFOLIO

(CONT'D)



ATRIUM  
BAYAN LEPAS 1



<b>Property</b>	: Atrium Bayan Lepas 1
<b>Address</b>	: 150F, Block A, Jalan Kampung Jawa, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Penang
<b>Title details</b>	: Lot No. 2027 and Plot No. 203, Mukim 12, Daerah Barat Daya, Pulau Pinang held under Pajakan Negeri 2850 And H.S.(D) 14852 respectively
<b>Property type</b>	: Industrial
<b>Description</b>	: A single-storey factory annexed with a double-storey office and other ancillary buildings having a total Net Lettable Area measuring approximately 189,932 sq.ft.
<b>Year of completion</b>	: 1972
<b>Land details</b>	: Lot 2027 - 60 years leasehold expiring on 7 March 2036; measuring approximately 174,354 sq.ft. Plot No. 203 - 60-year leasehold land expiring on 3 March 2042; measuring approximately 157,861 sq.ft.
<b>Existing use</b>	: Factory and office
<b>Parking spaces</b>	: 192 car bays 106 motorcycle bays
<b>Date of acquisition</b>	: 22 October 2020
<b>Cost of acquisition</b>	: RM50,371,707
<b>Lessee</b>	: Lumileds Malaysia Sdn Bhd
<b>Occupancy</b>	: 100%
<b>Lease Period</b>	: 15 years, expiring on 21 October 2035
<b>Major capital expenditure</b>	: Nil
<b>Encumbrances</b>	: The property is charged to a financial institution to secure a Medium Term Note facility of RM35 million
<b>Latest valuation</b>	: RM51,000,000
<b>Date of last valuation</b>	: 15 December 2020
<b>Valuer</b>	: IVPS Property Consultant Sdn Bhd
<b>Fair Value adjustment</b>	: RM628,293
<b>Net book value</b>	: RM50,371,707



PROPERTY PORTFOLIO

(CONT'D)



**ATRIUM  
BAYAN LEPAS 2**



<b>Property</b>	: Atrium Bayan Lepas 2
<b>Address</b>	: Plot 401, Lintang Bayan Lepas 8, Kawasan Perindustrian Bayan Lepas 11900 Bayan Lepas, Penang
<b>Title details</b>	: Lot 70812 held under Title No. PN 9036, Mukim 12, Daerah Barat Daya, Pulau Pinang
<b>Property type</b>	: Industrial
<b>Description</b>	: A double-storey factory building and other ancillary buildings having a total Net Lettable Area measuring approximately 298,569 sq.ft.
<b>Year of completion</b>	: 2012
<b>Land details (note 1)</b>	: 60-year lease expiring on 7 May 2072; measuring approximately 514,730 sq.ft.
<b>Existing use</b>	: Factory and office
<b>Parking spaces</b>	: 527 car bays 366 motorcycle bays 6 lorry bays
<b>Date of acquisition</b>	: 7 October 2019
<b>Cost of acquisition</b>	: RM131,240,048
<b>Sub-lessee</b>	: Lumileds Malaysia Sdn Bhd
<b>Occupancy</b>	: 100%
<b>Lease Period</b>	: 15 years, expiring on 6 October 2034
<b>Major capital expenditure</b>	: Nil
<b>Encumbrances</b>	: The property is charged to a financial institution to secure a Medium Term Note facility of RM87 million
<b>Latest valuation</b>	: RM121,500,000
<b>Date of last valuation</b>	: 15 December 2020
<b>Valuer</b>	: IVPS Property Consultant Sdn Bhd
<b>Fair Value adjustment</b>	: RM1,500,000
<b>Net book value</b>	: RM120,000,000

**Note 1:** The property is held under a lease arrangement with Penang Development Corporation for 30 years commencing on 11 February 2011 and expiring 10 February 2041; with option to extend for a further term of 30 years.

PROPERTY PORTFOLIO

(CONT'D)



**ATRIUM  
PUCHONG**



<b>Property</b>	: Atrium Puchong
<b>Address</b>	: No.2 Jalan PPU 1, Taman Perindustrian Puchong Utama Batu 12 ½ Jalan Puchong, 47100 Puchong, Selangor Darul Ehsan Malaysia
<b>Title details</b>	: Lot No. 65108 held under Geran No. 44178, Pekan Puchong Perdana District of Petaling, State of Selangor Darul Ehsan
<b>Property type</b>	: Industrial
<b>Description</b>	: A single storey warehouse annexed with a four storey office building having a total Net Lettable Area measuring approximately 203,994 sq.ft.
<b>Year of completion</b>	: 2002
<b>Land details</b>	: Freehold land measuring approximately 292,234 sq.ft.
<b>Existing use</b>	: Warehouse and office
<b>Parking spaces</b>	: 129 car bays 110 motorcycle bays 30 lorry bays
<b>Date of acquisition</b>	: 2 April 2007
<b>Cost of acquisition</b>	: RM38,500,000
<b>Tenant</b>	: Lazada Express (Malaysia) Sdn Bhd
<b>Occupancy</b>	: 100%
<b>Tenancy Period</b>	: 3 years, expiring on 30 September 2023
<b>Major capital expenditure</b>	: Nil
<b>Encumbrances</b>	: Nil
<b>Latest valuation</b>	: RM53,400,000
<b>Date of last valuation</b>	: 27 November 2020
<b>Valuer</b>	: First Pacific Valuers Property Consultants Sdn Bhd
<b>Fair Value adjustment</b>	: RM200,000
<b>Net book value</b>	: RM53,200,000



PROPERTY PORTFOLIO

(CONT'D)



**ATRIUM  
USJ**



<b>Property</b>	: Atrium USJ
<b>Address</b>	: No.16, Jalan TP 6, Taman Perindustrian UEP, 47620 Subang Jaya Selangor Darul Ehsan, Malaysia
<b>Title details</b>	: Geran 75650 Lot 46914 Mukim Damansara, Daerah Petaling Negeri Selangor Darul Ehsan, Malaysia
<b>Property type</b>	: Industrial
<b>Description</b>	: A single storey warehouse with annexed double storey office building (Block A), a single storey warehouse (Block B) and a single storey warehouse with annexed double storey office building (Block C); having a total Net Lettable Area measuring approximately 128,086 sq.ft.
<b>Year of completion</b>	: 2008
<b>Land details</b>	: Freehold land measuring approximately 219,422 sq.ft.
<b>Existing use</b>	: Warehouse and office
<b>Parking spaces</b>	: 122 car bays 39 motorcycle bays 5 lorry bays
<b>Date of acquisition</b>	: 22 December 2011
<b>Cost of acquisition</b>	: RM25,000,000
<b>Tenant</b>	: 1) Rohlig Malaysia Sdn Bhd (Block A) 2) CJ Century Logistics Sdn Bhd (Block B) 3) Skynet Worldwide (M) Sdn Bhd (Block C)
<b>Occupancy</b>	: 100%
<b>Tenancy Period</b>	: Block A – 3 years, expiring on 31 August 2023 Block B – 2 years, expiring on 31 December 2020 Block C – 3 years, expiring on 31 July 2022
<b>Major capital expenditure</b>	: Nil
<b>Encumbrances</b>	: The property is charged to a financial institution to secure a Term Loan and Bank Guarantee Facilities of RM21,000,000
<b>Latest valuation</b>	: RM38,200,000
<b>Date of last valuation</b>	: 25 November 2020
<b>Valuer</b>	: First Pacific Valuers Property Consultants Sdn Bhd
<b>Fair Value adjustment</b>	: Nil
<b>Net book value</b>	: RM38,200,000

## PROFILE OF DIRECTORS

### DATO' DR IR MOHAMAD KHIR BIN HARUN

CHAIRMAN

Malaysian, male, aged 70, was appointed to the Board on 5 October 2009. Dato' Dr Ir Mohamad Khir obtained his BSc (Hons) in Electrical Engineering from Brighton Polytechnic in 1973, MSc in Communications Engineering from Brunel University, London in 1978 and PhD in Electrical Engineering from University of Manchester, United Kingdom in 1982. Dato' Dr. Ir. Mohamad Khir has accumulated a vast pool of knowledge on the communications and information industry. Starting his career as a young engineer way back in 1973, Dato' Dr Khir had successfully made the transition to a business-savvy technocrat when the Telecom Department was corporatised in 1987. He had risen quickly in his career, taking on wide-ranging responsibilities and was holding the position of Chief, Group business restructuring, the second highest position in Telekom Malaysia or TM, prior to his retirement. He was President of the Senior Officer associations of Telekom Malaysia from 1985 to 1996 where he has initiated programs on executive development and health awareness which were later adopted by the company. He was active in sports having held positions as vice and deputy presidents of the company's sport club from 1982 to 1995. His other experiences in the industry include 5 years in the regulatory bodies as Advisor to the Minister of Energy, Telecommunications and Posts from 1983 to 1985 and then as Advisor to the Chairman of the Malaysian Communications and Multimedia Commission from 2006 to 2008.

### WONG SUI EE

EXECUTIVE DIRECTOR

Malaysian, female, aged 51, was appointed to the Board on 22 September 2005. Ms Wong graduated with a Bachelor of Arts majoring in Accounting and Finance from Middlesex University, London, in 1991. She was admitted as an Associate member of the Institute of Chartered Accountants in England and Wales (ICAEW) in 1994. Ms Wong began her career in KPMG, United Kingdom in 1991 as an Auditor. In 1996, she joined Perdana Merchant Bank Berhad as Assistant Vice President for two (2) years. She then joined Glory Blitz Industries Sdn Bhd ("GBISB") and its related companies in 1998. During her 8-year tenure with GBISB and its group of companies, she formed the team to develop built to suit industrial properties in the Klang Valley for the group's multinational clients including CEVA Logistics (formerly known as TNT Logistics), Exel Logistics (now part of the DHL Group), Danzasmal (now part of the DHL Group), Unilever Malaysia, Silverstone Tyres and others. Currently, she is also on the Board of Directors of Alpha Netrise (M) Sdn Bhd, Ample Cosmos Sdn Bhd and Kilat Idam Sdn Bhd.

### CHAN WAN SEONG

INDEPENDENT NON-EXECUTIVE DIRECTOR

Malaysian, male, aged 66, was appointed to the Board on 26 October 2016. Mr. Chan graduated with a Degree in Bachelor of Economics (Hons), majoring in Business Administration from Universiti Malaya in 1977. Mr Chan's career and working experience in the banking and finance sector spanned over a period of close to 40 years. Mr. Chan started his career with Malaysian International Merchant Bankers Berhad (Malaysia's first international merchant bank) in 1977 as a Corporate Finance Officer. Subsequently, he joined the then emerging leasing and credit finance industry. He gained further exposure in the banking sector as the Head of the Corporate Banking unit in the Malaysian Head Office of a Singapore banking group. Mr. Chan resumed his career in merchant banking by joining the then Arab-Malaysian Merchant Bank Berhad ("AMMB") (later known as AmMerchant Bank Berhad, and currently known as AmInvestment Bank Berhad) in 1989. He was initially responsible for managing and supervising the expansion of AMMB's regional merchant bank business in East and West Malaysia. In his career with the Ambank Group, Mr. Chan had held various senior positions spanning a wide spectrum of banking services as General Manager, Senior Director, and Executive Vice-President in Corporate Banking, Investment Banking and Wholesale Banking. His job scope encompassed large fund-raising exercises in syndicating conventional loans, as well as Bonds and Equity for public-listed corporations and large private client groups. He also gained all-round exposure in the areas of credit evaluation, loan structuring, risk management, corporate advisory, and high-level merger and acquisition negotiations. His core strengths are derived from his wide business networking, relationship management skills, and multi-product knowledge in the corporate and investment banking space. Upon reaching the age of 62 years, Mr. Chan retired from the Ambank Group in the first quarter of 2016 after enjoying a distinguished career with them for more than 27 years. Currently, he is also the Independent Non-Executive Chairman of the Board of Directors of Wegmans Holdings Berhad.

## PROFILE OF DIRECTORS

(CONT'D)

### CHNG BOON HUAT

INDEPENDENT NON-EXECUTIVE DIRECTOR AND  
CHAIRMAN OF AUDIT COMMITTEE

Malaysian, male, aged 61, was appointed to the Board on 1 September 2018. Mr Chng is a Fellow Member of The Association of Chartered Certified Accountants, United Kingdom and a Chartered Accountant of the Malaysian Institute of Accountants (MIA).

He started his auditing and accounting career in 1983 with Messrs Hew & Co (now known as Mazars PLT) before joining Perlis Plantation Berhad (now known as PPB Group Berhad) as an Assistant Accountant.

In 1988, he joined The Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Berhad) ("Bursa") and had held several positions during his 25-year tenure at Bursa, culminating to become the Head of Corporate Surveillance in 2009. He has gained vast experience at Bursa including equity market supervision, research and development studies, compliance, investigation and enforcement of Listing Requirements, as well as to advocate good corporate governance practices such as risks management and internal control systems to companies listed on Bursa Malaysia Securities. While in Bursa, he represented Bursa to serve as member of various working groups of Malaysia Accounting Standards Board, MIA and Companies Commission of Malaysia. He left Bursa in 2013 to join Tricor Corporate Services Sdn Bhd as Director of Corporate Advisory, a position he holds to date.

He also served as a member of the Adjudication Committee of the National Annual Corporate Report Awards (NACRA) from 2006 to 2013, and is currently the adviser to the Adjudication Committee of NACRA, a position he held since 2014.

He currently sits on the board as an Independent Non-Executive Director of Gagasan Nadi Cergas Berhad, a company listed on Bursa Malaysia Securities Berhad; and Mattan Berhad, a public company. He is also a director of Christian Dior Fashion (Malaysia) Sdn. Bhd.

### HOW HU SON

INDEPENDENT NON-EXECUTIVE DIRECTOR

Malaysian, male, aged 71, was appointed to the Board on 17 November 2006. Mr How graduated from Brighton Polytechnic, United Kingdom with a Bachelor of Science (Hons) in Civil Engineering in 1975. In 1976, he obtained his Master of Science from Imperial College of Science & Technology, London. He is a member of the Institution of Engineers, Malaysia and is a registered professional Engineer with the Board of Engineers, Malaysia. He began his career in 1977 as a Structural Engineer with

Jabatan Kerja Raya for two (2) years. Thereafter, he joined Tahir Wong Sdn Bhd as its Senior Structural Engineer and was subsequently promoted to Senior Associate. During his 14 years in Tahir Wong Sdn Bhd, he was involved in projects such as Subang Parade, the Royal Malaysian Navy Base in Sarawak, Puteri Pan Pacific Hotel, Johor and the Selangor Turf Club. Currently, he is a Director of Pakatan Cergas Sdn Bhd, a consultancy company involved in civil and structural engineering. Some of the projects that he was involved in are the construction of Bukit Ceylon Condominium, CP Tower, Eastin Hotel and Phileo Damansara. He is also a Director of Yong Peng Batu Bata Berhad.

### SOONG KWONG HENG

INDEPENDENT NON-EXECUTIVE DIRECTOR AND  
MEMBER OF AUDIT COMMITTEE

Malaysian, male, aged 71, was appointed to the Board on 17 November 2006. Mr. Soong graduated with a Bachelor of Economics from Universiti Malaya in 1972. Mr Soong has more than thirty (30) years experience in tax related issues. After his graduation, he began his career in the Department of Inland Revenue Malaysia for three (3) years. In 1975, he joined Chan King Sang & Co. as its Tax Manager for ten (10) years. Subsequently he was a Tax Principal for K. S. Taxation Services Sdn Bhd from 1985 till early 2016.

### TOR PENG SIE

INDEPENDENT NON-EXECUTIVE DIRECTOR AND MEMBER OF  
AUDIT COMMITTEE

Malaysian, male, aged 62, was appointed to the Board on 17 November 2006. Mr Tor graduated with a Bachelor of Science from Campbell University, North Carolina, United States of America in 1982. He is a holder of the Real Estate Agent Licence from the Board of Valuers, Appraisers and Estate Agents Malaysia since 1993. Mr Tor has about thirty (30) years experience in the real estate industry, where he began his career in Rahim & Co. Chartered Surveyor Sdn Bhd in 1984 as a Valuation Executive and was subsequently promoted as a Real Estate Negotiator. In 1988, he worked with The Golden Triangle Real Estate Agents initially as a Real Estate Agent and later became a Director of the said company. In 1999, he joined Pacific Landmark Real Estate Agents. He is currently the Principal of Pacific Landmark Real Estate Agents.

## PROFILE OF CHIEF EXECUTIVE OFFICER AND KEY SENIOR MANAGEMENT

### CHAN KUM CHONG

CHIEF EXECUTIVE OFFICER

Malaysian, aged 65, was appointed as Chief Executive Officer on 1 April 2010. Mr. Chan graduated from Portsmouth Polytechnic (now known as University of Portsmouth) in 1980 with a Bachelor of Science in Quantity Surveying. Mr. Chan began his career as a Graduate Quantity Surveyor with a consultant quantity surveying firm, Juru Ukur Bahan Malaysia Sdn. Bhd. assisting the senior quantity surveyor in pre and post contract administration in the completion of Menara Maybank, redevelopment of Subang International Airport, Telekom Training Centre, amongst others. Mr. Chan then joined TTDI Development Sdn.Bhd. in 1984 and has successfully managed and completed housing schemes in Taman Tun Dr. Ismail, Taman TTDI Jaya, Desa Pandan and Desa Bakti. In June 1995, he was assigned to oversee the operation of the in-house construction company, Panelex Sdn.Bhd. as General Manager - Operation. He then joined Syarikat T. D. Sdn. Bhd. in 1999 as a Project Director looking after several building and turnkey projects. Thereafter, he joined Vistanet (M) Sdn. Bhd. in 2002, an in-house construction company of Mayland Properties Sdn. Bhd., to manage all their in-house construction projects with Gross Development Values in excess of RM300 million, comprising of service apartments, shop offices and a shopping complex. In October 2003 he joined Score Option Sdn. Bhd. as a Project Director, managing a 200 acres development in Puchong comprising a mixed residential and commercial development, a J.V. project with Glomac Alliance Sdn. Bhd., a subsidiary of Glomac Berhad. In 2005, he joined EC Alamjaya Sdn. Bhd. as its Chief Executive Officer to oversee a shopping complex and hotel development totalling RM100 million.

#### Other Directorship of Public Companies

Mr. Chan has no other directorship with any public companies.

#### Family Relationship with Director and/or Major Unitholder

Mr. Chan is the brother of Mr Chan Kam Tuck, who is a major unitholder of the Atrium REIT. Saved as disclosed, Mr Chan does not have any family relationship with any director and/or major unitholder of the Atrium REIT.

#### Conflict of Interest

Save for Mr Chan's interest in Atrium REIT (as disclosed under Unitholdings of Directors and Related Parties in the notes to the financial statements), no conflict of interest has arisen during the financial year under review.

#### Conviction of Offences

Mr. Chan has not been convicted of offences (other than traffic offences) within the past 5 years.

## PROFILE OF CHIEF EXECUTIVE OFFICER AND KEY SENIOR MANAGEMENT

(CONT'D)

### **CHAN KUM CHEONG**

CHIEF OPERATING OFFICER (RETIRED ON 1 OCTOBER 2020)

Malaysian, male, aged 61, was appointed as Chief Operating Officer on 1 August 2012. Mr Chan graduated from University of Swansea, Wales, United Kingdom with a Bachelor of Science (Hons) in Civil Engineering. Mr Chan began his career as a Design Engineer with Tahir Wong Consultant from 1982 to 1989, participating in the design of high rise and low rise buildings, foundation design and factories. Mr Chan then joined Syarikat T.D Sdn Bhd and Glory Blitz Industries Sdn Bhd as a Project Director in charge of implementing construction/design coordination works for industrial warehouses in excess of 20,000m<sup>2</sup> build-up. He was also involved in construction of wide variety of projects including basement substructure works and elevated platform at K.L Sentral, construction and development of the family owned Cheras Commercial Centre comprising of 19 units of 7 storey shops cum hotel, several turnkey factories for multinational companies at Glenmarie and Rawang and construction and development of Mid Valley Development (Phase 1) works. Mr Chan is the brother of Mr Chan Kum Chong who is the Chief Executive Officer of the Manager.

#### **Other Directorship of Public Companies**

Mr. Chan has no other directorship with any public companies.

#### **Family Relationship with Director and/or Major Unitholder**

Mr. Chan is the brother of Mr Chan Kam Tuck, who is a major unitholder of the Atrium REIT. Saved as disclosed, Mr Chan does not have any family relationship with any director and/or major unitholder of the Atrium REIT.

#### **Conflict of Interest**

Save for Mr Chan's unitholding in Atrium REIT of 560,000 units (2019: 560,000 units), no conflict of interest has arisen during the financial year under review.

#### **Conviction of Offences**

Mr. Chan has not been convicted of offences (except traffic offences) within the past 5 years.

