



ANNUAL REPORT

2022

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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

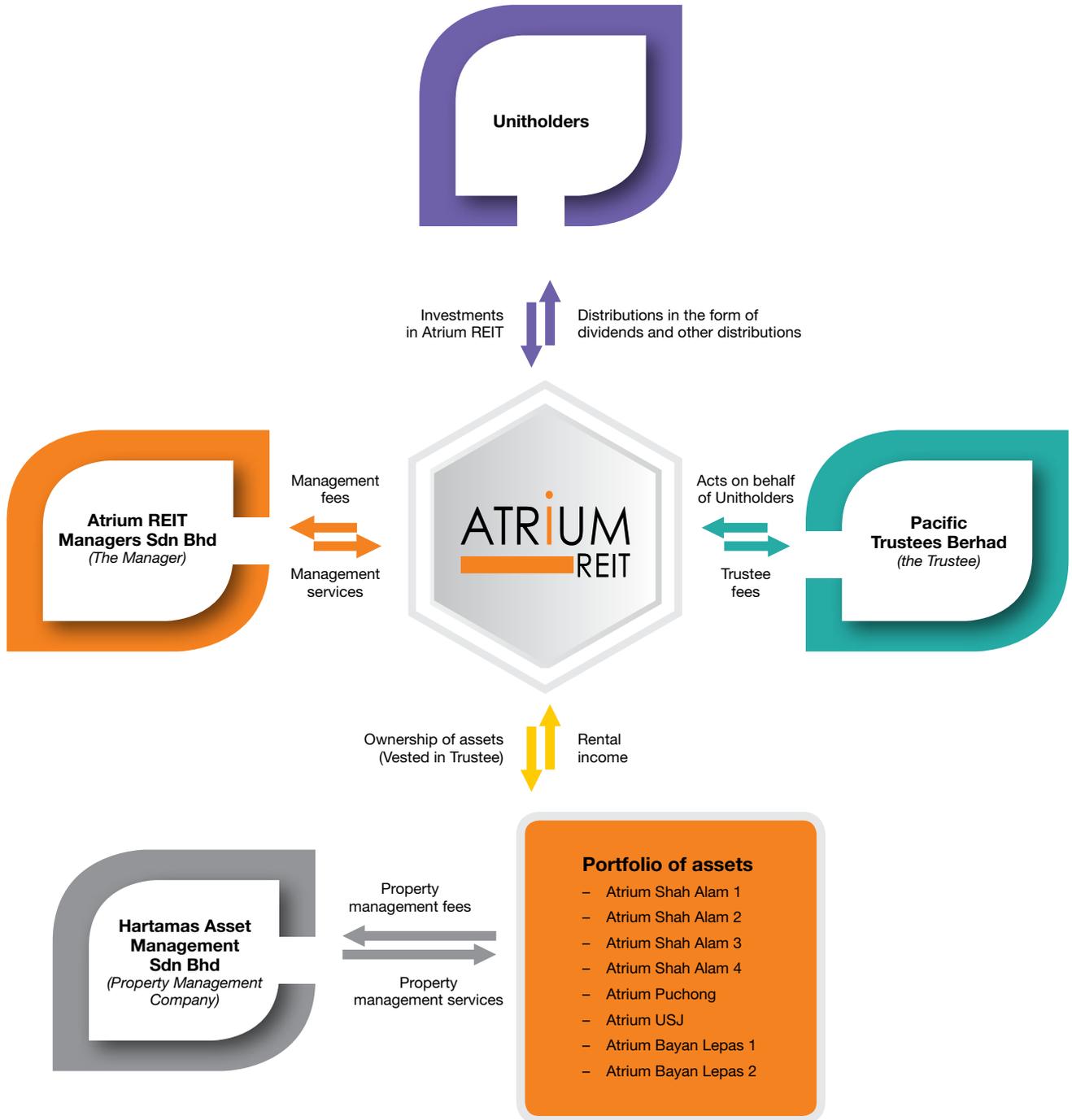
**Atrium REIT** is an industrial asset focused real estate investment trust constituted by a Trust Deed entered into on 20 November 2006, amended by the First Supplementary Deed dated 25 November 2008 and the Restated Deed dated 24 March 2016 between CIMB Commerce Trustee Berhad (*formerly known as BHLB 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 eight 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 Shah Alam 4, Atrium Puchong, Atrium USJ, Atrium Bayan Lepas 1 and Atrium Bayan Lepas 2.

# STRUCTURE OF ATRIUM REAL ESTATE INVESTMENT TRUST



## 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 a 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 the Clause 19 of the Second Restated Deed dated 17 December 2019.
<b>Size of Fund</b>	: 255,550,680 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

## FINANCIAL HIGHLIGHTS



**5.99%**<sup>1</sup>

Dividend Yield Per Annum



**8.20 sen**

Distribution Per Unit  
per annum



**100%**<sup>2</sup>

Occupancy



**40.95%**

Gearing level



**1.78%**

Management Expense Ratio



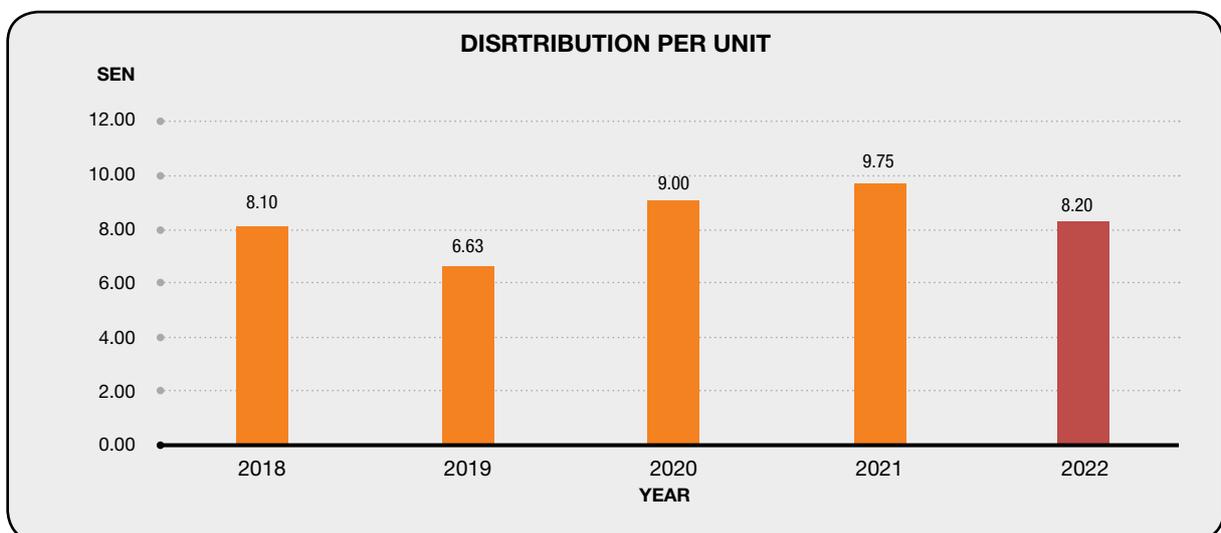
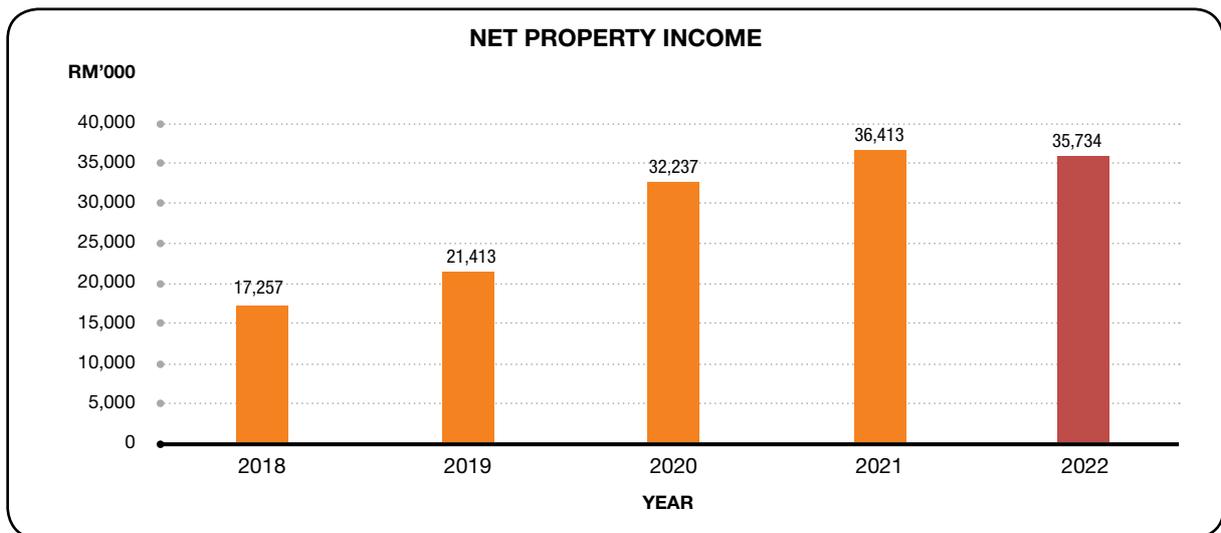
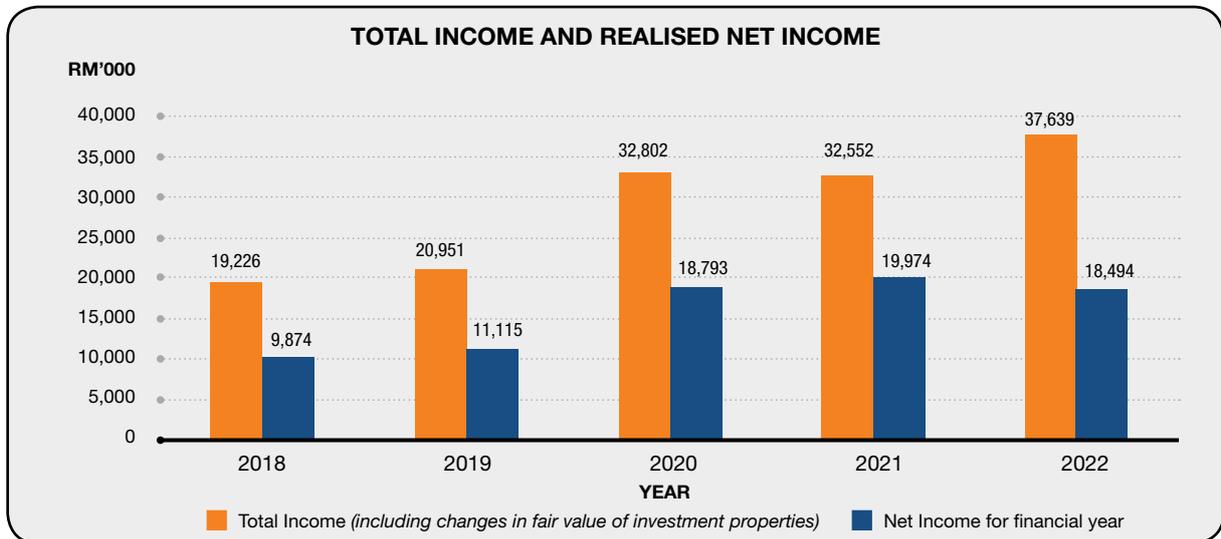
**RM1.30**

Net Asset Value Per Unit

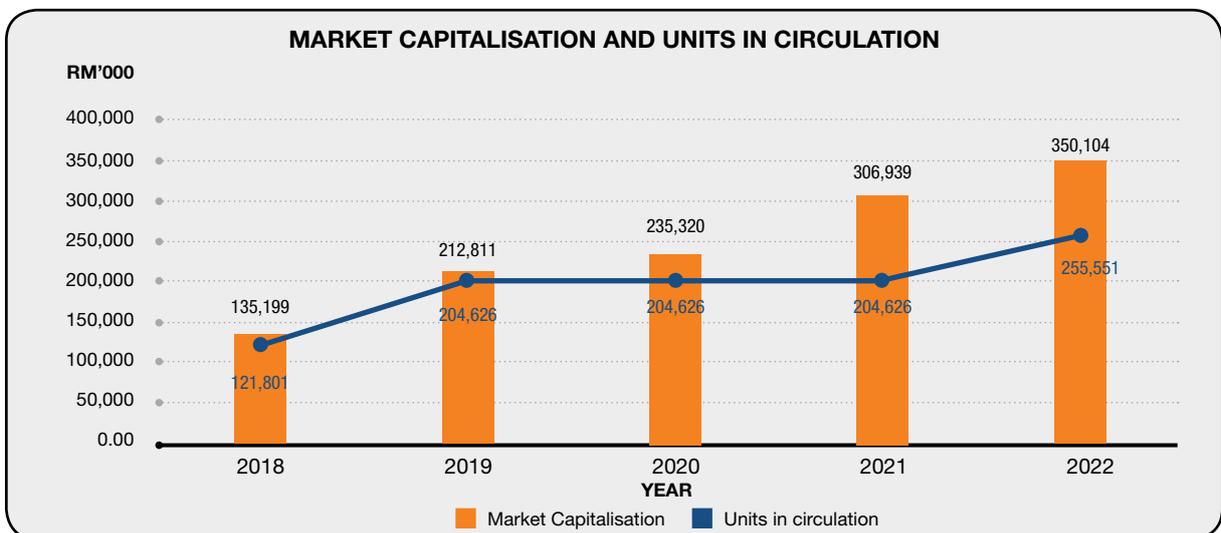
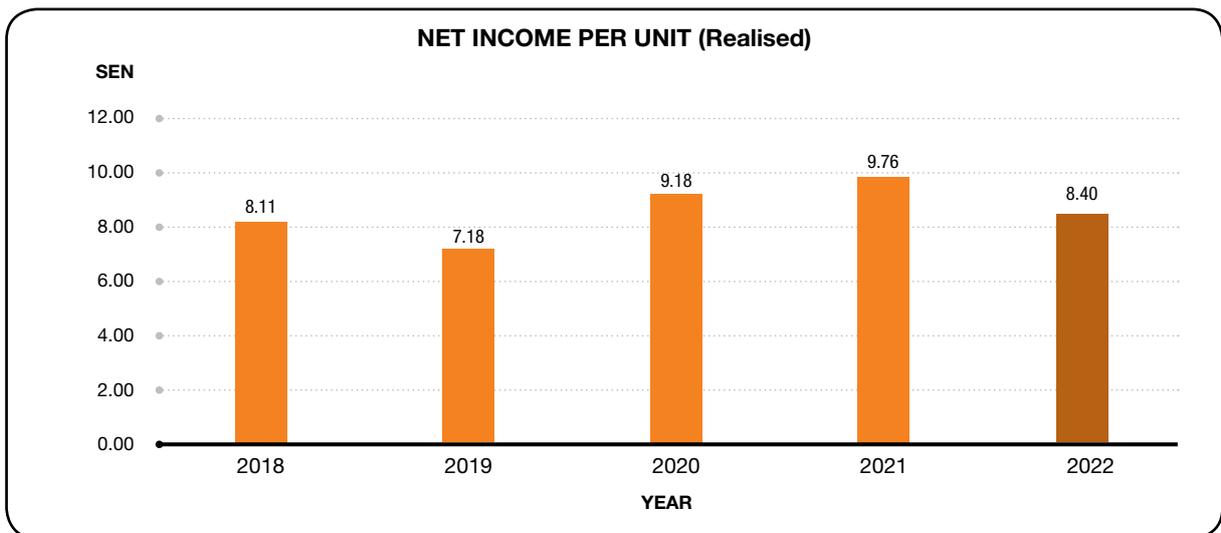
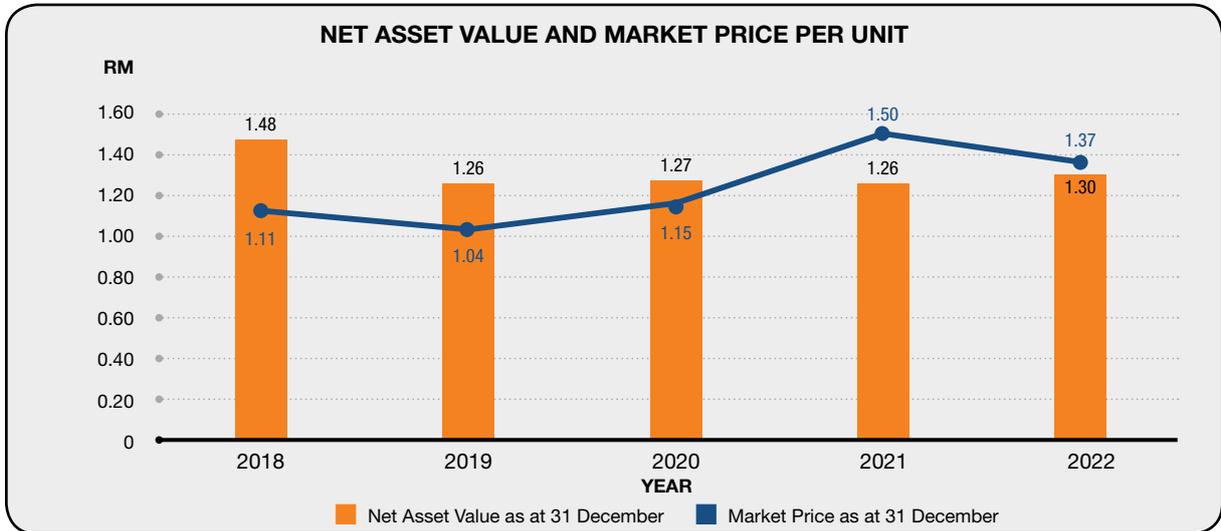
1. Based on closing market price on 31 December 2022 of RM1.37 per unit

2. For all the properties except Atrium Shah Alam 4 which is undergoing a major Asset Enhancement Initiative.

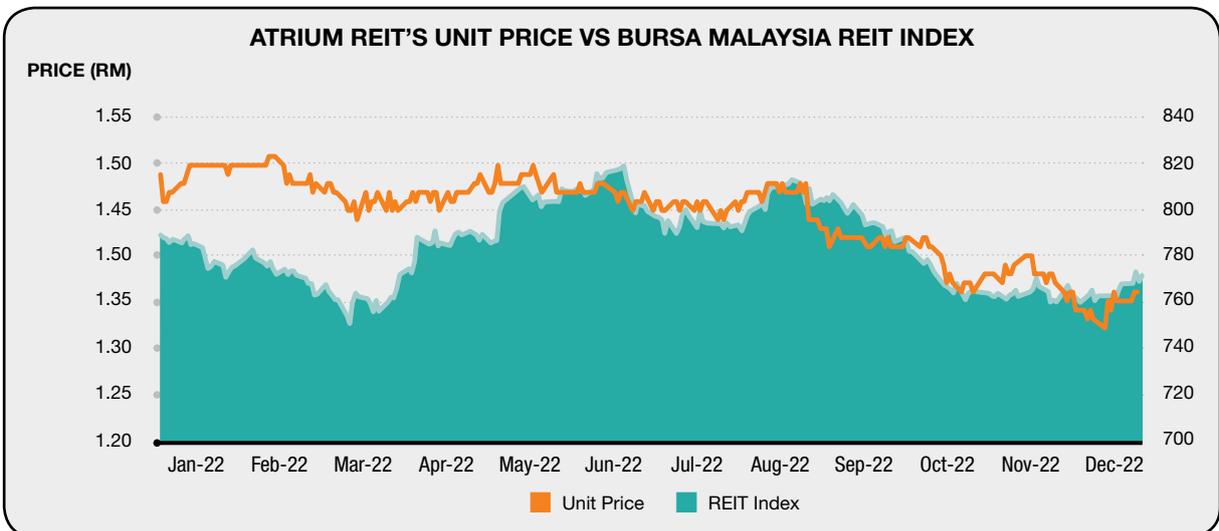
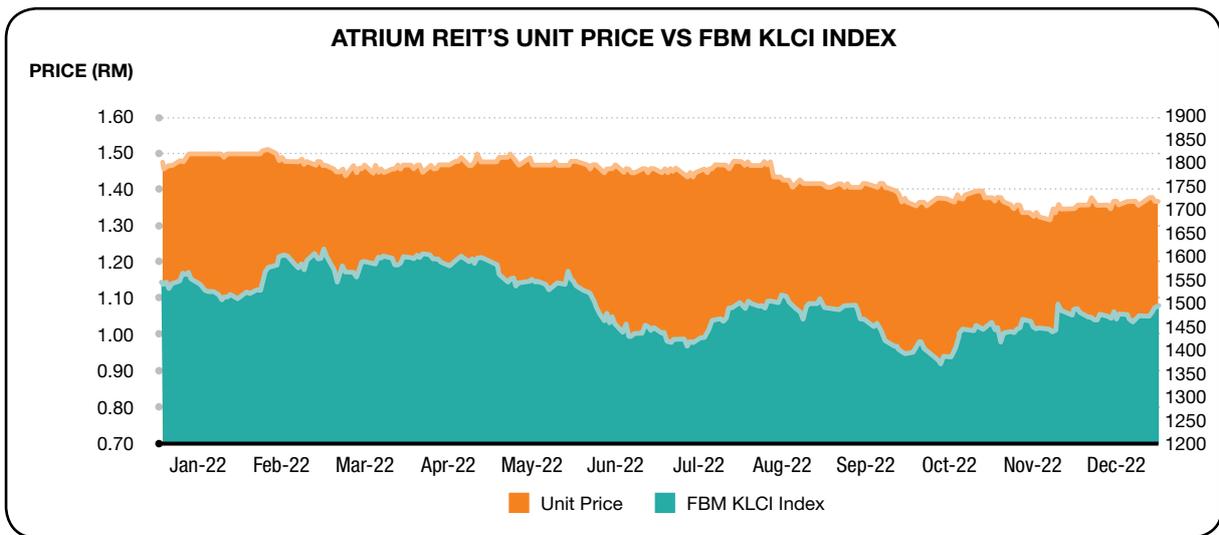
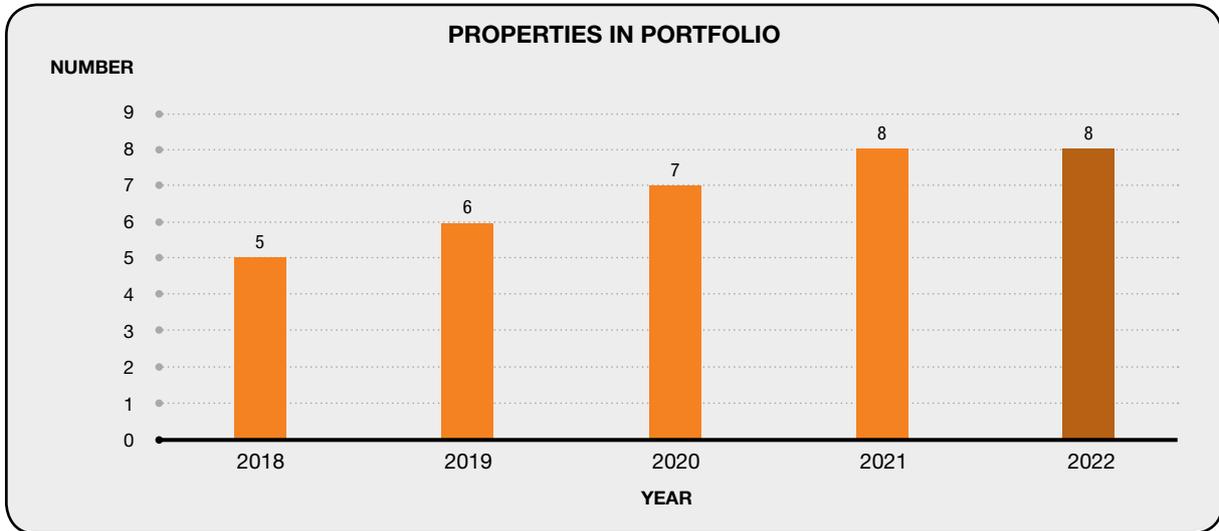
## FINANCIAL HIGHLIGHTS (CONT'D)