### **LEE HOOI HOONG**

CHIEF FINANCIAL OFFICER

Malaysian, male, aged 53, joined the Company as the Chief Financial Officer on 1 October 2007. He is a graduate of The Chartered Association of Certified Accountants, United Kingdom and was admitted as a Fellow of the Association on 1 November 2002. He has more than 27 years of experience in the areas of financial accounting and management. He commenced his career in the auditing profession in 1992. In 1994, he joined Lion Suzuki Motor Sdn Bhd as an Assistant Accountant and rapidly moved up the rank to Assistant General Manager where in the course of 13 years he oversaw the finance and administration, marketing operations, parts and service, human resources and IT department of the company.

#### **Other Directorship of Public Companies**

Mr. Lee has no other directorship with any public companies.

#### **Family Relationship with Director and/or Major Unitholder**

Mr. Lee does not have any family relationship with any director and/or major unitholder of the Atrium REIT.

#### **Conflict of Interest**

Save for Mr Lee's unitholding in Atrium REIT of 7,000 units (2019: 7,000 units), no conflict of interest has arisen during the financial year under review.

#### **Conviction of Offences**

Mr. Lee has not been convicted of offences (except traffic offences) within the past 5 years.



# CORPORATE DIRECTORY

## BOARD OF DIRECTORS AND MANAGEMENT OF THE MANAGER

### BOARD OF DIRECTORS

Dato' Dr Ir Mohamad Khir Bin Harun  
Chairman and Non-Independent Non-Executive Director

Wong Sui Ee  
Executive Director

Chan Wan Seong  
Independent Non-Executive Director

Chng Boon Huat  
Independent Non-Executive Director

How Hu Son  
Independent Non-Executive Director

Soong Kwong Heng  
Independent Non-Executive Director

Tor Peng Sie  
Independent Non-Executive Director

### AUDIT COMMITTEE

Chng Boon Huat (Chairman)  
Soong Kwong Heng  
Tor Peng Sie

### COMPANY SECRETARY

Wong Wai Foong (MAICSA 7001358)  
Fong Seah Lih (MAICSA 7062297)

### MANAGEMENT

Wong Sui Ee  
Executive Director  
Chan Kum Chong  
Chief Executive Officer

Chan Kum Cheong (*retired on 1 October 2020*)  
Chief Operating Officer  
Lee Hooi Hoong  
Chief Financial Officer

## CORPORATE DIRECTORY

### MANAGER

Atrium REIT Managers Sdn Bhd  
(200501028391) (710526-V)  
Principal place of business:  
36-2, Jalan 5/101C, Off Jalan Kaskas  
Jalan Cheras, 56100 Kuala Lumpur  
Tel: 03-9132 2810 Fax: 03-9132 9810  
Website: [www.atriumreit.com.my](http://www.atriumreit.com.my)

Registered office:  
Unit 30-01, Level 30, Tower A  
Vertical Business Suite, Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur  
Wilayah Persekutuan, Malaysia  
Tel: 603-2783 9191 Fax: 603-2783 9111

### TRUSTEE

Pacific Trustees Berhad  
(199401031319) (317001-A)  
Principal place of business:  
Unit A-9-8,9th Floor, Megan Avenue 1,  
No.189, Jalan Tun Razak, Off Persiaran Hampshire  
50400 Kuala Lumpur, Malaysia  
Tel No: 03-2166 8830 Fax No: 03-2166 3830

### PROPERTY MANAGEMENT COMPANY

Hartamas Asset Management Sdn Bhd  
(201001021285)(905055-U)  
Level 13, Block A, Menara Prima, Jalan PJU 1/37  
Dataran Prima, 47301 Petaling Jaya, Selangor  
Tel: 03-7839 5555 Fax: 03-7839 5566

### PRINCIPAL BANKERS

Malayan Banking Berhad  
Public Bank Berhad

### REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd  
(197101000970) (11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur  
Wilayah Persekutuan, Malaysia  
Tel: 603-2783 9299 Fax: 603-2783 9222

### BURSA MALAYSIA STOCK NAME AND CODE

ATRIUM 5130

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Atrium REIT Managers Sdn Bhd (“the Manager”), the Manager of Atrium Real Estate Investment Trust (“Atrium REIT”), is pleased to present this Corporate Governance Overview Statement to its stakeholders on how the Manager has applied the good governance principles and the best practices in the overall management of Atrium REIT, as set out in the Malaysia Code on Corporate Governance (“MCCG”).

The Manager recognises the importance of good corporate governance to enhance Atrium REIT’s performance and the delivery of sustainable value to its stakeholders. In particular, the Manager has an obligation to discharge its fiduciary duties and leadership functions in the best interest of Atrium REIT.

In adopting the corporate governance principles and practices, the Manager was guided by the standards set out in the Guidelines on Listed Real Estate Investment Trusts as issued by the Securities Commission Malaysia (“REITs Guidelines”), the MCCG and the Main Market Listing Requirements (“Listing Requirement”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This Statement which provides an overview of the application of the principles and practices set out in the MCCG, is made pursuant to paragraph 15.25(3) of the Listing Requirements of Bursa Securities.

### ROLE OF MANAGER

#### Manager of Atrium REIT

The Manager has general powers of management over the assets of Atrium REIT. The Manager’s main responsibility is to manage Atrium REIT’s assets and liabilities in the best interest of the unitholders.

The primary role of the Manager is to set the strategic direction of Atrium REIT and give recommendations to Pacific Trustees Berhad (“Trustee”) as Trustee of Atrium REIT, on acquisition, divestment and enhancement of the property assets of Atrium REIT in accordance with its stated investment strategy.

Amongst others, the general functions, duties and responsibilities of the Manager include the following:

- (a) to carry out the activities in relation to the management of Atrium REIT and its portfolio of assets in accordance with the provisions of the Second Restated Deed dated 17 December 2019 (“Deed”);
- (b) to use its best endeavours to ensure that the business of Atrium REIT is carried out and conducted in a proper and efficient manner, and all transactions are to be undertaken on an arm’s length basis and on normal commercial terms;
- (c) to issue the annual report of Atrium REIT to the unitholders within two (2) months of its financial year end;
- (d) to attend to all enquiries from the unitholders, tenants, media, government bodies, etc;
- (e) to supervise the Property Manager which provides property management services in relation to Atrium REIT’s properties pursuant to the property management services agreement; and
- (f) to ensure Atrium REIT is in compliance with the applicable provisions of the REITs Guidelines, Listing Requirements of Bursa Securities and any other applicable laws.

Atrium REIT is managed by the Manager and accordingly, Atrium REIT has no personnel of its own. The Manager appoints experienced and well-qualified management personnel to handle the day-to-day operations.

Atrium REIT Managers Sdn Bhd is the appointed Manager of Atrium REIT in accordance with the terms of the Deed.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

**DIRECTORS OF THE MANAGER (“THE BOARD”)**

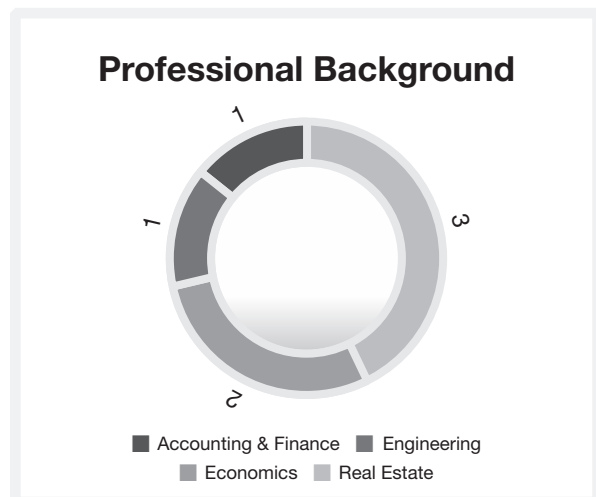
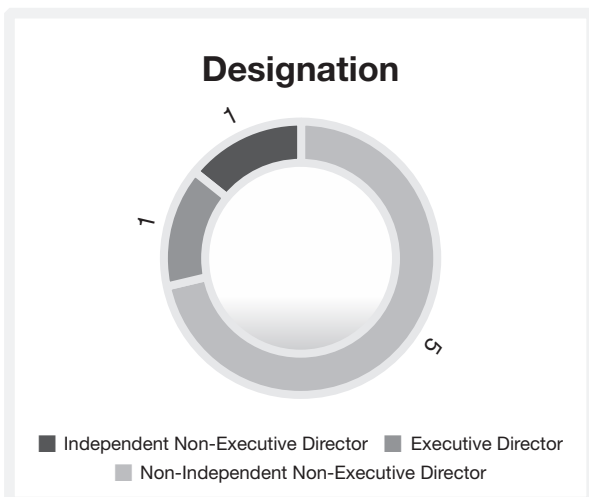
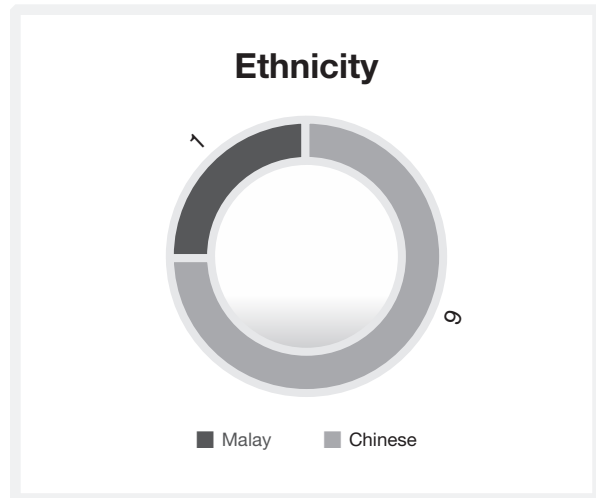
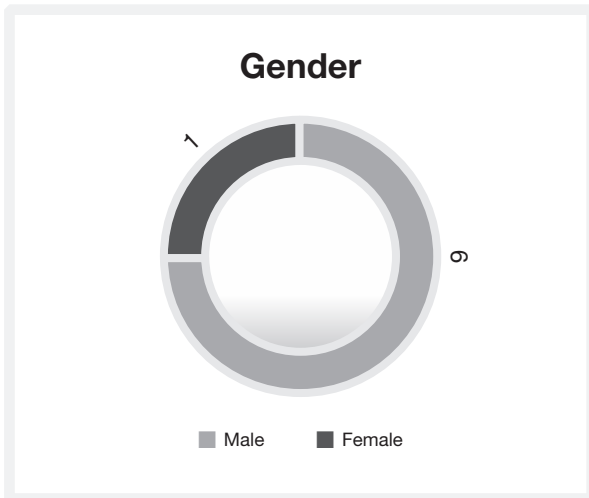
**The Board**

The Board is responsible to oversee the competence of the management and promote good corporate governance culture of the Manager while establishing goals for the management and monitoring the achievement of these goals. The Board is also responsible to ensure that the strategic plan of the Manager supports the long-term value creation of Atrium REIT and has adopted the primary responsibilities as well as the roles and duties set out in the REIT Guidelines, which facilitate the discharge of the Directors’ stewardship responsibilities.

**Board Composition**

The Board presently consists of seven (7) members comprising one (1) Non-Independent Non-Executive Director, one (1) Executive Director and five (5) Independent Non-Executive Directors. The diverse background of the members who come from various fields such as engineering, financial, real estate and management provide a broad spectrum of skills, experience and invaluable perspectives to oversee the management of the Manager. The profiles of the members of the Board are provided on pages 33 to 34 of the Annual Report.

The Board diversity in terms of gender, ethnicity, professional background and experience are illustrated below:



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### DIRECTORS OF THE MANAGER ("THE BOARD") (CONT'D)

#### Board Composition (cont'd)

The Board is of the view that its current members who as a group provide the necessary core competencies is adequate, and that the current Board size is appropriate, taking into consideration the nature, size and scope of Atrium REIT's operations.

The Chairman of the Board is responsible for the conduct of the Board and ensures that the Board's discussions are conducted in such a way that all views are taken into account and discussed at length before a decision is made. The Executive Director and the Chief Executive Officer, supported by the management team are responsible for running the business on a day-to-day basis, organizational effectiveness and implementation of the Board's policies, strategies and decisions as planned and in accordance with the Deed and REIT Guidelines. This clear separation of roles between the Chairman and the Chief Executive Officer, provides a healthy, independent and professional relationship between the Board and Management.

The Board focuses mainly on strategy, financial performance and critical business issues, such as:-

- Strategic business plans,
- Key financial performance indicators and budgets,
- Succession planning for senior management,
- Investors and unitholders relations programmes, and
- Risk management and internal control systems.

Independent Non-Executive Directors have the responsibility to ensure that strategic and corporate plans proposed by the Management are reviewed and challenged before being approved by the Board, after taking into account of Atrium REIT's long-term interest, not only of the unitholders, but also of employees, customers, suppliers, and other stakeholders in which Atrium REIT conducts its business.

#### Board Meetings

Board meetings are scheduled at least four (4) times per annum to review the operations of Atrium REIT and to approve the quarterly and annual financial statements of Atrium REIT. Additional meetings are held as and when urgent issues and important decisions need to be taken between the scheduled meetings.

The Board met four (4) times during the financial year ended 31 December 2020. The number of meetings attended by each Director is as follows:

Directors	Designation	Attendance
Dato' Dr Ir Mohamad Khir Bin Harun	Non-Independent Non-Executive Chairman	4/4
Wong Sui Ee	Executive Director	4/4
Chan Wan Seong	Independent Non-Executive Director	4/4
Chng Boon Huat	Independent Non-Executive Director	4/4
How Hu Son	Independent Non-Executive Director	4/4
Tor Peng Sie	Independent Non-Executive Director	4/4
Soong Kwong Heng	Independent Non-Executive Director	4/4

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### DIRECTORS OF THE MANAGER ("THE BOARD") (CONT'D)

#### Access to and Supply of Information and Advice

All Board members are supplied with information on a timely manner in order to discharge their responsibilities. The Agenda together with the full set of Board papers containing information relevant to the Board meeting are circulated to the Directors at least five (5) business days in advance of Board meetings, which is sufficient time for the Directors to review and seek clarification where necessary prior to the meeting being held and this process enables the Directors to make better and informed decisions.

There is a schedule of matters reserved specifically for the Board, including the approval of strategic plans and budgets for both the Manager and Atrium REIT, acquisition and disposal of major assets or investments, and key policies, procedures and authority limits.

All Directors have access to the advice and services of the Company Secretary and has the right to seek independent professional advice when necessary in discharging their duties.

#### Appointments to the Board and Performance of Audit Committee

The Executive Director makes recommendations on the requirement and suitability of candidates nominated for appointment to the Board and the final decision lies with the entire Board to ensure that the resulting mix of experience and expertise of members of the Board is balanced with representation from the relevant sectors of industry to provide optimal inputs to address the issues affecting the Manager and Atrium REIT.

The Board (other than the interested Directors) also reviews the term of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and the members have carried out their duties in accordance with their terms of reference.

#### Remuneration

The remunerations of the Directors and all employees of the Manager are paid by the Manager and not by Atrium REIT. Nevertheless, the Board recognizes that the objective of the remuneration policy is to attract, retain and motivate the Directors and senior management to successfully carry out the Manager's and Atrium REIT's strategy and objectives. The Board believes that the current remuneration package is sufficient to attract, retain and motivate the right talent in the Board and senior management to manage the Manager's operations and drive its long-term objectives.

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The Board is responsible for ensuring that the financial statements give a true and fair view of the financial position of Atrium REIT as at 31 December 2020 and of its financial performance, the changes in net asset value and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### Audit Committee

The Board has established an effective and independent Audit Committee ("AC") where the members of the AC comprised fully Independent Non-Executive Directors whilst the Chairman of the AC is not the Chairman of the Board. With the present Board structure and practice, the AC is able to objectively review Atrium REIT's financial statements, the Manager's internal control systems and risk management framework, and report its findings and recommendations to the Board.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### ACCOUNTABILITY AND AUDIT (CONT'D)

#### Relationship with Auditors

The Board maintains a transparent relationship throughout their association with the external auditors. The assessment on suitability (including experience of the firm and its staff assigned to conduct the audit and its resources), independence and objectivity of external auditors will be carried out by the AC. After due assessment, the AC will recommend to the Board the re-appointment of the external auditors as well as its remuneration, for its onward recommendation to the Trustee for approval.

#### AUDIT AND NON-AUDIT FEES

The amounts of audit and non-audit fees paid or payable (excluding government taxes and out of pocket expenses) to the external auditors for the financial year ended 31 December 2020 are as follows:-

	<b>RM</b>
Audit	36,000
Non audit	5,000

#### Risk Management and Internal Control

The Board acknowledges its responsibility for maintaining a sound risk management and internal control systems, to safeguard the investments of the unitholders and the assets of Atrium REIT. The Board has delegated to the AC to review the effectiveness of the Manager's risk management and internal control framework, which covers financial control, operational and regulatory compliance.

The Board has also received assurances from the Chief Executive Officer and the Chief Financial Officer that the risk management framework and internal controls system of Atrium REIT are operating adequately and effectively, to manage significant risks.

The Statement of Risk Management and Internal Control furnished on pages 45 to 48 of the Annual Report provides an overview of the state of control within the Manager.

#### RELATED PARTY TRANSACTIONS

The Manager commits to comply with all requirements in relation to related party transactions, as laid out in the REIT Guidelines, the Deed and the Listing Requirements.

The Manager has established policy and procedures to monitor, track and identify all related party transactions in a timely and orderly manner. The procedures are sufficient to ensure that all related party transactions are conducted on an arm's length basis, and on transaction prices and terms not more favourable to the related parties that generally available to third parties.

The AC together with the management reviews all the related party transactions to ensure compliance with the related party procedures, relevant provisions of the Deed, REITs Guidelines and the Listing Requirements. The review includes examination of the nature of the transaction and such other information as requested by the AC. If a member of the AC has an interest in a transaction, he is to disclose and abstain from participating in the review and the recommendation process in relation to the transaction.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### WHISTLE BLOWING POLICY

The Board has put in place a whistle blowing policy to provide employees of the Manager or member of the public, with defined and accessible channels to report genuine concerns in relation to fraud, corruption, dishonest practices or breach of legal obligation in relation to Atrium REIT or the Manager. The policy also includes procedures of investigating whistle blowing reports.

The aim of the whistle blowing policy is to encourage the reporting of such concerns in good faith, where the identity of the whistle-blower will be protected and kept confidential, and without the risk of reprisal.

The whistle blowing policy is available on the Atrium REIT's website.

### ANTI-BRIBERY AND CORRUPTION POLICY

The Board has collectively approved and adopted an anti-bribery and corruption programme in the effort to combat fraud. This anti-bribery and corruption policy commits Atrium REIT to conducting business in a fair and ethical manner, and affirms its zero-tolerance approach towards all acts of bribery and corruption.

The purpose of this policy is to convey Atrium REIT's anti-bribery and corruption stance to its stakeholders and the parties in which this policy applies to.

The anti-bribery and corruption policy is available on the Atrium REIT's website.

### COMMUNICATION WITH UNITHOLDERS AND INVESTORS

The Board acknowledges and appreciates the importance of regular communication with the unitholders and investors to ensure that they are well informed of the activities and performance of Atrium REIT. The communication channels are via annual reports, quarterly financial reports and the various disclosures and announcements on the Bursa Securities' website.

Another principal avenue of communication with its unitholders is Atrium REIT's Annual General Meeting ("AGM"), which provides a useful platform for the unitholders to engage directly with the Board, the senior management of the Manager, the Trustee and the External Auditors. At the last AGM, the Company had given the Notice of Eighth AGM more than twenty-eight (28) days prior to the meeting and all the Board members attended the said AGM.

In view of the Covid-19 pandemic, the Manager has leveraged on technology to facilitate remote unitholders' participation and remote online voting by unitholders (i.e. voting in absentia) in conducting the Eighth AGM. The Chairman also provided sufficient time and opportunities for the unitholders to seek clarifications from the Chairman, Board members and management on all issues pertaining to the Trust's business and performance.

Atrium REIT has also established a corporate website, [www.atriumreit.com.my](http://www.atriumreit.com.my), for the unitholders and the public to access for corporate information and latest business development of Atrium REIT.

### OTHER INFORMATION

#### Sanction and/or Penalty

There was no public sanction and/or penalty imposed on Atrium REIT, the Manager and the Directors of the Manager by the relevant regulatory bodies during the financial year ended 31 December 2020.

#### Family Relationship with any Director and/or Major Unitholder

None of the Directors of the Manager has any family relationship with any other Directors or Major Unitholders.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### OTHER INFORMATION (CONT'D)

#### Material Litigation

There is no material litigation pending since the issuance of the last annual report up to the date of this report except as disclosed below:

Kuala Lumpur High Court  
(Civil Division)  
Suit No: WA-22NCvC-780-11/2018

Pacific Trustees Berhad  
(acting as Trustee on behalf of Atrium REIT) ...Plaintiff

Biforst Logistics Sdn Bhd ...Defendant

The above legal suit was filed by the Trustees on behalf of Atrium REIT to recover the outstanding rentals, utilities, repairs and maintenance costs and all incidental costs and expenses in relation to the tenancy for Atrium Puchong.