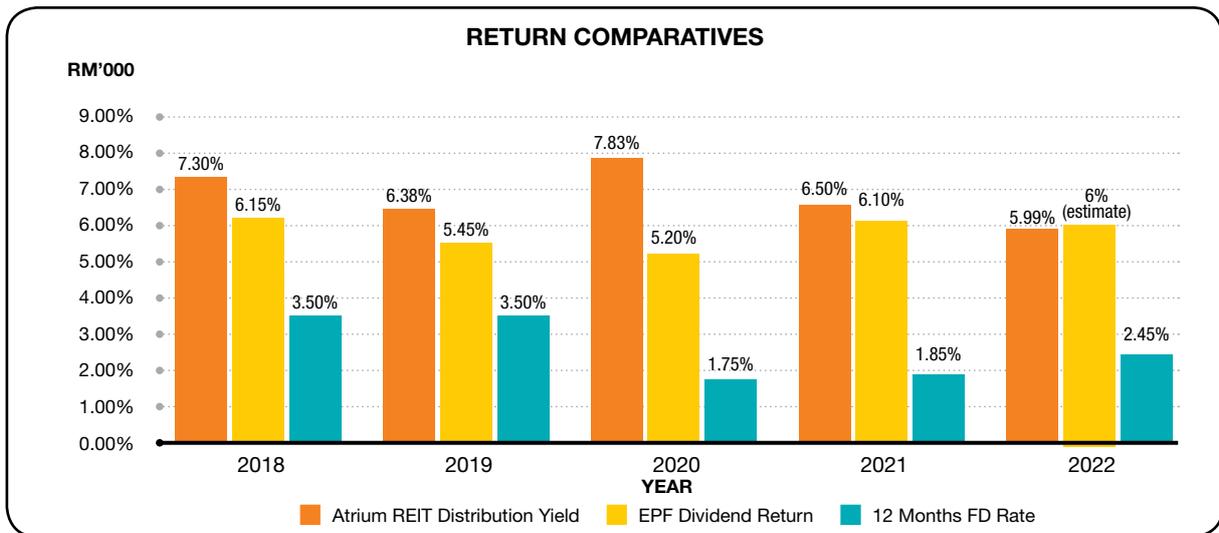
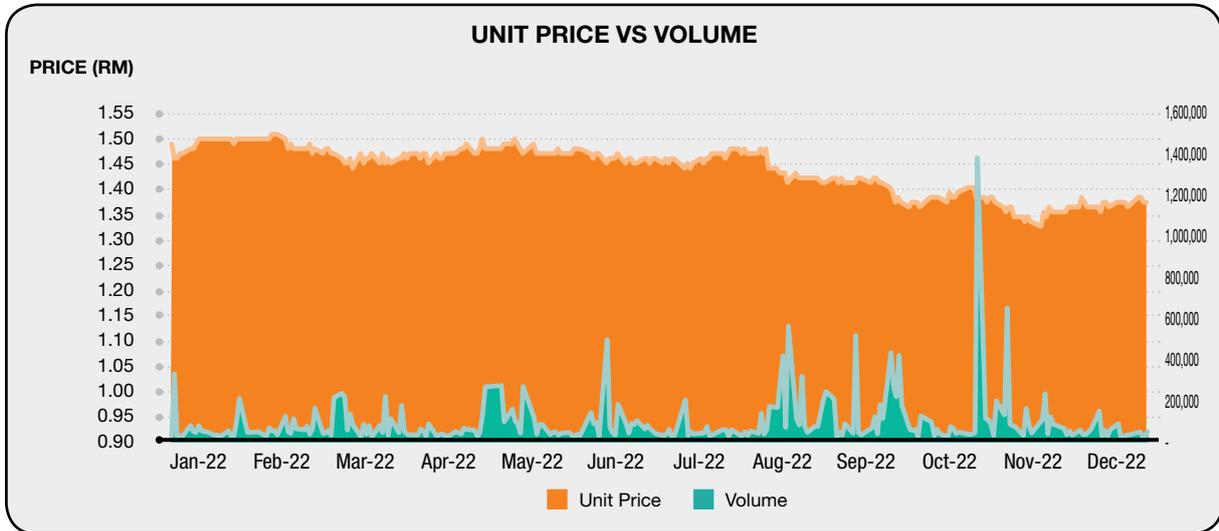
## FINANCIAL HIGHLIGHTS (CONT'D)



## FINANCIAL HIGHLIGHTS (CONT'D)



### FINANCIAL HIGHLIGHTS (CONT'D)



## PERFORMANCE DATA

### I) PORTFOLIO COMPOSITION OF THE TRUST

	2018	2019	2020	2021	2022
	%	%	%	%	%
Atrium Shah Alam 1	30	20	18	17	16
Atrium Shah Alam 2	28	17	16	15	14
Atrium Shah Alam 3	9	7	6	6	5
Atrium Shah Alam 4	-	-	-	8	11
Atrium Bayan Lepas 1	-	-	10	10	8
Atrium Bayan Lepas 2	-	27	25	23	21
Atrium Puchong	19	12	11	10	10
Atrium USJ	13	8	8	7	7
	99	91	94	96	92
Deposits with financial institution	1	9	6	4	8
	100	100	100	100	100

### II) SUMMARY OF PERFORMANCE

	2018	2019	2020	2021	2022
Gross revenue (RM'000)	18,779	22,961	34,405	39,056	38,123
Net property income (RM'000)	17,257	21,413	32,237	36,413	35,734
Net income/(loss) for financial year (RM'000)					
- Realised	9,874	11,115	18,793	19,974	18,494
- Unrealised	1,723	(7,625)	2,165	(1,769)	2,723
Distribution per unit (sen)	8.10	6.63	9.00	9.75	8.20
Distribution yield (%)					
- based on market price as at 31 December	7.30	6.38	7.83	6.50	5.99
Annual total return (%)	7.30	0.07	16.32	34.71	(2.06)
- Capital return (%)	0.00	(6.31)	8.49	28.21	(8.05)
- Distribution yield (%)	7.30	6.38	7.83	6.50	5.99
Management Expense Ratio (MER) (%)	1.44	2.19	1.73	2.17	1.78

- **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

	2018	2019	2020	2021	2022
Asset under management (RM'000)	278,000	410,300	463,700	509,700	542,800
Total asset value (RM'000)	287,584	464,113	504,577	540,543	612,600
Net asset value (NAV)(RM'000)					
- Before proposed final distribution	182,603	261,639	265,756	263,090	335,799
- After proposed final distribution	180,045	257,076	259,617	257,872	330,943
Total borrowings (RM'000)	95,661	181,974	214,831	255,046	250,831
Gearing (%)	33.26	39.21	42.58	47.18	40.95
Units in circulation ('000)	121,801	204,626	204,626	204,626	255,551
NAV per unit – after proposed distribution					
- As at 31 December (RM)	1.48	1.26	1.27	1.26	1.30
- Highest NAV for the year (RM)	1.50	1.51	1.31	1.33	1.37
- Lowest NAV for the year (RM)	1.47	1.26	1.27	1.26	1.27
Market price per unit					
- as at 31 December (RM)	1.11	1.04	1.15	1.50	1.37
- Highest traded for the year (RM)	1.16	1.27	1.16	1.58	1.51
- Lowest traded for the year (RM)	1.06	1.02	0.81	1.14	1.32
Market Capitalisation (RM'000)	135,199	212,811	235,320	306,939	350,104



PERFORMANCE DATA  
(CONT'D)

(IV) DISTRIBUTIONS FOR LAST 5 YEARS

	Per Unit (Sen)	Distribution Date	Net Asset Value Per Unit (RM) Before Distribution	Net Asset Value Per Unit (RM) 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>			



PERFORMANCE DATA  
(CONT'D)

	Distribution Per Unit (Sen)	Distribution Date	Net Asset Value Per Unit (RM)	
			Before Distribution	After Distribution
<b>2021</b>				
1st Quarter	2.50	2 Jun 21	1.30	1.28
2nd Quarter	2.20	30 Aug 21	1.30	1.28
3rd Quarter	2.50	30 Nov 21	1.31	1.29
4th Quarter	2.55	28 Feb 22	1.29	1.26
	<b>9.75</b>			
<b>2022</b>				
1st Quarter	2.20	2 Jun 22	1.29	1.27
2nd Quarter	2.25	30 Aug 22	1.29	1.27
3rd Quarter	1.85	30 Nov 22	1.31	1.29
4th Quarter	1.90	28 Feb 23	1.31	1.30
	<b>8.20</b>			

**V) AVERAGE ANNUAL RETURN FOR ATRIUM REIT**

	%
One year	(2.06)
Three years	16.32
Five years	11.27

**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.**

## MANAGEMENT DISCUSSION & ANALYSIS

### INVESTMENT OBJECTIVES

Atrium REIT is an industrial property focused REIT consisting of eight (8) industrial properties in which six (6) are located in Selangor and the other two (2) properties are located in Penang. One of the properties located in Shah Alam is now undergoing an Asset Enhancement Initiatives and is expected to be completed by second quarter of 2023.

Atrium REIT remains one of the REITs with a strong growth track record over the past years, despite the Covid-19 global pandemic which affected the Malaysian economy for nearly 2 years since 2020, as well as the 4 times interest rates hikes during the year 2022.

The Manager's investment objective is to maximize 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 ("NAV") per unit.

### STRATEGIES EMPLOYED

Aligning with its investment policies and in 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.

#### 1. Organic Growth Strategy

- Proactive asset management and maximising tenant retention to develop leasing opportunities
- Investment into real estate, non-real estate-related assets, cash, deposits, money market instruments, and any other investment permissible under the REITs Guidelines or by the Securities Commission

#### 2. Compliance Strategy

- Ensure at least 75% of total asset value is invested in real estate that generate recurrent rental income, and
- Ensure aggregate investments in property development activities and real estate under construction do not exceed 15% of total asset value

#### 3. Acquisition Strategy

- Drive for increase cashflows, yields, distribution per unit and NAV per unit via strategic acquisition of assets
- Capitalise on debt and equity for funding future acquisitions

#### 4. Financing and Capital Management Strategy

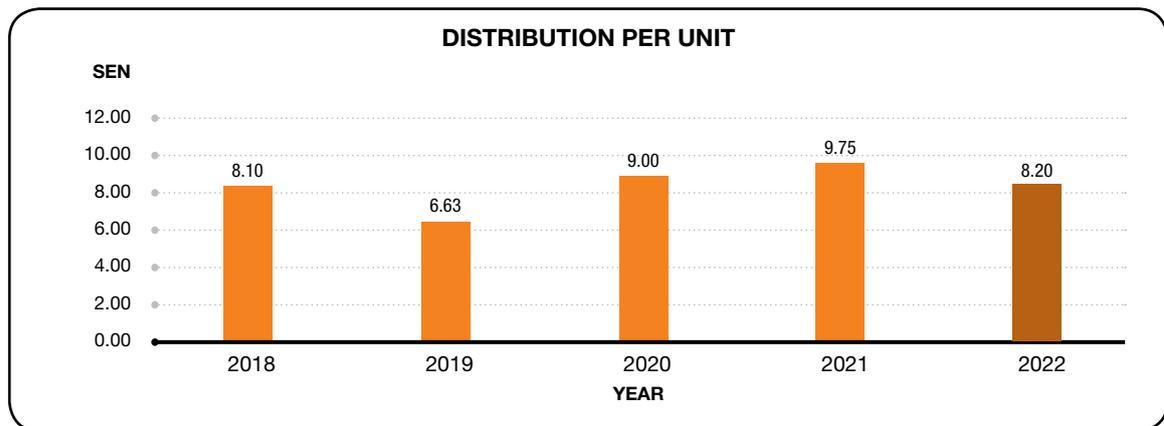
- Compliance with provisions of the Deed and REITs Guidelines
- Ensure total borrowings do not exceed 50% of total asset value
- Implement a hedging strategy to mitigate against fluctuating interest rate risks
- Establish a balanced debt-equity structure to meet financing needs

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### OVERVIEW OF BUSINESS AND OPERATIONAL PERFORMANCE

#### 1. Distribution Per Unit

Through the successful implementation of such strategies, Atrium REIT has rewarded unitholders with stable and attractive returns, seen in its quarterly distribution of income commencing from the listing of Atrium REIT since April 2007.

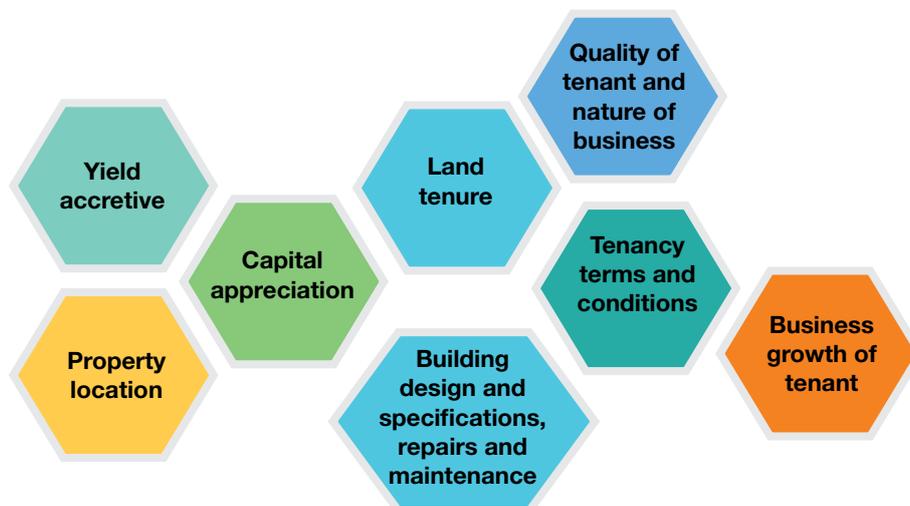


#### 2. Investment Portfolio Composition and Performance

##### Location of Properties

All the properties of Atrium REIT are strategically located in prime industrial areas and this has enabled a continuous and stable demand for our investment properties, such that Atrium REIT continues to enjoy high occupancy rate. With the exception of Atrium Shah Alam 4 (“ASA4”) [currently undergoing an Asset Enhancement Initiatives (“AEI”)], the total occupancy rate of Atrium REIT as at 31 December 2022 is 100%.

The Manager is guided by the following investment criteria:



## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### PORTFOLIO OF INVESTMENTS

Atrium REIT's total investment listing as at 31 December 2022 is as follows:

PROPERTY PORTFOLIO	MARKET VALUE (RM)	%
Atrium Shah Alam 1	96,200,000	16.28
Atrium Shah Alam 2	83,500,000	14.13
Atrium Shah Alam 3	30,200,000	5.11
Atrium Shah Alam 4	62,500,000	10.58
Atrium Bayan Lepas 1	50,000,000	8.46
Atrium Bayan Lepas 2	122,000,000	20.65
Atrium Puchong	58,800,000	9.95
Atrium USJ	39,600,000	6.70
Sub-total	542,800,000	91.87
Deposit with Financial Institution	47,947,000	8.13
<b>TOTAL</b>	<b>590,747,000</b>	<b>100.00</b>

### REVALUATION OF INVESTMENT PROPERTIES

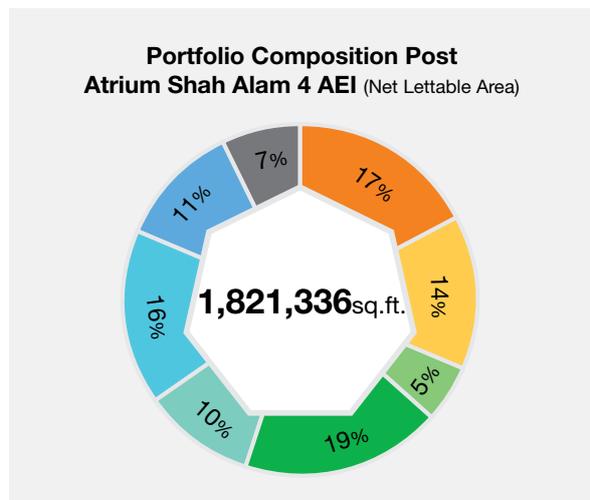
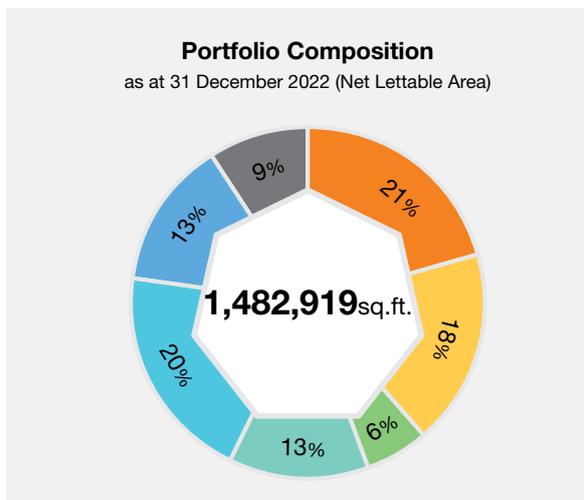
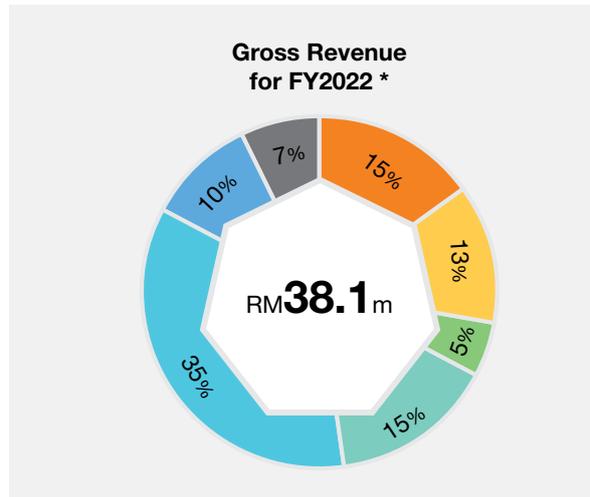
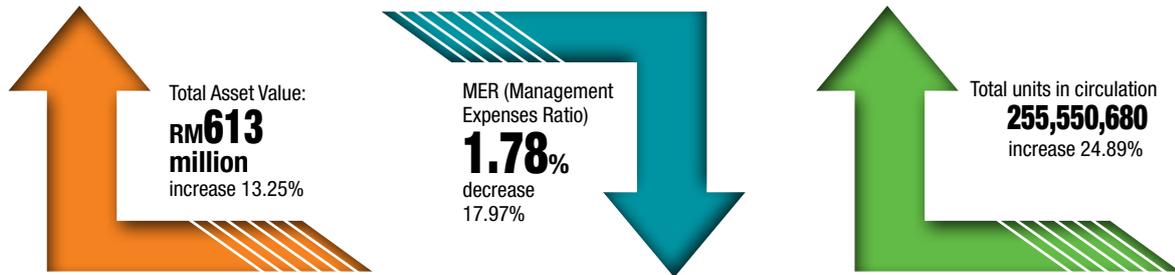
In accordance with Paragraph 10.02(b)(i) of the Listed REITs Guidelines and the Malaysian Financial Reporting Standard 140, a revaluation of investment properties of a REIT must be carried out by an independent valuer at least once in a financial year.

A summary of valuation of each investment property for FY2022 is as follows:

Property	Net Book Value before Revaluation (RM'000)	Fair Value as at end FY2022 (RM'000)	Revaluation Gain/ (Loss) (RM'000)
Atrium Shah Alam 1	92,127	96,200	4,073
Atrium Shah Alam 2	78,905	83,500	4,596
Atrium Shah Alam 3	29,627	30,200	573
Atrium Shah Alam 4	74,163	62,500	(11,663)
Atrium Bayan Lepas 1	51,930	50,000	(1,930)
Atrium Bayan Lepas 2	123,344	122,000	(1,344)
Atrium Puchong	53,400	58,800	5,400
Atrium USJ	38,200	39,600	1,400
<b>TOTAL</b>	<b>541,696</b>	<b>542,800</b>	<b>1,105</b>

MANAGEMENT DISCUSSION & ANALYSIS  
(CONT'D)

Investment properties are intended for long-term holding but the Manager may opt to dispose of properties and reinvest in new real estate producing better yields and attractive growth potential or may opt to distribute to unitholders.



- Atrium Shah Alam 1
- Atrium Shah Alam 2
- Atrium Shah Alam 3
- Atrium Shah Alam 4
- Atrium Bayan Lepas 1
- Atrium Bayan Lepas 2
- Atrium Puchong
- Atrium USJ

Note: Atrium Shah Alam 4 is undergoing a major Asset Enhancement Initiatives

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### STATUS OF TENANCIES

During the year under review, all the tenancies and leases remained unchanged except for the following:

- a. AUSJ Block C – Skynet Worldwide (M) Sdn. Bhd. decided to terminate its tenancy and move out from the premises located in USJ, Subang Jaya on 31 December 2022. The premises has since been taken over by its neighbouring tenant, Rohlig Malaysia Sdn. Bhd. for their logistics business expansion. No significant impact and change on rental income.
- b. ASA4 – the premises which is located in Shah Alam is currently under AEI. The Manager is currently in advanced negotiations with a prospective tenant to occupy the unit by end of second quarter of 2023.

Therefore, the Manager expects full occupancy for all Atrium REIT's properties for financial year 2023.

### ASSET ENHANCEMENT INITIATIVES ("AEI") AND PROPERTY ACQUISITION

One of the Manager's roles is to conduct ongoing evaluation of Atrium REIT's property portfolio for AEIs with a view to improve and optimise the assets' performance and competitiveness in order to generate better rental yields. This includes managing occupancy, strengthening operating business environment for our tenants and to enhance the property condition and value.

The AEI to upgrade ASA4 from an existing factory cum office building to a double storey ramp up warehouse is on-going and is expected to be completed by the 2nd quarter of 2023.

### 3. Financial Performance

FY 2022 was an exciting albeit challenging year for Atrium REIT. During the year, the AEI at ASA4 was finally running at full steam ahead after the last 2 years of movement controls and global uncertainties caused by the Covid-19 pandemic which also impacted the Malaysian economy.

With the AEI superstructure works for ASA4 taking off in 2022, the Manager encountered increases in construction material costs as well as a shortage of workers, a situation similarly faced by others across many industry sectors. However, the Manager was able to lock in the contract sum and secured the worker issue with a reputable main contractor, thus ensuring the smooth progress of the project.

The ASA4 AEI is funded via equity financing. To this end, during the year, the Manager carried out corporate exercises such as private placement and special issuance of a total 50,925,000 Atrium REIT units and successfully raised RM71,295,000 (before listing fees), to finance the AEI as well as for working capital purposes.

Atrium REIT was also impacted by BNM's Overnight Policy Rate ("OPR") hike which increased four (4) times from 1.75% p.a. to 2.75% p.a. during the year underlined by elevated global cost pressures, higher interest rates, and COVID-19-related disruptions in China, resulting in a significant increase in the financing cost for the REIT.

As at 31 December 2022, market capitalisation stood RM350,104,432 representing 14.06% increase over the previous financial year. Based on the unit price of RM1.37, the trading price premium to NAV as at 31 December 2022 was 4.26% (FY 2021:16.67%)

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

	FY2022 (RM'000)	FY2021 (RM'000)	%
<b>GROSS REVENUE</b>	38,123	39,055	(2.39)
Less Property Expenses	(2,389)	(2,643)	(9.61)
Net Property Income	35,734	36,413	(1.86)
Interest and Other Income	800	1,329	(39.80)
Total Income	36,534	37,741	(3.20)
Change in Fair Value of Investment Properties	1,105	(5,189)	(121.30)
Trust Expenses	(5,117)	(5,806)	(11.87)
Finance Costs	(9,823)	(8,460)	16.11
Profit for the Financial Year	21,217	18,205	16.54
Profit for the Financial Year is made up as follows:			
– Realised Profit	18,494	19,974	(7.41)
– Unrealised Profit/(Loss)	2,723	(1,769)	(253.93)
Income Distribution	18,504	19,951	(7.25)
Distribution per unit (sen)	8.20	9.75	(15.90)
Annual Total Return	(2.06%)	34.71%	(105.93)
Capital Return	(8.05%)	28.21%	(128.54)
Distribution Yield	5.99%	6.50%	(7.85)
Management Expenses Ratio ("MER")	1.78%	2.17%	(17.97)

### GROSS REVENUE

Gross revenue comprises rental income received from the rental of Atrium REIT's investment properties. For the financial year ending 31 December 2022, Atrium REIT recorded gross revenue of RM38.1 million which is slightly lower than last year due mainly to rent-free amortisation adjustment during the year. Included in the gross revenue is rental income accounted for on a straight-line basis over the lease term of ongoing leases; in compliance to the requirements of MFRS16. The rental income is expected to improve over the years due to the step up in rental rates contracted for in the existing leases and also the new rental income stream from ASA 4 that is expected to commence from 3rd quarter of 2023.

### PROPERTY EXPENSES

Scheduled building inspections and routine preventive maintenances are carried out to ensure that the REIT's properties are kept in good tenable conditions at all times. The property expenses correspondingly decreased to RM2.4 million, or 9.61% lower from the previous financial year.

Such expenses were necessary to maintain the high-quality standards of Atrium REIT's investment properties and tenants' stringent expectations. This is in line with Atrium REIT's business strategies to maintain its property value to support competitive rental rates.

### NET PROPERTY INCOME

For the financial year ended 31 December 2022, Atrium REIT achieved a net property income of RM35.7 million, a slight decrease of 1.86% as compared to RM36.4 million in the previous financial year. The decrease was mainly due to rent-free amortisation adjustment.

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### CHANGES IN FAIR VALUE

The changes in fair value of investment properties was due to revaluation gains after adjusting for accrued lease income receivables, as required under MFRS 16.