After several discussions, a consent judgment was successfully recorded between the parties on 19 January 2021 whereby the Defendant shall pay the Plaintiff a settlement sum of RM750,000.00 in several installments and in the event of any default thereof, execution proceedings may be commenced by Plaintiff against Defendant immediately to recover the full sum.

#### Changes in the State of Affairs

There was no change in the state of affairs of Atrium REIT during the financial year under review.

#### Conflict of Interest

Save for the Directors of the Manager's interest in Atrium REIT (as disclosed under Directors' Interest in the Manager's Report), no conflict of interest has arisen during the financial year under review.

#### Convictions for Offences

None of the Directors of the Manager have been convicted for offences (except traffic offences) within the past 5 years.

#### Material Contracts

Save as disclosed above, there were no material contracts entered by Atrium REIT that involved the Directors of the Manager or Substantial Unitholders of Atrium REIT during the financial year under review.

#### Directors' Training

The Directors are encouraged to attend briefings and seminars to keep abreast with the latest developments in the industry. During the year, the Directors attended various courses/seminars related to their responsibilities and developments in the industry. The courses/seminars attended include Covid-19 Pandemic: The Black Swan Theory and Butterfly Effect on World Economy; Get Ready for the Current Global Financial Crisis; Effects of COVID-19 on Investments; Ethics, Governance and Transparency in Corporate Reporting; Risk & Continuity Strategy for Business Sustainability; Malaysian Budget 2021; and Malaysian REIT Forum 2020 - Navigating the New Normal.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“the Board”) of Atrium REIT Managers Sdn Bhd, the Manager (“the Manager”) of Atrium Real Estate Investment Trust (“Atrium REIT”) is committed to maintain a sound and effective risk management and internal control system and for reviewing the adequacy and effectiveness of the system. The Board recognises that the system is designed to manage rather than eliminate the risks of not adhering to the Manager’s policies and business objectives within the risk tolerance established by the Board and the Manager. Therefore, the system provides reasonable but not absolute assurance against the occurrence of any material misstatement, loss, fraud or breaches of laws and rules.

The Board has outsourced the review of the Manager’s internal control and risk management processes to an independent internal audit firm (Internal Auditors) which reports the results of the review to the Audit Committee (“AC”).

## INTERNAL CONTROL

The Board acknowledges that it has a responsibility to maintain a sound and effective system of internal control in order to meet the business objectives of the Manager. The business objectives, amongst others, is to manage Atrium REIT by achieving its mission, i.e. to maximise income in order to reward unitholders with a competitive rate of return for their investments through regular and stable distributions and achieving long-term growth in distributions and Net Asset Value per unit.

### Key Features of the Internal Control System Established

- **Organisation Structure and Authorisation Procedures**

The Manager maintains a formal organisation structure with delegation of responsibilities and accountability within the Manager’s Senior Management and staff. It sets out the roles and responsibilities, authority limits, review and approval procedures for the Manager’s various operations.

- **Company Policies and Procedures**

The Manager has documented policies and procedures that are being reviewed and updated to ensure consistency in maintaining the efficiency and effectiveness of the business activities of the Manager and Atrium REIT at all times.

- **Financial and Operational Review**

Board meetings are held on a regular basis to discuss and review the business planning, budgeting, financial and operational performances. The quarterly financial statements of the Manager and Atrium REIT containing key financial results, operational performance results and comparisons of performance against budget are presented to the Board for review, consideration and approval.

- **Business Planning and Budgeting Review**

The Board discusses and reviews the business plan, strategies, performance and challenges faced by the Manager and Atrium REIT.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

### **RISK MANAGEMENT**

The Board has established a risk management framework for identifying, evaluating, monitoring and reporting of risks. The responsibilities of the Board include reviewing the risk management framework and ensure that the risks are managed within the tolerable limits set. The Board has delegated its role in the review process to the AC.

The responsibilities of management include identifying risks that are relevant to Atrium REIT, and achieving its objectives and strategies within the risk tolerance established by the Board and the Manager.

The risk management function is undertaken by the Risk Management Committee, chaired by the Chief Executive Officer, reports its findings to the AC. The AC reviews the effectiveness of the risk management framework annually and ensure that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from the review. In assessing business risks, the AC also considers the economic, environment and social impact relating to the property investment industry.

The management of the significant risks faced by the Manager and Atrium REIT for the financial year ended 2020 ("FY2020") are as follows:

#### **Capital and Liquidity Risk**

Atrium REIT's capital and liquidity management objectives are to safeguard the REIT's ability to continue as a going concern with sufficient liquidity to meet its business needs and financial obligations, including paying of dividends, interests and loan repayments, and maintain an efficient capital structure in order to maximise returns to the unitholders. To meet the above objectives, the liquidity management strategies include:

- (i) Effective cash flow and treasury management,
- (ii) Ongoing financial monitoring,
- (iii) Regular review of loan covenants to ensure compliance, and
- (iv) Maintaining good bankers and investors relationship.

#### **Credit Risk**

Credit risk arises as a result of economic slowdown and rising costs which affect the ability of tenants to pay their rent. To mitigate Atrium REIT's credit risk exposure, the Manager maintains a policy of collecting security deposits from all tenants which act as collateral. The Manager also performs due diligence to assess the prospect/tenants' ability to meet the rental payments prior to commencing the tenancies. The Manager has implemented credit control measures such as close follow-up on rental arrears with tenants and maintaining good tenant relations to ensure timely rental collections.

#### **Acquisition and Investment Risk**

The Manager evaluates proposed investment from financial, legal and technical aspects prior to recommending to the Board. The Manager manages such risk by evaluating potential acquisitions against the approved investment criteria. Upon approval from the Board, a due diligence will be conducted prior to any acquisition. During the year, Atrium REIT completed the proposed acquisition of Atrium Bayan Lepas 1, while the proposed acquisition of an industrial property in Shah Alam, Selangor is still pending completion. There were no divestments of real estate assets during the financial year.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

### RISK MANAGEMENT (CONT'D)

#### Valuation Risk

The primary method in the valuation of Atrium REIT's properties is the Investment Approach whilst the Cost and Comparison Approach is used as a check. The main parameters for the Investment Approach for valuation are the rental rates, occupancy rates and also operational cost. To ensure that the valuation of properties is sustainable so that the Trust's asset value, profitability and gearing will not be affected, all the above factors will be monitored by the Manager to ensure that they are not compromised. Suitable strategies such as building strong relationship with tenants and increasing tenant mix are implemented to mitigate this risk.

#### Market Risk

The demand for warehouse space is expected to increase in tandem with the boom in the e-commerce sector. It is inevitable that with the increase in demand, new investors and competitors will enter the market to supply this increase in demand; putting pressure on rental rates when the supply starts to outstrip the demand. The Manager expects the market to remain challenging but is confident that the occupancy and rental rate of Atrium REIT's portfolio will remain stable. Some of the strategies implemented to mitigate the risk of over-supply and stiff competition include upgrading the service level and property facilities to meet tenants' requirements.

#### Operation Risk

All the buildings structures, mechanical and electrical installations and fire-fighting system need to be monitored consistently to ensure that the buildings remain in good tenantable condition. There are inherent risks whereby the building structures, mechanical and electrical components and the fire-fighting system can be faulty and/or damaged through wear and tear and or negligence. The Manager mitigates the risk by carrying out half-yearly building inspection with the Property Manager and the tenants to ensure that proper planned maintenance is undertaken accordingly to maintain the buildings in good tenantable condition. Provision for sinking fund for maintenance and replacements due to normal wear and tear is provided monthly to address operations requirement.

#### Regulatory and Compliance Risk

As the Manager is licensed under Capital Markets & Services Act 2007 ("CMSA"), it is imperative to comply strictly with the requirements of the CMSA as well as Securities Commission's ("SC") REITs Guidelines. In this respect, annual review was carried out by the Internal Auditors to ensure that Atrium REIT and the Manager complied with all the regulatory requirements including the obligations of the Main Market Listing Requirements relating to REITs.

#### Cyber Risk

Cyber risk is the fastest growing enterprise risk and the growth of this risk is in large part tied to the increasing use of technology as a value driver. Initiatives such as outsourcing, use of third-party vendors, cloud migration, mobile technologies, and remote access which are used to drive growth and improve efficiency, also increase cyber risk exposure. Cyber-attacks result in disruption to operations and loss of confidential data which could lead to financial losses, damage to the Manager/Atrium REIT's reputation and extortion. Some of the controls in place to mitigate the risk of cyber-attacks include compliance to Manager's IT policy, implementation of effective controls such as passwords, firewalls, antivirus and system backup at site and cloud.

#### Bribery and Corruption risk

The Manager has adopted an Anti-Bribery and Corruption Policy ("Policy") in its effort to combat fraud, bribery and corruption. This Policy commits Atrium REIT/Manager to conducting business in a fair and ethical manner, and affirms its zero-tolerance approach towards all acts of bribery and corruption, and applies to all employees and business associates of Atrium REIT/Manager and it shall be made known to them at the outset of their employment or business relationship, or whenever appropriate. The Manager is fully committed to the compliance of applicable laws and regulations, most notably the Malaysian Anti-Corruption Commission Act 2009 and the Penal Code. For more information, please refer to the Policy published on Atrium REIT's website.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

### INTERNAL AUDIT FUNCTION

The main objective of the audit reviews is to assess the adequacy and effectiveness of the Manager's internal control system and risk management framework. The internal audit plan will be reviewed and approved annually by the AC, taking into account the changing business and risk environment as well as feedback from the Manager. The internal audit findings of the Internal Auditors together with its recommendations and the Manager's action plans will be deliberated on during AC meetings. The recommendations proposed by the Internal Auditors once approved by the AC, will be implemented accordingly by the Manager. The Board will be updated on the findings and recommendations of the internal audit review of the Manager's internal control system and risk management framework.

The costs of the internal audit function which was outsourced to PKF Advisory Sdn Bhd amounted to RM15,000, excluding Services Tax and disbursements (2019: RM13,000, excluding Services Tax and disbursements).

The scope of the internal audit function for FY2020 comprised the following compliance reviews:

- a) Securities Commission's Listed REIT Guidelines;
- b) Bursa Securities' Main Market Listing Requirements relating to REITs; and
- c) Enterprise Risk Management.

Based on the internal audit assessment conducted by the Internal Auditors, the internal control system was adequate and satisfactory, and the Internal Auditors has not detected any significant control weaknesses, non-compliances and/or fraudulent activities.

### CONCLUSION

The Board is of the view that the Manager's system of internal control and risk management for the year under review, and up to the date of approval of this Statement, is sound and sufficient to safeguard Atrium REIT's assets, as well as unitholders' investments, and the interests of customers, regulators, employees and other stakeholders.

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that, to the best of their knowledge, the Manager's system of internal control and risk management are operating adequately and effectively, in all material aspects, in relation to managing the operations of Atrium REIT.

### REVIEWED BY EXTERNAL AUDITORS

The external auditors, BDO PLT have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of Atrium REIT for the financial year ended 31 December 2020. Their review was conducted in accordance with Assurance Practice Guide 3 ("AAPG 3") Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to, and they did not, consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of Atrium REIT's risk management and internal control system. AAPG 3 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

This Statement on Risk Management and Internal Control was made in accordance with the approval of the Board on 8 February 2021.

# AUDIT COMMITTEE REPORT

The Board of Directors of the Manager is pleased to present the Audit Committee Report for the financial year ended 31 December 2020.

The Audit Committee (“AC”) was established to assist the Board of Directors of the Manager (“the Board”) in fulfilling its responsibilities to review, assess and oversee Atrium REIT’s operations in the areas of financial reporting process, risk management and internal control framework, suitability and independence of external auditors, and an effective internal audit function with the main objective of protecting the interests of unitholders.

## COMPOSITION

The AC comprises three (3) members, all of whom are Independent Non-Executive Directors. The AC members of the Manager as at the date of this report are as follows:

**Chng Boon Huat**  
Chairman

**Soong Kwong Heng**  
Member

**Tor Peng Sie**  
Member

The Board is of the view that the AC members have the relevant expertise to discharge the functions of an AC. The AC has a set of terms of reference defining its scope of authority, in relation to its management of Atrium REIT.

## TERMS OF REFERENCE

The AC is governed by the terms of reference as listed below:-

### 1. Rights and Authority

The AC shall have the following rights and authority as empowered by the Board:

- 1.1 to investigate any activities within its term of reference;
- 1.2 full, free and unrestricted access to any financial information pertaining to the Manager and Atrium REIT;
- 1.3 direct communication channels with the external and internal auditors, as well as all employees of the Manager; and
- 1.4 to obtain external independent professional advice as necessary.

## AUDIT COMMITTEE REPORT

(CONT'D)

### TERMS OF REFERENCE (CONT'D)

#### 2. Duties

The AC shall undertake the following duties and report to the Board:-

- 2.1 to review quarterly results and year-end financial statements of Atrium REIT and the Company before submission to the Board for approval, focusing particularly on:
  - a) the going concern assumption;
  - b) any changes in or implementation of major accounting policies and practices;
  - c) significant issues arising from the audit including financial reporting issues, significant and unusual events or transactions, and how these matters are addressed;
  - d) compliance with accounting standards, regulatory and other legal requirements; and
  - e) any major judgmental matters.
- 2.2 to recommend for Board's approval, the nomination and appointment (if any), re-appointment of external auditors and their audit fee;
- 2.3 to discuss the underlying reasons relating to resignation or dismissal of the external auditors, if any;
- 2.4 to discuss with the external auditors, prior to the commencement of audit, their audit plan, and to ensure an effective co-ordination of audit where internal audit is involved;
- 2.5 to review with the external auditors, their evaluation of system of internal controls, their management letter and the management's responses;
- 2.6 to review the assistance given by employees of the Company to the external auditors;
- 2.7 to conduct an annual assessment on the suitability, objectivity and independence of the external auditors;
- 2.8 to ensure that the internal audit function is independent and reports directly to the AC and the said internal audit function shall have direct access to the Chairman of the AC on all internal audit matters pertaining to Atrium REIT or the Manager;
- 2.9 to approve the budget for the internal audit function including the proposed internal audit fees;
- 2.10 to evaluate the performance and independence of the internal auditor (independent professional firm) including any matter concerning their appointment or termination;
- 2.11 to review the internal audit function, including the following:
  - a) adequacy of the audit scope, functions, competency and resources of the internal audit function;
  - b) internal audit plan including its work programme and activities;
  - c) internal audit reports pertaining to the effectiveness of internal control, risk management and governance processes including compliance with the operational manuals, Securities Commission's Guidelines on Real Estate Investment Trusts and Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements"); and
  - d) major findings of internal audit report and management's response, and ensure that appropriate actions are taken based on the recommendations of the internal auditors;

AUDIT COMMITTEE REPORT

(CONT'D)

**TERMS OF REFERENCE (CONT'D)**

**2. Duties (cont'd)**

- 2.12 to review any related party transactions and situations where a conflict of interest may arise with the Company, including any transaction, procedure or course of conduct that raises questions of management integrity;
- 2.13 to review all financial information to be provided to the regulators and/or to the public;
- 2.14 to report promptly to Bursa Securities on any matter reported which has not been satisfactorily resolved by the Board which will result in the breach of the Listing Requirements;
- 2.15 to review whistle-blowing policy;
- 2.16 to review and recommend to the Board for approval the following statements for inclusion in Atrium REIT's Annual Report:
- a) Audit Committee Report;
  - b) Corporate Governance Overview Statement;
  - c) Statement on the Board of Directors' responsibility for the preparation of the annual audited financial statements; and
  - d) Statement of Risk Management and Internal Control.
- 2.17 to consider other matters as may be directed by the Board from time to time.

**MEETINGS**

The AC shall meet at quarterly intervals or such other intervals as the AC shall decide. The quorum necessary for the transaction of the business of the AC shall be two (2) members. For FY2020, the AC had four (4) meetings without the presence of other Directors and employees, except at the invitation of the AC. The Chief Financial Officer ("CFO") was invited to the AC meeting to facilitate communication and to provide clarification on issues relating to financial statements and business operations.

The attendance of the AC members for the meetings held for FY2020 was as follows:-

Member	Designation	Number of AC Meeting	Attendance	Percentage of Attendance (%)
Chng Boon Huat	Independent Non-Executive Director	4	4	100
Soong Kwong Heng	Independent Non-Executive Director	4	4	100
Tor Peng Sie	Independent Non-Executive Director	4	4	100

## AUDIT COMMITTEE REPORT

(CONT'D)

### SUMMARY OF ACTIVITIES

The AC's activities for FY2020 comprised the following:-

- a) On 27 October 2020, the AC reviewed and approved the Risk Management Framework after the independent internal audit firm, PKF Advisory Sdn Bhd presented the Enterprise Risk Management report to the AC. The report noted that appropriate control measures in relation to the risk's environmental components (i.e., Investment, Financial and Sustainability) were in place, either preventive, detective and/or corrective, to mitigate the impact of the identified risks and reduce the likelihood of occurrences.
- b) The internal audit function was outsourced to an independent internal audit firm, PKF Advisory Sdn Bhd. On 6 February 2020, the AC reviewed the Internal Audit report and based on the findings of the report, Atrium REIT had fully complied with the requirements of the Guidelines on Listed REITs issued by the Securities Commission Malaysia ("SC"), and the relevant provisions of the Listing Requirements.
- c) Reviewed all the quarterly financial reports and income distributions of Atrium REIT, and to ensure the quarterly reports are in compliance with the Malaysia Financial Reporting Standards (MFRS) 134 Interim Financial Reporting, Part A and Part D of Appendix 9B of the Listing Requirements and the relevant approved accounting standards so as to give a true and fair view of the quarterly results.

The AC subsequently made its recommendations to the Board of the Manager for approval before announcing the quarterly reports and income distributions to Bursa Securities.

- d) On 6 February 2020, the AC reviewed and discussed the audited financial statements of Atrium REIT for the financial year ended 31 December 2019, with the External Auditors prior to recommending the audited financial statements to the Board for approval. The audited financial statements included in the Annual Report, were issued to Unitholders on 28 February 2020.
- e) Reviewed the scope, functions and internal audit plan of the internal audit function. The AC also decided that the scope of the internal audit function for FY2020 would include the following areas:
  - i) Compliance with Bursa Securities' Listing Requirements;
  - ii) Compliance with SC's Guidelines on Listed Real Estate Investment Trusts; and
  - iii) Review of Enterprise Risk Management.
- f) On 27 October 2020, the AC reviewed and discussed with the External Auditors on the Audit Planning for FY2020, in respect of the following areas:
  - i) Engagement and reporting responsibilities;
  - ii) External Auditor's audit approach;
  - iii) Materiality and performance materiality;
  - iv) Areas of significant auditor attention;
  - v) Engagement team; and
  - vi) Reporting, deliverables and audit fees.
- g) The AC had two (2) private sessions with the External Auditors on 27 October 2020 and 25 January 2021 respectively, without the presence of the Executive Directors and Management, to discuss various audit issues and concerns that the External Auditors wished to highlight to the AC. The AC was also informed that the External Auditors had received good cooperation from the Management and they were able to access all the necessary information to carry out their functions effectively.
- h) Reviewed on a quarterly basis, all related party transactions entered into by Atrium REIT.
- i) Reported to the Board on matters and issues discussed during the AC meetings, together with applicable recommendations for approvals.



## AUDIT COMMITTEE REPORT

(CONT'D)

### **INTERNAL AUDIT FUNCTION**

The internal audit function of the Manager which is outsourced to an independent internal audit firm, PKF Advisory Sdn Bhd (Internal Auditors) reports to the AC. The AC in ensuring that its responsibilities are fully discharged in accordance with the International Standards for the Professional Practice of Internal Auditing, reviews the audit plan, adequacy of scope and resources of the internal audit function as well as the competency and experience of the outsourced Internal Auditors.

The audit findings of the Internal Auditors together with its recommendations and the Manager's action plans will be deliberated on during the AC meetings. The recommendations made by the Internal Auditors once approved by the AC, will be implemented accordingly by the Manager. The Board will be updated on the results of the internal audit review of the Manager's internal control system.

Detailed information of internal audit activities are disclosed in the Statement on Risk Management and Internal Control whereas information on the assessment of the effectiveness and independence of the internal audit function are provided in the Corporate Governance Overview Statement.

# SUSTAINABILITY STATEMENT

## ABOUT THIS STATEMENT

This Sustainability Statement provides an account of the economic, environmental and social risks and opportunities for Atrium Real Estate Investment Trust (“Atrium REIT”) for the financial year ended 31 December 2020 (“FY2020”).

The Statement provides disclosure on how Atrium continues to make progress in the areas of sustainability governance and stakeholder engagement as well as in addressing its material matters.