### TRUST EXPENSES

Trust expenses for FY2022 amounted to RM5.1 million, or 11.87% lower as compared to the previous financial year. This was mainly due to the significant lower administrative expenses as no real estate agents' fees and stamp duty were incurred for the current financial year. However, the Managers' fees and Trustees' fees for the current year were higher as a result of an increase in both the fees with effect from 1 August 2021 as well as higher NAV following the completion of private placement and special issuance on 17 August 2022 and 28 December 2022 respectively.

### FINANCE COSTS

Finance costs for FY2022 amounted to RM9.8 million, an increase of 16.11% as compared to RM8.5 million in FY2021. The increase in finance costs was due to the issuance of MTN Tranche 3 in March 2021, higher utilization of overdraft facility and the increase in interest rates as a result of the increase in OPR rates in May, July, September and November 2022.

### PROFIT FOR THE CURRENT FINANCIAL YEAR

For FY2022, Atrium REIT recorded a net profit of RM21.7 million, or representing a 16.54% increase as compared to RM18.2 million profit in the previous financial year. This was largely attributable to the gain in fair value of investment properties of RM1.1 million as compared to a loss in fair value of investment properties of RM5.2 million in the previous financial year. However, realised profit for the financial year decreased by 7.41% to RM18.5 million as compared to RM20.0 million for FY2021 due mainly to the increase in finance costs.

### INCOME DISTRIBUTION

The Board of Directors of the Manager had declared a final income distribution of 1.90 sen per unit for the 4th quarter of FY2022, payable on 28 February 2023. The final income distribution together with the interim income distributions of 6.30 sen per unit, represents a total distribution per unit of 8.20 sen for FY2022 (FY2021: 9.75 sen).

### ANNUAL TOTAL RETURN

The decrease in Annual Total Return was mainly due to the decrease in Capital Return. The decrease in Capital Return was due to the decrease in the unit price of Atrium REIT to RM1.37 per unit as at 31 December 2022 as compared to RM1.50 as at 31 December 2021.

### MANAGEMENT EXPENSES RATIO ("MER")

MER was lower, mainly due to the decrease of 42.99% in administrative expenses as no real estate agents' fees and stamp duty were incurred for the current financial year.

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### REVIEW OF FINANCIAL POSITION

Financial Indicators	FY2022 (RM'000)	FY2021 (RM'000)	%
Asset under Management	542,800	509,700	6.49
Trade and Other Receivables	6,110	6,328	(3.45)
Deposits with a Licensed Bank	47,947	22,745	110.80
Bank Balances	15,743	1,770	789.44
Total Assets	612,600	540,543	13.33
Total Borrowings	250,831	255,046	(1.65)
Trade and Other Payables	17,014	14,933	13.94
Net Asset Value	335,799	263,090	27.64
Gearing (%)	40.95	47.18	(13.35)
Units in Circulation ('000)	255,551	204,626	24.89
Market Capitalisation	350,104	306,939	14.06
Net Asset Value per unit (RM)			
• Before Income Distribution	1.3140	1.2857	2.20
• After Income Distribution	1.2950	1.2602	2.76
Market Price as at 31 December (RM)	1.37	1.50	(8.67)

### ASSET UNDER MANAGEMENT

Asset under Management increased by 6.49% to RM542.8 million due to the capital expenditure incurred for the on-going AEI at ASA4 and the net gain in revaluation of investment properties.

### TRADE AND OTHER RECEIVABLES

The decrease in trade and other receivables was mainly attributed to the refund of deposit paid to land office upon obtaining approval for the AEI at ASA4.

### MATERIAL LITIGATION

Atrium REIT has no material litigations, save and except the following:

1. Litigation case with Marelli Asia Pacific Sdn Bhd  
Shah Alam Sessions Court  
Suit No: BA-B52NCvC-160-06/2021
2. Litigation case with S L Ng Trading Agency Sdn Bhd  
High court of Malaya at Kuala Lumpur  
Writ of Summons no.: WA-22NCvc-730-12/2022

The details and pertinent updates of the above material litigations have been announced on the Bursa Malaysia and Atrium REIT websites.

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### BORROWINGS

Atrium REIT's borrowings decreased by RM 4.2 million to RM 250.8 million as at 31 December 2022 as a result of reduction in the usage of the overdraft facility. The overdraft that had previously been used to fund the AEI at ASA4 was subsequently repaid with funds raised from the private placement and special issuance exercises.

The Manager will ensure that the gearing ratio does not exceed the approved limit as set by the Securities Commission Malaysia. The current strong cash position and balance sheet enables Atrium REIT to meet its debt obligations while maintaining sufficient cash flow to meet its working capital requirements.

Indicators	FY2018 (RM'000)	FY2019 (RM'000)	FY2020 (RM'000)	FY2021 (RM'000)	FY2022 (RM'000)
Total Borrowings	95,661	181,974	214,831	255,046	250,831
Current					
- STRC	39,600	39,600	39,600	39,600	39,600
- OD	22,830	2,143	-	4,215	-
Non-Current					
- TL	20,000	-	-	-	-
- TL 2	10,765	10,765	10,765	10,765	10,765
- TL 3	18,400	18,400	18,400	18,400	18,400
- TL 4	4,066	4,066	4,066	4,066	4,066
- MBB TL	-	20,000	20,000	20,000	20,000
- MTN – Tranche 1	-	-	35,000	35,000	35,000
- MTN – Tranche 2	-	87,000	87,000	87,000	87,000
- MTN – Tranche 3	-	-	-	36,000	36,000
Total Asset	287,584	464,113	504,577	540,543	612,600
Gearing (%)	33.26	39.21	42.58	47.18	40.95
Interest Rate (%)	4.31 to 5.47	4.28 to 5.47	2.91 to 3.51	2.91 to 3.51	2.93 to 4.60

### TRADE AND OTHER PAYABLES

Included in trade and other payables are the security and utility deposits received from the tenants, amounting to RM14.8 million (2021: RM13.6 million).

### NET ASSET VALUE (“NAV”)

As at 31 December 2022, NAV and NAV per unit increased by 27.63% and 2.20% to RM335.8 million and RM1.3140 per unit, respectively, as compared to RM263.1 million and RM1.2857 per unit, respectively, in FY2021. The increase is due to the gain in fair value of investment properties and increase in funds raised from the private placement and special issuance exercises.

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### UNITHOLDERS CAPITAL

The Board of the Manager has resolved to utilize the balance of the proceeds for the extension of the tenure of land leases for Atrium Bayan Lepas 1 & 2. The extension process for the said land leases which were expected to be completed by December 2022 could not be completed as a result of the delays and disruptions caused by the imposition of the Movement Control Order to control the pandemic. In view of this, the Board has resolved to extend the timeframe for the utilisation of proceeds to 30 June 2023.

#### Rights Issue of 58,464,480 units

Purpose	Proposed Utilisation (RM million)	Actual Utilisation (RM million)	Deviation (RM million)	Balance		Intended Timeframe for Utilisation (from date of listing)
				(RM million)	%	
Part finance proposed acquisition of Lumileds properties and its related expenses	58.2	39.0	-	19.2	33.0	Within 39 months
Defray estimated expenses relating to the Rights Issue	1.4	1.4	-	-	-	Within 1 month
<b>Total</b>	<b>59.6</b>	<b>40.4</b>	<b>-</b>	<b>19.2</b>	<b>33.0</b>	

The Manager completed two (2) fund raising exercises during the second half of the financial year, i.e., on 17 August 2022 and 28 December 2022, to raise the unitholders capital to RM274.5 million. The proceeds are allocated for the AEI project at ASA4 and working capital purposes.

#### Private Placement of 40,925,000 units

Purpose	Proposed Utilisation (RM million)	Actual Utilisation (RM million)	Deviation (RM million)	Balance		Intended Timeframe for Utilisation (from date of listing)
				(RM million)	%	
Part finance proposed AEI of ASA4@Sek 16, Shah Alam and its related expenses	56.4	30.0	-	26.4	46.8	12 months
Defray estimated expenses relating to the Private Placement	0.9	0.9	-	-	-	Within 1 month
<b>Total</b>	<b>57.3</b>	<b>30.9</b>	<b>-</b>	<b>26.4</b>	<b>46.8</b>	

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### Special Issuance of 10,00,000 units

Purpose	Proposed Utilisation (RM million)	Actual Utilisation (RM million)	Deviation (RM million)	Balance		Intended Timeframe for Utilisation (from date of listing)
				(RM million)	%	
Part finance proposed AEI of ASA4@Sek 16, Shah Alam and its related expenses	14.0	-	-	14.0	100	12 months
Defray estimated expenses relating to the Private Placement	0.0	-	-	0.0	-	
<b>Total</b>	14.0	-	-	14.0	100	

### UNIT PRICE AND MARKET CAPITALISATION

As at 31 December 2022, the market capitalisation stood at RM350,104,432, 14.06% higher year-on-year. Based on the unit price of RM1.37, the trading price premium to NAV as at 31 December 2022 was 4.26% (FY2021: 16.67%).

### STRENGTHENING CORPORATE GOVERNANCE

Atrium REIT takes cognisance that corporate governance is the framework that defines the business relationships that exist between company shareholders, management teams, the Board and all other key stakeholders. The importance of corporate governance cannot be emphasised enough and relevant policies are established to promote good business conduct and practices. (Please refer to Sustainability Statement for details.)

Initiatives to further strengthen Atrium REIT's corporate governance are as follows:

- Reviewed and updated the following policies:**
  - Limit of Authority
  - Conflict of interest
  - Code of conduct and ethics
  - Personal Data Protection
- Established the following policies:**
  - Fit and Proper Policy
  - External Auditor Policy
  - Board Charter

### GLOBAL OUTLOOK

#### Inflation and uncertainty

The global economy is experiencing a number of turbulent challenges. Inflation higher than seen in several decades, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Normalization of monetary and fiscal policies that delivered unprecedented support during the pandemic is cooling demand as policymakers aim to lower inflation back to target. But a growing share of economies are in a growth slowdown or outright contraction. The global economy's future health rests critically on the successful calibration of monetary policy, the course of the war in Ukraine, and the possibility of further pandemic-related supply-side disruptions, for example, in China.

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic and reflects significant slowdowns for the largest economies: a US GDP contraction in the first half of 2022, a euro area contraction in the second half of 2022, and prolonged COVID-19 outbreaks and lockdowns in China with a growing property sector crisis. About a third of the world economy faces two consecutive quarters of negative growth. Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024. Upside inflation surprises have been most widespread among advanced economies, with greater variability in emerging market and developing economies.

Risks to the outlook remain unusually large and to the downside. Monetary policy could miscalculate the right stance to reduce inflation. Policy paths in the largest economies could continue to diverge, leading to further US dollar appreciation and cross-border tensions. More energy and food price shocks might cause inflation to persist for longer. Global tightening in financing conditions could trigger widespread emerging market debt distress. Halting gas supplies by Russia could depress output in Europe. A resurgence of COVID-19 or new global health scares might further stunt growth. A worsening of China's property sector crisis could spill over to the domestic banking sector and weigh heavily on the country's growth, with negative cross-border effects. And geopolitical fragmentation could impede trade and capital flows, further hindering climate policy cooperation. The balance of risks is tilted firmly to the downside, with about a 25 percent chance of one-year-ahead global growth falling below 2.0 percent—in the 10th percentile of global growth outturns since 1970.

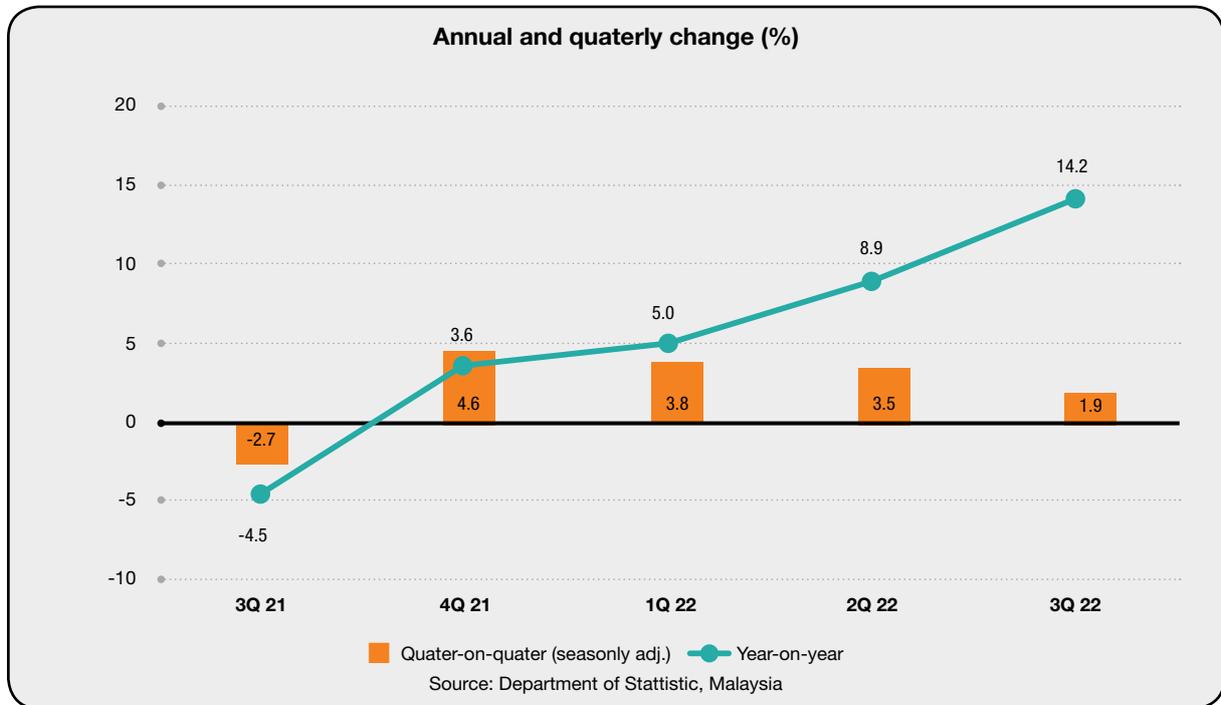
Warding off these risks starts with monetary policy staying the course to restore price stability. As demonstrated in Chapter 2, front-loaded and aggressive monetary tightening is critical to avoid inflation de-anchoring as a result of households and businesses basing their wage and price expectations on their recent inflation experience. Fiscal policy's priority is the protection of vulnerable groups through targeted near-term support to alleviate the burden of the cost-of-living crisis felt across the globe. But its overall stance should remain sufficiently tight to keep monetary policy on target. Addressing growing government debt distress caused by lower growth and higher borrowing costs requires a meaningful improvement in debt resolution frameworks. With tightening financial conditions, macroprudential policies should remain on guard against systemic risks. Intensifying structural reforms to improve productivity and economic capacity would ease supply constraints and in doing so support monetary policy in fighting inflation. Policies to fast-track the green energy transition will yield long-term payoffs for energy security and the costs of ongoing climate change. As Chapter 3 shows, phasing in the right measures over the coming eight years will keep the macroeconomic costs manageable. And last, successful multilateral cooperation will prevent fragmentation that could reverse the gains in economic well-being from 30 years of economic integration.

*(Source: <https://www.imf.org/en/Publications/WEO/Issues/2022/10/11/world-economic-outlook-october-2022>)*

### **MALAYSIA ECONOMIC OUTLOOK**

GDP registered strong growth in the third quarter of 2022 The Malaysian economy registered a strong growth of 14.2% in the third quarter of 2022 (2Q 2022: 8.9%). Apart from the sizeable base effects from negative growth in the third quarter of 2021 (Note 1), the high growth was underpinned by continued expansion in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.9% (2Q 2022: 3.5%). Overall, the Malaysian economy expanded by 9.3% in the first three quarters of 2022.

MANAGEMENT DISCUSSION & ANALYSIS  
(CONT'D)



Note 1: The Malaysian economy was adversely affected by the re-imposition of strict containment measures during the third quarter of 2021, which entailed, among others, limits to operating capacities for selected economic activities and inter-state travel restrictions. Against this, the economy recorded a contraction of 4.5%.  
([https://www.bnm.gov.my/documents/20124/8810581/qb22q3\\_en\\_book.pdf](https://www.bnm.gov.my/documents/20124/8810581/qb22q3_en_book.pdf))

**Further improvement in investment activity**

Gross fixed capital formation (GFCF) registered a higher growth of 13.1% (2Q 2022: 5.8%) as capital spending by both private and public sectors improved further. Investment in structures increased by 16.7% (2Q 2022: 3.8%), while investment in machinery and equipment (M&E) and other assets rose by 10.7% (2Q 2022: 9.6%) and 6.6% (2Q 2022: 0.2%), respectively. Private investment grew by 13.2% (2Q 2022: 6.3%), with higher capital expenditure driven mainly by services and manufacturing firms. Structures investment improved as projects across all property segments progressed further. The higher capital spending in M&E benefitted from capacity expansions amid favourable demand conditions. Public investment expanded by 13.1% (2Q 2022: 3.2%), on account of higher capital spending by both general government and public corporations particularly in the oil and gas, and telecommunication sectors.

(Source: Bank Negara Malaysia)

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### PROPERTY SECTOR OUTLOOK

#### No harm to commercial and industrial property markets in 2023



Despite the long uncertainty after the 15th general election (GE15) results, the stability achieved with the appointment of Malaysia's 10th prime minister will have a positive impact on the commercial and industrial property markets in 2023, according to comments released on Nov 30 by Irhamy Ahmad MRICS, Chartered Valuation Surveyor and CEO and founder of Irhamy Valuers International.

"Malaysia's economy is expected to grow moderately between 4% and 5% in 2023. That compares to the anticipated 6.5% to 7% growth in 2022, according to the Finance Ministry."

"In 2023, Malaysia will benefit from corporate efforts to diversify their global supply chains. After the disruption of the pandemic, companies want redundant and diversified supply chains. Very often that means locating facilities in Asean, and especially in Malaysia."

Source: <https://www.iqiglobal.com/blog/no-harm-to-commercial-and-industrial-property-markets-in-2023/>

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### INDUSTRIAL PROPERTY SUB-SECTOR OUTLOOK

**The industrial sector is steadily expanding, thanks to a higher e-commerce penetration rate**



The local industrial property market is still doing well, despite challenges and worries about growing inflation, says Knight Frank Malaysia. Judy Ong, the company's senior executive director of research and consultation, said the local industrial sector has seen steady growth in recent years, largely due to a higher e-commerce penetration rate. This is one of the immediate effects, she added, along with increased warehousing space needs to handle the rise in last-mile delivery and the structural change towards omnichannel shopping. The need for logistics and warehouse space is increasing as the logistics industry continues to expand as a result of key participants in 3PL and e-commerce expanding their businesses, Ong said. The Klang Valley's industrial property market activity saw a rebound, with 2,050 industrial properties valued at RM9.21 billion changing hands in 2021. This represents annual increases in the volume and value of transactions of 20.2 per cent and 23 per cent, respectively. Allan Sim, executive director of land and industrial solutions at Knight Frank, highlighted that the primary issues facing producers and logistics companies are increased transportation costs, a labour scarcity, and supply chain disruption. According to him, Malaysia is anticipated to gain from this diversification and reshaping of global supply chain strategy as more international corporations establish new businesses and facilities inside the ASEAN area. Institutional investors and real estate investment trusts are increasingly vying for Malaysia's industrial and logistics real estate, Sim said.

Sim said that local developers are also engaging in large industrial and warehousing developments, citing Titijaya Land Bhd's recent RM200 million build-to-suit arrangement of a logistic commercial complex for DHL Properties in Penang and IJM Corp.'s partnership with China Harbour Engineering Company Ltd. (CHEC) for their first industrial and logistics development in Kuantan.

Source: <https://www.nst.com.my/property/2022/08/820483/industrial-sector-steadily-expanding-thanks-higher-e-commerce-penetration#:~:text=The%20Klang%20Valley's%20industrial%20property,and%2023%20per%20cent%2C%20respectively>

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### PENANG INDUSTRIAL PROPERTY MARKET OUTLOOK

#### Industrial segment is the silver lining in Penang property market

Knight Frank Penang's executive director Mark Saw thinks that the industrial sector is the silver lining in Penang's property market. He said that this is because the growing e-commerce and logistics industries are spurring demand for logistical infrastructure. According to the firm's REH (Real Estate Highlights) report, the Batu Kawan Industrial Park will continue to be the primary hotspot throughout the ensuing three years. Penang Development Corp (PDC) also intends to build a new industrial park in Kepala Batas and develop between 100 and 150 acres of industrial land per year in Batu Kawan. Saw said that in order to draw in more interest, particularly from foreign investors, this industrial park would become intelligent and high-tech with the best infrastructure for 5G internet connectivity.

*Source: <https://www.nst.com.my/property/2022/08/820483/industrial-sector-steadily-expanding-thanks-higher-e-commerce-penetration#:~:text=The%20Klang%20Valley's%20industrial%20property,and%2023%20per%20cent%2C%20respectively>*

### PROSPECTS

Atrium REIT has performed well over the FY2022 despite uncertainties arising from the US-China trade tensions, Russia-Ukraine war and global economies recovering from the Covid-19 pandemic, as well as the increase in finance costs, among others. This was achieved due to its strategies of focusing primarily on organic growth, good corporate governance practices, as well as prudent financing and capital management framework. Such strategies will remain resolute in the financial year ahead, geared primarily toward ensuring continued financial and sustainable returns for its unitholders. The Manager remains optimistic on the revenue growth especially with a new tenancy commencing after second half of 2023 upon completion of the AEI at ASA4, Shah Alam.

However, the Manager is ever mindful of potential situations where supply could outpace demand, requiring prudent and decisive action to capitalise on or mitigate its impact. Given strong performance of Atrium REIT over the last financial year and the proven resilience of the Manager to adopt various strategies in pursuit of stable income and value creation, we are confident of facing the challenges head-on.

Atrium REIT will continue to explore properties in ideal locations for potential acquisition. To achieve such initiative, the Manager is actively and consistently engaging real estate agents as well as business partners to identify potential properties with strategic locations, good tenants and attractive yields.

Aiming to maintain 100% occupancy for its investment properties, Atrium REIT strives to maintain its strong lead as a provider of Grade A warehouses and industrial properties. To this end, we make it a top priority that our properties are maintained in excellent state and condition, undertaking AEIs where necessary and last but not least, to build Atrium REIT into a strong and trusted brand name in warehouse and industrial property leasing.