As the creation of financial values must be balanced with the realisation of non-financial values towards ensuring long-term business and operational sustainability, Atrium REIT is committed to improve its performance as measured across a triple bottom-line of material economic, environmental and social matters.

## FRAMEWORKS APPLIED

This Statement has been prepared in accordance with the following frameworks:

- Bursa Malaysia Sustainability Reporting Guide Second Edition (and supporting toolkits)
- Bursa Malaysia Main Market Listing Requirements
- Where relevant, in reference to the Global Reporting Initiative (“GRI”) Standards 2020

## SCOPE & BOUNDARY & REPORT QUALITY

The scope and boundary for this report is based on Atrium REIT’s ability to collect meaningful data from its property portfolio. Data and information that is deemed meaningful is based on the GRI principles of accuracy, balance, clarity, comparability, reliability and timeliness.

In addition, content for this Statement has also been developed based on stakeholder views, internal assessment of material matters and risks factors, as well as emerging trends and opportunities within the operating environment.

At present, there remains challenges in collecting data from tenants. We continue to engage our tenants towards providing more comprehensive data in a timely manner and to improve their data collection systems.

## REPORTING PERIOD

The reporting period of this Statement is from 1st January 2020 to 31st December 2020 unless specified otherwise. Where possible, three-year historical data has been provided towards establishing trend lines and to enable readers to better track and understand the comparative performance achieved.

## FEEDBACK

As part our continued engagement with stakeholders and to facilitate continuous improvement, we welcome feedback, comments and suggestions to be sent to: [marklee@atriumreit.com.my](mailto:marklee@atriumreit.com.my)

## SUSTAINABILITY STATEMENT

(CONT'D)

### SUSTAINABILITY GOVERNANCE STRUCTURE

Atrium REIT practises a three-tier reporting structure with regards to sustainability governance. With the Board of Directors ("Board") at the apex, sustainability strategies and initiatives of Atrium REIT are headed by the Chief Executive Officer ("CEO") and supported by the Sustainability Working Group ("SWG"). The roles and responsibilities of each tier of the governance structure is as follows:

#### The Board of Directors

- Aligns corporate and division priorities, and strategies with sustainability vision;
- Develops the overarching sustainability strategy;
- Reviews and approves the sustainability matters identified;
- Reviews, deliberates and approves the sustainability initiatives, and activities proposed by the CEO; and
- Monitors the overall achievement of sustainability strategies adopted by Atrium REIT.

#### CEO

- Implements sustainability directives and policies introduced by the Board;
- Identifies and recommends any changes in sustainability initiatives, activities and method of implementation;
- Recommends to the Board for its approval of sustainability matters identified;
- Reviews the material matters identified by the SWG;
- Identifies and recommends compliance with sustainability guidelines and regulatory requirements to ensure the disclosures of the Sustainability Statement in the Annual Report is in accordance with Bursa Malaysia Securities' Main Market Listing Requirements;
- Reviews and suggests improvements on the disclosures of sustainability initiatives and activities, which falls under the purview of the SWG; and
- Overseeing the preparation of Statement;

#### SWG

- Implements sustainability initiatives and activities to manage the economic, environmental and social risks and opportunities;
- Implements changes in sustainability initiatives, activities and method of implementation as advised by CEO;
- Carries out Materiality Assessment based on the data collected for monitoring and managing of economic, environmental and social risks;
- Reports the results/status of the action plans to the CEO on a periodical basis;
- Assesses the sustainability material matters and efforts to address the materiality issues; and
- Prepares Sustainability Statement for inclusion in the Annual Report.

In FY2020, one of the key sustainability governance highlights has been the introduction of the Anti Bribery & Anti-Corruption ("ABAC") policy. The policy was deliberated and approved by the Board for implementation. The policy has been cascaded to external stakeholders such as vendors, suppliers, business partners and also to our tenants. It is available for viewing at: [www.atriumreit.com.my](http://www.atriumreit.com.my).

All new or renewal contracts offered by Atrium REIT will be accompanied by a written copy of the ABAC. External parties must acknowledge the receipt of the same and provide their acceptance to abide by the policy as part of their contractual terms. Failing to do so can result in contract termination or other forms of legal remedies.

The intention is to establish a Board level Integrity Committee in FY2021 to oversee and drive the anti-corruption agenda in Atrium REIT. In FY2020, there were zero incidents of corrupt practices reported.

**SUSTAINABILITY STATEMENT**

(CONT'D)

**STRONG CODE OF ETHICS AND CONDUCT**

The governance structure is supported by a strong Code of Ethics and Conduct that serves as the basis for responsible and ethical corporate behaviour and a high level of professionalism to be exemplified at all times.

The code provides a clear understanding of what constitutes as unacceptable behaviour or practices, and addresses the following topics:

- Compliance with laws (including those related to anti-money laundering, personal data protection and anti-corruption);
- Conflicts of interests;
- Harassment of any kind including sexual, verbal or physical harassment; and
- Expected course of actions in the event of non-compliance including proper reporting of suspected non-compliance.

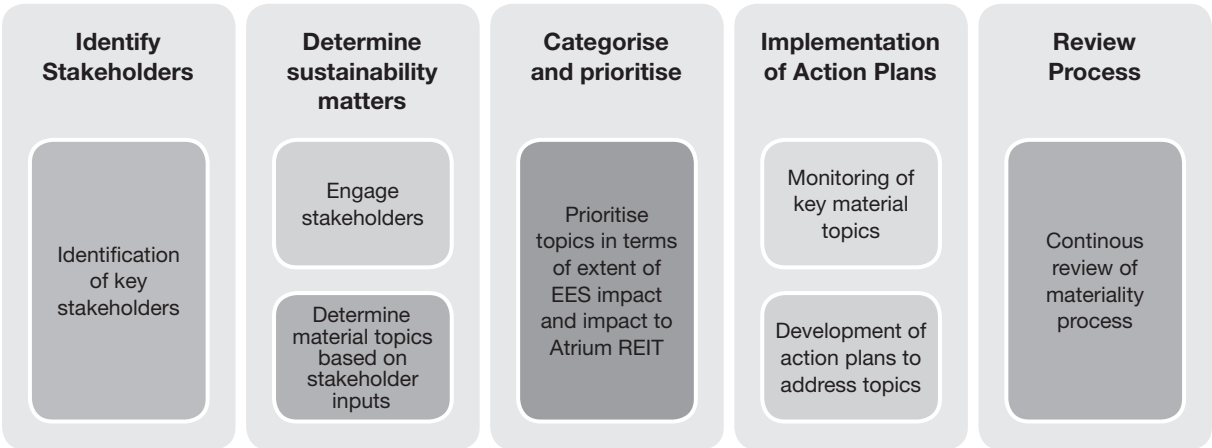
The Board of Directors reviews the Code as and when necessary to ensure that it continues to be effective in line with industry and regulatory best practices.

In addition to the code, governance is further strengthened through several policies:

<b>ABAC Policy</b>	<b>Fraud Policy</b>	<b>IT Policy</b>	<b>Whistleblowing Policy</b>
Please refer to previous page for information of the Policy.	Facilitates the development of controls, which aid in the detection and prevention of fraud.	Facilitates and supports the authorised access to Company information.	Facilitates reports to be made anonymously on allegations of corruption, fraud, misconduct and other forms of malpractice and enables the investigation of the same.  Whistleblowers' identities are not divulged and remain free from reprisal, or intimidation in any form.

**MATERIALITY ASSESSMENT**

Atrium REIT employs a four-step materiality identification and prioritisation approach, with external stakeholder participation being a requisite. Constant, two-way engagement with stakeholders is vital in ensuring that Atrium REIT's approach to sustainability is inclusive, and that the confirmed selected materiality matters truly capture the broader issues and impacts faced or caused by our business presence and operations.



SUSTAINABILITY STATEMENT

(CONT'D)

RELEVANCE OF MATERIALITY MATTERS TO OUR STAKEHOLDERS

MATERIAL TOPICS/ IMPACTED STAKEHOLDERS	Board of Directors/ Employees	Unitholders/ Investors	Regulatory Authorities	Trustee	Tenants	Suppliers/ Vendors
Anti-Corruption and Corporate Governance	√	√	√	√		√
Quality Certifications for Assets			√		√	
Asset Enhancement Initiatives	√	√	√	√	√	
Resource (Energy, Water, Fuel) Consumption			√		√	√
Talent Management And Development	√		√	√	√	
Training & Development	√		√	√	√	

MATERIALITY TOPICS	BOUNDARY	UN SDGS
Anti-Corruption and Corporate Governance	Organisation Wide	
Quality Certifications for Assets	Organisation Wide	
Asset Enhancement Initiatives	Organisation wide and External	
Resource (Energy, Water, Fuel) Consumption	External	
Talent Management And Development	Organisation Wide	
Training & Development	Organisation Wide	

## SUSTAINABILITY STATEMENT

(CONT'D)

### STAKEHOLDER MANAGEMENT & ENGAGEMENT

Atrium REIT continues to actively engage its stakeholders. The views, concerns, aspirations and interests of stakeholders, both internal and external are vital in shaping Atrium REIT's sustainability journey and more specifically its business strategies, policies, practices, and the identification and prioritisation of material sustainability matters.

One of the stakeholder engagement highlights was the leverage of technology to facilitate remote unitholders' participation and remote online voting (i.e. voting in absentia) in conducting the Eighth Annual General Meeting ("AGM") due to the Covid-19 pandemic. The virtual AGM was a success and further consideration is being given on the feasibility of retaining this approach for future AGMs.

The Group defines stakeholders as individuals, entities or organisations that are impacted by the business operations, strategies and processes of Atrium REIT and conversely, individuals, entities or organisations that have the capability to impact Atrium REIT in a similar manner.

STAKEHOLDER	CONCERNS/ EXPECTATIONS	ENGAGEMENT CHANNEL	SPECIFIC COMMUNICATION ACTIVITIES
Unitholders/ Investors	<ul style="list-style-type: none"> <li>Sustainable and growing income distribution</li> <li>Financial performance</li> <li>Corporate governance</li> <li>Proactive investor relations;</li> <li>Timely and transparent Reporting</li> <li>Prudent risk management</li> </ul>	<ul style="list-style-type: none"> <li>Annual general meeting</li> <li>Unitholders' meeting</li> <li>Annual report</li> <li>Interim financial announcements</li> <li>Corporate announcements</li> <li>Meetings with analysts, fund managers and investors</li> <li>Website</li> </ul>	<ul style="list-style-type: none"> <li>Voluntary disclosures on earnings outlook, business strategies</li> <li>segmental outlook on a quarterly basis to enable the investment community to more informed investment decisions</li> <li>Immediate communication on material developments via meetings, announcements, media and website releases</li> <li>Robust risk management framework with periodic evaluations to encompass the latest potential risks identified with corresponding mitigation action plans</li> </ul>
Trustee	<ul style="list-style-type: none"> <li>Annual return;</li> <li>Financial performance</li> <li>Sustainable growth and fund stability</li> </ul>	<ul style="list-style-type: none"> <li>Annual general meeting</li> <li>Extraordinary general meeting</li> <li>Website</li> </ul>	
Tenants	<ul style="list-style-type: none"> <li>Tenant engagement and support</li> <li>Business activity and ethics</li> <li>Conducive operating environment</li> </ul>	<ul style="list-style-type: none"> <li>Contract agreements</li> <li>One-on-one meetings</li> <li>Direct and immediate communication via email and electronic channels.</li> <li>Joint inspection with property managers</li> </ul>	<ul style="list-style-type: none"> <li>All requests and feedbacks are reviewed and attended to in a timely manner by the Manager</li> <li>Adherence to best practices and the highest standards of business integrity</li> <li>Affirm operational health and safety practices</li> <li>Continuous effort to Improve quality of building for tenant satisfaction</li> </ul>



SUSTAINABILITY STATEMENT

(CONT'D)

**STAKEHOLDER MANAGEMENT & ENGAGEMENT (CONT'D)**

STAKEHOLDER	CONCERNS/ EXPECTATIONS	ENGAGEMENT CHANNEL	SPECIFIC COMMUNICATION ACTIVITIES
Suppliers, Contractors & Service Providers	<ul style="list-style-type: none"> <li>Fair and transparent procurement process</li> </ul>	<ul style="list-style-type: none"> <li>Contract agreements</li> <li>One-on-one meetings</li> <li>Direct and immediate communication via email and electronic channels</li> </ul>	<ul style="list-style-type: none"> <li>Professional and transparent procurement policies and procedures</li> </ul>
Board of Directors & Employees	<ul style="list-style-type: none"> <li>Fair remuneration</li> <li>Equal opportunity workplace</li> <li>Career development;</li> <li>Work-life balance</li> <li>Employee benefits</li> </ul>	<ul style="list-style-type: none"> <li>Training and development opportunities</li> <li>Job appraisal</li> <li>Benefits package</li> <li>Company intranet</li> </ul>	<ul style="list-style-type: none"> <li>Benchmarking against market remuneration packages and practices</li> <li>Constant engagement with employees to understand their professional needs and requirements;</li> <li>Organising training and development initiatives for employees for their career development</li> <li>Organising social events.</li> </ul>
Regulatory Authorities	<ul style="list-style-type: none"> <li>Regulatory</li> <li>Compliance</li> <li>Close communication and engagement</li> <li>Staying abreast with policy and regulatory changes</li> </ul>	<ul style="list-style-type: none"> <li>Attending talks and conferences organised by regulators.</li> <li>Implementing policies instituted by the regulators</li> </ul>	<ul style="list-style-type: none"> <li>Adherence and compliance to all legislation and guidelines</li> </ul>

**ASSET ENHANCEMENT INITIATIVES**

Despite Atrium REIT's properties being largely optimised, the Manager has continued to undertake asset enhancements initiatives ("AEI") throughout FY2020. Various initiatives were taken to increase energy efficiency, safety features and the utilisation of the assets.

In doing so, we have worked closely with our tenants, seeking their feedback and recommendations prior to initiating the improvement works. Regular maintenance works were also carried out on all assets.

The Manager will continue to undertake AEIs as and when required to maintain or enhance the market value and attractiveness of the properties.

## SUSTAINABILITY STATEMENT

(CONT'D)

### **RESOURCE (ENERGY, WATER, FUEL) CONSUMPTION**

We are cognisant that the environmental impact from the energy and water consumption, as well as the emissions and waste produced, are the material sustainability matters to Atrium REIT.

However, provision of such data rests largely with our tenants and this poses several challenges. The lack of systematic data collection in a timely manner from our tenants has deprived the Manager of obtaining meaningful and accurate data for resource consumption, as well as for emissions and waste management.

We will continue to work closely with our tenants, encouraging them to implement proper data collection systems and we look forward to disclose such related information in future Sustainability Statement.

### **TALENT MANAGEMENT AND DEVELOPMENT**

Competent talent with a high level of professionalism is essential to the sustainability of Atrium REIT. As such, strategic efforts have been made towards developing a talent pool to ensure availability of talent management to drive the success of Atrium REIT, amidst a dynamic and fast evolving marketplace.

Beyond just recruitment and retention through competitive compensation, the focus has been on providing ample training opportunities to enable the professional development of staff.

Atrium REIT complies with the Employment Act 1995 and other legal statutory provisions. All employees earn salaries that at least meet or are above the Malaysian Minimum Wage Order 2018.

We also seek to actively cultivate Board and workforce diversity towards enabling an environment that allows a diversity of ideas and perspectives to flourish. While the Board and Senior Management comprise 100% Malaysians, they bring a rich mix of qualifications, skillsets and experience to ensure sustainable value creation for Atrium REIT and the continued realisation of its vision and mission.

For specific details on the Board and senior management composition, please refer to the Board of Directors profile section of this annual report.

### **TRAINING & DEVELOPMENT**

As mentioned earlier, we continue to invest in the development and competence of our staff. However, with FY2020 being a pandemic year, training activities were largely curtailed or differed altogether. Several online training initiatives and programmes were held for staff. The Manager will continue to source for suitable professional and technical courses to develop staff skills and expertise going forward.

# MANAGER'S REPORT

Atrium REIT Managers Sdn Bhd, the Manager of Atrium Real Estate Investment Trust ("Atrium REIT" or "Trust"), is pleased to present the Manager's Report together with the audited financial statements of Atrium REIT for the financial year ended 31 December 2020 ("FY2020").

## ABOUT THE MANAGER

Atrium REIT Managers Sdn Bhd ("Manager") was established in 2005 and is a subsidiary of Glory Blitz Industries Sdn Bhd. The Manager's Board of Directors and key personnel comprise experienced individuals in their respective fields of expertise.

## PRINCIPAL ACTIVITY OF THE MANAGER

The principal activity of the Manager is providing management and administrative services to real estate investment trusts. There has been no significant change in the nature of this activity during the financial year.

## THE TRUST AND ITS PRINCIPAL ACTIVITY

Atrium REIT is an industrial asset focused real estate investment trust constituted by a Trust Deed entered into on 20 November 2006, amended by the First Supplementary Deed dated 25 November 2008 and the Restated Deed dated 24 March 2016 between CIMB Commerce Trustee Berhad (formerly known as BHLB Trustee Berhad) as the Trustee and Atrium REIT Managers Sdn Bhd as the Manager (collective known as "First Deed").

On 21 April 2016, the Manager, CIMB Commerce Trustee Berhad ("Retiring Trustee") and Pacific Trustees Berhad ("New Trustee") entered into a Second Supplementary Deed to effect the change of trustee of Atrium REIT from the Retiring Trustee to the New Trustee. The First Deed and the Second Supplementary Deed was further amended by a Second Restated Deed dated 17 December 2019 ("Second Deed") entered into between the Manager and Pacific Trustees Berhad, as the Trustee of Atrium REIT.

Atrium REIT was listed on Main Board of Bursa Malaysia Securities Berhad on 2 April 2007.

The principal activity of Atrium REIT is to own and invest in real estate and real estate-related assets, whether directly or indirectly through the ownership of single-purpose companies whose principal assets comprise real estate. The investment portfolio of Atrium REIT as at 31 December 2020 comprise Atrium Shah Alam 1, Atrium Shah Alam 2, Atrium Shah Alam 3, Atrium Bayan Lepas 1, Atrium Bayan Lepas 2, Atrium Puchong and Atrium USJ (collectively called the "Properties"). These Properties are located at prime industrial sites in the Klang Valley and Penang and are tenanted by multinational companies and established local companies.

## MANAGER'S FEES AND COMMISSION

Pursuant to the Second Deed, for the financial year ended 31 December 2020, the Manager received a fee of 0.8% per annum of the Net Asset Value of the Trust even though the Manager is entitled to a fee of up to 1.0% per annum of the Net Asset Value of the Trust.

During the year, the Manager did not receive any soft commission (i.e. goods and services) from brokers or agents by virtue of transactions conducted by Atrium REIT.

## MANAGER'S REPORT

(CONT'D)

### DIRECTORS OF THE MANAGER

The names of the Directors of the Manager who served on the Board since the date of last report are:

Dato' Dr Ir Mohamad Khir Bin Harun (Chairman)  
Wong Sui Ee  
Chan Wan Seong  
Chng Boon Huat  
Tor Peng Sie  
How Hu Son  
Soong Kwong Heng

### DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Manager is a party with the object or objects of enabling the Directors to acquire benefits by means of acquisition of units in or debentures of Atrium REIT or any other body corporate.

Since the establishment of the Trust, no Director has received or become entitled to receive any benefits by reason of a contract made by the Manager for Atrium REIT or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the notes to the financial statements.

### DIRECTORS' INTERESTS

According to the register of Directors' unitholdings in the Atrium REIT, the interests of Directors of the Manager in office at the end of the financial year ended 31 December 2020 are as follows:

	At 1 January 2020	Bought	Sold	At 31 December 2020
<b>Direct Interest</b>				
Dato' Dr Ir Mohamad Khir Bin Harun	-	-	-	-
Wong Sui Ee	522,200	-	-	522,200
Chan Wan Seong	-	500,000	-	500,000
Chng Boon Huat	-	-	-	-
Tor Peng Sie	140,000	-	-	140,000
How Hu Son	100,000	-	-	100,000
Soong Kwong Heng	77,000	-	-	77,000

MANAGER'S REPORT

(CONT'D)

**OTHER STATUTORY INFORMATION**

Before the financial statements of the Trust were made out, the Manager took reasonable steps:

- (i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

From the end of the financial year to the date of this report, the Manager is not aware of any circumstances:

- (i) which would necessitate the writing off of bad debts or render the amount of provision for doubtful debts in the financial statements of the Trust inadequate to any substantial extent;
- (ii) which would render the values attributed to current assets in the financial statements of the Trust misleading; and
- (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Trust misleading or inappropriate.

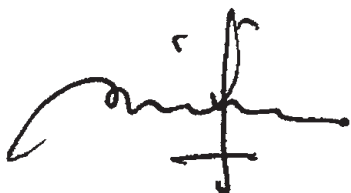
In the opinion of the Manager:

- (i) there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of operations of the Trust for the financial year in which this report is made; and
- (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of 12 months after the end of the financial year which would or may affect the ability of the Trust to meet its obligations as and when they fall due.

As at the date of this report:

- (i) There are no charges on the assets of the Trust which have arisen since the end of the financial year to secure the liabilities of any other person.
- (ii) There are no contingent liabilities of the Trust which have arisen since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the Directors of the Manager.



.....  
**Dato' Dr Ir Mohamad Khir Bin Harun**

Kuala Lumpur, Malaysia  
Date: 8 February 2021



.....  
**Wong Sui Ee**

## STATEMENT BY DIRECTORS OF THE MANAGER

In the opinion of the Directors of Atrium REIT Managers Sdn. Bhd. (“the Manager”), the financial statements set out on pages 70 to 104 have been drawn up in accordance with the provisions of the Second Restated Deed dated 17 December 2019, the Securities Commission’s Guidelines on Real Estate Investment Trusts, applicable securities laws, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Atrium Real Estate Investment Trust as at 31 December 2020 and of the financial performance and cash flows for the financial year then ended.

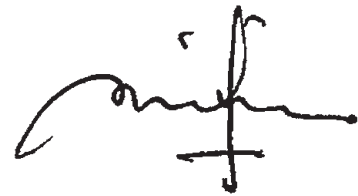
On behalf of the Manager,

Atrium REIT Managers Sdn. Bhd.  
in accordance with a resolution of the Directors of the Manager



.....  
**Wong Sui Ee**

Kuala Lumpur  
8 February 2021



.....  
**Dato' Dr. Ir. Mohamad Khir bin Harun**

## STATUTORY DECLARATION

I, Wong Sui Ee, being the Director of the Manager, Atrium REIT Managers Sdn. Bhd. primarily responsible for the financial management of Atrium Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 70 to 104 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly )  
declared by the abovenamed at )  
Kuala Lumpur in the Federal )  
Territory this )  
8 February 2021 )



.....  
**Wong Sui Ee**

Before me:-  
Commissioner for Oaths



SUITE 9.03, TINGKAT 9  
MENARA RAJA LAUT  
NO. 288 JALAN RAJA LAUT  
50350 KUALA LUMPUR



## TRUSTEE'S REPORT

We, Pacific Trustees Berhad, have acted as Trustee of Atrium Real Estate Investment Trust ("Atrium REIT") for the financial year ended 31 December 2020. In our opinion and to the best of our knowledge:

- a) Atrium REIT Managers Sdn. Bhd. ("the Manager") has managed Atrium REIT in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Second Restated Deed dated 17 December 2019 (collectively referred to as "the Deed"), the Securities Commission's Guidelines on Real Estate Investment Trusts, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws for the financial year ended 31 December 2020;
- b) the procedures and processes employed by the Manager to value and price the units of Atrium REIT are adequate and that such valuation/pricing is carried out in accordance with the Deed and other regulatory requirements; and

We also confirm that the income distributions declared and paid during the financial year ended 31 December 2020 are in line with and are reflective of the objectives of Atrium REIT. Distributions that have been paid or proposed for the financial year ended 31 December 2020 are as follows:

- 1) First interim income distribution of 2.00 sen paid on 30 June 2020.
- 2) Second interim income distribution of 2.00 sen paid on 15 September 2020.
- 3) Third interim income distribution of 2.00 sen paid on 30 November 2020.
- 4) Proposed fourth and final income distribution of 3.00 sen payable on 26 February 2021.

For and on behalf of the Trustee,  
Pacific Trustees Berhad (Registration No. 199401031319 (317001-A))



.....  
**Razak Bin Ahmad**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
8 February 2021

# INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF ATRIUM REAL ESTATE INVESTMENT TRUST  
(Established in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Atrium Real Estate Investment Trust ("Atrium REIT"), which comprise the statement of financial position as at 31 December 2020, and statement of profit or loss and other comprehensive income, statement of changes in net asset value and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 70 to 104.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Atrium REIT as at 31 December 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of Atrium REIT in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of Atrium REIT for the current year. These matters were addressed in the context of our audit of the financial statements of Atrium REIT as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of investment properties

With reference to Note 4 of the financial statements, Atrium REIT's investment properties were carried at RM463,700,000 as at 31 December 2020.

There were significant judgements and estimates used in relation to the valuation of Atrium REIT's investment properties including allowance for void, term yield rates, reversionary yield rates and discount rates.

INDEPENDENT AUDITORS' REPORT  
TO THE UNITHOLDERS OF ATRIUM REAL ESTATE INVESTMENT TRUST  
(ESTABLISHED IN MALAYSIA)

(CONT'D)

**Key Audit Matters (cont'd)**

**Audit response**

Our audit procedures included the following:

- (i) assessed and discussed with management of their process for reviewing the work of the independent valuers;
- (ii) assessed the competency, independence and integrity of the independent valuers;
- (iii) obtained the independent valuation reports and discussed with the independent valuers the results of their work;
- (iv) tested the accuracy of rental income data applied in the valuation by comparing them with lease agreements and challenged significant key inputs and assumptions adopted; and
- (v) benchmarked and challenged the key assumptions to external industry data and comparable property transactions, in particular the allowance for void, term yield rates, reversionary yield rates and discount rates.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Manager of Atrium REIT is responsible for the other information. The other information comprises of all information included in the annual report, but does not include the financial statements of Atrium REIT and our auditors' report thereon.

Our opinion on the financial statements of Atrium REIT does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of Atrium REIT, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of Atrium REIT or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibility of the Directors of the Manager and Trustee for the Financial Statements**

The Directors of the Manager are responsible for the preparation of financial statements of Atrium REIT that give a true and fair view in accordance with MFRSs, IFRSs and the Securities Commission's Guidelines on Real Estate Investment Trusts. The Directors of the Manager are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of Atrium REIT that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Directors of the Manager maintain proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

In preparing the financial statements of Atrium REIT, the Directors of the Manager are responsible for assessing the ability of Atrium REIT to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors of the Manager either intend to liquidate Atrium REIT or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT  
TO THE UNITHOLDERS OF ATRIUM REAL ESTATE INVESTMENT TRUST  
(ESTABLISHED IN MALAYSIA)

(CONT'D)

**Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of Atrium REIT as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of Atrium REIT, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Atrium REIT.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Manager.
- (d) Conclude on the appropriateness of the Directors of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Atrium REIT to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of Atrium REIT or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Atrium REIT to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of Atrium REIT, including the disclosures, and whether the financial statements of Atrium REIT represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Atrium REIT to express an opinion on the financial statements of Atrium REIT. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT  
TO THE UNITHOLDERS OF ATRIUM REAL ESTATE INVESTMENT TRUST  
(ESTABLISHED IN MALAYSIA)

(CONT'D)

**Auditors' Responsibility for the Audit of the Financial Statements (cont'd)**

We communicate with the Directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of Atrium REIT for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

This report is made solely to the Unitholders of Atrium REIT in accordance with the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



.....  
**BDO PLT**  
LLP0018825-LCA & AF 0206  
Chartered Accountants

Kuala Lumpur  
8 February 2021



.....  
**Lee Wee Hoong**  
03316/07/2021 J  
Chartered Accountant

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 RM	2019 RM
<b>ASSETS</b>			
<b>Non-current asset</b>			
Investment properties	4	460,376,753	410,300,000
Investment properties – accrued lease income	6	3,323,247	–
		463,700,000	410,300,000
<b>Current assets</b>			
Trade and other receivables	6	9,630,507	13,479,037
Deposits with a licensed bank	7	30,385,550	39,642,506
Bank balances	7	861,407	691,180
		40,877,464	53,812,723
<b>TOTAL ASSETS</b>		<b>504,577,464</b>	<b>464,112,723</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	8	9,225,474	10,763,665
Borrowings	9	175,231,130	140,231,130
Deferred tax liability	10	7,392,942	7,240,113
		191,849,546	158,234,908
<b>Current liabilities</b>			
Trade and other payables	8	7,371,682	2,496,496
Borrowings	9	39,600,000	41,742,594
		46,971,682	44,239,090
<b>TOTAL LIABILITIES</b>		<b>238,821,228</b>	<b>202,473,998</b>
<b>NET ASSET VALUE (“NAV”)</b>		<b>265,756,236</b>	<b>261,638,725</b>



STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020

(CONT'D)

	Note	2020 RM	2019 RM
<b>FINANCED BY:</b>			
<b>UNITHOLDERS' FUNDS</b>			
Unitholders' capital	11	204,129,835	204,129,835
Undistributed income		61,626,401	57,508,890
<b>TOTAL UNITHOLDERS' FUNDS</b>		<b>265,756,236</b>	<b>261,638,725</b>
<b>NUMBER OF UNITS IN CIRCULATION</b>	11	204,625,680	204,625,680
<b>NAV PER UNIT (RM)</b>			
Before income distribution <sup>1</sup>		1.2987	1.2786
After income distribution <sup>2</sup>		1.2687	1.2563

1 Before the proposed final income distribution of 3.00 sen per unit (2019: 2.23 sen per unit)

2 After the proposed final income distribution of 3.00 sen per unit (2019: 2.23 sen per unit)

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	2019 RM
Gross revenue	13	34,404,565	22,961,353
Property operating expenses	14	(2,167,124)	(1,548,352)
<b>Net property income</b>		<b>32,237,441</b>	<b>21,413,001</b>
Interest income		766,047	529,327
Other income		197,734	–
<b>Total income</b>		<b>33,201,222</b>	<b>21,942,328</b>
Manager's fees	15	(2,107,084)	(1,768,098)
Trustee's fees	16	(210,708)	(176,810)
Auditors' fee		(38,000)	(30,000)
Tax agent's fee		(12,500)	(6,500)
Finance costs	17	(7,122,889)	(5,453,098)
Valuation fees		(110,000)	(82,206)
Administrative expenses		(1,473,930)	(2,465,155)
Others		(615,437)	(239,130)
Changes in fair value of investment properties	4	(399,642)	(991,155)
<b>Total expenses</b>		<b>(12,090,190)</b>	<b>(11,212,152)</b>
<b>Profit before tax</b>		<b>21,111,032</b>	<b>10,730,176</b>
Tax expense	18	(152,829)	(7,240,113)
<b>Profit for the financial year</b>		<b>20,958,203</b>	<b>3,490,063</b>
<b>Other comprehensive income for the financial year, net of tax</b>		<b>–</b>	<b>–</b>
<b>Total comprehensive income for the financial year</b>		<b>20,958,203</b>	<b>3,490,063</b>
<b>Profit for the financial year is made up as follows:</b>			
Realised		18,793,388	11,115,370
Unrealised - changes in fair value of investment properties, deferred tax expense and lease receivables.		2,164,815	(7,625,307)
		<b>20,958,203</b>	<b>3,490,063</b>
<b>Basic and diluted earnings per unit (sen)</b>			
Before Manager's fees	19	11.27	3.40
After Manager's fees	19	10.24	2.25

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(CONT'D)

	Note	2020 RM	2019 RM
<b>Net income distributions *</b>			
First interim income distribution of 2.00 sen paid on 24 June 2020 (2019: 1.40 sen paid on 22 April 2019)		4,092,513	1,705,214
Second interim income distribution of 2.00 sen paid on 10 September 2020 (2019: 2.00 sen paid on 8 August 2019)		4,092,513	2,923,224
Third interim income distribution of 2.00 sen paid on 25 November 2020 (2019: 1.00 sen paid on 29 November 2019)		4,092,513	2,046,257
Proposed final income distribution of 3.00 sen payable on 26 February 2021 (2019: 2.23 sen paid on 9 March 2020)		6,138,770	4,563,153
	20	18,416,309	11,237,848
<b>Income distribution per unit *</b>			
First interim income distribution		2.00	1.40
Second interim income distribution		2.00	2.00
Third interim income distribution		2.00	1.00
Proposed final income distribution		3.00	2.23
		9.00	6.63

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

	Withholding tax rate	
	2020	2019
Resident corporate	Nil ^	Nil ^
Resident non-corporate	10%	10%
Non-resident individual	10%	10%
Non-resident corporate	24%	24%
Non-resident institutional	10%	10%

^ No withholding tax; tax at prevailing tax rate

The accompanying notes form an integral part of the financial statements.

## STATEMENT OF CHANGES IN NET ASSET VALUE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	----- Undistributed income -----			Unitholders' fund RM
	Unitholders' capital RM	Realised RM	Unrealised RM	
<b>At 1 January 2020</b>	204,129,835	5,033,063	52,475,827	261,638,725
<b>Total comprehensive income</b>				
Profit for the financial year	-	18,793,388	2,164,815	20,958,203
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income, representing the increase in net assets resulting from operations	-	18,793,388	2,164,815	20,958,203
<b>Unitholders' transactions</b>				
Distributions to unitholders:				
- 2020 interim	-	(12,277,539)	-	(12,277,539)
- 2019 final	-	(4,563,153)	-	(4,563,153)
Decrease in net assets resulting from unitholders' transactions	-	(16,840,692)	-	(16,840,692)
<b>At 31 December 2020</b>	204,129,835	6,985,759	54,640,642	265,756,236

STATEMENT OF CHANGES IN NET ASSET VALUE  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(CONT'D)

	Note	----- Undistributed income -----			Unitholders' fund RM
		Unitholders' capital RM	Realised RM	Unrealised RM	
<b>At 1 January 2019</b>		119,351,580	3,150,209	60,101,134	182,602,923
<b>Total comprehensive income</b>					
Profit for the financial year		-	11,115,370	(7,625,307)	3,490,063
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, representing the increase in net assets resulting from operations		-	11,115,370	(7,625,307)	3,490,063
<b>Unitholders' transactions</b>					
Units issued pursuant to:					
- placements	11	26,552,618	-	-	26,552,618
- right issues	11	59,633,770	-	-	59,633,770
Share issue expenses	11	(1,408,133)	-	-	(1,408,133)
Distributions to unitholders:					
- 2019 interim		-	(6,674,695)	-	(6,674,695)
- 2018 final		-	(2,557,821)	-	(2,557,821)
Increase in net assets resulting from unitholders' transactions		84,778,255	(9,232,516)	-	75,545,739
<b>At 31 December 2019</b>		204,129,835	5,033,063	52,475,827	261,638,725

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	2019 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		21,111,032	10,730,176
Adjustments for:			
Changes in fair value of investment properties	4	399,642	991,155
Finance costs	17	7,122,889	5,453,098
Interest income		(766,047)	(529,327)
Operating income before changes in working capital		27,867,516	16,645,102
Decrease/(Increase) in trade and other receivables (Decrease)/Increase in trade and other payables		554,197 (1,809,849)	(9,444,487) 3,939,760
Cash generated from operations, representing net cash from operating activities		26,611,864	11,140,375
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of an investment property	4(d)	(10,371,707)	(41,640,048)
Enhancement of investment properties	4	(104,688)	(2,051,107)
Interest received		737,133	529,327
Net cash used in investing activities		(9,739,262)	(43,161,828)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of borrowings		–	20,000,000
Distributions paid to unitholders			
- Current year		(12,277,539)	(6,674,695)
- Previous year		(4,563,153)	(2,557,821)
Interest paid	17	(6,976,045)	(5,453,098)
Issuance of new units	11	–	84,778,255
Net cash (used in)/from financing activities		(23,816,737)	90,092,641
Net (decrease)/increase in cash and cash equivalents		(6,944,135)	58,071,188
Cash and cash equivalents at beginning of financial year		38,191,092	(19,880,096)
Cash and cash equivalents at end of financial year		31,246,957	38,191,092
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position:			
Deposits with licensed banks (not more than three months)	7	30,385,550	39,642,506
Bank balances	7	861,407	691,180
Bank overdraft	9	–	(2,142,594)
		31,246,957	38,191,092

The accompanying notes form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 1. GENERAL INFORMATION

Atrium Real Estate Investment Trust (“Atrium REIT”) is a Malaysia-domiciled real estate investment trust constituted pursuant to the Trust Deed dated 20 November 2006 and the Supplementary Trust Deed dated 25 November 2008 and the Restated Deed dated 24 March 2016 between CIMB Commerce Trustee Berhad as the Trustee and Atrium REIT Managers Sdn. Bhd. as the Manager. Atrium REIT is listed on the Main Market of Bursa Malaysia Securities Berhad.

On 21 April 2016, the Manager, CIMB Commerce Trustee Berhad and Pacific Trustees Berhad entered into a Supplementary Deed to effect the change of trustee of Atrium REIT from CIMB Commerce Trustee Berhad to Pacific Trustees Berhad (“the Trustee”). The change of trustee was effected on 6 May 2016 upon the registration and lodgement of the Supplementary Deed with the Securities Commission on 6 May 2016 and 11 May 2016 respectively.

On 17 December 2019, the Atrium REIT and the Trustee signed their Second Restated Deed which will replace all of the provisions in the previous deed. The Second Restated Deed was effected on 6 March 2020 upon the registration and lodgement with the Securities Commission on 6 March 2020 and 10 March 2020 respectively.

The principal place of business of Atrium REIT is located at 36-2, Jalan 5/101C, Off Jalan Kaskas, Jalan Cheras, 56100 Kuala Lumpur.

The principal activity of Atrium REIT is investment in real estate and real estate-related assets used whether directly or indirectly through the ownership of single-purpose companies which wholly own real estate. There has been no significant change in the nature of the principal activity during the financial year.

The financial statements as at and for the financial year ended 31 December 2020 comprise the Atrium REIT and its wholly-owned special purpose company, Atrium REIT Capital Sdn. Bhd., company incorporated in Malaysia, of which the principal activity are to raise financing for and on behalf of Atrium REIT.

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution by the Board of Directors of the Manager on 8 February 2021.

## 2. TERM OF THE TRUST

Atrium REIT will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of Clause 19 of the Second Restated Deed dated 17 December 2019.

## 3. BASIS OF PREPARATION

The financial statements of Atrium REIT have been prepared in accordance with the provisions of the Deed, the Securities Commission’s Guidelines on Real Estate Investment Trusts in Malaysia, Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards (“IFRSs”).

The financial statements of Atrium REIT have been prepared under the historical cost convention, except as otherwise stated in the financial statements.

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of Atrium REIT.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

**3. BASIS OF PREPARATION (CONT'D)**

The Trust has net current liabilities of RM6,094,218 as at 31 December 2020. The Directors of the Manager are of the view that the going concern basis remains appropriate in the preparation of the financial statements of Atrium REIT because RM39.6 million of borrowings as at 31 December relates to short term revolving credit that are secured by investment properties disclosed in Note 4 to the financial statements, which were renewed on 8 February 2021 for another year maturing on 7 February 2022.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 28.1 to the financial statements.

**4. INVESTMENT PROPERTIES**

	2020 RM	2019 RM
<b>At valuation</b>		
As at 1 January	410,300,000	278,000,000
Additions from acquisition	50,371,707	131,240,048
Enhancement of investment properties	104,688	2,051,107
Changes in fair value:		
- As per valuation reports	2,923,605	(991,155)
- Accrued lease income receivable	(3,323,247)	-
	(399,642)	(991,155)
As at 31 December	460,376,753	410,300,000

- (a) Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by Atrium REIT. Investment properties are initially measured at cost, which includes transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at reporting date. Fair value is arrived at and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in fair value of investment properties are included in profit or loss in the year which they arise.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

**4. INVESTMENT PROPERTIES (CONT'D)**

- (b) The carrying value of the investment properties is based on market value determined based on valuations, adjusted with accrued lease income as required by MFRS 140 *Investment Properties* as follows:

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Investment properties – fair value		
Freehold land and buildings	291,200,000	290,300,000
Leasehold land	98,013,081	43,161,530
Leasehold building	74,486,919	76,838,470
	463,700,000	410,300,000
Investment properties – accrued lease income (Note 6)	(3,323,247)	–
	460,376,753	410,300,000

- (c) Investment properties with an aggregate carrying amount of RM410,300,000 (2019: RM357,100,000) are charged to a financial institution for banking facilities granted to Atrium REIT as disclosed in Note 9 to the financial statements.
- (d) During the current financial year, Atrium REIT acquired an investment property, Atrium Bayan Lepas 1 at an acquisition cost of RM50,371,707 which was financed through drawdown of borrowings.

Atrium REIT made the following cash payments to acquire Atrium Bayan Lepas 1:

	<b>2020</b>
	<b>RM</b>
Purchase of investment property	50,371,707
Financed by bank borrowings	(35,000,000)
Earnest deposit paid in 2019	(5,000,000)
	10,371,707

- (e) In the previous financial year, Atrium REIT acquired an investment property, Atrium Bayan Lepas 2 at an acquisition cost of RM131,240,048 which was financed through drawdown of borrowings.