# PROPERTY PORTFOLIO

## ATRIUM SHAH ALAM 1



Property	: Atrium Shah Alam 1
Address	: Lot 1-8, Persiaran Jubli Perak, Seksyen 22, 40300 Shah Alam, Selangor Darul Ehsan, Malaysia
Title details	: GRN 177482 for Lot No. 38264, Pekan Baru Hicom, District of Petaling State of Selangor Darul Ehsan, Malaysia
Property type	: Industrial
Description	: A single storey warehouse annexed with a four storey office building having a total Net Lettable Area measuring approximately 311,736 sq.ft.
Year of completion	: 2005
Land details	: Freehold land measuring approximately 573,124 sq.ft.
Existing use	: Warehouse and office
Parking spaces	: 191 car bays 105 motorcycle bays 30 lorry bays
Date of acquisition	: 2 April 2007
Cost of acquisition	: RM57,200,000
Lessee	: Ninja Logistics Sdn Bhd
Occupancy	: 100%
Lease Period	: 6 years, expiring on 31 May 2027
Major capital expenditure	: Nil
Encumbrances	: The property is charged to a financial institution to secure a Short Term Revolving Credit facility of RM 39,600,000
Latest valuation	: RM96,200,000
Date of last valuation	: 21 November 2022
Valuer	: Raine & Horne International Zaki + Partners Sdn Bhd
Fair Value adjustment	: RM4,073,000
Net book value	: RM92,127,000

## 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>Lessee</b>	: Samsung SDS Malaysia Sdn Bhd
<b>Occupancy</b>	: 100%
<b>Lease 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 RM41,065,288
<b>Latest valuation</b>	: RM83,500,000
<b>Date of last valuation</b>	: 21 November 2022
<b>Valuer</b>	: Raine & Horne International Zaki + Partners Sdn Bhd
<b>Fair Value adjustment</b>	: RM4,595,000
<b>Net book value</b>	: RM78,905,000

PROPERTY PORTFOLIO  
(CONT'D)

**ATRIUM SHAH ALAM 3**



Property	: Atrium Shah Alam 3
Address	: No.10, Persiaran Sabak Bernam, Section 26, Shah Alam Industrial Estate, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia
Title details	: H.S.(D) 63508, PT503, Mukim Damansara, District of Petaling, Selangor Darul Ehsan, Malaysia
Property type	: Industrial
Description	: A single storey warehouse annexed with a double storey office having a total Net Lettable Area measuring approximately 90,670 sq.ft.
Year of completion	: 1990 2018 (Asset Enhancement Initiative)
Land details	: Freehold land measuring approximately 140,078 sq.ft.
Existing use	: Warehouse and office
Parking spaces	: 64 car bays 32 motorcycle bays 8 lorry bays
Date of acquisition	: 16 March 2017
Cost of acquisition	: RM21,698,113
Tenant	: DSV Solutions (DC) Sdn Bhd (Formerly known as Agility Logistics Sdn Bhd)
Occupancy	: 100%
Tenancy Period	: 2 years, expiring on 24 July 2023
Major capital expenditure	: Nil
Encumbrances	: The property is charged to a financial institution to secure a Term Loan and Bank Guarantee facility of RM18,700,000
Latest valuation	: RM30,200,000
Date of last valuation	: 22 November 2022
Valuer	: Raine & Horne International Zaki + Partners Sdn Bhd
Fair Value adjustment	: RM573,000
Net book value	: RM29,627,000

## PROPERTY PORTFOLIO (CONT'D)

### ATRIUM SHAH ALAM 4



<b>Property</b>	: Atrium Shah Alam 4
<b>Address</b>	: Lot 7, Persiaran Raja Muda, Section 16, 40200 Shah Alam, Selangor Darul Ehsan
<b>Title details</b>	: HSD 167421, Mukim Damansara, Petaling Jaya, Selangor Darul Ehsan HSD 172494, Tapak Perusahaan Shah Alam, Bandar Shah Alam, Petaling Jaya, Selangor Darul Ehsan.
<b>Property type</b>	: Industrial
<b>Description (before AEI)</b>	: A single storey factory with a single storey office cum canteen building having a total Net Lettable Area measuring approximately 167,431 sq. ft.
<b>Description (after AEI)</b>	: A double storey warehouse with a mezzanine office and a sub-basement carpark having a total Net Lettable Area measuring approximately 338,417 sq.ft. (subject to final site measurement upon completion of AEI)
<b>Year of completion (note 1)</b>	: 1990 2023 (estimated)(Asset Enhancement Initiative)
<b>Land details</b>	: HSD 167421 - 99 years leasehold land expiring on 7 November 2067; measuring approximately 216,182 sq.ft. HSD 172494 - 99 years leasehold land expiring on 5 September 2073; measuring approximately 86,154 sq.ft.
<b>Existing use</b>	: N/A
<b>Parking spaces (after AEI)</b>	: 179 car bays 171 motorcycle bays 30 lorry bays
<b>Date of acquisition</b>	: 24 February 2021
<b>Cost of acquisition</b>	: RM45,000,000
<b>Tenant (note 1)</b>	: N/A
<b>Occupancy (note 1)</b>	: N/A
<b>Tenancy Period</b>	: N/A
<b>Major capital expenditure</b>	: RM28,863,161
<b>Encumbrances</b>	: The property is charged to a financial institution to secure a Medium-Term Note facility of RM36,000,000
<b>Latest valuation</b>	: RM62,500,000
<b>Date of last valuation</b>	: 21 November 2022
<b>Valuer</b>	: Raine & Horne International Zaki + Partners Sdn Bhd
<b>Fair Value adjustment</b>	: (RM11,663,000)
<b>Net book value</b>	: RM74,163,000

**Note 1** : ASA 4 is currently undergoing AEI which is targeted to be completed by 2nd quarter of 2023.

PROPERTY PORTFOLIO  
(CONT'D)

**ATRIUM PUCHONG**



Property	: Atrium Puchong
Address	: No.2 Jalan PPU 1, Taman Perindustrian Puchong Utama, Batu 12 ½ Jalan Puchong, 47100 Puchong, Selangor Darul Ehsan, Malaysia
Title details	: Lot No. 65108 held under Geran No. 44178, Pekan Puchong Perdana, District of Petaling, State of Selangor Darul Ehsan
Property type	: Industrial
Description	: A single storey warehouse annexed with a four storey office building having a total Net Lettable Area measuring approximately 203,994 sq.ft.
Year of completion	: 2002
Land details	: Freehold land measuring approximately 292,234 sq.ft.
Existing use	: Warehouse and office
Parking spaces	: 129 car bays 110 motorcycle bays 30 lorry bays
Date of acquisition	: 2 April 2007
Cost of acquisition	: RM38,500,000
Tenant	: Lazada Express (Malaysia) Sdn Bhd
Occupancy	: 100%
Tenancy Period	: 3 years, expiring on 30 September 2023
Major capital expenditure	: Nil
Encumbrances	: Nil
Latest valuation	: RM58,800,000
Date of last valuation	: 22 November 2022
Valuer	: Raine & Horne International Zaki + Partners Sdn Bhd
Fair Value adjustment	: RM5,400,000
Net book value	: RM53,400,000

## 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>	: Rohlig Malaysia Sdn. Bhd.
<b>Occupancy</b>	: 100%
<b>Tenancy Period</b>	: Block A – 3 years, expiring on 31 August 2023 Block B – 3 years, expiring on 15 February 2024 Block C – 3 years, expiring on 31 December 2025
<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>	: RM39,600,000
<b>Date of last valuation</b>	: 22 November 2022
<b>Valuer</b>	: Raine & Horne International Zaki + Partners Sdn Bhd
<b>Fair Value adjustment</b>	: RM1,400,000
<b>Net book value</b>	: RM38,200,000

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 warehouse 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 No. 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>	: RM50,000,000
<b>Date of last valuation</b>	: 29 November 2022
<b>Valuer</b>	: IVPS Property Consultant Sdn Bhd
<b>Fair Value adjustment</b>	: RM(1,930,000)
<b>Net book value</b>	: RM51,930,000

## 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 Fasa 4, Mukim 12, 11900, 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</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>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>	: RM122,000,000
<b>Date of last valuation</b>	: 30 November 2022
<b>Valuer</b>	: IVPS Property Consultant Sdn Bhd
<b>Fair Value adjustment</b>	: (RM1,344,000)
<b>Net book value</b>	: RM123,344,000

## 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

Foong Wai Leng  
Executive Director  
(appointed on 28 June 2022)

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

### NOMINATING COMMITTEE

Chan Wan Seong (Chairman)  
Chng Boon Huat  
Soong Kwong Heng

### MANAGEMENT

Wong Sui Ee  
Executive Director/ Head of Investment

Foong Wai Leng  
Executive Director (appointed on 28 June  
2022)

Head of Risk and Compliance (redesignated  
on 28 June 2022)

Chan Kum Chong  
Chief Executive Officer

Ng Bee Eng  
Chief Operations Officer

Lee Hooi Hoong  
Chief Financial Officer

### COMPANY SECRETARY

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

## 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

**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 : 03-2166 8830  
Fax : 03-2166 3830

### 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

### AUDITORS

BDO PLT  
201906000013 (LLP0018825-LCA & AF 0206)  
Chartered Accountants

### 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

### BURSA MALAYSIA STOCK NAME AND CODE

ATRIUM 5130

## PROFILE OF DIRECTORS

### **DATO' DR IR MOHAMAD KHIR BIN HARUN**

**NON-INDEPENDENT AND NON-EXECUTIVE DIRECTOR  
CHAIRMAN**

Malaysian, male, aged 72, 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/ HEAD OF INVESTMENT**

Malaysian, female, aged 53, 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.

## PROFILE OF DIRECTORS (CONT'D)

### **FOONG WAI LENG**

#### **EXECUTIVE DIRECTOR/ HEAD OF RISK AND COMPLIANCE**

Malaysian, female, aged 53, was appointed to the Board on 28 June 2022. Ms. Foong joined the Company as the Senior Finance Manager on 1 July 2021, and subsequently redesignated to Head of Risk and Compliance on 28 June 2022.

She is a graduate from Business Faculty of University Technology, Sydney, Australia and completed her accounting professional degree with CPA Australia in 2006. She is holding charter membership (“CA”) with Malaysian Institute of Accounts (MIA), charter accountant with CPA Australia (“CPA”) and charter member (“CMIIA”) with Institute of Internal Auditors Malaysia (IIAM).

She has more than 29 years of experience in accounting, internal and financial auditing, and advisory in various types of industries, such as property and assets management, construction, hotel management, retailing, manufacturing, among others. She started her career in accountancy in 1989 and advanced to Internal Auditing in 2000, after completing her business degree. In 2003, she joined IGB Corporation Bhd. as a Group Internal Audit Executive and moved up to Senior Internal Audit Manager during the course of 10 years. Her roles were to assess and report the effectiveness and efficiency of the operational functions for the Group and its subsidiaries. Prior to joining Atrium REIT Managers, she served as a consultant in a medium-sized auditing and consulting firm in various types of industries in assessing enterprise risk management, efficiency and effectiveness of the operational functions, financial and strategic risks of public listed and private entities.

### **CHAN WAN SEONG**

#### **INDEPENDENT NON-EXECUTIVE DIRECTOR CHAIRMAN OF NOMINATING COMMITTEE**

Malaysian, male, aged 68, 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**

**CHAIRMAN OF NOMINATING COMMITTEE AND MEMBER OF NOMINATING COMMITTEE**

Malaysian, male, aged 63, 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) in 1987. 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 advocating good corporate governance practices such as risks management and internal control systems to companies listed on Bursa Malaysia Securities Berhad. 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.

Currently, he is also an Independent Non-Executive Director of Gagasan Nadi Cergas Berhad, a company listed on Bursa Malaysia Securities Berhad, and a director of Christian Dior Fashion (Malaysia) Sdn. Bhd.

### **HOW HU SON**

**INDEPENDENT NON-EXECUTIVE DIRECTOR**

Malaysian, male, aged 73, 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.

## PROFILE OF DIRECTORS (CONT'D)

### **SOONG KWONG HENG**

**INDEPENDENT NON-EXECUTIVE DIRECTOR  
MEMBER OF AUDIT COMMITTEE AND NOMINATING COMMITTEE**

Malaysian, male, aged 73, 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 dealing with 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 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  
MEMBER OF AUDIT COMMITTEE**

Malaysian, male, aged 64, 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 License 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 setup Pacific Landmark Real Estate Agents and will retire as Principal by end of January 2023.

#### **Notes:**

##### **Material Sanction and/or Penalty**

There was no public sanction and/or penalty imposed on the Directors of the Manager by the relevant regulatory bodies during the financial year ended 31 December 2022.

##### **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.

##### **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**

There were no material contracts entered by Atrium REIT that involved the Directors of the Manager of Atrium REIT during the financial year under review.

## PROFILE OF CHIEF EXECUTIVE OFFICER AND KEY SENIOR MANAGEMENT

### **CHAN KUM CHONG**

#### **CHIEF EXECUTIVE OFFICER**

Malaysian, aged 67, 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 totaling RM100million.

#### **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 Unitholding 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)

**NG BEE ENG**

**CHIEF OPERATIONS OFFICER**

Malaysian, female, aged 45, was appointed as Chief Operations Officer on 1 August 2021. Ms Ng graduated from University of Hertfordshire, United Kingdom in 2000 with a Bachelor of Arts in Business Administration majoring in Finance.

She began her career in 2001. Earlier in her career, she worked as the financial controller and she has more than 8 years executive operational experience which includes management of financial, accounting and human resources matter. In 2012, Ms. Ng joined Plus Asijaya (Perak) Sdn Bhd and Plus Asijaya (Pahang) Sdn Bhd as Project Director. She is since appointed to the Board of Plus Asijaya Island Sdn. Bhd. when Plus Asijaya Pahang Sdn Bhd joined venture with Ikhasas Group on 27 July 2017. She is experienced in overseeing all aspects of design and planning, environmental compliance, regulatory approvals, architecture, civil & structure, mechanical engineering, interior design to collaborative marketing planning. She is also overseeing for all aspects of construction, field supervision, contractors, sub-contractors and vendors to assure the construction schedule and the cost parameters are maintained. Prior to joining Plus Asijaya Group, she was appointed as Head of Project Department in Fuji Technology Sdn. Bhd. Her role was to direct team of engineers to provide solution, design and support for multi air conditioning system for Building. She was also responsible for assessment and management of air conditioning industry in west Malaysia.

**Other Directorship of Public Companies**

Ms. Ng has no other directorship with any public companies.

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

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

**Conflict of Interest**

No conflict of interest has arisen during the financial year under review.

**Conviction of Offences**

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

**LEE HOOI HOONG**

**CHIEF FINANCIAL OFFICER**

Malaysian, male, aged 55, 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 30 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 (2021: 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

# SUSTAINABILITY STATEMENT

## ABOUT THIS STATEMENT

Atrium REIT Managers Sdn Bhd (“Manager”) as the Manager of Atrium Real Estate Investment Trust (“Atrium REIT”), is responsible to all the stakeholders on the practices and disclosures of sustainability matters. This Sustainability Statement provides an overview on the sustainability performance for the financial year ended 31 December 2022 (“FY2022”).

Beyond improving the Environmental, Social and Governance (“ESG”) performance across its operations, Atrium REIT’s approach to sustainability also includes developing a sustainability-oriented organisational culture as well as cascading sustainability across its value chain to suppliers and its business partners.

The Manager is looking to further integrate non-financial matters into its business strategies going forward, given the former’s increasing significance to Atrium REIT’s overall business performance and value creation capabilities in the long-term.

## FRAMEWORKS APPLIED

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

- Bursa Malaysia’s Sustainability Reporting Guide, 2nd edition (and its supporting toolkits);
- Bursa Malaysia’s Main Market Listing Requirements; and
- Global Reporting Initiative (“GRI”) Standards 2020, where relevant.

## SCOPE, BOUNDARY & REPORT QUALITY

This Report covers the full financial year of 1 January to 31 December 2022 and is written in accordance with and guided by Bursa Malaysia Securities Berhad’s Main Market Listing Requirements and the Sustainability Reporting Guide and Toolkits.

### Methodology

This Statement is based on Atrium REIT’s ability to collect meaningful data from its property portfolio. Such data is based on the GRI principles of accuracy, balance, clarity, comparability, reliability and timeliness.

This Statement takes into account stakeholder views, internal assessment of material matters and risks factors, as well as emerging trends and opportunities within the operating environment. The Manager is cognisant that data-gathering challenges still exist with tenants. Nonetheless, the Manager continues to drive for comprehensive and timely data collection systems through continuous engagement with all stakeholders and working toward improving disclosures.

## SUSTAINABILITY STATEMENT (CONT'D)

### Scope

The Sustainability Statement covers all properties which are based in Malaysia, unless stated otherwise. These properties which are managed by the Manager are as follows:

North Region	
Bayan Lepas	
ABL1	Factory and Office
ABL2	



Central Region	
<b>Shah Alam</b>	Warehouse and Office
- ASA1	
- ASA2	
- ASA3	
- ASA4	
<b>Puchong - APCH</b>	
<b>Subang USJ - AUSJ</b>	
- Block A	
- Block B	
- Block C	



### Feedback

Atrium REIT is cognisant of the value of stakeholder engagement in driving for continuous improvement and welcomes feedback, comments and suggestions to be sent to: [marklee@atriumreit.com.my](mailto:marklee@atriumreit.com.my)

## SUSTAINABILITY GOVERNANCE STRUCTURE

Atrium REIT adopts a three-tier reporting structure with regards to sustainability governance. With the Board of Directors (“Board”) at the helm, sustainability strategies and initiatives of Atrium REIT are championed by the Chief Executive Officer (“CEO”) and supported by the Sustainability Working Committee (“SWC”).



## SUSTAINABILITY GOVERNANCE STRUCTURE (CONT'D)

\* The SWC comprises the following members:

Designation	Name
Chief Executive Officer	Chan Kum Chong
Chief Financial Officer	Lee Hooi Hoong
Chief Operations Officer	Ng Bee Eng
Head Of Risk And Compliance	Foong Wai Leng

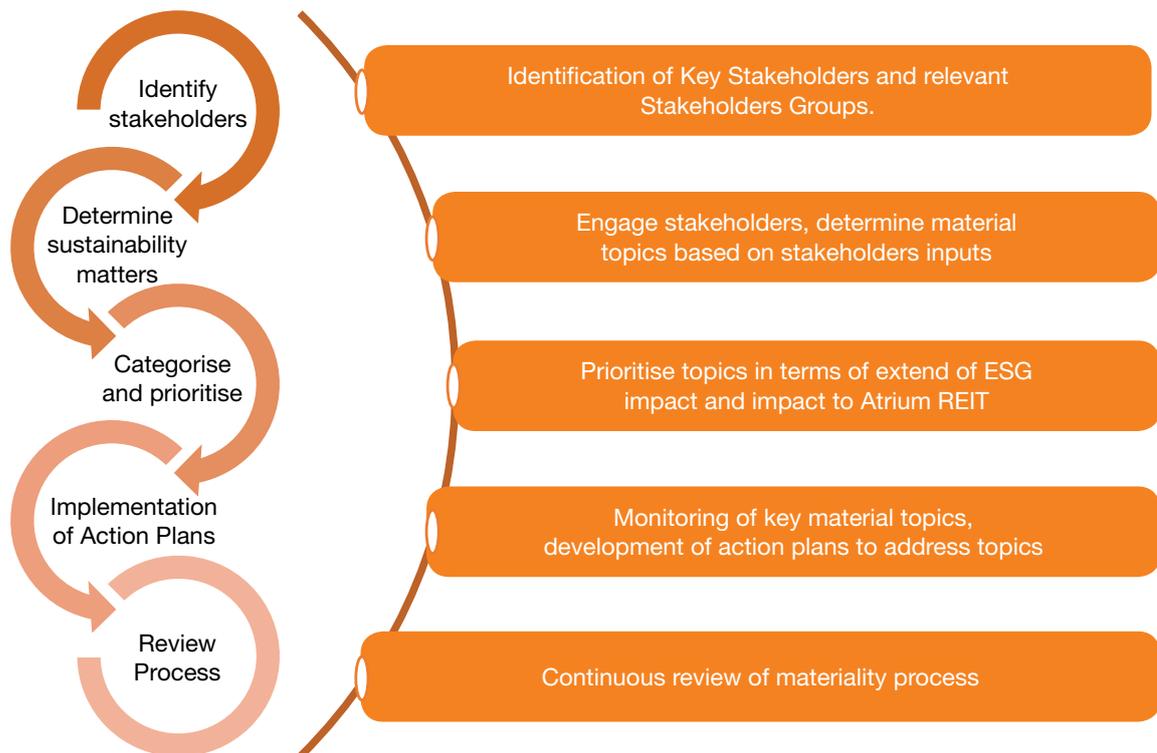
The roles and responsibilities of each tier of the governance structure is as follows:

Roles	Responsibilities
Board of Directors	<ul style="list-style-type: none"> <li>• Responsible for managing sustainable matters of Atrium REIT;</li> <li>• Setting Atrium REIT’s sustainability strategies, priorities, and targets that are aligned with its investment’s objectives and strategies;</li> <li>• Review and oversee climate-related risks and opportunities;</li> <li>• Review and approve the sustainability matters identified;</li> <li>• Review, deliberate and approve sustainability initiatives and activities as proposed by SWC;</li> <li>• Monitor overall achievement of sustainability strategies and targets; and</li> <li>• Ensure sustainability strategies, priorities and targets as well as performance are communicated to internal and external stakeholders.</li> </ul>
Nominating Committee	<ul style="list-style-type: none"> <li>• Review performance of the Board and Senior Management in addressing Atrium REIT’s material sustainability risks and opportunities.</li> </ul>
Audit Committee	<ul style="list-style-type: none"> <li>• Identify, assess, and manage climate-related risks and ensure that such risks are integrated into Atrium REIT’s overall risk management.</li> </ul>
Sustainability Working Committee (“SWC”)	<ul style="list-style-type: none"> <li>• Engage stakeholders to obtain feedback and views on material sustainability matters, in order to refine Atrium REIT’s sustainability strategies, priorities and initiatives.</li> <li>• Assess material sustainability matters, initiatives and activities to manage governance, environmental and social risks and opportunities for approval of the Board;</li> <li>• Implement sustainability initiatives, activities and method of implementation as approved by the Board;</li> <li>• Work closely with Audit Committee in identifying potential climate-related risks and opportunities;</li> <li>• Carry-out Materiality Assessment based on the data collected for monitoring and managing economic, environmental and social risks and opportunities;</li> <li>• Responsible for the day-to-day implementation of sustainability-related plans, initiatives and activities;</li> <li>• CEO to update the Board on a regular basis on the progress and achievements in relation to Atrium REIT’s sustainability-related plans and initiatives; and</li> <li>• Prepare Sustainability Statement for inclusion in the Annual Report.</li> </ul>

## SUSTAINABILITY GOVERNANCE STRUCTURE (CONT'D)

### 1. Materiality Assessment

Stakeholder relations is a top priority for Atrium REIT to ensure our sustainability is aligned with the Manager's strategies and objectives. Therefore, Atrium REIT has a five-step materiality identification and prioritisation approach in place that ensures selected materiality matters truly capture the broader issues and impacts faced or caused by our business presence and operations.



### 2. Stakeholder Management & Engagement

The Manager understands the value that stakeholders possess in paving the way for the future. This would include sustainability developments, future business strategies/ policies 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 Tenth Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") in order to avoid crowd building to curb Covid-19 pandemic spreads. The virtual AGM and EGM were successfully conducted and such approach would be remained for future AGMs.

Atrium defines stakeholders as follows:

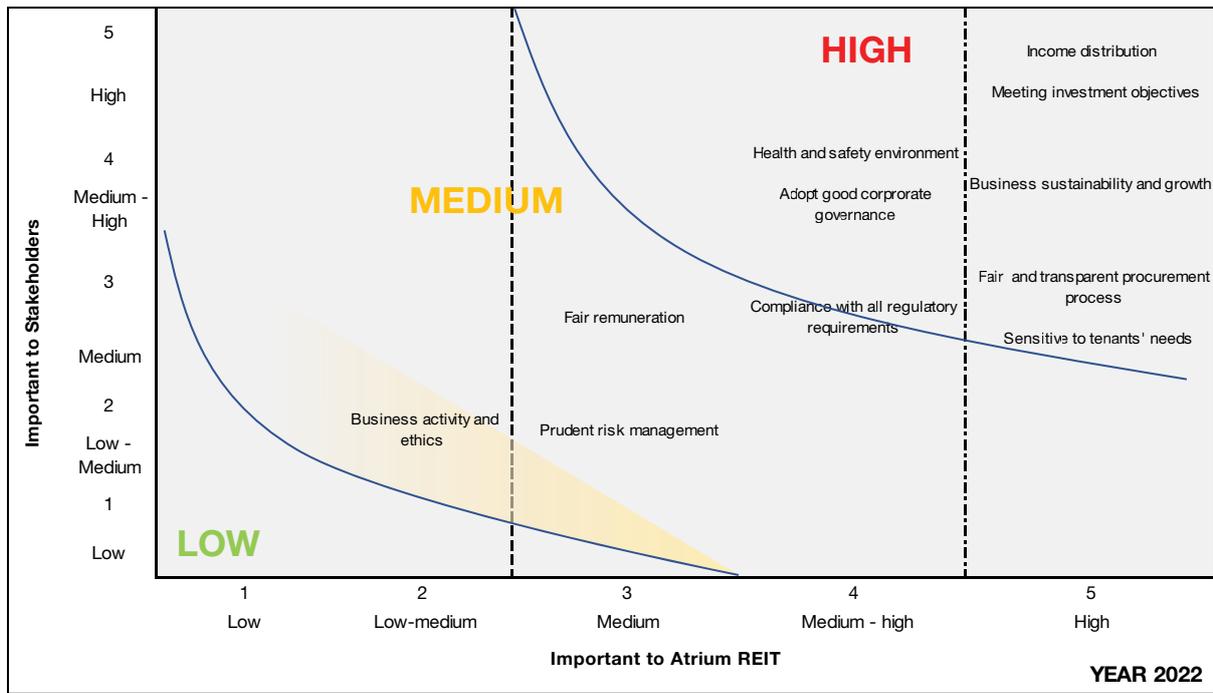
- Unitholders and investors;
- Trustee;
- Tenants;
- Suppliers, contractors, bankers, service providers;
- Board of Directors and employees;
- Regulatory and authorities; and
- Public individuals.