Atrium REIT made the following cash payments to acquire Atrium Bayan Lepas 2:

	<b>2019</b>
	<b>RM</b>
Purchase of investment property	131,240,048
Financed by bank borrowings	(87,000,000)
Earnest deposit paid in 2018	(2,600,000)
	41,640,048

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

**4. INVESTMENT PROPERTIES (CONT'D)**

- (f) Fair value is determined in accordance with the Second Restated Deed dated 17 December 2019 and the Securities Commission's Guidelines on Real Estate Investment Trusts which require the investment properties to be valued by independent qualified valuers. In determining the fair value, the valuers used valuation techniques which involve certain estimates.
- (g) Fair value information

The fair values of investment properties of Atrium REIT are categorised as Level 3. Level 3 fair values of land and buildings were determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The property valuers provide the fair value of the investment properties portfolios of Atrium REIT annually. Changes in Level 3 fair value are assessed by the Manager annually after obtaining the valuation reports from the independent valuers.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between significant unobservable inputs and fair value, is detailed in the table below:

Valuation technique used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Investment method involves capitalisation of the net annual income stream that is expected to be received from the property after deducting the annual outgoing and other operating expenses incidental to the property with allowance for void by using an appropriate market derived discount rate	<ul style="list-style-type: none"> <li>- Allowance for void of 10% (2019: 10%)</li> <li>- Term yield rate of 6.25% to 8.25% (2019: 6.25 to 9.00%)</li> <li>- Reversionary yield rate of 4.00% to 8.00% (2019: 6.50% to 8.00%)</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>- Allowance for void was lower/(higher)</li> <li>- Term yield rate was higher/(lower)</li> <li>- Reversionary yield rate was higher/(lower)</li> </ul>

Direct operating expenses arising from investment properties generating rental income during the financial year are as disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

4. INVESTMENT PROPERTIES (CONT'D)

2020

Description of properties	Tenure of land	Location	Occupancy rate as at 31.12.2020 %	Date of valuation	Cost of investment as at 31.12.2020 RM	Carrying value as at 31.12.2020 RM	Fair value as at 31.12.2020 RM	Percentage of fair value over net asset value as at 31.12.2020 %
<b>Industrial building</b>								
Atrium Shah Alam 1 *	Freehold	Shah Alam	100	26.11.2020	60,003,432	91,300,000	91,300,000 ^	34.4
Atrium Shah Alam 2 *	Freehold	Shah Alam	100	26.11.2020	64,490,721	78,700,000	78,700,000 ^	29.6
Atrium Shah Alam 3 *	Freehold	Shah Alam	100	23.11.2020	31,516,603	29,600,000	29,600,000 ^	11.1
Atrium Puchong	Freehold	Puchong	100	27.11.2020	39,043,905	53,400,000	53,400,000 ^	20.1
Atrium USJ *	Freehold	Subang	100	25.11.2020	25,000,000	38,200,000	38,200,000 ^	14.4
Atrium Bayan Lepas 2 *	Leasehold \$	Bayan Lepas	100	15.12.2020	131,240,048	118,389,496	121,500,000 #	45.7
Atrium Bayan Lepas 1 *	Leasehold \$	Bayan Lepas	100	15.12.2020	50,371,707	50,787,257	51,000,000 #	19.2
					401,666,416	460,376,753	463,700,000	

The properties were valued by First Pacific Valuers Property Consultants Sdn. Bhd. and IVPS Real Estate Sdn. Bhd., independent firms of professional valuers registered with the Board of Valuers, Appraisers & Estate Agents Malaysia, using investment method of valuation.

\* The properties are charged to financial institutions for banking facilities granted to Atrium REIT.

^ Based on valuation carried out by an independent professional valuer, First Pacific Valuers Property Consultants Sdn. Bhd..

# Based on valuation carried out by an independent professional valuer, IVPS Real Estate Sdn. Bhd..

\$ As at 31 December 2020, the remaining lease term for Atrium Bayan Lepas 1 and Atrium Bayan Lepas 2 are 21 years and 15 years respectively. The Manager is in process of applying for extension of the lease term subject to the State Authority's consent.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

4. INVESTMENT PROPERTIES (CONT'D)

2019

Description of properties	Tenure of land	Location	Occupancy rate as at 31.12.2019 %	Date of valuation	Cost of investment as at 31.12.2019 RM	Carrying value as at 31.12.2019 RM	Fair value as at 31.12.2019 RM	Percentage of fair value over net asset value as at 31.12.2019 %
<b>Industrial building</b>								
Atrium Shah Alam 1 *	Freehold	Shah Alam	100	31.10.2019	59,898,744	90,800,000	90,800,000 ^	34.7
Atrium Shah Alam 2 *	Freehold	Shah Alam	100	31.10.2019	64,490,721	78,600,000	78,600,000 ^	30.0
Atrium Shah Alam 3*	Freehold	Shah Alam	100	1.11.2019	31,516,603	29,500,000	29,500,000 ^	11.3
Atrium Puchong	Freehold	Puchong	100	4.11.2019	39,043,905	53,200,000	53,200,000 ^	20.3
Atrium USJ *	Freehold	Subang	100	4.11.2019	25,000,000	38,200,000	38,200,000 ^	14.6
Atrium Bayan Lepas 2 *	Leasehold \$	Bayan Lepas	100	30.8.2019	131,240,048	120,000,000	120,000,000 #	45.9
					351,190,021	410,300,000	410,300,000	

The properties were valued by First Pacific Valuers Property Consultants Sdn. Bhd. and Knight Frank Malaysia Sdn. Bhd., independent firms of professional valuers registered with the Board of Valuers, Appraisers & Estate Agents Malaysia, using investment method of valuation.

\* The properties are charged to financial institutions for banking facilities granted to Atrium REIT.

^ Based on valuation carried out by an independent professional valuer, First Pacific Valuers Property Consultants Sdn. Bhd..

# Based on valuation carried out by an independent professional valuer, Knight Frank Malaysia Sdn. Bhd..

\$ As at 31 December 2019, the remaining lease term is 22 years. The Manager is in process of applying for extension of the lease term subject to the State Authority's consent.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

**5. INVESTMENT IN A SUBSIDIARY**

- (a) In the previous financial year, Pacific Trustees Berhad on behalf of Atrium REIT incorporated a wholly owned subsidiary, namely Atrium REIT Capital Sdn. Bhd. ("AREIT Capital"). The intended business activity of AREIT Capital is for the specific purpose of carrying out the function of a special purpose vehicle to issue securities or mid-term notes on such terms as may be deemed appropriate by the Directors which proceeds from such securities are to be paid to third parties for the benefit of Atrium REIT. AREIT Capital's share capital as at 31 December 2020 was RM1.00 comprising 1 ordinary share. The key personnel of AREIT Capital is the same as Atrium REIT. All the administration and operating expenses are borne by Atrium REIT.
- (b) Investment in a subsidiary, which is eliminated on consolidation, is stated at cost less impairment losses, if any.
- (c) The details of the subsidiary, which is incorporated in Malaysia, are as follows:

Name of company	Effective interest in equity		Principal activities
	2020	2019	
Atrium REIT Capital Sdn. Bhd.	100%	100%	To carry out the function of a special purpose vehicle to obtain and/or procure financing for and on behalf of Atrium Real Estate Investment Trust, a real estate investment trust listed on the Main Market of Bursa Malaysia Securities Berhad.

The equity of the subsidiary, representing 1 share issued of RM1.00 is held by Pacific Trustee Berhad.



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**6. TRADE AND OTHER RECEIVABLES**

	2020 RM	2019 RM
<b>Non-current</b>		
Accrued lease income (Note 4)	3,323,247	–
<b>Current</b>		
<b>Trade receivables</b>		
Third parties	2,850,136	2,234,824
Less: Impairment losses	(1,390,344)	(1,390,344)
Total trade receivables	1,459,792	844,480
<b>Other receivables</b>		
Other receivables	464,116	1,209,404
Prepayments	2,250,027	704,491
Deposits	5,456,572	10,720,662
	8,170,715	12,634,557
	9,630,507	13,479,037
Total trade and other receivables	12,953,754	13,479,037
Less: Prepayments	(2,250,027)	(704,491)
Total receivables	10,703,727	12,774,546

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by Atrium REIT is 30 days (2019: 30 days). They are recognised at their original invoices amounts, which represent their fair values on initial recognition.
- (c) Included in deposits are earnest deposits paid for the acquisitions of investment properties amounted to RM4,500,000 (2019: RM9,500,000).

During the year, Atrium REIT completed the acquisition of Atrium Bayan Lepas 1 as disclosed in Note 4(d) of the financial statements.

As at the reporting date, the proposed acquisition of two (2) parcels of leasehold land located at Lot 7, Persiaran Raja Muda, Seksyen 16, Shah Alam, Selangor, together with all buildings erected thereon from Permodalan Nasional Berhad (“PNB”) of which an earnest deposit of RM4,500,000 paid in the previous year, is yet to be completed.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

6. TRADE AND OTHER RECEIVABLES (CONT'D)

- (d) The ageing analysis of Atrium REIT's gross trade receivables (before deducting allowance for impairment losses) is as follows:

	Gross carrying amount RM	Total allowance RM	Net carrying amount RM
<b>2020</b>			
Current	615,312	-	615,312
Past due:			
1 to 30 days	-	-	-
31 to 60 days	-	-	-
61 to 90 days	-	-	-
	-	-	-
	615,312	-	615,312
Credit impaired:			
Individually impaired	2,234,824	(1,390,344)	844,480
	2,850,136	(1,390,344)	1,459,792
<b>2019</b>			
Current	-	-	-
Past due:			
31 to 60 days	-	-	-
61 to 90 days	-	-	-
More than 91 days	-	-	-
	-	-	-
	-	-	-
Credit impaired:			
Individually impaired	2,234,824	(1,390,344)	844,480
	2,234,824	(1,390,344)	844,480

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

**6. TRADE AND OTHER RECEIVABLES (CONT'D)**

(e) Credit risk

(i) Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with Atrium REIT. Atrium REIT's trade receivables credit term is 30 days.

None of Atrium REIT's receivables that are neither past due nor impaired have been renegotiated during the current and previous financial years.

Atrium REIT have no significant concentration of credit risk that may arise from exposure to a single clearing participant or counterparty.

(ii) Receivables that are impaired

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within trust expenses in the statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment. Estimated cash flows recoverable in worst-case scenarios are based on the fair value of the collateral.

It requires management to exercise significant judgement in determining the probability of default by trade receivables, appropriate forward looking information, and estimated cash flows recoverable in worst-case scenarios.

The movement of the allowance for impairment losses on trade receivables is as follows:

	Lifetime ECL allowance RM	Credit impaired RM	Total RM
<b>2020</b>			
At 1 January/31 December	–	1,390,344	1,390,344
<b>2019</b>			
At 1 January/31 December	–	1,390,344	1,390,344

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

**6. TRADE AND OTHER RECEIVABLES (CONT'D)**

(e) Credit risk (cont'd)

(ii) Receivables that are impaired (cont'd)

Lifetime ECL is negligible as the management is in view that the losses, if any can be offset against the rental deposits received from tenants as disclosed in Note 6(g) to the financial statements.

Receivables that are individually determined to be impaired at the financial year end relate to trade receivables who are in significant financial difficulties and have defaulted on payments. The nominal amounts of receivables that specific allowances for impairment loss are provided for are as follows:

	2020 RM	2019 RM
At nominal amounts	2,234,824	2,234,824
Less: Allowance for impairment loss	(1,390,344)	(1,390,344)
	844,480	844,480
Less: Collateral obtained	(844,480)	(844,480)
As 31 December	-	-

Trade receivables are secured by collateral as disclosed in Note 6(g) to the financial statements.

(f) Trade and other receivables are denominated in RM.

(g) As at the end reporting period, the credit risks exposures and concentration relating to trade receivables of Atrium REIT are summarised in the table below:

	2020 RM	2019 RM
Maximum exposure, net of impairment	1,459,792	844,480
Collateral obtained	3,617,155	844,480
Net exposure to credit risk	-	-

The above collaterals are rental deposits received from tenants.

During the financial year, Atrium REIT did not renegotiate the terms of any trade receivables.

(h) No expected credit loss is recognised arising from other receivables as it is negligible.

(i) Accrued lease income recognised pursuant to requirements of MFRS 16 leases, recognised on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

**7. BANK BALANCES AND DEPOSITS WITH A LICENSED BANK**

	2020 RM	2019 RM
Bank balances	861,407	691,180
Deposits with a licensed bank (not more than three months)	30,385,550	39,642,506
	31,246,957	40,333,686

- (a) Deposits with a licensed bank of Atrium REIT have an average maturity period of 32 days (2019: 90 days).
- (b) The deposits are placed with a licensed bank at weighted average interest rate of 2.63% (2019: 3.32%) per annum.
- (c) The Directors of the Manager monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate to finance Atrium REIT's operations and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the Securities Commission Guidelines on Real Estate Investment Trusts concerning limits on total borrowings.
- (d) The bank balances and deposits with a licensed bank are denominated RM.
- (e) In respect of interest-earning financial assets, the following table sets out the carrying amounts and the remaining maturities of Atrium REIT's financial instrument that is exposed to interest rate risk:

	Within one year RM	One to five years RM	Total RM
<b>2020</b>			
<b>Fixed rate</b>			
Deposits with a licensed bank	30,385,550	-	30,385,550
<b>2019</b>			
<b>Fixed rate</b>			
Deposits with a licensed bank	39,642,506	-	39,642,506

No sensitivity analysis is presented as the Directors of the Managers are of view that given the interest earnings financial assets are fixed rate and these financial assets are measured at amortised cost, volatility of interest rate risk will have minimal impact to Atrium REIT.

- (f) No expected credit losses were recognised arising from the deposits with a financial institution because the probability of default by the financial institution was negligible.

NOTES TO THE FINANCIAL STATEMENTS  
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(CONT'D)

8. TRADE AND OTHER PAYABLES

	2020 RM	2019 RM
<b>Non-current liabilities</b>		
Tenants' deposits	9,225,474	10,763,665
<b>Current liabilities</b>		
Trade payables	386,618	323,916
Other payables and accrued expenses	995,143	837,583
Tenants' deposits	5,989,921	1,334,997
	7,371,682	2,496,496
	16,597,156	13,260,161

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to Atrium REIT is 30 days (2019: 30 days).
- (c) Included in other payables and accrued expenses is amount owing to the Manager of RM180,340 (2019: RM195,270) which is unsecured, interest free and payable monthly in arrears.
- (d) Trade and other payables are denominated in RM.
- (e) The table below summarises the maturity profile of Atrium REIT's trade and other payables at the end of each reporting period based on contractual undiscounted repayment obligations:

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
<b>2020</b>				
<b>Financial liabilities</b>				
Trade and other payables	1,381,761	–	–	1,381,761
Tenants' deposits	5,989,921	2,847,619	6,377,855	15,215,395
<b>2019</b>				
<b>Financial liabilities</b>				
Trade and other payables	1,161,499	–	–	1,161,499
Tenants' deposits	1,334,997	6,285,130	4,478,535	12,098,662

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

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**9. BORROWINGS**

	2020 RM	2019 RM
<b>Short Term Financing</b>		
Short Term Revolving Credit ("STRC")	39,600,000	39,600,000
Bank Overdraft	–	2,142,594
	39,600,000	41,742,594
<b>Long Term Financing</b>		
Term Loan II	10,765,288	10,765,288
Term Loan III	18,400,000	18,400,000
Term Loan IV	4,065,842	4,065,842
Maybank Term Loan	20,000,000	20,000,000
Medium Term Note ("MTN") - Tranche 2	87,000,000	87,000,000
Medium Term Note ("MTN") - Tranche 1	35,000,000	–
	175,231,130	140,231,130
	214,831,130	181,973,724

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to Atrium REIT for similar financial instruments. The borrowings are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (c) The STRC facility is secured by a first party legal charge over an investment property, Atrium Shah Alam 1 as disclosed in Note 4 to the financial statements. This financing facility is renewable on a yearly basis and subject to the bank's review.

The STRC facility bears interest at rates ranging from 2.90% to 4.28% (2019: 4.28% to 4.56%) per annum during the financial year.

- (d) The bank overdraft facility is secured by a first party legal charge over an investment property, Atrium USJ as disclosed in Note 4 to the financial statements. This financing facility is subject to the bank's review.

In the previous financial year, the bank overdraft facility bears interest at 5.47% per annum.

- (e) The term loan II bears interest rate at cost of funds plus 0.725% (2019: 0.725%) per annum and is repayable in one lump sum in 2022.

The term loan II is secured by a first party legal charge over an investment property, Shah Alam 2, as disclosed in Note 4 to the financial statements.

The term loan III bears interest rate at cost of funds plus 0.725% (2019: 0.725%) per annum and is repayable in one lump sum in 2027.



NOTES TO THE FINANCIAL STATEMENTS  
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(CONT'D)

**9. BORROWINGS (CONT'D)**

- (e) The term loan III is secured by a first party legal charge over an investment property, Atrium Shah Alam 3, as disclosed in Note 4 to the financial statements.

The term loan IV bears interest rate at cost of funds plus 0.725% (2019: 0.725%) per annum and is repayable in one lump sum in 2027.

The term loan IV is secured by a first party legal charge over an investment property, Atrium Shah Alam 3, as disclosed in Note 4 to the financial statements.

The Maybank term loan bears interest rate at cost of funds plus 0.8% (2019: 0.8%) per annum and is repayable in one lump sum in 2024.

The Maybank term loan is secured by a first and second party legal charge over investment properties, Atrium USJ and Atrium Shah Alam 1, as disclosed in Note 4 to the financial statements.

- (f) In the previous financial year, the Manager announced on the Main Market of Bursa Securities that AREIT Capital, a special purpose vehicle wholly-owned by Atrium REIT via Pacific Trustees Berhad (acting in its capacity as trustee for Atrium REIT), had lodged a MTN Programme with the Securities Commission pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission. The MTN Programme has a tenure of ten (10) years from the date of issuance of MTN under the MTN Programme.

On 7 October 2019, AREIT Capital issued the first tranche MTN ("MTN - Tranche 2") amounting to RM87.0 million which was advanced to Atrium REIT to part finance their purchase of Property 2 in Penang. The MTN - Tranche 2 has a tenure of 10 years ("Legal Maturity") effective from 7 October 2019. The MTN - Tranche 2 bears interest rate at cost of funds plus 0.80% per annum and is repayable in one lump sum in 2029.

On 22 October 2020, AREIT Capital issued the second tranche MTN ("MTN - Tranche 1") amounting to RM35.0 million which was advanced to Atrium REIT to part finance their purchase of Property 1 in Penang. The MTN - Tranche 1 has a tenure of 10 years ("Legal Maturity") effective from 22 October 2020. The MTN - Tranche 1 bears interest rate at cost of funds plus 0.80% per annum and is repayable in one lump sum in 2030.

The MTN - Tranche 2 and MTN - Tranche 1 are secured against, among others, the following:

- (i) Third party (1st) legal charge under the provisions of the National Land Code 1965 over the sub-lease (expiring on 10 February 2041) ("Property 2") registered in the name of Pacific Trustees Berhad for Atrium REIT ("Chargor") and granted by Penang Development Corporation ("Lessor") over the land held under issue document of title Pajakan Negeri 9036, Lot 70812, Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang together with a 2 storey detached factory and annexed 2 storey office erected thereon and bearing assessment address Plot 401, Lintang Bayan Lepas, Penang and registered in the name of Penang State Government.
- (ii) Third party (1st) legal charge under the provisions of the National Land Code 1965 over two pieces of leasehold land held under issue documents of title Pajakan Negeri 2850, Lot No.2027 (expiring on 7 March 2036) and H.S.(D) 14852, Plot No. 203 (expiring on 3 March 2042). Both situated in Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang together with a single storey detached factory and 2 storey office erected thereon and bearing assessment address 150F, Blok A, Jalan Kampung Jawa, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Penang ("Property 1") registered in the name of Pacific Trustee Berhad for Atrium REIT ("Chargor").

NOTES TO THE FINANCIAL STATEMENTS  
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(CONT'D)

**9. BORROWINGS (CONT'D)**

- (f) The MTN - Tranche 2 and MTN – Tranche 1 are secured against, among others, the following: (cont'd)
- (iii) A third (3rd) party Deed of Assignment to be executed by the Chargor in favour of the Public Investment Bank Berhad (“PIVB”) assigning all of its rights and title, interests and benefits under the sale and purchase agreement and the sale and purchase agreement in respect of the Property 2. The form and substance of the sale and purchase agreement and the lease agreement must be acceptable to the Public Bank Berhad (“Bank”) and PIVB.
  - (iv) An irrevocable Power of Attorney from the Chargor to enable PIVB to deal with Property 2 and whereas necessary, including the power to sign and register as Attorney and to apply for the consent of the relevant State Authorities to charge the Property 2 in the favour of PIVB.
  - (v) Third party legal assignment of lease/tenancy agreement entered between the Chargor and the tenant and/or any other future tenant(s) as maybe agreed by the Bank in respect of the Property 2 and Property 1.
  - (vi) A third (3rd) party legal Assignment and Charge to be executed by the Chargor in favour of PIVB charging by way of a first fixed charge the rental proceeds account and all monies standing to the credit of the rental proceeds account and assigning all the rights and title, interests and benefits to the rental proceeds account as well as to monies standing to the credit of the rental proceeds account.  
  