SUSTAINABILITY GOVERNANCE STRUCTURE  
(CONT'D)

No.	Stakeholders	Concerns/ Expectations	Engagement channel
a.	<ul style="list-style-type: none"> <li>Unitholders</li> <li>Investors</li> <li>Public individuals</li> </ul>	<ul style="list-style-type: none"> <li>Income distribution</li> <li>Adopt good corporate governance practices</li> </ul>	<ul style="list-style-type: none"> <li>Annual general meeting,</li> <li>Annual report,</li> <li>Interim financial announcement,</li> <li>Corporate announcement,</li> <li>Meeting with analysts, fund managers and investors,</li> <li>Website</li> </ul>
b.	Trustee	<ul style="list-style-type: none"> <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>
c.	Tenants	<ul style="list-style-type: none"> <li>Business sustainability and growth</li> <li>Health and safety environment</li> <li>Sensitive to tenant's needs</li> </ul>	<ul style="list-style-type: none"> <li>Contract agreements,</li> <li>Regular meetings,</li> <li>Direct and immediate communication via email and electronic channels,</li> <li>Joint inspection with property managers,</li> <li>Receive regular feedbacks.</li> <li>Perform Tenant's Satisfaction Survey (Annually)</li> </ul>
d.	<ul style="list-style-type: none"> <li>Suppliers</li> <li>Contractors</li> <li>Service Providers</li> </ul>	<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>
e.	<ul style="list-style-type: none"> <li>Board of Directors</li> <li>Employees</li> </ul>	<ul style="list-style-type: none"> <li>Good corporate governance practices</li> <li>Avail to business opportunities</li> <li>Meeting investment objectives</li> <li>Fair remuneration</li> </ul>	<ul style="list-style-type: none"> <li>Training and development opportunities</li> <li>Job appraisal</li> <li>Benefits package</li> <li>Company interest</li> </ul>
f.	Regulatory Authorities	<ul style="list-style-type: none"> <li>Compliance with all regulatory requirements</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>

SUSTAINABILITY GOVERNANCE STRUCTURE  
(CONT'D)

3. Sustainability Materiality Matrix



No	Sustainability Matters	Governance	Environment	Social
1.	Income distribution Meeting investment objectives	√		
2.	Business sustainability and growth		√	
3.	Health and safety environment		√	√
4.	Fair and transparent procurement process	√		
5.	Sensitive to Tenants' needs			√
6.	Adopt good corporate governance	√		
7.	Compliance with regulatory requirements	√		

## SUSTAINABILITY GOVERNANCE STRUCTURE (CONT'D)

The Manager identified and assessed the stakeholders and the areas of concerns accordingly. The management strives to ensure these concerns are attended to and mitigated its negative impacts. The ranking of the areas of concerns are depicted as above. It can be briefly categorised as follows:

No	Sustainability Matters	Manager's Priorities
1.	Income distribution  Meeting investment objectives	It is utmost important to ensure investment of Atrium REIT is aligned with the investment objectives and rewarding to unitholders.  Timely communications of the business developments with these unitholders as well as other stakeholders should be maintained. Such communication channels include quarterly reporting, media announcements, general meetings, among others.
2.	Business sustainability and growth	It is important to build a successful business strategy that is sustainable and maintained its growth. Any potential or prospect investment opportunities should be examined thoroughly and diligently before any decision is made.  The rental rates charged are assessed and compatible with the market rate. However, it is vital to assess the nature of business of prospective tenants if they are sustainable. In addition to due diligence exercise, the Manager will consider various possible factors that may affect the sustainability of the tenants' business ventures such as type of industry, creditability, business profile and other possible business indicators. The Manager has to keep abreast of any news/ voices that may have adverse impacts to the industries concerned.
3.	Health and safety environment	As part of the corporate responsibility, safety and health for employees, as well as public individuals are to be safeguarded. The hiring process and appointments of employees and truck drivers (be it inhouse or outsourced) by the tenants are utmost important. The tenant is to ensure the hired truck drivers are well trained and to ensure safety of the public road during delivery of goods. In addition, they also need to emphasize the safety awareness within the warehouse areas while handling of goods. In addition, the building structural integrity and condition should also be well maintained. Such engagement channel is through meetings with tenants, tenant's satisfaction survey, periodic properties inspection, among others. The Manager did not receive any feedback from tenants on any accidents happened due to mishandling of goods or/ and traffic cases arising from driver misbehaviours on road safety.
4.	Fair and transparent procurement process	It is a good corporate practice to ensure procurement processes are carried out fair and transparent. It is utmost important to adhere to the authorised policy and procedures and to ensure the management concerned are complied to the said policies. The Manager ensures that all contracts are vetted and screened through before its execution. Due diligence exercises are performed on potential vendors and suppliers to ensure it is capable in carried out the contracted obligations. Regular meetings and email or any possible effective communication channels used to ensure the procurement is executed effectively.

## SUSTAINABILITY GOVERNANCE STRUCTURE (CONT'D)

No	Sustainability Matters	Manager's Priorities
5.	Sensitive to tenants' needs	The Manager values feedbacks from tenants who provide constructive responses via Tenants' Satisfaction Survey which is conducted annually, commencing from 2022. The Manager also sought feedback from tenants on any areas for further improvements. By obtaining feedbacks and cooperation from tenants, the Manager would be able to look up for potential growth for REIT as well as to assist tenant in sustaining their business ventures.
6.	Adopt good corporate governance	<p>In order to promote transparency, good business ethics, business integrity, tighter and yet practical operational policies and procedures should be instilled among the senior management and board of directors with stakeholders, such as tenants, business associates, contractors, etc.</p> <p>A comprehensive employee retention program can play a vital role in both attracting and retaining key employees, as well as in reducing staff turnover. The employees are continuously trained and motivated to keep abreast of new development on industrial practices. The employees' performance would be benchmarking against the market practices and rewarded adequately.</p>
7.	Compliance with all regulatory requirements	The Manager, being a licensed holder of CMSL (Capital Market Services License) is obligated to comply with requirements being imposed by Bursa Malaysia and Securities Commission, among others. Therefore, the Manager will ensure Atrium REIT complies with all the regulatory requirements at all times. Relevant conferences and forums organised by the regulators and statutory bodies are attended by the Manager on a regular basis.

## GOVERNANCE

A good governance is always a pivotal point for a Company to strive for a better growth and at the same time, it does not compromise with the quality of its performance and values to the stakeholders. Throughout the year, the Manager, with the support from the Board of Directors and its committees, has reviewed and implemented pertinent policies and procedures in order to comply with the current requirements and practices.

### 1. Policies and Procedures

The following reviews and updates of the policies and procedures are summarised as follows:

Types of Policies and Procedures	Description
a. Limit of Authority	It governs the delegation of authority limit to the Senior Management, Board of Directors and Trustee for entering into procurement, contracts and business commitments, among others, during the course of business transactions.
b. Fit & Proper Policy	It governs the assessment so as to determine the fitness and propriety of the Directors on an ongoing basis.  The Policy stated the assessment criteria of the Director, i.e., character and integrity, experience and competence, and time and committee.
c. Conflict of interest	It provides guidance in managing situations where conflict of interest may arise. This Policy applies to any Director or employee who has or may have a conflict-of-interest situations with the Manager.  The Policy stated examples that conflict of interest may occur and should be avoided and reported, such as gifts, hospitalities and entertainment, outside employment, directorship and business activities, confidential information and insider trading, and personal relationship with business associates.
d. Board Charter	This Board Charter sets out:  1. the composition, roles, responsibilities and processes of the Board, individual Directors and management; and  2. the delegation of authority by the Board to various Board Committees (“Board Committees”) to assist the Board members in performing their responsibilities more effectively on behalf of the Manager for the benefit of Atrium REIT and its stakeholders.
e. External Auditor Policy	This policy sets out the guidelines and procedures to assess the suitability, objectivity, independence and overall performance of the External Auditor for Atrium REIT.  The independence of the External Auditor may be impaired where the External Auditor provides services which:  1. create conflicting interests between the External Auditor and Atrium,  2. result in the External Auditor functioning in the role of management,  3. place the External Auditor in the position of auditing its own work, or  4. place the External Auditor in the position of being an advocate for Atrium

## GOVERNANCE (CONT'D)

Types of Policies and Procedures	Description
5. Anti-bribery and Corruption Policy	<ul style="list-style-type: none"> <li>- This Policy is to convey the Company's anti-bribery and corruption commitment to its stakeholders and the individuals in which this Policy applies.</li> <li>- The Policy explains the prohibition of bribery and corruption practices in the Company's operations, and the illegal acts which an employee or business associate may encounter during the course of their employment/contract with Atrium REIT. This Policy applies to all employees, directors as well as business associate of Atrium REIT.</li> <li>- This Policy also covers the Gift Policy which sets the limit on entertainment and customary gifts.</li> </ul>
6. Code of Conduct and Ethics ("The Code")	<p>This Code articulates the acceptable practices and guide the behaviour of directors and employees of the Manager. It covers the following areas:</p> <ol style="list-style-type: none"> <li>a. The general business conduct that comprises compliance with laws, business records and illegal/questionable payments,</li> <li>b. Conflict of interest on business opportunities,</li> <li>c. Confidential information,</li> <li>d. Gift and entertainment,</li> <li>e. Areas of unacceptable conduct and ethics, and</li> <li>f. Disciplinary action on any violation of the Code.</li> </ol>
7. Personal Data Protection	<p>This policy forms part of the tenancy management policy and procedures:</p> <ol style="list-style-type: none"> <li>a. Data is safeguarded in the server with restrictive access,</li> <li>b. Significant information, such as financial data, tenancy/leasing agreement, among others can only be accessed by authorised personnel.</li> </ol>

The policies and standard operating procedures are constantly reviewed by the Senior Management in order to be kept up to date, and assess its practicality according to the changes in working environment. In order to ensure such practices are in line with the Company's policies and procedures, the Nominating Committee will review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities on an annual basis. The assessment would be based on the Key Performance Index ("KPI") set and approved by the Board of Directors. The KPI comprises of profitability of Atrium REIT, revenue growth, dividend yield, among others. Such KPI would be implemented in 2023.

GOVERNANCE  
(CONT'D)

**2. Tenant’s Satisfactory Survey**

The Manager believes that the success of Atrium REIT is very much dependent on working closely with the prestigious tenants, understand and be sensitive to their needs. Thus, the Manager has conducted a simple survey by obtaining valuable feedback from the tenants based on 3 categories summarised as follows:

Areas of concerns	Description
1. Repairs and Maintenance	<ul style="list-style-type: none"> <li>- The channel of request for repair/ maintenance</li> <li>- The efficiency and proper of repair/ maintenance work done</li> <li>- The quality of work done</li> <li>- The competency of appointed contractors</li> </ul>
2. Condition of the Property, and	<ul style="list-style-type: none"> <li>- Satisfactory of the condition of the properties</li> <li>- Satisfactory of the condition of the fittings and fixtures</li> </ul>
3. Communication with Landlord	<ul style="list-style-type: none"> <li>- Effectiveness and efficiency of the communication channel with Landlord</li> <li>- Competency of the person liaison appointed by the Landlord</li> </ul>

The surveys were carried out by questionnaires covering the above three (3) significant areas of concern and to seek written feedback from tenants for further improvements. Most of the feedback were positive and the Manager was grateful for their cooperation and assistance rendered to our maintenance team during the year. Overall, the results of the above areas of concern were above average. Nevertheless, we continue to strive for better results to serve our prestige tenants with utmost priorities.

## ENVIRONMENTAL

### 1. Initiatives by Tenants

The Manager feels appreciative that some of the tenants are well aware of the importance of adopting sustainable practices including taking various initiatives to protect the environment.

#### Flood Control

The Manager strongly encourages certain tenants where their premises are prone to flood to install floodgate at the compound to prevent flood that may damage the stock stored at the warehouses. The Manager, together with the Property Manager, assisted the tenants by sourcing competent contractors to attend on the needs and expectation of the tenant in order to safeguard the goods stored in the premises. Thorough studies and analysis have been carried out to ensure flood prevention is adequately addressed.

#### Energy Management

- a. Atrium Bayan Lepas 2 (“ABL2”) – Installation of solar panels by Lumileds Malaysia Sdn Bhd (“LMSB”)

In July 2022, LMSB has decided to install solar panels (Photovoltaic system) on Plant 2 located in Bayan Lepas, Penang and approval has been sought accordingly. The main benefit of such installation is that it is a renewable energy source and it helps to combat greenhouse gas emission, as well as to curb high energy costs.

- b. Atrium USJ (“AUSJ”) – Installation Of LED Lights By Rohlig Malaysia Sdn. Bhd. (“RMSB”)

In June 2022, RMSB planned to replace the lightings to LED on its warehouse. Such replacement would be on cost sharing and the Manager is very much supportive on such initiatives. Installation of LED lightings is undeniable created many advantages to the users such as electricity efficiency, reduce heat emission, low voltage operations, among others. The initiative was completed in August 2022.



[Courtesy by RMSB – LED lightings inside the warehouse (partially)]

## ENVIRONMENTAL (CONT'D)

### **Water Management**

The Manager has implemented the rain water harvest system in the newly developing property located at Shah Alam. The objective of this system installation is to salvage the rain water to make good use of the natural resources. The system, as of date of the report, has not been installed and implemented. Once it is tested and proven water consumption is significantly reduced, the Manager may plan to implement it to other properties located in Shah Alam. In future, the Manager, with the assistance from the tenant, will monitor the water consumption of the properties subsequent to the installation.

### **2. Energy and Water Consumption Statistics**

The following are the actual readings for electricity and water consumption in each property for FY2022:

No.	Properties (Note)	Electricity (kWh)	%	Water (m <sup>3</sup> )	%
1.	ABL1	20,857,643	32	166,664	29
2.	ABL2	40,327,586	61	312,709	55
3.	ASA1	1,833,795	3	40,352	7
4.	ASA2	1,048,058	2	12,084	2
5.	ASA3	922,407	1	1,613	-
6.	AUSJ	289,366	-	7,931	2
7.	APCH	653,348	1	30,142	5
	Total	65,932,203	100	571,495	100

*Note: ABL 1 & 2 – Atrium Bayan Lepas; ASA 1, 2 & 3 – Atrium Shah Alam; AUSJ – Atrium USJ, and APCH – Atrium Puchong.*

*Note: Figures for December 2022 were estimated due to ongoing bill collection.*

The above table represents electricity and water consumption for FY 2022 which is the base year as a progressing benchmark. The Manager perceived that FY 2022 data is a good start to monitor the utilities consumption because the consumption reported previously may not be a good benchmark that it might not be on full capacity as the businesses could be affected due to Movement Control Order (“MCO”). Therefore, the Manager started to record and monitor the utility consumption in FY 2022 as a fresh start. In turns, the Manager could assist and recommend tenants to implement energy efficiency solutions accordingly. In fact, as mentioned earlier, some tenants were already in progress of introducing energy savings mechanism, i.e., installation of solar panels and LED lightings to combat climate changes and reduce carbon emission.

## SOCIAL

### 1. Excellency Awards Achievements

On 19 September 2022, Atrium REIT received 2 awards presented by The Edge Centurion Club for small and mid-sized public listed companies (less than RM1billion) under category of REIT industry. These 2 awards are namely “Highest Return on Equity” and “Highest Returns to Shareholders (Unitholders)” over three years, i.e., from 2019 to 2021. We believe in strong bonding and teamwork among employees as well as partnering with our prestige tenants are the key factors contributing to the achievements of such marvellous performance results, especially during challenging times, i.e., Covid 19 pandemic.



*From left to right: Lydia Foong (Executive Director), Chan Wan Seong (Independent Director), Chan Kum Chong (Chief Executive Officer) and Chng Boon Huat (Independent Director).*

### 2. MRMA Forum 2022

On 18 October 2022, the Manager attended the MRMA Forum 2022 organised by MRMA (Malaysian REIT Managers Association) whereby we can meet with various corporate leaders comprise of CEOs from various M-REITs sectors, regulators, bankers, among others. The selected prestige speakers shared their viewpoints of current and future economic growth and market expectations, various forms of communications and techniques to work with tenants towards goal achievements by the respective parties. From the Forum, the Manager is able to gain and expand their market knowledge and learn from these successful leaders.



SOCIAL  
(CONT'D)

**3. Training and Development**

The Manager of Atrium REIT has achieved its business objectives and reached greater heights over the years. The Manager believes in motivating and encouraging staff to improve themselves through training programmes and professional development. The combination of various type of skillsets, qualifications and experience possess by the respective talents allow the workforce and Board to adapt and thrive in a fast-evolving marketplace.

The Manager is cognizant of its key assets – the workforce. Hence, it is its priority to ensure the staffs are well trained and kept abreast of current industrial development. The Manager will be continued to source for suitable professional and technical courses to develop staff competency and expertise. The Manager believes continuous professional development and management training courses would help the growth of Atrium REIT's performance and to achieve greater heights.

The training courses which had been attended by the employees during FYE 2022 are summarised as follows:

No.	Training Courses	Organiser	Strategic Management	Professional Development	Attended by:	Cumulative Hours by participants
1.	12 Malaysia Plan – Challenges and Opportunities	CHK Consultancy	√		SM	10
2.	Second Half of Internet: Online Shopping and Influencer Marketing	CHK Consultancy	√		SM	10
3.	Strategies Practical to Turn Pressure into Energy COVID-Positive in 19 Era	CHK Consultancy	√		SM	10
4.	Strategy Post Covid-19 Investment Profit Any Market Direction	CHK Consultancy	√		SM	10
5.	Understanding Tax Deductibility Expenses	MIA		√	E	7
6.	ESG Courses 1 to 4	MIA		√	SM	16
7.	MAP – New Director	ICDM	√		SM	12
8.	MRMA Forum	MRMA	√		SM	10
9.	Capital Market Cyber Incident Tabletop Exercise 2022	SC	√		SM	8

SOCIAL  
(CONT'D)

No.	Training Courses	Organiser	Strategic Management	Professional Development	Attended by:	Cumulative Hours by participants
10	Factors that affect industrial property values, valuation of industrial properties and industrial property outlook 2023	Raine & Horne international	√		SM	12

Acronym:

<i>MIA</i>	:	<i>Malaysian Institute of Accountants</i>
<i>SC</i>	:	<i>Securities Commission Malaysia</i>
<i>ESG</i>	:	<i>Environmental, Social and Governance</i>
<i>ICDM</i>	:	<i>Institute of Corporate Directors Malaysia</i>
<i>MAP</i>	:	<i>Mandatory Accreditation Programme</i>
<i>MRMA</i>	:	<i>Malaysian REIT Managers Association</i>
<i>ESG</i>	:	<i>Environment, Social and Governance</i>
<i>SM</i>	:	<i>Senior Management</i>
<i>E</i>	:	<i>Executive</i>

SOCIAL  
(CONT'D)

4. Employee Welfare

The Manager believes in providing adequate employee welfare to build loyalty and thus increase productivity and motivation. This also reduced staff turnover and boost morality, as the employees felt appreciated and a sense of belonging.

Below are some of the benefits provided to the employees of the Manager:

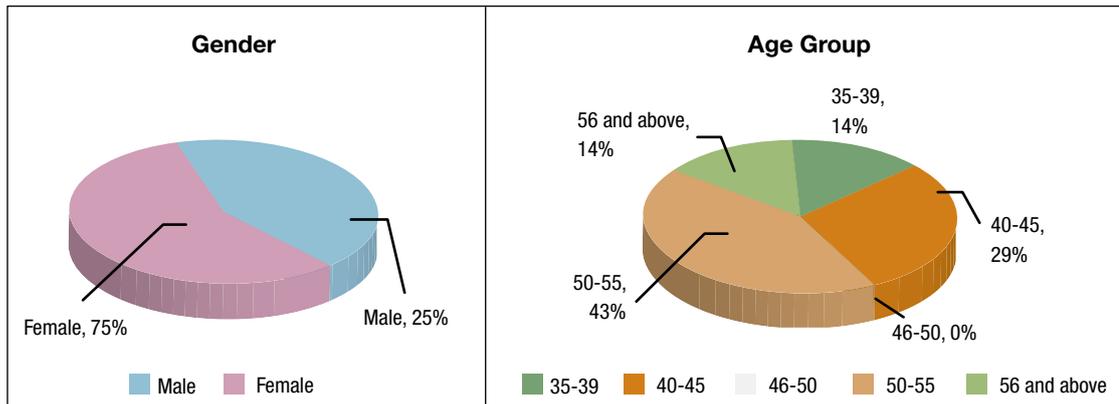
	<p><b><u>Healthcare</u></b></p> <p>All employees are insured for personal accident and undertaken group medical and hospitalisation programme. Employees are encouraged to perform annual medical check-up and routine physical exercises, i.e., hiking, Yoga, Pilates, swimming, racquet games, etc. in order to stay fit and healthy.</p>
	<p><b><u>Season Parking</u></b></p> <p>The Manager is aware of the stress of going through heavy traffic enduring by most of the employees. Therefore, all employees who drive to work are provided with fully-paid monthly season pass to ease of convenience. It is also to ensure safety environment for employees as the car park is guarded during office hours.</p>
	<p><b><u>Annual Meal with Management and Stakeholders</u></b></p> <p>When the National Recovery Plan ended in December 2021 and the MCO has been lifted up, the Manager is pleased to organise refreshment for the employees and stakeholders to create bonding and show appreciation for their contributions and cooperations. The Manager also took the opportunity to show gratitude and appreciation to the employees during the challenging times for the past 2 years.</p>



## SOCIAL (CONT'D)

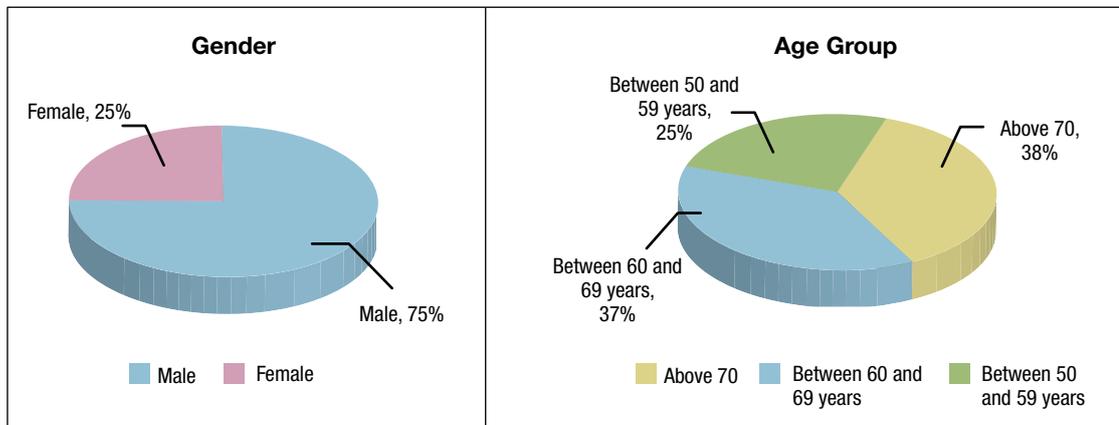
### 5. Diversity

Percentage of employees by gender and age group



There was no staff turnover during the financial year of 2022. Therefore, the Manager achieved 100% retention ratio (2021: 100%).

Percentage of directors by gender and age group



Pursuant to recent Guidelines on Listed Real Estate Investment Trust issued by Securities Commission, the tenure of an Independent Director in a listed issuer or any related corporation will be limited to a cumulative period of 12 years from the date of appointment. All Independent Directors who have served on the Board for more than 12 years must resign or re-designated as a Non-Independent Director. This requirement is effective on 1 June 2023.

As such, the Manager is currently evaluating the composition and skillset of the current Board and will determine whether to replace or re-designate Directors who have served for more than 12 years. This Sustainability Statement was made in accordance with the approval of the Board on 20 February 2023.

**Performance Indicators – Target and Achievements**

No.	Sustainability Matters	Common Indicators	2022 (Base year)	Target for 2023
1.	Anti-corruption	a) Percentage of employees who have received training on anti-corruption by employee category b) Confirmed incidents of corruption and action taken.	100% 0	100% 0
2.	Diversity	a) Percentage of employees by gender and age group, for each employee category <u>Gender</u> - Senior Management – Male - Senior Management – Female - Executive – Male - Executive – Female <u>Age</u> - Above 60 years - Between 59 and 50 years - Between 49 and 40 years b) Percentage of directors by gender and age group <u>Gender</u> - Director – Male - Director – Female <u>Age</u> - Above 70 - Between 69 and 60 years - Between 59 and 50 years	50% 50% 0 100% 14% 43% 43% 75% 25% 38% 37% 25%	50% 50% 0 100% 14% 43% 43% 70% 30% 17% 50% 33%
3.	Healthy and safety	a) Number of work-related fatalities b) Lost time incident rate	0 0	0 0
4.	Labour practices and standards	a) Total hours of training by employee category - Senior Management - Executive b) Total number of employee turnover by employee category c) Number of substantiated complaints concerning human rights violations	98 7 0 0	90 10 0 0
5.	Health and Safety	Number of work-related fatalities	0	0
6.	Data privacy and security	Number of substantiated complaints concerning breaches of tenant privacy and losses of tenant data.	0	0

## 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 the overview application of Corporate Governance Statement to its stakeholders in accordance with the Malaysia Code on Corporate Governance (“MCCG”). This Statement 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.

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”).

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENES**

#### **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 as Trustee of Atrium REIT (“Trustee”), 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, it 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)

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENES (CONT'D)**

#### **Directors of the Manager (“the Board”)**

The Board is responsible to oversee the performance 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.