The Chargor shall credit and/or cause to credit into the rental proceeds account all rental proceeds and deposit monies derived from the Property 2 and Property 1.  
  
The rental proceeds account(s) is/are to be opened by the Chargor with the Bank and operated by the Chargor in the case where no event of default has occurred and is subsisting or by the Security Agent in the case where event of default has occurred and is subsisting.
  - (vii) Third party legal assignment of the rights, interest, titles and benefits in all relevant insurance policies/takaful contracts in respect of Property 2 and Property 1.
  - (viii) Letter of Undertaking from each of Chargor and REIT Manager:
    - In respect of Property 2, to obtain approval for sub-lease extension within (12) months from the Completion of the acquisition of Property 2 in accordance with Securities Commissions Malaysia’s approval/waiver of compliance with Section 8.10 (d) of the Guidelines on Listed Real Estate Investment Trust; and
    - In respect of Property 1, to apply for lease extension of not less than ten (10) years with relevant authorities within five (5) years from the date of first issuance of Tranche 1 and to obtain approval for the said lease extension within one (1) year from the date of submission of application.
  - (ix) First party legal assignment by the Issuer over the Financing agreement entered/to be entered between the Issuer and Chargor in relation to the advances to be made by the Issuer to Atrium REIT, which advances are funded by the proceeds arising from the issuance of Tranche 2 and Tranche 1.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

9. BORROWINGS (CONT'D)

- (g) At the end of the reporting period, RM39.6 million (2019: RM39.6 million) of the STRC would be maturing in the next twelve months based on the carrying amount reflected in the financial statements. There would be no roll over risk for the STRC since Atrium REIT is not in breach of any covenants that would trigger an event of default which would affect the bank's assessment to renew the facilities. There was no history of non-renewal of the STRC with the latest renewal granted by the Bank vide its letter dated 21 January 2021.
- (h) All borrowings are denominated in RM.
- (i) The table below summarises the maturity profile of the borrowings of Atrium REIT at the end of each reporting period based on contractual undiscounted repayment obligations:

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
<b>2020</b>				
<b>Financial liabilities</b>				
Term loans	2,248,863	37,442,913	22,685,751	62,377,527
Medium Term Note	5,333,300	26,666,500	138,364,017	170,363,817
Short Term Revolving Credit	40,986,000	-	-	40,986,000
	48,568,163	64,109,413	161,049,768	273,727,344
<b>2019</b>				
<b>Financial liabilities</b>				
Bank Overdraft	2,259,794	-	-	2,259,794
Term loans	2,457,098	39,632,838	23,790,158	65,880,094
Medium Term Note	4,080,300	20,401,500	102,641,150	127,122,950
Short Term Revolving Credit	41,350,320	-	-	41,350,320
	50,147,512	60,034,338	126,431,308	236,613,158

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

**9. BORROWINGS (CONT'D)**

- (j) The following table sets out the carrying amounts as at the end of each reporting period and the remaining maturities of the borrowings of Atrium REIT that are exposed to interest rate risk:

	On demand Within one year RM	One to five years RM	Over five years RM	Total RM
<b>2020</b>				
<b>Floating rates</b>				
Term loans	–	30,765,288	22,465,842	53,231,130
Medium Term Note	–	–	122,000,000	122,000,000
Short Term Revolving Credit	39,600,000	–	–	39,600,000
	39,600,000	30,765,288	144,465,842	214,831,130
<b>2019</b>				
<b>Floating rates</b>				
Bank Overdraft	2,142,594	–	–	2,142,594
Term loans	–	30,765,288	22,465,842	53,231,130
Medium Term Note	–	–	87,000,000	87,000,000
Short Term Revolving Credit	39,600,000	–	–	39,600,000
	41,742,594	30,765,288	109,465,842	181,973,724

- (k) Interest rate risk

**Sensitivity analysis for interest rate risk**

As at 31 December 2020, if interest rates at the date had been 10 basis points lower or higher with all other variables held constant, post-tax net income for the financial year would have been RM163,272 (2019: RM138,300) higher or lower, arising mainly as a result of lower or higher interest expense on variable borrowings and interest income from deposits. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

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10. DEFERRED TAX LIABILITY

	2020 RM	2019 RM
Balance as at 1 January	7,240,113	–
Recognised in profit and loss (Note 18)	152,829	7,240,113
Balance as at 31 December	7,392,942	7,240,113

The deferred tax liability relates to fair value gain of freehold land and buildings component within the investment properties which is expected to be recovered through sale.

Where investment properties are carried at fair value as disclosed in Note 4 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying values at the reporting date unless the property is held with the objective to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

11. UNITHOLDERS' CAPITAL

	2020		2019	
	Number of units	RM	Number of units	RM
<b>Issued and fully paid-up</b>				
Balance as at 1 January	204,625,680	204,129,835	121,801,000	119,351,580
Issuance of units pursuant to:				
- placements	–	–	24,360,200	26,552,618
- right issues	–	–	58,464,480	59,633,770
Share issue expenses	–	–	–	(1,408,133)
Balance as at 31 December	204,625,680	204,129,835	204,625,680	204,129,835

NOTES TO THE FINANCIAL STATEMENTS  
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(CONT'D)

**12. UNITHOLDINGS OF DIRECTORS AND RELATED PARTIES**

- (a) As at the end of each reporting period, the Manager, Directors of the Manager and related parties who held units in Atrium REIT are as follows:

	Number of unit held	Percentage of total units %	Market value RM
<b>2020</b>			
<b>Direct unitholdings in Atrium REIT</b>			
Atrium REIT Manager Sdn. Bhd.	1,321,100	0.65	1,519,265
Directors of the Manager:			
Wong Sui Ee	522,200	0.26	600,530
Tor Peng Sie	140,000	0.07	161,000
How Hu Son	100,000	0.05	115,000
Soong Kwong Heng	77,000	0.04	88,550
Chan Wan Seong	500,000	0.24	575,000
Related parties of the Manager:			
Glory Blitz Industries Sdn. Bhd.	14,391,120	7.03	16,549,788
Sparkle Skyline Sdn. Bhd.	5,962,460	2.91	6,856,829
Chan Kam Tuck (i)	43,542,360	21.28	50,073,714
Chan Kum Chong	70,000	0.03	80,500
<b>2019</b>			
<b>Direct unitholdings in Atrium REIT</b>			
Atrium REIT Manager Sdn. Bhd.	1,271,100	0.62	1,321,944
Directors of the Manager:			
Wong Sui Ee	522,200	0.26	543,088
Tor Peng Sie	140,000	0.07	145,600
How Hu Son	100,000	0.05	104,000
Soong Kwong Heng	77,000	0.04	80,080
Related parties of the Manager:			
Glory Blitz Industries Sdn. Bhd.	14,146,720	6.91	14,712,589
Sparkle Skyline Sdn. Bhd.	5,962,460	2.91	6,200,958
Chan Kam Tuck (i)	42,393,960	20.72	44,089,718
Chan Kum Chong	70,000	0.03	72,800

- (i) Unitholdings under Chan Kam Tuck is made up of his individual holding of 10,903,960 (2019: 10,393,960) units and his deemed holding of 32,638,400 (2019: 32,000,000) units under a trust where he is a beneficiary.

- (b) The market value is determined by using the closing market price of Atrium REIT as at 31 December 2020 of RM1.15 (2019: RM1.04).

**13. GROSS REVENUE**

Gross rental revenue represents rental income received from the rental of investment properties. Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

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**14. PROPERTY OPERATING EXPENSES**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Property management fees	442,061	317,268
Assessment and quit rent	543,844	543,844
Repair and maintenance	662,160	328,986
Insurance	308,790	283,337
Other operating expenses	210,269	74,917
	2,167,124	1,548,352

Property management fees are recognised on an accrual basis.

**15. MANAGER'S FEES**

- (a) The Manager's fees are recognised on an accrual basis using the applicable formula.
- (b) Pursuant to the Deed, the Manager is entitled to receive a fee of up to a maximum of 1.0% per annum of the Net Asset Value of Atrium REIT. The Manager's fee is payable in arrears, calculated and accrued daily. However, the Manager has only been charging its fees at the rate of 0.8% (2019: 0.8%) per annum of the Net Asset Value.

**16. TRUSTEE'S FEES**

- (a) The Trustee's fees are recognised on an accrual basis using the applicable formula.
- (b) Pursuant to the Deed, the Trustee is entitled to receive a fee of up to a maximum of 0.4% per annum of the Net Asset Value of Atrium REIT, subject to a minimum fee of RM40,000 per annum. The Trustee's fee is payable in arrears, calculated and accrued daily. However, the Trustee has only been charging its fees at the rate of 0.08% (2019: 0.08%) per annum of the Net Asset Value.

**17. FINANCE COSTS**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Interest expense on:		
- short term revolving credit facility	1,352,144	1,752,295
- term loans	1,993,939	2,180,961
- bank overdraft	73,271	493,252
- medium term note	3,703,535	952,815
- advances	-	73,775
	7,122,889	5,453,098



NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

**18. TAX EXPENSE**

	2020 RM	2019 RM
Deferred tax (Note 10):		
Relating to origination of temporary differences	152,829	7,240,113

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profit for the fiscal year.
- (b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of Atrium REIT is as follows:

	2020 RM	2019 RM
Profit before tax	21,111,032	10,730,176
Tax at Malaysian statutory tax rate of 24%(2019: 24%)	5,066,648	2,575,242
Tax effects in respect of:		
Non-deductible expenses	607,208	709,670
Effect of income exempted from tax	(5,673,856)	(3,284,912)
Deferred real property gains tax on investment properties	152,829	7,240,113
	152,829	7,240,113

Pursuant to Section 61A(1) of Income Tax Act, 1967 under the Finance Act, 2006, provided that 90% or more of the total income of Atrium REIT is distributed to its unitholders in the basis period for a year of assessment, the total income of Atrium REIT for that year of assessment shall be exempted from tax.

Atrium REIT will not incur any tax expense during the financial year as it will distribute approximately 98% (2019: 101.1%) of its realised income available for distribution for the financial year ended 31 December 2020 which translates to more than 90% of its total taxable income.

- (c) Taxation of Unitholders

Pursuant to Section 109D(2) of Malaysian Income Tax Act 1967, where 90% or more of Atrium REIT's total taxable income is distributed by Atrium REIT, distributions to unitholders (other than resident corporate investors) will be subject to tax based on a withholding tax mechanism at the following rates:

Unitholders	Tax rate
Individuals and all other non-corporate investors	
such as institutional investors	10%
Non-resident corporate investors	24%

Resident corporate investors are required to report the distributions in their normal corporate tax return and subject to the normal corporate tax rate of 24%.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

**19. BASIC AND DILUTED EARNINGS PER UNIT**

- (a) The earnings per unit before Manager's fee of 11.27 sen (2019: 3.40 sen) is calculated by dividing the profit after tax but before deduction of manager's fees for the financial year of RM23,065,287 (2019: RM5,258,161) and by the number of units in circulation during the financial year of 204,625,680 (2019: 154,852,153).
- (b) The earnings per unit after Manager's fee of 10.24 sen (2019: 2.25 sen) has been calculated based on profit after tax of RM20,958,203 (2019: RM3,490,063) for the financial year and on the number of units in circulation during the financial year of 204,625,680 (2019: 154,852,153).

**20. NET INCOME DISTRIBUTIONS**

Distributions to unitholders are from the following sources:

	<b>2020 RM</b>	<b>2019 RM</b>
Net rental income	29,520,155	20,807,040
Interest income	766,047	529,327
Other income	197,734	-
	30,483,936	21,336,367
Less: Expenses	(11,690,548)	(10,220,997)
	18,793,388	11,115,370
Net income before tax	18,793,388	11,115,370
Tax expenses	-	-
	18,793,388	11,115,370
Net income after tax	18,793,388	11,115,370
Add: Brought forward undistributed income available for distribution	469,910	592,388
Less: Income distributed	(12,277,539)	(6,674,695)
Less: Proposed final income distribution	(6,138,770)	(4,563,153)
	846,989	469,910

All distributions of income are from realised distributable income.

**21. TRANSACTION WITH BROKER/DEALERS**

There was no transaction made with brokers/dealers during the financial year.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

**22. PORTFOLIO TURNOVER RATIO**

	2020	2019
Portfolio Turnover Ratio ("PTR") (times)	0.19	0.60

PTR is the ratio of the average of total acquisitions and total disposals of investments in Atrium REIT for the financial year ended 31 December 2020 to the average net asset value of Atrium REIT for the financial year calculated on a daily basis.

Since the basis of calculating PTR may vary among real estate investment trusts, comparison of PTR of Atrium REIT with other real estate investment trusts may not be an accurate comparison.

**23. MANAGEMENT EXPENSE RATIO**

	2020	2019
Management expense ratio ("MER") (%)	1.73	2.19

MER is calculated based on total fees of Atrium REIT incurred, including the Manager's fees, Trustee's fees, audit fees, tax agent's fees, administrative and other expenses, to the average net asset value of Atrium REIT for the financial year calculated on a daily basis.

Since the basis of calculating MER may vary among real estate investment trusts, comparison of MER of Atrium REIT with other real estate investment trusts may not be an accurate comparison.

**24. OPERATING SEGMENT**

As the principal activity of Atrium REIT is to invest in properties, which all are located in Malaysia with the primary objective to derive rental income, there are no risk and returns distinguishable between business and geographical segments.

The Directors of the Manager assesses the performance of the operating segments based on various factors, including but not limited to, a measure of profit or loss before tax.

The following are major customers with revenue equal or more than ten percent (10%) of Atrium REIT's revenue:

	2020 RM	2019 RM
Customer A	6,284,598	6,284,598
Customer B	5,136,000	5,136,000
Customer C	–	3,794,288
Customer D	14,685,976	3,293,082

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

**25. COMMITMENTS**

(a) Operating lease commitments

**Atrium REIT as lessor**

Atrium REIT leases out its investment properties under operating leases. The aggregate future minimum lease receivables under non-cancellable lease arrangements as at the end of each reporting period are as follows:

	<b>2020 RM</b>	<b>2019 RM</b>
Not later than one (1) year	30,190,811	30,290,997
Later than one (1) year and not later than five (5) years	128,443,341	75,943,491
Later than five (5) year	140,893,886	94,944,942
	299,528,038	201,179,430

(b) Capital commitments

	<b>2020 RM</b>	<b>2019 RM</b>
Capital expenditure in respect of addition of investment properties: - Approved and contracted for	47,282,455	85,500,000

**26. FINANCIAL INSTRUMENTS**

(a) Capital management

The primary objective of the Directors of the Manager is to ensure that Atrium REIT would be able to continue as a going concern while maximising the returns to unitholders through a balance of issuance of new units and loan financing. The overall strategy of the Manager remains unchanged from that in the previous financial year.

The Manager manages the capital structure of Atrium REIT and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Manager may adjust the income distribution to unitholders or issue new units. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

The Directors of the Manager would also comply with the provisions of the Deed and all applicable rules and guidelines prescribed by the Securities Commission relating to the financing of Atrium REIT.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

**26. FINANCIAL INSTRUMENTS (CONT'D)**

(a) Capital management (cont'd)

The Directors of the Manager monitors capital using a gearing ratio, which is total borrowings divided by total assets of Atrium REIT pursuant to Securities Commission's Guidelines on Real Estate Investment Trusts.

	2020 RM	2019 RM
Total borrowings	214,831,130	181,973,724
Total assets	504,577,464	464,112,723
Gearing ratio	42.58%	39.21%

(b) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of each reporting period.

(c) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value of non-derivative financial liabilities, which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

**27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The World Health Organisation declared the 2019 Novel Coronavirus infection (“COVID-19”) a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order (“MCO”) on 18 March 2020 and has subsequently entered into various phases of the MCO until 18 February 2021.

Since then, Atrium REIT has experienced certain disruption to its operations in the following respects:

- (i) Temporary deferment of payment of lease income from its tenants; and
- (ii) Uncertainty concerning when government lockdown will be lifted, social distancing requirements will be eased and the long term effect of the pandemic on the demand of industrial building space and Atrium REIT’s services.

Nevertheless, the disruption above does not have significant impact to the financial standing of Atrium REIT, as the temporary deferment of lease income were fully settled by all of its tenant prior to 31 December 2020, and Atrium REIT has been observing all standard operating procedures as imposed by the Government of Malaysia during MCO.

As at the date of authorisation of the financial statements, the COVID-19 pandemic situation is still evolving and uncertain. The Company has therefore considered the impact of the COVID-19 pandemic across its business operations and took the necessary precautions and provisions where necessary. The Company will also continue to actively monitor and manage its funds and operations to minimize any impact arising from the COVID-19 pandemic. However, there can be no assurance that the COVID-19 pandemic can be effectively controlled and could persist for a substantial period, and this may materially and adversely affect the business operations and financial performance of the Company.

**28. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs**

**28.1 New MFRSs adopted during the financial year**

Atrium REIT adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board (“MASB”) during the financial year:

<b>Title</b>	<b>Effective Date</b>
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendment to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020

Adoption of the above Standards did not have any material effect on the financial performance or position of Atrium REIT.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2020

(CONT'D)

**28. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)**

**28.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020**

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by Atrium REIT:

<b>Title</b>	<b>Effective Date</b>
<i>Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)</i>	1 January 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

Atrium REIT does not expect the adoption of the above Standards to have a significant impact on the financial statements.



# ANALYSIS OF UNITHOLDINGS

AS AT 10 FEBRUARY 2021

## SIZE OF HOLDINGS

	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 - 99	30	0.99	894	0.00
100 - 1,000	591	19.43	404,706	0.20
1,001 - 10,000	1,386	45.56	7,049,960	3.44
10,001 - 100,000	845	27.78	29,423,440	14.38
100,001 to less than 5% of issued units	188	6.18	126,006,680	61.58
5% and above of issued units	2	0.06	41,740,000	20.40
<b>TOTAL :</b>	<b>3,042</b>	<b>100.00</b>	<b>204,625,680</b>	<b>100.00</b>

## THIRTY (30) LARGEST UNITHOLDERS AS AT 10 FEBRUARY 2021

Name	No. of units	%
1) PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN KAM TUCK (TCS)	29,000,000	14.17
2) PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GLORY BLITZ INDUSTRIES SDN BHD (TCS)	12,740,000	6.23
3) CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CIMB COMMERCE TRUSTEE BERHAD (BTR2031)	7,000,000	3.42
4) HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (LIFE PAR)	6,272,280	3.06
5) SPARKLE SKYLINE SDN BHD	5,962,460	2.91
6) CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	5,879,020	2.87
7) SOH KING NENG & SONS SDN BHD	5,156,466	2.52
8) CHAN KAM TUCK	4,503,960	2.20
9) UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA DYNAMIC ABSOLUTE MANDATE	4,364,520	2.13
10) SOH KAM ENG	4,029,314	1.97
11) HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED BCF)	3,780,000	1.85
12) TASEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR TA INVESTMENT MANAGEMENT BERHAD (CLIENTS)	3,212,800	1.57
13) HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN KAM TUCK	3,038,400	1.48
14) HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED MF)	2,800,000	1.37

ANALYSIS OF UNITHOLDINGS  
AS AT 10 FEBRUARY 2021

(CONT'D)

	<b>Name</b>	<b>No. of units</b>	<b>%</b>
15)	STEPHEN EDWARD BLACKBURN	2,369,900	1.16
16)	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA SAI MEN	1,764,000	0.86
17)	LAW HOCK HUA	1,718,000	0.84
18)	LIAN MONG YEE @ LIAN MUNG YEE	1,623,800	0.79
19)	GLORY BLITZ INDUSTRIES SDN BHD	1,534,920	0.75
20)	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR CHEUNG SIU WA (PB)	1,400,000	0.68
21)	CIMSEC NOMINEES (ASING) SDN BHD CIMB BANK FOR KWOK CHIU NAM (PBCL-0G0700)	1,400,000	0.68
22)	CHRISTINA CHONG YOKE LENG	1,331,000	0.65
23)	ATRIUM REIT MANAGERS SDN BHD	1,321,100	0.65
24)	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEIK YE DOONG (RS2)	1,300,000	0.63
25)	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED OP)	1,260,000	0.62
26)	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED FLF)	1,260,000	0.62
27)	CITIGROUP NOMINEES (TEMPATAN) SDN BHD MCIS INSURANCE BERHAD (LIFE PAR FD)	1,246,000	0.61
28)	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LIM CHIN SOON	1,200,000	0.59
29)	YEOW EWE CHUAN	1,165,900	0.57
30)	CHOY YOKE CHUN	1,164,300	0.57
		120,798,140	59.03

ANALYSIS OF UNITHOLDINGS  
AS AT 10 FEBRUARY 2021

(CONT'D)

LIST OF SUBSTANTIAL UNITHOLDERS (5% AND ABOVE)

Name	Direct Interest	No. of units		%
		%	Deemed Interest	
1. Chan Kam Tuck	43,542,360	21.28	–	–
2. Hong Leong Assurance Berhad	15,372,280	7.51	–	–
3. HLA Holdings Sdn Bhd <sup>(1)</sup>	–	–	15,372,280	7.51
4. Mitsui Sumitomo Insurance Company, Limited <sup>(1)</sup>	–	–	15,372,280	7.51
5. Hong Leong Financial Group Berhad <sup>(2)</sup>	–	–	15,372,280	7.51
6. Guoco Group Limited <sup>(3)</sup>	–	–	15,372,280	7.51
7. GuoLine Overseas Limited <sup>(3)</sup>	–	–	15,372,280	7.51
8. GuoLine Capital Assets Limited <sup>(3)</sup>	–	–	15,372,280	7.51
9. Hong Leong Company (Malaysia) Berhad <sup>(3)</sup>	–	–	15,372,280	7.51
10. Tan Sri Quek Leng Chan <sup>(4)</sup>	–	–	15,372,280	7.51
11. HL Holdings Sdn Bhd <sup>(4)</sup>	–	–	15,372,280	7.51
12. Hong Leong Investment Holdings Pte. Ltd. <sup>(4)</sup>	–	–	15,372,280	7.51
13. Hong Realty (Private) Limited <sup>(4)</sup>	–	–	15,372,280	7.51
14. Kwek Holdings Pte Ltd <sup>(4)</sup>	–	–	15,372,280	7.51
15. Kwek Leng Beng <sup>(4)</sup>	–	–	15,372,280	7.51
16. Davos Investment Holdings Private Limited <sup>(4)</sup>	–	–	15,372,280	7.51
17. Kwek Leng Kee <sup>(4)</sup>	–	–	15,372,280	7.51
18. Glory Blitz Industries Sdn Bhd	14,391,120	7.03	–	–

<sup>(1)</sup> Deemed interest by virtue of their interest in Hong Leong Assurance Berhad.