On 28 July 2022, the Manager has reviewed and updated the Board Charter which has been endorsed by the Board. This Charter serves as reference and guide for Directors, as well as the Senior Management in discharging their responsibilities for the Company and it has made available in the Company’s website [[http://ir2.chartnexus.com/atriumreit/docs/corp\\_governance/Board-Charter.pdf](http://ir2.chartnexus.com/atriumreit/docs/corp_governance/Board-Charter.pdf)]

#### **Roles and Responsibilities**

1. The Board has the overall responsibility for the long-term success of Atrium REIT and delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and responsibilities, the Board assumed the following corporate governance guidelines: -
  - a) together with management, promoting good corporate governance culture which reinforces ethical, prudent and professional behaviour;
  - b) reviewing and setting a strategic plan for the Manager to ensure that the strategic plan supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
  - c) reviewing, challenging and deciding on management’s proposals, and monitoring its implementation by management;
  - d) overseeing the conduct of business to ensure it is properly managed, including supervising and assessing corporate behaviour and conduct of the business;
  - e) identifying the principal risks and ensuring implementation of appropriate internal controls and mitigation measures to achieve a proper balance between risks incurred and potential returns to the unitholders;
  - f) reviewing the information and risk management and internal control system and the effectiveness of the management;
  - g) ensuring there is an orderly succession of senior management positions who are of high caliber and have the necessary skills and experience. The Board delegates to the Nominating Committee (“NC”) to review succession plans for the Directors as well as the Manager’s policies and procedures of the Manager. The Board also ensures that there are appropriate policies for training, appointment and performance monitoring of management positions;
  - h) developing and implementing an investor relations programme or unitholders’ communications policy for the Manager to enable effective communication with stakeholders;
  - i) reviewing and approving financial statements;
  - j) reviewing and approving the reports of Audit Committee (“AC”) and NC at the end of each financial year;
  - k) reviewing and approving the Atrium REIT annual report;
  - l) ensuring the integrity of the Atrium REIT’s financial and non-financial reporting; and
  - m) undertaking a formal and objective annual evaluation to determine the effectiveness of the Board, the Board Committees and each individual Director.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENES (CONT'D)

#### Roles and Responsibilities (cont'd)

2. The Board reserves a formal schedule of matters for the Board's deliberation and approval. This includes, among others, the following matters: -
  - a) Strategic issues and planning, including sustainability;
  - b) Budget and performance reviews;
  - c) Quarterly financial results and audited financial statements;
  - d) Dividend policy or declaration of dividends;
  - e) Capital expenditures;
  - f) Material borrowings;
  - g) Material litigations;
  - h) Treasury policies;
  - i) Key human resources issues;
  - j) Material acquisitions and disposals of undertakings and properties;
  - k) Proposed appointment of external auditors and their audit fees;
  - l) New venture; and
  - m) Related party transactions ("RPT"), recurrent RPT and conflict of interest, which includes any arrangements for the consultants who are employees of the Group to perform consultations and treatments in other medical center outside the Group and any other transaction, procedures or course of conduct that raises question on management integrity and any recommendations relating thereto as set out in paragraphs 9.10 and 9.11 of the Terms of Reference of AC.
  
3. The Board needs to ensure that the Manager and its directors adhere to the following: -
  - a) The management and the directors must provide the Board with any information requested by the Board to enable the Board to oversee the performance of the Trust effectively, including assessing non-financial performance of the Trust;
  
  - b) The management and the directors must cause to be kept the accounting and other records to: -
    - I. sufficiently explain its business, transactions and financial position;
    - II. enable the preparation of true and fair financial statements; and
    - III. enable the accounting and other records to be conveniently and properly audited.
  
  - c) The management and the directors must provide the Trust with all information and records necessary to enable the preparation of the consolidated financial statements in accordance with the approved accounting standard.

The information and records required under 3 (b) and (c) shall be kept for not less than seven (7) years from the completion off transactions or operations to which the entries or records relate.
  
4. In relation to the financial reporting, the Board aims to present a balanced and meaningful assessment of the Trust's financial performance primarily through the annual financial statements and quarterly announcement of financial results. The Board is assisted by the AC to oversee the Trust's financial reporting process and the integrity of the financial information.

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)

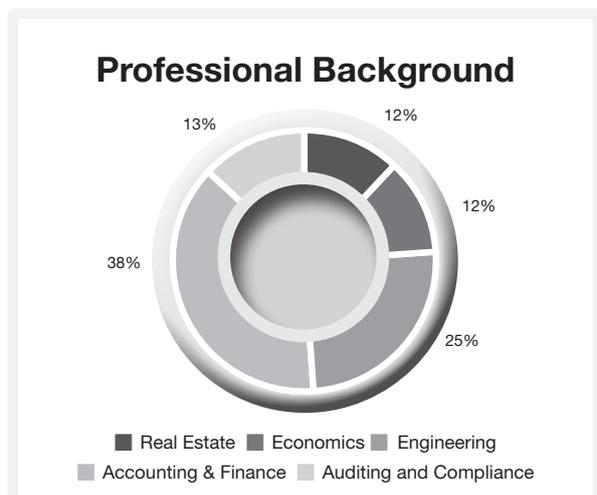
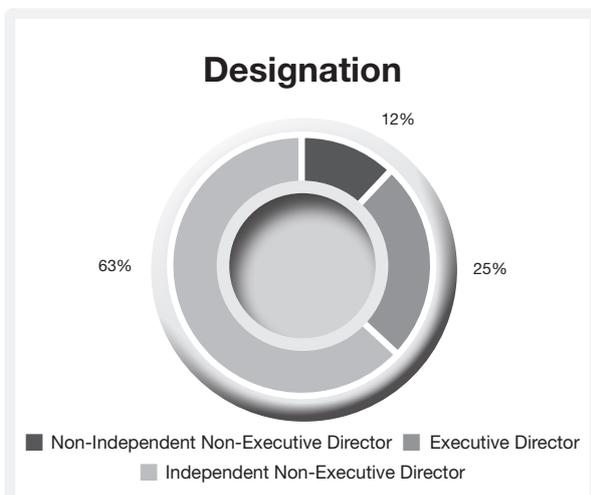
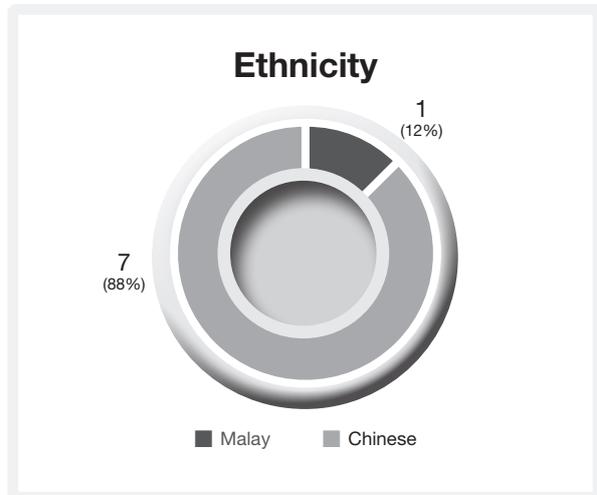
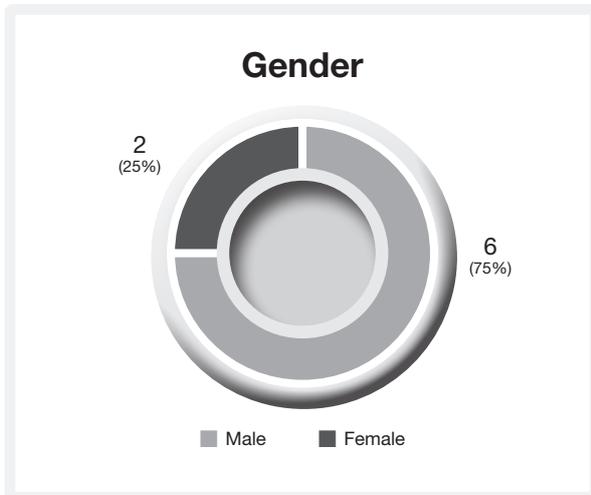
**PRINCIPLE A:  
BOARD LEADERSHIP AND EFFECTIVENES (CONT'D)**

**Board Composition**

The Board presently consists of eight (8) members comprising one (1) Non-Independent Non-Executive Director, two (2) Executive Directors and five (5) Independent Non-Executive Directors. The current Board which comprises more than half of independent directors has also met the minimum 25% women directors under the “Guidelines on Corporate Governance for Capital Market Intermediaries” issued by the Securities Commission Malaysia. Nevertheless, the Board will undertake measures during the current financial year to refresh its composition to achieve the 30% women directors as recommended by MCCG, as well as to ensure that the tenure of all independent Directors shall not exceed 12 years before the deadline of 1 June 2023 as set by the regulators.”

The diverse background of the members who come from various fields such as engineering, financial, real estate and management provides a broad spectrum of skills, experience and invaluable perspectives to oversee the management of the Manager. All directors are not involved in any political parties and they are not active politicians. The profiles of the members of the Board are provided on pages 40 to 43 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)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENES (CONT'D)

#### Board Composition (cont'd)

The Board is of the view that its current composition has the right group of people with an appropriate mix of skills, knowledge, experience and core competencies, and its 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 Directors 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, among others, 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 2022. 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	3/4
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	3/4
Tor Peng Sie	Independent Non-Executive Director	4/4
Soong Kwong Heng	Independent Non-Executive Director	3/4
Foong Wai Leng (appointed on 28 June 2022)	Executive Director	2/2

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENES (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 and procedures, and authority limits.

On 27 October 2022, the Manager has proposed a revised limit of authority to the Board for endorsement. Subsequently, it has been presented to Trustee for notification. The Manager, as well as the Board perceived that it is necessary to revised since the last revision was made on 1 February 2012 which was 10 years ago. The main changes were made on the monetary value as well as new procedures on investment. Such revision has further strengthened the empowerment given to the Manager and promote transparency in terms of reporting of significant processes.

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.

#### **Board Evaluation**

To further enhance Board effectiveness, the Board established a Nominating Committee (“NC”) on 28 October 2021 which comprises solely of Independent Non-Executive Directors. The NC will undertake a Board evaluation exercise to determine the effectiveness of the Board and Audit Committee (“AC”) annually.

During the year, a Board evaluation was carried out by way of questionnaires assessment while the performance of the AC was assessed by non-AC Board members to ensure objectivity and unbiasedness in its results. The assessments were facilitated by the Compliance Officer.

On 28 April 2022, the Compliance officer presented to the NC and thereafter, to the Board the outcome of the Board and AC assessments for financial year 2021. The assessments concluded that the Board was effective and responsive, and the AC had been effective in discharging its duties and responsibilities.

On 28 April 2022, the NC has established and recommended the Fit and Proper Policy to the Board for approval and adoption. The policy has made available in the website subsequently.

On 15 June 2022, the Manager proposed to elect a Senior Management to comply with such requirement to the NC for consideration. The NC has therefore assessed her skill set and experience according to the Fit and Proper Policy and noted her skills and experiences are able to fill the knowledge gaps among the Board members. The appointed Director has duly made declaration of Fit & Proper accordingly. Her background is depicted in the Director’s Profile of this report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENES (CONT'D)**

#### **Board Appointment**

During the financial year, the NC reviewed the Board composition including its optimum size and diversity in terms of gender, ethnicity, skills and experience. In line with practice 5.9 of MCCG and paragraph 5.06 of the Guidelines on Corporate Governance for Capital Market Intermediaries issued by the Securities Commission Malaysia, the NC has proposed that the Board should comprise 30% women directors.

In line with the above good corporate governance practices and based on the review of the Board composition, the NC, with the recommendation from the Manager, proposed to the Board to appoint Miss Foong Wai Leng as our new Executive Director, after considering her performance as well as her wide experience in compliance and internal audit. On 28 June 2022, the Board approved Miss Foong Wai Leng's appointment as recommended by the NC.

#### **Remuneration Policy**

The remuneration of the Directors and all employees of the Manager are paid by the Manager and not by Atrium REIT. The Board recognizes that the remuneration package is to attract, retain and motivate the Directors and senior management to carry out the Manager's and Atrium REIT's strategy and objectives to the best interest of the unitholders as well as other stakeholders. The Board believes that the current remuneration package is able to commensurate with the level of responsibilities of its Directors and Senior Management in order to manage the Manager's operations and drive its long-term objectives. Nevertheless, the Board would review the package in a timely manner so as to ensure the package is competitive and comparable against the market practices.

### **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**

#### **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 2022 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 Audit Committee ("AC") comprises three (3) Independent Non-Executive Directors and the Chairman of the AC is not the Chairman of the Board. None of the AC members were former audit partners who are required to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC. With the present Board structure and practice, the AC is able to objectively review Atrium REIT's financial statements, the Manager's internal control system and risk management framework, and report its findings and recommendations to the Board.

The Manager, supported by the AC, has established an External Auditor Policy to provide guidance on the assessment of the suitability, objectivity and independence of the external auditor including the appointment and re-appointment of external auditor.

During the financial year, the AC has assessed and reviewed the performance and independence of the external auditor, BDO PLT and was satisfied that the external auditor has been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by AC and the Management. The performance evaluation on the external auditor was presented to the Board on 28 April 2022 for its notation.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**

#### **Risk Management and Internal Control**

The Board acknowledges its responsibility for maintaining a sound risk management and internal control system, 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 include among others, the finance, operations and regulatory compliances.

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

The Statement of Risk Management and Internal Control furnished on pages 75 to 80 of the Annual Report provides an overview on the state of internal controls implemented by the Manager.

### **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

#### **Communication with Unitholders and Stakeholders**

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.

#### **Conduct of General Meetings**

At the last AGM, the Notice of Tenth AGM was given to the unitholders more than twenty-eight (28) days prior to the general meeting and all the Board members attended the said AGM.

The Manager leveraged on technology to facilitate remote unitholders' participation and remote electronic voting by unitholders (i.e., voting in absentia) in conducting its Tenth AGM. The Board also ensured that the conduct of the virtual AGM would support meaningful engagement between the Board, senior management and unitholders.

During the AGM, the engagement with unitholders was interactive and include robust discussion on among others, Atrium REIT's financial and non-financial performance as well as its long-term strategies, business and performance. The Chairman provided sufficient time and opportunities for the unitholders to pose questions during the AGM and the questions were meaningfully responded either by the Chairman, Board members or the senior management.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)**

#### **Conduct of General Meetings (cont'd)**

There was only one (1) resolution tabled at the AGM and the poll administrator and scrutineer were Tricor Investor & Issuing House Services Sdn. Bhd. and Asia Securities Sdn. Berhad respectively. The scrutineer verified and announced the poll results for the resolution, which include votes in favour and against, upon which the Chairman declared that the resolution was carried. The poll results were announced via Bursa LINK on the same day for the benefit of all unitholders. The minutes of the AGM was also published on Atrium REIT's corporate website within 30 business days after the general meeting.

Atrium REIT has also established a corporate website, [www.atriumreit.com.my](http://www.atriumreit.com.my), for the unitholders and stakeholders to access its corporate information, announcements and business activities.

In order to fund the development of ASA4 project, the Manager conducted an Extraordinary General Meeting ("EGM") in relation to a special issuance of up to 20,000,000 units to one of the major unitholders, namely Chan Kam Tuck on 27 October 2022. The EGM was conducted virtually with the unitholders who were given opportunities to pose questions in relation to the special issuance. The Chairman and the Chief Executive Officer of the Manager attended to all questions which were related to the subject matter. Minutes of the EGM was also published on Atrium REIT's corporate website within 30 business days after the meeting.

This Corporate Governance Overview Statement was approved by the Board on 20 February 2023.

#### **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 and briefings related to their responsibilities and developments in the industry. Please refer "Other Compliance Information" for details.

## 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 comprehensive and effective risk management and internal control system, in order to assess and review the adequacy and effectiveness of the system. The Board recognises that the system is designed to manage the calculated and expected risks 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 internal audit to the Audit Committee (“AC”) for reviews and deliberations.

The AC will present the Manager’s internal control and risk-related matters to the Board for its notation or for its deliberation and approval, if necessary.

### INTERNAL CONTROL

The Board acknowledges that it has a responsibility to ensure that the internal control is comprehensive and effective 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 reasonable rate of return for their investments through regular and stable distributions and, achieving long-term growth in its income distributions and Net Asset Value per unit.

The key features of the Internal Control System established by the Manager are as follows:

			
<p><b>Organisation Structure and Authorisation Procedures</b></p> <p>The Manager maintains a formal organisation structure with delegation of responsibilities and accountability within the Manager’s Senior Management and staff.</p> <p>It sets out the roles and responsibilities, authority limits, review and approval procedures for the Manager’s various operations.</p>	<p><b>Policies and Procedures</b></p> <p>The Manager establishes documented policies and procedures to ensure consistency and practicality in maintaining the efficiency and effectiveness of the business activities of the Manager and Atrium REIT at all times.</p> <p>The Manager strives to ensure all business processes are formalized and approved by Senior Management. Such processes are in line with the best governance practices that are designed to mitigate potential business risks by implementing an effective internal control system.</p>	<p><b>Financial and Operational Review</b></p> <p>Board meetings are held on a regular basis to discuss and review the business planning, budgeting, financial, operational performances and progression of projects.</p> <p>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 Audit Committee for review and deliberation, and to the Board for approval.</p>	<p><b>Business Planning and Budgeting Review</b></p> <p>The Board discusses and reviews the business plan, strategies, performance and challenges faced by the Manager and Atrium REIT on a quarterly basis, or as an when it is deemed necessary.</p>

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### RISK MANAGEMENT

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

Responsibility of the Manager include identifying and assessing the 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 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, taking in consideration both financially and non-financially relating to the property investment industry.

The application of the risk management process is based on the general principles of an internationally recognised risk management framework. Based on the key risks identified, measures and actions are identified and executed to minimize the possibility and impact of these risks.

The Risk Management process adopted by the Manager is as follows:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL  
(CONT'D)

**RISK MANAGEMENT (CONT'D)**

The Manager has identified potential risks which are pertaining to REIT and its investment properties. The AC has assessed and reviewed these risks at least annually, to ensure that it is managed on a timely basis. These risks and its mitigating factors can be summarised as follow:

Ref	Risk	Mitigating Factors
1.	Capital and Liquidity Risk	<ul style="list-style-type: none"> <li>To monitor and manage cash flows on a timely manner.</li> <li>To keep abreast of financial updates on financing rates and requirements.</li> <li>To review loan covenants to ensure continuous compliance.</li> <li>To maintain good bankers and investors relationship.</li> </ul>
2.	Credit Risk	<ul style="list-style-type: none"> <li>To implement credit control measures such as close follow-up on rental arrears with tenants and maintaining good tenant relations to ensure timely rental collections.</li> <li>To perform due diligence to assess the prospect/tenants' ability to meet the rental payments prior to commencing the tenancies.</li> <li>To maintain a policy of collecting security deposits from all tenants which act as collateral.</li> </ul>
3.	Acquisition and Investment Risk	<ul style="list-style-type: none"> <li>To evaluate potential acquisitions against the approved investment criteria.</li> <li>To conduct due comprehensive diligence exercise prior to any acquisition.</li> </ul>
4.	Valuation Risk	<ul style="list-style-type: none"> <li>To use investment approach and cost and comparison approach for checking and reference purposes.</li> <li>To ensure that the valuation of properties is sustainable so that the Trust's asset value, profitability and gearing will not be affected.</li> <li>To build strong relationship with tenants and increase tenant mix.</li> </ul>
5.	Market Risk	<ul style="list-style-type: none"> <li>To upgrade service level and property facilities to meet tenants' requirements.</li> </ul>
6.	Climate-related Risk	<p>Due to effects of climate change that may affect our properties, the Manager has worked closely with the Property Manager and tenants to implement the following mitigating measures to prevent or minimise damages caused by flash flood:</p> <ul style="list-style-type: none"> <li>To build wall above possible flood level, or raise parameter wall level to an acceptable height to prevent/ delay flash flood.</li> <li>To monitor weather forecast and pre-amp tenants for flood prevention.</li> <li>To ensure the drainage surrounding the premises are clear at all times. Tenants to inform the local authority if the drains were clogged.</li> <li>To encourage tenant to insure their assets/ goods to minimise damages.</li> <li>To increase sum insured and coverage on insurance pertaining to flood/ natural disaster.</li> </ul>

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### RISK MANAGEMENT (CONT'D)

Ref	Risk	Mitigating Factors
7.	Operation Risk	<ul style="list-style-type: none"> <li>• To monitor the condition of the building structure, mechanical and electrical installation and fire-fighting system with the assistance from property manager periodically through half-yearly inspection,</li> <li>• To make sure tenant performs proper planned maintenance,</li> <li>• To make provision for sinking funds for maintenance and replacement of mechanical and electrical installation due to normal wear and tear.</li> </ul>
8.	Delay in Handover of Vacant Possession	<p>The Manager has undertaken the following mitigating factors to ensure all Asset Enhancement Initiatives will be completed on time:</p> <ul style="list-style-type: none"> <li>• To carry out due diligence on the contractors to be appointed to ensure that they are competent and capable of undertaking the work awarded,</li> <li>• To monitor the progress of the project closely to ensure that the work progress is on schedule,</li> <li>• To minimise the change in design unless critical ,</li> <li>• To trouble shoot if there is any foreseeable delay on certain work done by seeking advices from the appointed consultants accordingly, and</li> <li>• To schedule and agree the date of vacant possession with tenant that is feasible and to omit Liquidated Ascertained Damages (“LAD”) clauses in tenancy agreement, if possible.</li> </ul>
9.	Regulatory and Compliance Risk	<ul style="list-style-type: none"> <li>• To keep abreast of new development on listing rules and requirements set by the statutory bodies, regulators and any other pertinent requirements that need to be complied.</li> </ul>
10.	Cyber Risk	<p>Due to recent rise in cyber risk on scamming cases around the nation, the Manager has implemented back up process on important files and documentation in order to ensure such items are safeguarded and protected at all times. Also, the employees are informed on safety tips on email phishing at least once a year, or as and when it is deemed necessary.</p> <p>The Manager has undertaken the following measures:</p> <ol style="list-style-type: none"> <li>1. To increase size of the local server,</li> <li>2. To attend cyber security awareness courses,</li> <li>3. To ensure the outsourced IT service providers are competent to safeguard and protect all information and documents at all times.</li> <li>4. To implement tight security measures, including password, firewalls and anti-virus software.</li> <li>5. To educate employee on anti-phishing safety tips on electronic mail (“email”) transmissions.</li> </ol> <p>In view of the recent listing requirements and recommended practices proposed by Securities Commission (“SC”) and Bursa, the Manager is going to implement Technology Risk Management Framework by reference to the Guidance Note on Management of Cyber Incidents issued by SC on 17 November 2022.</p>

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### RISK MANAGEMENT (CONT'D)

Ref	Risk	Mitigating Factors
11.	Bribery and Corruption	<ul style="list-style-type: none"> <li>• To ensure continuous awareness of the Anti-bribery and Corruption Policy by posting the policy on the Company's website for all employees and business associates,</li> <li>• To conduct a systematic review on the implementation of the Adequate Procedures once in every two (2) years.</li> </ul>

### INTERNAL AUDIT FUNCTION

The main objective of the internal audit is to assess the adequacy and effectiveness of the Manager's internal control system and risk management framework. The internal audit plan is reviewed and approved annually by the AC, taking into consideration of the current business operations and its potential 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. Subsequently, 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 Sterling Business Alignment Consulting Sdn Bhd amounted to RM16,500, excluding Services Tax and disbursements (2021: RM15,000, excluding Services Tax and disbursements).

The scope of the internal audit function for FY2022 comprised the following compliance reviews:

- a) Operational Management; and
- b) Finance and Accounts.

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 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 based on the framework adopted by the Manager, in relation to managing the operations of Atrium REIT.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### REVIEWED BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, 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 2022. 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 (Revised November 2022).

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 20 February 2023.

## 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 2022.

The Audit (“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 knowledge, skills and experience to discharge their responsibilities effectively. The AC has written Terms of Reference which deals with its authority and duties. These Terms and Reference remained unchanged and can be viewed from the Company official website.

### TERMS OF REFERENCE

The AC is governed by the Terms of Reference which is available in the Manager’s website at [http://ir2.chartnexus.com/atriumreit/docs/corp\\_governance/Terms-of-Reference-Audit-Committee.pdf](http://ir2.chartnexus.com/atriumreit/docs/corp_governance/Terms-of-Reference-Audit-Committee.pdf)

### 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 FY2022, the AC had four (4) meetings without the presence of other Directors and employees, except at the invitation of the AC. Only the Chief Financial Officer (“CFO”) and Head of Risk and Compliance (“HRC”) were 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 FY2022 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 FY2022 comprised the following: -

- a) On 27 January 2022, the AC reviewed the Internal Audit report prepared by our outsourced independent internal audit firm, PKF Advisory Sdn. Bhd. ("PKF") in relation to Property Management and Payment Process. The overall assessments result was satisfactory, with certain risk areas being highlighted by PKF and the AC has requested the management to manage these risk areas by including it in the risk register for more effective risk management.
- b) On 27 January 2022, Mr Lee Wee Hong, the partner of our External Auditors, BDO PLT presented its Audit Completion Report for the financial year ended 31 December 2021 to the AC for review, which include the following main areas:
  - i) Audit Status;
  - ii) Findings of Significant Auditor Attention and Key Audit Matters;
  - iii) Compliance with Laws and Regulations, Fraud-Related Matters and Review of Material Litigations and Claims;
  - iv) Summary of Misstatements;
  - v) Opinion on Statutory Reporting Matters; and
  - vi) Professional Independence.

The AC was satisfied with the above review, and its recommendations on the draft audited financial statements for the financial year ended 31 December 2021 were presented to the Board for approval at its meeting on 27 January 2022. The audited financial statements which were included in the Annual Report, were issued to the Unitholders on 28 February 2022.

- c) On 27 January 2022, the AC reviewed and approved the Risk Register presented by the Manager. 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. The Manager has also reviewed and updated the Systematic Review on Implementation of Adequate Procedures in order to ensure that the Manager is kept updated on the potential corruption risks that may be faced by the management on the day-to-day operations.
- d) The AC reviewed the quarterly financial reports and income distribution of Atrium REIT for the fourth quarter of 2021 at its meeting on 27 January 2022.

The AC has also on 27 April 2022, 27 July 2022 and 26 October 2022 reviewed the first, second and third quarterly financial reports and income distributions respectively, to ensure that the quarterly reports were 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 presented its recommendations to the Board for approvals before announcing the quarterly reports and income distributions to Bursa Securities.

- e) On 28 April 2022, the AC initiated and endorsed the External Auditor Policy which formalises the appointment and retirement of an External Auditor. This policy sets out the guidelines and procedures to assess the suitability, objectivity, independence and overall performance of the External Auditor for Atrium REIT.

## AUDIT COMMITTEE REPORT (CONT'D)

### SUMMARY OF ACTIVITIES (CONT'D)

- f) On 27 July 2022, the AC reviewed the effectiveness and independence of our internal audit function and after the review, the AC was of the view that it was timely for the internal audit function to be refreshed. The AC then proceeded to assess the suitability of the new internal audit service provider and agreed with the management's recommendations to change our internal audit service provider from PKF to Sterling Business Alignment Consulting Sdn Bhd.

The AC presented its recommendation to the Board for approval at its meeting on 28 July 2022.

- g) The AC reviewed the scope of work and internal audit plan for the internal audit function and decided that the scope of work for the internal audit function for FY2022 would focus on Tenancy Management and Payment Process.

Subsequently, on 27 October 2022, the newly appointed internal auditor, Sterling Business Alignment Consultants Sdn Bhd conducted an internal audit on the Tenancy Operational and Administration Management, and Finance and Accounts processes. The overall assessment was found to be satisfactory.

- h) On 27 October 2022, the AC reviewed and discussed with our External Auditors on the Audit Planning for FY2022, in respect of the following areas:

- i) Engagement and reporting responsibilities;
- ii) Audit approach;
- iii) Materiality and performance materiality;
- iv) Areas of significant auditor attention;
- v) Engagement team;
- vi) Reporting, deliverables and audit fees;
- vii) Auditing updates; and
- viii) Financial reporting updates.

- i) The AC had two (2) private sessions with the External Auditors on 27 January 2022 and 26 January 2023 without the presence of the Executive Director and management, to discuss audit issues and concerns that the External Auditors might wish to highlight to the AC. The AC was also informed by the External Auditors that they had received good cooperation from the management and they were able to access all the necessary information to carry out their functions effectively.

- j) Reviewed on a quarterly basis, all related party transactions entered into by Atrium REIT.

- k) 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 was outsourced to an independent internal audit firm, Sterling Business Alignment Consulting Sdn Bhd (“SBAC”) and 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, scope of work and resources of the internal audit function as well as the competency and experience of the Internal Auditors.

The audit findings of the Internal Auditors together with its recommendations and the Manager’s action plans will be presented and deliberated at 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 is disclosed in the Statement on Risk Management and Internal Control.

## OTHER COMPLIANCE INFORMATION

### AUDIT AND NON-AUDIT FEES

The amount 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 2022 were as follows: -

	RM
Audit	41,500
Non audit	5,000

### 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 details are summarized as follows:

Director	Date	Event
Dato' Dr Ir Mohamad Khir Bin Harun	28 April 2022	Inhouse briefing on amendment listing requirement and application on fit and proper policy.
Wong Sui Ee	27 June 2022	12 Malaysia Plan – Challenges and Opportunities
	8 July 2022	Second Half of Internet: Online Shopping and Influencer Marketing
	1 December 2022	Factors That Affect the Industrial Properties and Its Valuation.
Foong Wai Leng	20 January 2022	Course 1 - MIA Webinar Series: ESG Series for Accountants and Financial Professionals- Foundation Course on Sustainability
	24 February 2022	Course 2 - MIA Webinar Series: ESG Series for Accountants and Financial Professionals - Materiality Assessment
	24 March 2022	COURSE 03: ESG and Enterprise Risk Management
	21 April 2022	Course 4 -MIA Webinar Series : ESG Series for Accountants and Financial Professionals- Business for Human Rights and Environment
	21 – 22 September 2022	Mandatory Accreditation Programme (MAP) – New Director
	18 October 2022	3rd Annual Malaysian REIT Forum 2022
	22 November 2022	Capital Market Cyber Incident Tabletop Exercise 2022
	1 December 2022	Factors That Affect the Industrial Properties and Its Valuation.

## OTHER COMPLIANCE INFORMATION (CONT'D)

### DIRECTORS' TRAINING (CONT'D)

Director	Date	Event
Chng Boon Huat	15 February 2022	Amendments to Listing Requirements 2022
	22 July 2022	Understanding Corruption Offences under MACC Act 2019
	6 September 2022	Corporate Governance & Remuneration Practices for the ESG World
	1 November 2022	Briefing on Amendments to Sustainability Reporting
	4 November 2022	Winning The Sustainability Game Through Risk Management
	17 November 2022	AOB's Conversation with Audit Committees
Chan Wan Seong	16 August 2022	Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers
	6 December 2022	How the Audit Committees and Auditors can work together towards reliable audited financial statements
Soong Kwong Heng	1 December 2022	Factors That Affect the Industrial Properties and Its Valuation.
Tor Pei Sie	1 December 2022	Factors That Affect the Industrial Properties and Its Valuation.
How Hu Son	28 April 2022	Inhouse briefing on amendment listing requirement and application on fit and proper policy.

### MATERIAL CONTRACT

On 13 May 2022, the Manager, with the approval from Pacific Trustees Berhad, awarded Unggul Selatan Construction Sdn. Bhd as main contractor for current Asset Enhancement Initiatives ("AEI") at Atrium Shah Alam 4 ("ASA4"), which is expected to be completed by 2nd quarter of 2023. The contract sum is amounting to RM65,906,235.

# 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 2022 (“FY2022”).

## 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 the management of 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 2022 comprise Atrium Shah Alam 1, Atrium Shah Alam 2, Atrium Shah Alam 3, Atrium Shah Alam 4, 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, save and except for Atrium Shah Alam 4 which is currently undergoing Asset Enhancement Initiative, 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 2022, the Manager received a fee of 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  
Foong Wai Leng (appointed on 28 June 2022)  
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 2022 are as follows:

	At 1 January 2022	Bought	Sold	At 31 December 2022
<b>Direct Interest</b>				
Dato' Dr Ir Mohamad Khir Bin Harun	–	–	–	–
Wong Sui Ee	522,200	–	–	522,200
Foong Wai Leng	–	–	–	–
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.

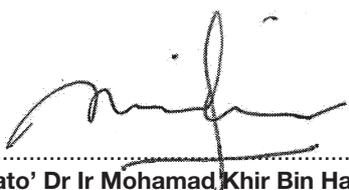
In the opinion of the Manager:

- (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



Wong Sui Ee

Kuala Lumpur, Malaysia  
Date: 20 February 2023

## 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 96 to 131 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 2022 and of the financial performance and cash flows for the financial year then ended.

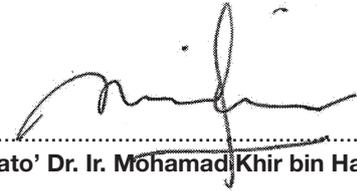
On behalf of the Manager,

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



Wong Sui Ee

Kuala Lumpur  
20 February 2023



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 96 to 131 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 )  
20 February 2023 )



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 2022. 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 2022; and
- 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.

We also confirm that the income distributions declared and paid during the financial year ended 31 December 2022 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 2022 are as follows:

- 1) First interim income distribution of 2.20 sen paid on 2 June 2022.
- 2) Second interim income distribution of 2.25 sen paid on 30 August 2022.
- 3) Third interim income distribution of 1.85 sen paid on 30 November 2022.
- 4) Proposed fourth and final income distribution of 1.90 sen payable on 28 February 2023.

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



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

Kuala Lumpur, Malaysia  
20 February 2023

# 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 2022, 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 96 to 131.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Atrium REIT as at 31 December 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

#### 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 RM532,875,679 as at 31 December 2022.

The investment properties are stated at their fair values, which are estimated by the Manager of Atrium REIT with the assistance of independent external valuers.

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, discount rates, different in location, size, tenure and conditions.

**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;
- (v) challenged the key assumptions used to arrive at a common basis for comparison to external industry data, in particular the different in location, size, facilities and market conditions; and
- (vi) 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' Responsibilities 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' Responsibilities 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**  
201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

Kuala Lumpur  
20 February 2023



.....  
**Lee Wee Hoong**  
03316/07/2023 J  
Chartered Accountant

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022 RM	2021 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	4	532,875,679	502,875,648
Investment properties – accrued lease income	5	9,924,321	6,824,352
		542,800,000	509,700,000
<b>Current assets</b>			
Trade and other receivables	5	6,109,761	6,327,813
Deposits with a licensed bank	6	47,947,417	22,745,492
Bank balances	6	15,742,683	1,769,567
		69,799,861	30,842,872
<b>TOTAL ASSETS</b>		<b>612,599,861</b>	<b>540,542,872</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	7	11,042,109	12,454,863
Borrowings	8	211,231,130	211,231,130
Deferred tax liability	9	8,955,744	7,473,786
		231,228,983	231,159,779
<b>Current liabilities</b>			
Trade and other payables	7	5,972,155	2,478,448
Borrowings	8	39,600,000	43,815,032
		45,572,155	46,293,480
<b>TOTAL LIABILITIES</b>		<b>276,801,138</b>	<b>277,453,259</b>
<b>NET ASSET VALUE (“NAV”)</b>		<b>335,798,723</b>	<b>263,089,613</b>

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022  
(CONT'D)

	Note	2022 RM	2021 RM
<b>FINANCED BY:</b>			
<b>UNITHOLDERS' FUNDS</b>			
Unitholders' capital	10	274,487,719	204,129,835
Undistributed income		61,311,004	58,959,778
<b>TOTAL UNITHOLDERS' FUNDS</b>		<b>335,798,723</b>	<b>263,089,613</b>
<b>NUMBER OF UNITS IN CIRCULATION</b>	10	<b>255,550,680</b>	<b>204,625,680</b>
<b>NAV PER UNIT (RM)</b>			
Before income distribution <sup>1</sup>		1.3140	1.2857
After income distribution <sup>2</sup>		1.2950	1.2602

<sup>1</sup> Before the proposed final income distribution of 1.90 sen per unit (2021: 2.55 sen per unit)

<sup>2</sup> After the proposed final income distribution of 1.90 sen per unit (2021: 2.55 sen per unit)

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

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM	2021 RM
Gross revenue	13	38,122,803	39,055,704
Property operating expenses	14	(2,388,796)	(2,643,153)
<b>Net property income</b>		<b>35,734,007</b>	<b>36,412,551</b>
Interest income		798,140	556,553
Other income		1,454	22,339
Reversal of impairment losses on trade receivables		-	750,000
<b>Total income</b>		<b>36,533,601</b>	<b>37,741,443</b>
Manager's fees	15	(2,889,955)	(2,353,836)
Trustee's fees	16	(288,996)	(235,384)
Auditors' fee		(41,500)	(38,000)
Tax agent's fee		(10,400)	(7,150)
Finance costs	17	(9,822,537)	(8,460,398)
Valuation fees		(100,774)	(99,821)
Administrative expenses		(1,648,439)	(2,891,280)
Others		(136,702)	(180,450)
Changes in fair value of investment properties	4	1,105,370	(5,189,083)
<b>Total expenses</b>		<b>(13,833,933)</b>	<b>(19,455,402)</b>
<b>Profit before tax</b>		<b>22,699,668</b>	<b>18,286,041</b>
Tax expense	18	(1,481,958)	(80,844)
<b>Profit for the financial year</b>		<b>21,217,710</b>	<b>18,205,197</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>21,217,710</b>	<b>18,205,197</b>
<b>Profit for the financial year is made up as follows:</b>			
Realised		18,494,329	19,974,019
Unrealised - changes in fair value of investment properties, deferred tax expense and lease receivables		2,723,381	(1,768,822)
		<b>21,217,710</b>	<b>18,205,197</b>
<b>Basic and diluted earnings per unit (sen)</b>			
Before Manager's fees	19	10.95	10.05
After Manager's fees	19	9.64	8.90

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022  
(CONT'D)

	2022 RM	2021 RM
<b>Net income distributions*</b>		
First interim income distribution of 2.20 sen paid on 2 June 2022 (2021: 2.50 sen paid on 2 June 2021)	4,501,765	5,115,643
Second interim income distribution of 2.25 sen paid on 30 August 2022 (2021: 2.20 sen paid on 30 August 2021)	4,604,077	4,501,765
Third interim income distribution of 1.85 sen paid on 30 November 2022 (2021: 2.50 sen paid on 30 November 2021)	4,542,687	5,115,642
Proposed final income distribution of 1.90 sen payable on 28 February 2023 (2021: 2.55 sen paid on 28 February 2022)	4,855,463	5,217,955
	18,503,992	19,951,005
<b>Income distribution per unit*</b>		
First interim income distribution	2.20	2.50
Second interim income distribution	2.25	2.20
Third interim income distribution	1.85	2.50
Proposed final income distribution	1.90	2.55
	8.20	9.75

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

	Withholding tax rate	
	2022	2021
Resident corporate	Nil <sup>^</sup>	Nil <sup>^</sup>
Resident non-corporate	10%	10%
Non-resident individual	10%	10%
Non-resident corporate	24%	24%
Non-resident institutional	10%	10%

<sup>^</sup> 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 2022

	Note	----- Undistributed income -----			Unitholders' fund RM
		Unitholders' capital RM	Realised RM	Unrealised RM	
<b>At 1 January 2022</b>		204,129,835	6,087,958	52,871,820	263,089,613
<b>Total comprehensive income</b>					
Profit for the financial year		-	18,494,329	2,723,381	21,217,710
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, representing the increase in net assets resulting from operations		-	18,494,329	2,723,381	21,217,710
<b>Unitholders' transactions</b>					
Units issued pursuant to:					
- Placement	10	71,295,000	-	-	71,295,000
- Shares issued expenses	10	(937,116)	-	-	(937,116)
Distributions to unitholders:					
- 2022 interim		-	(13,648,529)	-	(13,648,529)
- 2021 final		-	(5,217,955)	-	(5,217,955)
Increase/(Decrease) in net assets resulting from unitholders' transactions		70,357,884	(18,866,484)	-	51,491,400
<b>At 31 December 2022</b>		274,487,719	5,715,803	55,595,201	335,798,723

STATEMENT OF CHANGES IN NET ASSET VALUE  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022  
(CONT'D)

	----- Undistributed income -----			Unitholders' fund RM
	Unitholders' capital RM	Realised RM	Unrealised RM	
<b>At 1 January 2021</b>	204,129,835	6,985,759	54,640,642	265,756,236
<b>Total comprehensive income</b>				
Profit for the financial year	-	19,974,019	(1,768,822)	18,205,197
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income, representing the increase in net assets resulting from operations	-	19,974,019	(1,768,822)	18,205,197
<b>Unitholders' transactions</b>				
Distributions to unitholders:				
- 2021 interim	-	(14,733,050)	-	(14,733,050)
- 2020 final	-	(6,138,770)	-	(6,138,770)
Decrease in net assets resulting from unitholders' transactions	-	(20,871,820)	-	(20,871,820)
<b>At 31 December 2021</b>	204,129,835	6,087,958	52,871,820	263,089,613

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

## STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM	2021 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		22,699,668	18,286,041
Adjustments for:			
Changes in fair value of investment properties	4	(1,105,370)	5,189,083
Finance costs	17	9,822,537	8,460,398
Interest income		(798,140)	(556,553)
Reversal of impairment losses on trade receivables		–	(750,000)
Trade payables written off		–	(22,339)
Operating income before changes in working capital		30,618,695	30,606,630
Increase in trade and other receivables		(2,853,778)	(3,920,466)
Increase/(Decrease) in trade and other payables		1,856,402	(1,788,774)
Cash generated from operations, representing net cash from operating activities		29,621,319	24,897,390
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of an investment property	4(d)	–	(6,335,604)
Enhancement of investment properties	4	(28,894,661)	(852,374)
Interest received		770,001	528,608
Net cash used in investing activities		(28,124,660)	(6,659,370)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distributions paid to unitholders			
- Current year		(13,648,529)	(14,733,050)
- Previous year		(5,217,955)	(6,138,770)
Issuance of new placement of shares		70,357,884	–
Interest paid		(9,597,986)	(8,313,130)
Net cash generated from/(used in) financing activities		41,893,414	(29,184,950)
Net increase/(decrease) in cash and cash equivalents		43,390,073	(10,946,930)
Cash and cash equivalents at beginning of financial year		20,300,027	31,246,957
Cash and cash equivalents at end of financial year		63,690,100	20,300,027

STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022  
(CONT'D)

	Note	2022 RM	2021 RM
<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)	6	47,947,417	22,745,492
- Bank balances	6	15,742,683	1,769,567
- Bank overdraft	8	-	(4,215,032)
		63,690,100	20,300,027

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2022

### 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 2022 comprise Atrium REIT and its wholly-owned special purpose company, Atrium REIT Capital Sdn. Bhd., company incorporated in Malaysia, of which the principal activity is to raise financing for and on behalf of Atrium REIT.

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution by the Board of Directors of the Manager on 20 February 2023.

### 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.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2022  
(CONT'D)

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

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

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**

	2022 RM	2021 RM
<b>At valuation</b>		
As at 1 January	502,875,648	460,376,753
Additions from acquisition	–	46,835,604
Enhancement of investment properties	28,894,661	852,374
Changes in fair value:		
- As per valuation reports	11,029,691	1,635,269
- Accrued lease income receivable	(9,924,321)	(6,824,352)
	1,105,370	(5,189,083)
As at 31 December	532,875,679	502,875,648

- (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 2022  
(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:

	Note	2022 RM	2021 RM
Investment properties – fair value			
Freehold land and buildings		308,300,000	291,900,000
Leasehold land		120,660,231	142,402,089
Leasehold building		113,839,769	75,397,911
		542,800,000	509,700,000
Investment properties – accrued lease income	5	(9,924,321)	(6,824,352)
		532,875,679	502,875,648

- (c) Investment properties with an aggregate carrying amount of RM484,000,000 (2021: RM456,300,000) are charged to a financial institution for banking facilities granted to Atrium REIT as disclosed in Note 8 to the financial statements.
- (d) In the previous financial year, Atrium REIT made the following cash payments to acquire an investment property Atrium Shah Alam 4:

	2022 RM	2021 RM
Purchase of investment property	–	46,835,604
Financed by bank borrowings	–	(36,000,000)
Earnest deposit paid in previous year	–	(4,500,000)
Cash payment for acquisition of investment property	–	6,335,604

There is no acquisition of investment property during the current financial year.

- (e) Fair value information

Fair value of investment properties 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.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2022  
(CONT'D)

4. INVESTMENT PROPERTIES (CONT'D)

(e) Fair value information (continued)

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 5% to 7.5% (2021: 10%)</li> <li>- Term yield rate of 6.00% to 8.25% (2021: 6.25% to 8.25%)</li> <li>- Reversionary yield rate of 4.00% to 8.00% (2021: 6.50% to 8.00%)</li> </ul>	The estimated fair value would increase/(decrease) if: <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>
Comparison method involves determining the market value by directly comparing the property under valuation with similar properties which have been sold, finding its value from these transactions. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis for comparison.	<ul style="list-style-type: none"> <li>- Differences in location, size, tenure and condition of -5% to 6% (2021: -2% to 1%)</li> </ul>	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> <li>- Differential rate in location, size, tenure and condition was lower/(higher)</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 2022  
(CONT'D)

4. INVESTMENT PROPERTIES (CONT'D)

(e) Fair value information (cont'd)

2022

Description of properties	Tenure of land	Location	Occupancy rate as at 31.12.2022 %	Date of valuation	Cost of investment as at 31.12.2022 RM	Carrying value as at 31.12.2022 RM	Fair value as at 31.12.2022 RM	Percentage of fair value over NAV as at 31.12.2022 %
<b>Industrial building</b>								
Atrium Shah Alam 1*	Freehold	Shah Alam	100	21.11.2022	60,003,432	95,617,352	96,200,000 <sup>^</sup>	28.6
Atrium Shah Alam 2*	Freehold	Shah Alam	100	21.11.2022	64,495,221	83,500,000	83,500,000 <sup>^</sup>	24.9
Atrium Shah Alam 3*	Freehold	Shah Alam	100	22.11.2022	31,543,603	30,200,000	30,200,000 <sup>^</sup>	9.0
Atrium Shah Alam 4*	Leasehold	Shah Alam	-	21.11.2022	75,698,765	62,500,000	62,500,000 <sup>@</sup>	18.6
Atrium Puchong	Freehold	Puchong	100	22.11.2022	39,043,905	58,800,000	58,800,000 <sup>^</sup>	17.5
Atrium USJ*	Freehold	Subang	100	22.11.2022	25,000,000	39,600,000	39,600,000 <sup>^</sup>	11.8
Atrium Bayan Lepas 2*	Leasehold <sup>\$</sup>	Bayan Lepas	100	30.11.2022	132,440,048	114,867,676	122,000,000 <sup>#</sup>	36.3
Atrium Bayan Lepas 1*	Leasehold <sup>\$</sup>	Bayan Lepas	100	29.11.2022	50,371,707	47,790,651	50,000,000 <sup>#</sup>	14.9
					478,596,681	532,875,679	542,800,000	

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

<sup>^</sup> Based on valuation carried out by an independent professional valuer, Raine & Horne International Zaki + Partners Sdn. Bhd., using investment method of valuation.

<sup>@</sup> Based on valuation carried out by an independent professional valuer, Raine & Horne International Zaki + Partners Sdn. Bhd., using comparison method of valuation.

<sup>#</sup> Based on valuation carried out by an independent professional valuer, IVPS Real Estate Sdn. Bhd., using investment method of valuation.  
<sup>\$</sup> As at 31 December 2022, the remaining lease terms for Atrium Bayan Lepas 1 and Atrium Bayan Lepas 2 are 19 years and 13 years respectively. The Manager is in process of applying for extension of these lease terms subject to the consent of State Authority. On 5 July 2021, Penang Development Council ("PDC") had granted an additional 10 years lease term for Atrium Bayan Lepas 2, subject to the consent of State Authority. The consent is still pending as at the date of authorisation of the financial statements. The application for Atrium Bayan Lepas 1 is still on-going.

NOTES TO THE FINANCIAL STATEMENTS  
 31 DECEMBER 2022  
 (CONT'D)

## 4. INVESTMENT PROPERTIES (CONT'D)

(e) Fair value information (cont'd)

2021

Description of properties	Tenure of land	Location	Occupancy rate as at		Date of valuation	Cost of investment as at	Carrying value as at	Fair value as at	Percentage of fair value over NAV as at
			31.12.2021	%					
<b>Industrial building</b>									
Atrium Shah Alam 1*	Freehold	Shah Alam	100		02.11.2021	60,003,432	91,544,120	91,800,000 <sup>^</sup>	34.9
Atrium Shah Alam 2*	Freehold	Shah Alam	100		02.11.2021	64,490,721	78,900,000	78,900,000 <sup>^</sup>	30.0
Atrium Shah Alam 3*	Freehold	Shah Alam	100		02.11.2021	31,516,603	29,600,000	29,600,000 <sup>^</sup>	11.3
Atrium Shah Alam 4*	Leasehold	Shah Alam	-		02.11.2021	46,835,604	45,300,000	45,300,000 <sup>@</sup>	17.2
Atrium Puchong	Freehold	Puchong	100		02.11.2021	39,043,905	53,400,000	53,400,000 <sup>^</sup>	20.3
Atrium USJ*	Freehold	Subang	100		02.11.2021	25,000,000	38,200,000	38,200,000 <sup>^</sup>	14.5
Atrium Bayan Lepas 2*	Leasehold <sup>\$</sup>	Bayan Lepas	100		07.12.2021	132,440,048	116,211,348	121,500,000 <sup>#</sup>	46.2
Atrium Bayan Lepas 1*	Leasehold <sup>\$</sup>	Bayan Lepas	100		06.12.2021	50,371,707	49,720,180	51,000,000 <sup>#</sup>	19.4
						449,702,020	502,875,648	509,700,000	

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

<sup>^</sup> Based on valuation carried out by an independent professional valuer, First Pacific Valuers Property Consultants Sdn. Bhd., using investment method of valuation.

<sup>@</sup> Based on valuation carried out by an independent professional valuer, First Pacific Valuers Property Consultants Sdn. Bhd., using comparison method of valuation.