<sup>(2)</sup> Deemed interest by virtue of their interest in HLA Holdings Sdn Bhd.

<sup>(3)</sup> Deemed interest by virtue of their interest in Hong Leong Financial Group Berhad.

<sup>(4)</sup> Deemed interest by virtue of their interest in Hong Leong Company (Malaysia) Berhad.

## NOTICE OF THE NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting (“9th AGM”) of Atrium Real Estate Investment Trust (“Atrium REIT”) will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur (“Broadcast Venue”) on 28 April 2021, Wednesday at 11.30 a.m. for the following purpose:-

### A. ORDINARY BUSINESS

1. To receive the Audited Financial Statements of Atrium REIT for the financial year ended 31 December 2020 together with the Trustee’s Report issued by Pacific Trustee Berhad, as Trustee of Atrium REIT and the Manager’s Report issued by Atrium REIT Managers Sdn. Bhd., as the Manager of Atrium REIT and the Auditors’ Report thereon. **(Please see Note 2)**

### B. SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolution:-

2. **PROPOSED UNITHOLDERS’ MANDATE TO ISSUE AND ALLOT NEW UNITS OF UP TO 20% OF ITS TOTAL NUMBER OF UNITS ISSUED OF ATRIUM REIT** **(Ordinary Resolution 1)**

“THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and subject to the approvals from all relevant regulatory authorities and/or parties, where required, the Directors of Atrium REIT Managers Sdn. Bhd., the Manager of Atrium REIT (“the Manager”), be and are hereby authorised to issue and allot new units in Atrium REIT (“New Units”) from time to time to such persons and for such purposes as the Directors of the Manager may in their absolute discretion deem fit and in the best interest of Atrium REIT, provided that the aggregate number of New Units to be issued pursuant to this resolution, when aggregated with the number of units in Atrium REIT issued during the preceding 12 months, does not exceed 20% of its total number of units issued of Atrium REIT for the time being (“Proposed Mandate”).

THAT such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the unitholders at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next Annual General Meeting of the unitholders is required by law to be held; or
- (iii) revoked or varied by resolution passed by the unitholders in a unitholders’ meeting, whichever is the earlier.

THAT the New Units to be issued pursuant to the Proposed Mandate shall, upon issuance and allotment, rank pari passu in all respects with the existing units of Atrium REIT, except that the New Units will not be entitled to any income distribution, right, benefit, entitlement and/or any other distributions that may be declared prior to the date of allotment of such New Units.

NOTICE OF THE NINTH  
ANNUAL GENERAL MEETING

(CONT'D)

THAT the Directors of the Manager and Pacific Trustees Berhad (“the Trustee”), acting for and on behalf of Atrium REIT, be and are hereby authorised to give effect to the Proposed Mandate with full powers to assent to any condition, modification, variation and/or amendment as they may deem fit in the best interest of Atrium REIT and/or as may be imposed by the relevant authorities.

AND THAT the Directors of the Manager and the Trustee, acting for and on behalf of Atrium REIT, be and are hereby authorised to take all necessary steps and do all such acts, deeds and things as they may deem necessary or expedient to implement, finalise and to give full effect to the Proposed Mandate.”

By Order of the Board

**ATRIUM REIT MANAGERS SDN. BHD. (200501028391) (710526-V)**  
**(as the Manager of Atrium Real Estate Investment Trust)**

**WONG WAI FOONG (MAICSA 7001358) (SSM PC No. 202008001472)**  
**FONG SEAH LIH (MAICSA 7062297) (SSM PC No. 202008000973)**  
Company Secretary

Kuala Lumpur  
26 February 2021

**NOTES:-**

**1. IMPORTANT NOTICE**

The Broadcast Venue is **strictly for the purpose of complying with Paragraphs 13.20 and 13.21 of the Guidelines on Listed Real Estate Investment Trusts.**

Unitholders **will not be allowed** to attend this Annual General Meeting (“AGM”) in person at the Broadcast Venue on the day of the meeting.

Unitholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at this AGM via the Remote Participation and Voting facilities (“RPV”) provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its **TIIH Online** website at <https://tjih.online>.

**Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.**

- For the purpose of determining who shall be entitled to participate in this AGM via RPV, Atrium REIT shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to Atrium REIT, the **Record of Depositors as at 21 April 2021**. Only a unitholder whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
- A unitholder who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a unitholder of Atrium REIT.
- A unitholder of Atrium REIT who is entitled to attend and vote at a general meeting of Atrium REIT may appoint not more than two (2) proxies to participate instead of the unitholder at the AGM.

## NOTICE OF THE NINTH ANNUAL GENERAL MEETING

(CONT'D)

5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. Where a unitholder of Atrium REIT is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint at least one (1) proxy in respect of each securities account it holds in ordinary units of Atrium REIT standing to the credit of the said securities account.
7. Where a unitholder of Atrium REIT is an exempt authorised nominee which holds ordinary units in Atrium REIT for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a unitholder appoints more than one (1) proxy, the proportion of unitholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A unitholder who has appointed a proxy or attorney or authorised representative to participate at AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at <https://tjih.online>. Procedures for RPV can be found in the Administrative Guide for the AGM.
10. The appointment of a proxy may be made in a hard copy form and the proxy form must be deposited at the office of the Manager at No. 36-2, Jalan 5/101c, Off Jalan Kaskas, 56100 Kuala Lumpur. All proxy form submitted must be received by Atrium REIT not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote.
11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is **26 April 2021 at 11.30 a.m.**
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited the office of the Manager at No. 36-2, Jalan 5/101C, Off Jalan Kaskas, Jalan Cheras, 56100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate unitholder who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative at the office of the Manager at No. 36-2, Jalan 5/101C, Off Jalan Kaskas, Jalan Cheras, 56100 Kuala Lumpur. The certificate of appointment of authorised representative should be executed in the following manner:
  - (i) If the corporate unitholder has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate unitholder.
  - (ii) If the corporate unitholder does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate unitholder (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

NOTICE OF THE NINTH  
ANNUAL GENERAL MEETING

(CONT'D)

**1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

The Audited Financial Statements is meant for discussion only as the approval of the unitholders is not required pursuant to Paragraph 13.18(b) of the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia. Hence, this Agenda is not put forward for voting by the unitholders of Atrium REIT.

**2. Explanatory Notes on Special Business**

Ordinary Resolution 1 - Proposed Mandate

The proposed Ordinary Resolution 1 is a renewal of a general mandate obtained from the unitholders of Atrium REIT at the previous Annual General Meeting and, if passed, will empower the Manager of Atrium REIT to issue New Units of Atrium REIT from time to time provided that the aggregate number of the New Units to be issued, when aggregated with the number of units issued during the preceding 12 months does not exceed 20% of its total number of units issued of Atrium REIT for the time being.

The Proposed Mandate, unless revoked or varied at a Unitholders' Meeting, will expire at the conclusion of the next Annual General Meeting of Atrium REIT.

As at the date of this Notice, no New Units in Atrium REIT were issued pursuant to the general mandate which was approved at the Eighth Annual General Meeting of Atrium REIT held on 30 June 2020 and which will lapse at the conclusion of the Ninth Annual General Meeting.

The Proposed Mandate will allow the Manager the flexibility to issue and allot New Units to raise funds to finance future investments, acquisitions and capital expenditure to enhance the value of Atrium REIT and/or to refinance existing debt as well as for working capital purposes, subject to the relevant laws and regulations. With the Proposed Mandate, delays and further costs involved in convening separate general meetings to approve such issue of units to raise funds can be avoided.



## ADMINISTRATIVE GUIDE FOR THE NINTH ANNUAL GENERAL MEETING (“9TH AGM”)

Date : Wednesday, 28 April 2021  
Time : 11.30 a.m.  
Broadcast Venue : Tricor Business Centre, Manuka 2 & 3, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

### MODE OF MEETING

In view of the COVID-19 outbreak and as part of the safety measures, the 9th AGM will be conducted on a virtual basis through live streaming from the Broadcast Venue and online remote voting. This is in line with the Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020, including any amendment made from time to time.

The Broadcast Venue is strictly for the purpose of complying with Paragraph 13.20 and 13.21 of the Guidelines on Listed Real Estate Investment Trusts. Unitholder(s) or proxy(ies) or attorney(s) or authorised representative(s) WILL NOT BE ALLOWED to attend the 9th AGM in person at the Broadcast Venue on the day of the meeting.

Due to the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 9th AGM at short notice. Kindly check the Company’s website or announcements for the latest updates on the 9th AGM. The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

### REMOTE PARTICIPATION AND VOTING FACILITIES (“RPV”)

Unitholders or proxies or attorneys or authorised representatives are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the 9th AGM using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its TIIH Online website at <https://tiih.online>. Please refer to Procedure for RPV.

A unitholder who has appointed a proxy(ies) or attorney(s) or authorised representative(s) to participate at this 9th AGM via RPV must request his/her proxy(ies) or attorney(s) or authorised representative(s) to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please refer to Procedure for RPV.

As the 9th AGM is a fully virtual meeting, unitholders who are unable to participate in this AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

ADMINISTRATIVE GUIDE FOR THE NINTH  
ANNUAL GENERAL MEETING (“9TH AGM”)

(CONT'D)

**PROCEDURES FOR RPV**

Unitholder(s) or proxy(ies) or attorney(s) or authorised representative(s) who wish to participate in the 9th AGM remotely using the RPV are to follow the requirements and procedures as summarized below:

	Procedure	Action
<b>BEFORE THE AGM DAY</b>		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services”. Refer to the tutorial guide posted on the homepage for assistance.</li> <li>Registration as a user will be approved within one working day and you will be notified via email.</li> <li>If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.</li> </ul>
(b)	Submit your registration for RPV	<ul style="list-style-type: none"> <li>Registration is open from Friday, 26 February 2021 until the day of AGM Wednesday, 28 April 2021. Unitholder(s) or proxy(ies) or attorney(s) or authorised representative(s) are required to pre-register their attendance for the 9th AGM to ascertain their eligibility to participate the 9th AGM using the RPV.</li> <li>Login with your user ID and password and select the corporate event: <b>“(REGISTRATION) ATRIUM REAL ESTATE INVESTMENT TRUST 9TH AGM”</b></li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select “Register for Remote Participation and Voting”.</li> <li>Review your registration and proceed to register.</li> <li>System will send an e-mail to notify that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the General Meeting Record of Depositors dated <b>21 April 2021</b>, the system will send you an e-mail to approve your registration for remote participation and the procedures to use the RPV are detailed therein. In the event your registration is not approved, you will also be notified via email.</li> </ul> <p><i>(Note: Please ensure to allow sufficient time required for the approval as a new user of TIIH Online as well as the registration for RPV in order that you can login to TIIH Online and participate the AGM remotely).</i></p>
<b>ON THE DAY OF THE AGM</b>		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the 9th AGM at any time from 11.00 a.m. i.e. 30 minutes before the commencement of the 9th AGM on Wednesday, 28 April 2021 at 11.30 a.m.</li> </ul>
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: <b>“(LIVE STREAM MEETING) ATRIUM REAL ESTATE INVESTMENT TRUST 9TH AGM”</b> to engage in the proceedings of the AGM remotely.</li> <li>If you have any question for the Chairman/ Board, you may use the query box to transmit your question. The Chairman/ Board will endeavor to respond to questions submitted by you during the AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.</li> </ul>

## ADMINISTRATIVE GUIDE FOR THE NINTH ANNUAL GENERAL MEETING (“9TH AGM”)

(CONT'D)

	Procedure	Action
<b>ON THE DAY OF THE AGM</b>		
(e)	Online Remote Voting	<ul style="list-style-type: none"> <li>• Voting session commences from 11.30 a.m. on Wednesday, 28 April 2021 until a time when the Chairman announces the end of the session. Select the corporate event: “<b>(REMOTE VOTING) ATRIUM REAL ESTATE INVESTMENT TRUST 9TH AGM</b>” or if you are on the live stream meeting page, you can select “<b>GO TO REMOTE VOTING PAGE</b>” button below the Query Box.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Select the CDS account that represents your shareholdings.</li> <li>• Indicate your votes for the resolutions that are tabled for voting.</li> <li>• Confirm and submit your votes.</li> </ul>
(f)	End of remote participation	<ul style="list-style-type: none"> <li>• Upon the announcement by the Chairman on the closure of the 9th AGM, the live streaming will end.</li> </ul>

### Note to users of the RPV facilities:

1. Should your registration for RPV be approved we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

### APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Unitholders who appoint proxy(ies) to participate via RPV at the 9th AGM must ensure that the duly executed proxy forms are deposited at the office of the Manager at No. 36-2, Jalan 5/101C, Off Jalan Kaskas, Jalan Cheras, 56100 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the 9th AGM or any adjournment thereof, otherwise the proxy form shall not be treated as valid.

### POLL VOTING

The voting at the 9th AGM will be conducted by poll. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting). Unitholders or proxy(es) or attorney(s) or authorised representative(s) can proceed to voting on the resolutions at any time from 11.30 a.m. on Wednesday, 28 April 2021 but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (e) of the above Procedures for RPV for guidance on how to vote remotely from TIIH Online website at <https://tiih.online>. Upon completion of the voting session for the EGM, the Scrutineers will verify the poll results followed by the Chairman’s declaration whether the resolutions are duly passed.

ADMINISTRATIVE GUIDE FOR THE NINTH  
ANNUAL GENERAL MEETING (“9TH AGM”)

(CONT'D)

**PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS**

Unitholders may submit questions to the Board in advance of the 9th AGM via Tricor’s TIIH Online website at <https://tiih.online> by selecting “e-Services” to login, pose questions and submit electronically no later than **Monday, 26 April 2021 at 11.30 a.m.** The Board will endeavor to answer the questions received at the 9th AGM.

**ENQUIRY**

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

**Tricor Investor & Issuing House Services Sdn Bhd**

General Line	: +603-2783 9299
Fax Number	: +603-2783 9222
Email	: <a href="mailto:is.enquiry@my.tricorglobal.com">is.enquiry@my.tricorglobal.com</a>
Nur Qaisara Naaila	: +603-2783 9272 / <a href="mailto:Nur.Qaisara.Naaila@my.tricorglobal.com">Nur.Qaisara.Naaila@my.tricorglobal.com</a>
Nor Faeayzah	: +603-2783 9274 / <a href="mailto:Nor.Faeayzah@my.tricorglobal.com">Nor.Faeayzah@my.tricorglobal.com</a>
Ang Wai Meng	: +603-2783 9281 / <a href="mailto:Wai.Meng.Ang@my.tricorglobal.com">Wai.Meng.Ang@my.tricorglobal.com</a>

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# ATRIUM REIT

## ATRIUM REAL ESTATE INVESTMENT TRUST

(Established in Malaysia)

(Managed by Atrium REIT Managers Sdn. Bhd. (200501028391) (710526-V))

### FORM OF PROXY

No. of units held	CDS Account No.

Contact No. (During office hour) \_\_\_\_\_

I/We ..... (name of unitholder as per NRIC/Company Registration Form, in capital letters) being a unitholder/unitholders of **ATRIUM REAL ESTATE INVESTMENT TRUST** ("**Atrium REIT**") hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

and

Full Name (in Block)	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

or failing \*him/\*her/\*them, the Chairman of the Meeting as \*my/our \*proxy/proxies to attend for \*me/us on \*my/our behalf at the Ninth Annual General Meeting of the Atrium REIT which will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("Broadcast Venue") on 28 April 2021, Wednesday at 11.30 a.m., and at any adjournment thereof, and to vote as indicated below:-

<b>Special Business</b>	<b>FOR</b>	<b>AGAINST</b>		
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;"><b>Ordinary Resolution 1</b></td> <td>Proposed Unitholders' Mandate to issue and allot new units of up to 20% of its total number of units issued of Atrium REIT</td> </tr> </table>	<b>Ordinary Resolution 1</b>	Proposed Unitholders' Mandate to issue and allot new units of up to 20% of its total number of units issued of Atrium REIT		
<b>Ordinary Resolution 1</b>	Proposed Unitholders' Mandate to issue and allot new units of up to 20% of its total number of units issued of Atrium REIT			

\* Delete if not applicable

Dated this ..... day of ..... 2021

.....  
Signature of Unitholder/Common Seal

\* Manner of execution:

- (a) If you are an individual unitholder, please sign where indicated.
- (b) If you are a corporate unitholder which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate unitholder which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  - (i) at least two (2) authorised officers, of whom one shall be a director; or
  - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.



## NOTES:-

### 1. IMPORTANT NOTICE

The Broadcast Venue is **strictly for the purpose of complying with Paragraphs 13.20 and 13.21 of the Guidelines on Listed Real Estate Investment Trusts.**

Unitholders **will not be allowed** to attend this Annual General Meeting (“AGM”) in person at the Broadcast Venue on the day of the meeting.

Unitholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at this AGM via the Remote Participation and Voting facilities (“RPV”) provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its TIIH Online website at <https://tiih.online>.

**Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, Atrium REIT shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to Atrium REIT, the **Record of Depositors as at 21 April 2021**. Only a unitholder whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A unitholder who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a unitholder of Atrium REIT.
4. A unitholder of Atrium REIT who is entitled to attend and vote at a general meeting of Atrium REIT may appoint not more than two (2) proxies to participate instead of the unitholder at the AGM.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. Where a unitholder of Atrium REIT is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“Central Depositories Act”), it may appoint at least one (1) proxy in respect of each securities account it holds in ordinary units of Atrium REIT standing to the credit of the said securities account.
7. Where a unitholder of Atrium REIT is an exempt authorised nominee which holds ordinary units in Atrium REIT for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a unitholder appoints more than one (1) proxy, the proportion of unitholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A unitholder who has appointed a proxy or attorney or authorised representative to participate at AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Guide for the AGM.
10. The appointment of a proxy may be made in a hard copy form and the proxy form must be deposited at the office of the Manager at No. 36-2, Jalan 5/101C, Off Jalan Kaskas, Jalan Cheras, 56100 Kuala Lumpur. All proxy form submitted must be received by Atrium REIT not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote.
11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is **26 April 2021 at 11.30 a.m.**
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited the office of the Manager at No. 36-2, Jalan 5/101C, Off Jalan Kaskas, Jalan Cheras, 56100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate unitholder who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative at the office of the Manager at No. 36-2, Jalan 5/101C, Off Jalan Kaskas, Jalan Cheras, 56100 Kuala Lumpur. The certificate of appointment of authorised representative should be executed in the following manner:
  - (i) If the corporate unitholder has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate unitholder.
  - (ii) If the corporate unitholder does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate unitholder (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

Please fold here

Affix  
Stamp  
Here

The Manager of  
**ATRIUM REAL ESTATE INVESTMENT TRUST**  
No. 36-2, Jalan 5/101C  
Off Jalan Kaskas, Jalan Cheras  
56100 Kuala Lumpur

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**ATRIUM REAL ESTATE INVESTMENT TRUST**

(Established in Malaysia)

[Managed by Atrium REIT Managers Sdn. Bhd. 200501028391 (710526-V)]

ANNUAL REPORT 2020