<sup>#</sup> Based on valuation carried out by an independent professional valuer, IVPS Real Estate Sdn. Bhd., using investment method of valuation.

<sup>\$</sup> As at 31 December 2021, the remaining lease terms for Atrium Bayan Lepas 1 and Atrium Bayan Lepas 2 are 20 years and 14 years respectively. The Manager is in process of applying for extension of these lease terms subject to the consent of State Authority. On 5 July 2021, Penang Development Council ("PDC") had granted an additional 10 years lease term for Atrium Bayan Lepas 2, subject to the consent of State Authority. The consent is still pending as at the date of authorisation of the financial statements. The application for Atrium Bayan Lepas 1 is still on-going.

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**5. TRADE AND OTHER RECEIVABLES**

	Note	2022 RM	2021 RM
<b>Non-current</b>			
Accrued lease income	4	9,924,321	6,824,352
<b>Current</b>			
<b>Trade receivables</b>			
Third parties		32,249	8,950
Less: Impairment losses		-	-
Total trade receivables		32,249	8,950
<b>Other receivables</b>			
Other receivables		622,360	1,336,867
Prepayments		4,485,808	3,301,864
Deposits		969,344	1,680,132
		6,077,512	6,318,863
		6,109,761	6,327,813
Total trade and other receivables		16,034,082	13,152,165
Less: Prepayments		(4,485,808)	(3,301,864)
Total receivables		11,548,274	9,850,301

- (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 (2021: 30 days). They are recognised at their original invoices amounts, which represent their fair values on initial recognition.

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5. TRADE AND OTHER RECEIVABLES (CONT'D)

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

2022	Gross carrying amount RM	Total allowance RM	Net carrying amount RM
Current	30,385	*	30,385
Past due:			
1 to 30 days	-	-	-
31 to 60 days	-	-	-
61 to 90 days	1,650	*	1,650
More than 90 days	214	*	214
	1,864	*	1,864
	32,249	*	32,249
<b>2021</b>			
Current	-	-	-
Past due:			
1 to 30 days	-	-	-
31 to 60 days	-	-	-
61 to 90 days	214	*	214
More than 90 days	8,736	*	8,736
	8,950	*	8,950
	8,950	*	8,950

\* *Negligible*

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

(d) 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.

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

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 its 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:

<b>2022</b>	<b>Lifetime ECL allowance RM</b>	<b>Credit impaired RM</b>	<b>Total RM</b>
At 1 January/31 December	–	–	–
<b>2021</b>			
At 1 January	–	1,390,344	1,390,344
Reversal of impairment losses	–	(750,000)	(750,000)
Written off	–	(640,344)	(640,344)
At 31 December	–	–	–

NOTES TO THE FINANCIAL STATEMENTS  
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(CONT'D)

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

(d) 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 7 to the financial statements.

Trade receivables are secured by collateral as disclosed in Note 5(f) to the financial statements.

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

(f) 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:

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Maximum exposure, net of impairment	32,249	8,950
Collateral obtained	546,383	326,390
Net exposure to credit risk	-	-

The above collaterals are rental deposits received from tenants.

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

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

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

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Bank balances	15,742,683	1,769,567
Deposits with a licensed bank (not more than three months)	47,947,417	22,745,492
	63,690,100	24,515,059

(a) Deposits with a licensed bank of Atrium REIT have an average maturity period of 23 days (2021: 32 days).

(b) The deposits are placed with a licensed bank at weighted average interest rate of 2.42% (2021: 1.85%) 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.

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(CONT'D)

**6. BANK BALANCES AND DEPOSITS WITH A LICENSED BANK (CONT'D)**

- (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>2022</b>			
<b>Fixed rate</b>			
Deposits with a licensed bank	47,947,417	–	47,947,417
<b>2021</b>			
<b>Fixed rate</b>			
Deposits with a licensed bank	22,745,492	–	22,745,492

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 financial institutions because the probability of default by these financial institutions were negligible.

**7. TRADE AND OTHER PAYABLES**

	2022 RM	2021 RM
<b>Non-current liabilities</b>		
Tenants' deposits	11,042,109	12,454,863
<b>Current liabilities</b>		
Trade payables	124,823	255,441
Other payables and accrued expenses	2,130,690	1,083,439
Tenants' deposits	3,716,642	1,139,568
	5,972,155	2,478,448
	17,014,264	14,933,311

- (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 (2021: 30 days).

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(CONT'D)

7. TRADE AND OTHER PAYABLES

- (c) Included in other payables and accrued expenses is an amount owing to the Manager of RM285,786 (2021: RM228,971) 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>2022</b>				
<b>Financial liabilities</b>				
Trade and other payables	2,255,513	–	–	2,255,513
Tenants' deposits	3,716,642	2,014,498	9,027,611	14,758,751
<b>2021</b>				
<b>Financial liabilities</b>				
Trade and other payables	1,338,880	–	–	1,338,880
Tenants' deposits	1,139,568	3,427,253	9,027,610	13,594,431

8. BORROWINGS

	2022 RM	2021 RM
<b>Short Term Financing</b>		
Short Term Revolving Credit ("STRC")	39,600,000	39,600,000
Bank Overdraft	–	4,215,032
	39,600,000	43,815,032
<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 1	35,000,000	35,000,000
Medium Term Note ("MTN") - Tranche 2	87,000,000	87,000,000
Medium Term Note ("MTN") - Tranche 3	36,000,000	36,000,000
	211,231,130	211,231,130
	250,831,130	255,046,162

NOTES TO THE FINANCIAL STATEMENTS  
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**8. BORROWINGS (CONT'D)**

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) 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 monthly basis and subject to the bank's review.

The STRC facility bears interest at 3.37% (2021: 2.91%) per annum during the financial year.

- (c) In the previous financial year, the bank overdraft facility was 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.

The bank overdraft facility bore interest at 5.47% per annum in the previous financial year.

- (d) The term loan II bears interest rate at cost of funds plus 0.725% (2021: 0.725%) per annum and is repayable in one lump sum in 2027.

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% (2021: 0.725%) per annum and is repayable in one lump sum in 2027.

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% (2021: 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 0.80% (2021: 0.80%) 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.

- (e) In the previous financial years, 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.

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

(e) (cont'd)

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.

On 22 March 2021, AREIT Capital issued the third tranche MTN ("MTN - Tranche 3") amounting to RM36.0 million which was advanced to Atrium REIT to part finance their purchase of Atrium Shah Alam 4. The MTN - Tranche 3 has a tenure of 7 years ("Legal Maturity") effective from 22 March 2021. The MTN - Tranche 3 bears interest rate at cost of funds plus 0.80% per annum and is repayable in one lump sum in 2028.

The MTN - Tranche 2, MTN - Tranche 1 and MTN - Tranche 3 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").
- (iii) 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 H.S.(D) 172494, PT-, Bandar Shah Alam (expiring on 5 September 2073) and H.S.(D) 167421, PT-, Mukim Damansara (expiring on 7 November 2067). Both situated in Daerah Petaling, Negeri Selangor together with a single storey detached factory and a single story office cum canteen, a TNB substation and a guard house erected thereon and bearing postal address Lot 7, Persiaran Raja Muda, Seksyen 16, 40200 Shah Alam, Selangor Darul Ehsan ("Property 3") registered / to be registered in the name of REIT Trustee for Atrium REIT ("Chargor").
- (iv) 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.

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

- (e) The MTN - Tranche 2, MTN - Tranche 1 and MTN - Tranche 3 are secured against, among others, the following: (cont'd)
- (v) 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.
  - (vi) 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.
  - (vii) 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, Property 1 and Property 3.  
  
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.
  - (viii) Third party legal assignment of the rights, interest, titles and benefits in all relevant insurance policies/takaful contracts in respect of Property 2, Property 1 and Property 3.
  - (ix) 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.
  - (x) 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, Tranche 1 and Tranche 3.
- (f) At the end of the reporting period, RM39.6 million (2021: RM39.6 million) of the STRC would be maturing in the next twelve months based on the carrying amount reflected in the financial statements. The STRC was subsequently renewed by the lender on 21 February 2022 for another year maturing on 20 February 2023.
- (g) All borrowings are denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS  
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8. BORROWINGS (CONT'D)

(h) 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:

	<b>On demand or within one year RM</b>	<b>One to five years RM</b>	<b>Over five years RM</b>	<b>Total RM</b>
<b>2022</b>				
<b>Financial liabilities</b>				
Term loans	2,001,972	59,614,004	–	61,615,976
Medium Term Note	6,300,215	25,200,860	174,974,044	206,475,119
Short Term Revolving Credit	40,936,431	–	–	40,936,431
	49,238,619	84,814,864	174,974,044	309,027,526
<b>2021</b>				
<b>Financial liabilities</b>				
Bank overdraft	4,445,594	–	–	4,445,594
Term loans	1,768,740	58,923,721	–	60,692,461
Medium Term Note	5,656,400	22,625,600	173,238,867	201,520,867
Short Term Revolving Credit	40,752,360	–	–	40,752,360
	52,623,094	81,549,321	173,238,867	307,411,282

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

- (i) 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:

	<b>On demand or within one year RM</b>	<b>One to five years RM</b>	<b>Over five years RM</b>	<b>Total RM</b>
<b>2022</b>				
<b>Floating rates</b>				
Term loans	–	53,231,130	–	53,231,130
Medium Term Note	–	–	158,000,000	158,000,000
Short Term Revolving Credit	39,600,000	–	–	39,600,000
	39,600,000	53,231,130	158,000,000	250,831,130
<b>2021</b>				
<b>Floating rates</b>				
Bank overdraft	4,215,032	–	–	4,215,032
Term loans	–	53,231,130	–	53,231,130
Medium Term Note	–	–	158,000,000	158,000,000
Short Term Revolving Credit	39,600,000	–	–	39,600,000
	43,815,032	53,231,130	158,000,000	255,046,162

- (j) Sensitivity analysis for interest rate risk

As at 31 December 2022, 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 RM190,632 (2021: RM193,835) 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.

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9. DEFERRED TAX LIABILITY

	Note	2022 RM	2021 RM
Balance as at 1 January		7,473,786	7,392,942
Recognised in profit and loss	18	1,481,958	80,844
Balance as at 31 December		8,955,744	7,473,786

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.

10. UNITHOLDERS' CAPITAL

	2022		2021	
	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	204,625,680	204,129,835
Issuance of units pursuant to:				
- placements	50,925,000	71,295,000	-	-
Share issue expenses	-	(937,116)	-	-
Balance as at 31 December	255,550,680	274,487,719	204,625,680	204,129,835

During the financial year, there was a placement of up to 40,925,000 new units in Atrium REIT, representing 20% of the total number of units in Atrium REIT of 204,625,680 units at RM1.40 per unit which was completed in August 2022 and special issuance of 20,000,000 units at RM1.40 per unit in Atrium REIT to Chan Kam Tuck, a major unitholder of Atrium REIT which the first tranche of 10,000,000 units has been completed in December 2022.

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**11. 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>2022</b>			
<b>Direct unitholdings in Atrium REIT</b>			
Atrium REIT Manager Sdn. Bhd.	1,321,100	0.52	1,809,907
Directors of the Manager:			
Wong Sui Ee	522,200	0.20	715,414
Tor Peng Sie	140,000	0.05	191,800
How Hu Son	100,000	0.04	137,000
Soong Kwong Heng	77,000	0.03	105,490
Chan Wan Seong	500,000	0.20	685,000
Related parties of the Manager:			
Glory Blitz Industries Sdn. Bhd.	14,480,920	5.67	19,838,860
Sparkle Skyline Sdn. Bhd.	5,962,460	2.33	8,168,570
Chan Kam Tuck (i)	53,579,360	20.97	73,403,723
Chan Kum Chong	70,000	0.03	95,900
<b>2021</b>			
<b>Direct unitholdings in Atrium REIT</b>			
Atrium REIT Manager Sdn. Bhd.	1,321,100	0.65	1,981,650
Directors of the Manager:			
Wong Sui Ee	522,000	0.26	783,000
Tor Peng Sie	140,000	0.07	210,000
How Hu Son	100,000	0.05	150,000
Soong Kwong Heng	77,000	0.04	115,500
Chan Wan Seong	500,000	0.24	750,000
Related parties of the Manager:			
Glory Blitz Industries Sdn. Bhd.	14,411,120	7.04	21,616,680
Sparkle Skyline Sdn. Bhd.	5,962,460	2.91	8,943,690
Chan Kam Tuck (i)	43,542,360	21.28	65,313,540
Chan Kum Chong	70,000	0.03	105,000

- (i) Unitholdings under Chan Kam Tuck is made up of his individual holding of 46,579,360 (2021: 36,542,360) units and his holding of 7,000,000 (2021: 7,000,000) 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 2022 of RM1.37 (2021: RM1.50).

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2022  
(CONT'D)

**12. INVESTMENT IN A SUBSIDIARY**

- (a) Investment in a subsidiary, which is eliminated on consolidation, is stated at cost less impairment losses, if any.
- (b) The details of the subsidiary, which is incorporated in Malaysia, are as follows:

Name of company	Effective interest in equity		Principal activities
	2022	2021	
Atrium REIT Capital Sdn. Bhd. ("AREIT Capital")	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. The key personnel of AREIT Capital is the same as Atrium REIT. All the administration and operating expenses are borne by Atrium REIT.

**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.

**14. PROPERTY OPERATING EXPENSES**

	2022 RM	2021 RM
Property management fees	514,927	475,571
Assessment and quit rent	783,378	737,179
Repair and maintenance	688,696	1,011,700
Insurance	327,234	335,330
Other operating expenses	74,561	83,373
	2,388,796	2,643,153

Property management fees are recognised on an accrual basis.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**  
**(CONT'D)**

**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.

**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 0.10% (2021: 0.08% to 0.10%) per annum of the Net Asset Value.

**17. FINANCE COSTS**

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Interest expense on:		
- short term revolving credit facility	1,317,259	1,152,918
- term loans	1,982,236	1,771,111
- bank overdraft	277,837	161,254
- medium term note	6,245,205	5,375,115
	<b>9,822,537</b>	<b>8,460,398</b>

**18. TAX EXPENSE**

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Deferred tax:		
Relating to origination of temporary differences	1,516,720	104,762
Over provision in prior year	(34,762)	(23,918)
	<b>9</b>	<b>80,844</b>

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2022  
(CONT'D)

18. TAX EXPENSE (CONT'D)

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 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:

	2022 RM	2021 RM
Profit before tax	22,699,668	18,286,041
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	5,447,920	4,388,650
Tax effects in respect of:		
Non-deductible expenses	689,327	2,212,734
Effect of income exempted from tax	(6,137,247)	(6,601,384)
Deferred real property gains tax on investment properties	1,481,958	80,844
	1,481,958	80,844

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 100% (2021: 100%) of its realised income available for distribution for the financial year ended 31 December 2022 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	
	2022	2021
Individuals and all other non-corporate investors such as institutional investors	10%	10%
Non-resident corporate investors	24%	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 2022**  
**(CONT'D)**

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

- (a) The earnings per unit before Manager's fee of 10.95 sen (2021: 10.05 sen) is calculated by dividing the profit after tax but before deduction of manager's fees for the financial year of RM24,107,665 (2021: RM 20,559,033) and by the weighted average number of units in circulation during the financial year of 220,096,159 (2021: 204,625,680).
- (b) The earnings per unit after Manager's fee of 9.64 sen (2021: 8.90 sen) has been calculated based on profit after tax of RM21,217,710 (2021: RM18,205,197) for the financial year and on the weighted average number of units in circulation during the financial year of 220,096,159 (2021: 204,625,680).
- (c) Diluted earnings per unit equals basic earnings per unit as there were no potential dilutive unit in issue as at 31 December 2022 and 31 December 2021.

**20. NET INCOME DISTRIBUTIONS**

Distributions to unitholders are from the following sources:

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Net rental income	32,634,038	32,911,446
Interest income	798,140	556,553
Other income	1,454	772,339
	<b>33,433,632</b>	<b>34,240,338</b>
Less: Expenses	(14,939,303)	(14,266,319)
Net income before tax	18,494,329	19,974,019
Tax expense	-	-
Net income after tax	18,494,329	19,974,019
Add: Brought forward undistributed income available for distribution	870,003	846,989
Less: Income distributed	(13,648,529)	(14,733,050)
Less: Proposed final income distribution	(4,855,463)	(5,217,955)
Balance undistributed income	860,340	870,003

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 2022  
(CONT'D)

**22. PORTFOLIO TURNOVER RATIO**

	2022	2021
Portfolio Turnover Ratio ("PTR") (times)	0.10	0.17

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 2022 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**

	2022	2021
Management expense ratio ("MER") (%)	1.78	2.17

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:

	2022 RM	2021 RM
Customer A	5,408,620	2,649,756*
Customer B	5,136,000	5,136,000
Customer C	16,218,922	15,746,527
Customer D	3,916,685	3,881,228

\* Less than 10%

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2022  
(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:

	2022 RM	2021 RM
Not later than one (1) year	33,707,873	35,671,404
Later than one (1) year and not later than five (5) years	91,841,230	109,269,188
Later than five (5) year	154,861,601	171,141,516
	280,410,704	316,082,108

(b) Capital commitments

	2022 RM	2021 RM
Capital expenditure in respect of addition of investment properties:		
- Approved and contracted for	9,448,478	20,960,383

**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 2022 and 31 December 2021.

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 2022  
(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.

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Total borrowings	250,831,130	255,046,162
Total assets	612,599,861	540,542,872
Gearing ratio	40.95%	47.18%

(b) Methods and assumptions used to estimate fair value

The carrying amounts of financial assets and liabilities that are not carried at fair values, 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).

There is no transfer between levels in the hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2022  
(CONT'D)

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

(a) Material litigation

i) Marelli Asia Pacific Sdn Bhd (“Marelli”) vs Pacific Trustees Berhad (the “Trustee”)

On 23 June 2021, Pacific Trustees Berhad, the Trustee of Atrium REIT, was served with a Writ of Summons and Statement of Claim by Marelli through its solicitor. Marelli was a former tenant of Atrium REIT and has seek refund of its deposits held by Atrium REIT upon expiry of the lease agreement between both parties.

On 14 July 2021, the Judgement dated 7 July 2021 was served, whereby Atrium REIT is liable to pay Marelli the following:

- (i) The sum of RM562,493.46;
- (ii) The interest at the rate of 8% per annum on the sum of RM562,493.46, calculated on a daily basis from 15 June 2021 until the date of full settlement; and
- (iii) The costs of RM1,276.00 together with interest thereon at the rate of 5% per annum from the date of Judgement until the date of full settlement.

On 17 January 2022, the Trustee has remitted RM562,493.46 into the solicitors' account. This remittance is presently accounted for as other receivables in the financial statements.

As at 31 December 2022, the appeal is presently on-going in the Court of Appeal of Malaysia, fixed for hearing on 28 February 2023.

ii) S L NG Trading Agency Sdn Bhd (“SL NG”) vs Pacific Trustees Berhad

On 29 December 2022, the Trustee, was served with a Writ of Summons and Statement of Claim by SL NG through its solicitor. SL NG is a prospective tenant of Atrium Shah Alam 4.

SL NG's Claim is in respect of the following:

- (i) Specific Performance based on the terms stipulated in the draft Tenancy Agreement (“TA”), prepared by the Solicitors, Messrs C.S. Tam & Co. on 7 September 2022;
- (ii) The Trustee (Acting as Trustee for Atrium REIT) is required to sign the TA stated in item (a) above within seven (7) days from the date of the Order;
- (iii) Regardless of whether or not the TA is signed by the Trustee, the Trustee is ordered to complete the construction of the building in accordance with SL NG's specification and deliver the vacant possession to SL NG on or before 31 March 2023;
- (iv) The Trustee shall pay the damages to be assessed in addition to or alternatively in lieu of specific performance for the breach of contract;
- (v) The interest on the awarded damages at the rate of 8% per annum from the date of Writ until full settlement;
- (vi) Costs; and
- (vii) Such other reliefs that the court deems expedient.

As at 31 December 2022, due to the preliminary nature of the suit, Atrium REIT is unable to estimate and assess the financial and/or operational impact on the Trust.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2022  
(CONT'D)

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

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

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

Title	Effective Date
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 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

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

**28.2 New MFRSSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023**

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

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 – Comparative Information)</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of accounting policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transactions</i>	1 January 2023
Amendments to MFRS 16 <i>Lease Liability in Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sales or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

Atrium REIT is in the process of assessing the impact of implementing these Standard and Amendments, since the effects would only be observable for the future financial years.

## ANALYSIS OF UNITHOLDINGS

AS AT 13 FEBRUARY 2023

### SIZE OF HOLDINGS AS AT 13 FEBRUARY 2023

	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 - 99	39	0.96	1,156	0.00
100 - 1,000	907	22.32	584,084	0.23
1,001 - 10,000	1,931	47.53	9,442,080	3.69
10,001 - 100,000	969	23.85	31,958,940	12.51
100,001 to less than 5% of issued units	216	5.32	170,564,420	66.74
5% and above of issued units	1	0.02	43,000,000	16.83
<b>TOTAL :</b>	<b>4,063</b>	<b>100.00</b>	<b>255,550,680</b>	<b>100.00</b>

### THIRTY (30) LARGEST UNITHOLDERS AS AT 13 FEBRUARY 2023

	Name	No. of units	%
1)	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR CHAN KAM TUCK (TCS)	43,000,000	16.83
2)	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR GLORY BLITZ INDUSTRIES SDN BHD (TCS)	12,740,000	4.99
3)	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR CHEUNG SIU WA (PB)	9,070,000	3.55
4)	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CIMB COMMERCE TRUSTEE BERHAD (BTR2031)	7,000,000	2.74
5)	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (LIFE PAR)	6,772,280	2.65
6)	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	6,618,520	2.59
7)	SPARKLE SKYLINE SDN BHD	5,962,460	2.33
8)	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED BCF)	5,780,000	2.26
9)	SOH KING NENG & SONS SDN BHD	5,156,466	2.02
10)	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR PARAMJIT SINGH GILL (MARGIN)	5,000,000	1.96
11)	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHONG YOON ON (PB)	4,500,000	1.76
12)	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED MF)	4,300,000	1.68

ANALYSIS OF UNITHOLDINGS  
AS AT 13 FEBRUARY 2023  
(CONT'D)

**THIRTY (30) LARGEST UNITHOLDERS AS AT 13 FEBRUARY 2023 (CONT'D)**

Name	No. of units	%
13) CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PETROLIAM NASIONAL BERHAD (AFFIN)	3,745,200	1.46
14) SOH KAM ENG	3,289,714	1.29
15) HLIB NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR CHAN KAM TUCK	3,275,400	1.28
16) DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR AHAM ASSET MANAGEMENT BERHAD (TSTAC/CLNTT)	3,218,600	1.26
17) PARAMJIT SINGH GILL	3,002,600	1.17
18) AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEGGED SECURITIES ACCOUNT FOR LAW HOCK HUA	2,900,000	1.13
19) TASEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR TA INVESTMENT MANAGEMENT BERHAD (CLIENTS)	2,569,800	1.00
20) HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED FLF)	2,260,000	0.88
21) STEPHEN EDWARD BLACKBURN	2,000,000	0.78
22) GLORY BLITZ INDUSTRIES SDN BHD	1,624,720	0.64
23) LIAN MONG YEE @ LIAN MUNG YEE	1,623,800	0.64
24) CHOY YOKE CHUN	1,447,200	0.57
25) CHRISTINA CHONG YOKE LENG	1,331,000	0.52
26) ATRIUM REIT MANAGERS SDN BHD	1,321,100	0.52
27) HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED OP)	1,260,000	0.49
28) CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR KWOK CHIU NAM (PB)	1,250,000	0.49
29) KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LIM CHIN SOON	1,203,400	0.47
30) YEOW EWE CHUAN	1,165,900	0.46
	154,388,160	60.41

ANALYSIS OF UNITHOLDINGS  
AS AT 13 FEBRUARY 2023  
(CONT'D)

**LIST OF SUBSTANTIAL UNITHOLDERS (5% AND ABOVE)**

Name	Direct Interest	No. of units		%
		%	Deemed Interest	
1. CHAN KAM TUCK	53,779,360	21.04	–	–
2. HONG LEONG ASSURANCE BERHAD	20,872,280	8.17	–	–
3. HLA HOLDINGS SDN BHD <sup>(1)</sup>	–	–	20,872,280	8.17
4. MITSUI SUMITOMO INSURANCE COMPANY, LIMITED <sup>(1)</sup>	–	–	20,872,280	8.17
5. QUEK LENG CHYE <sup>(1)</sup>	–	–	20,872,280	8.17
6. HONG LEONG FINANCIAL GROUP BERHAD <sup>(2)</sup>	–	–	20,872,280	8.17
7. GUOCO GROUP LIMITED <sup>(3)</sup>	–	–	20,872,280	8.17
8. GUOLINE OVERSEAS LIMITED <sup>(3)</sup>	–	–	20,872,280	8.17
9. GUOLINE CAPITAL ASSETS LIMITED <sup>(3)</sup>	–	–	20,872,280	8.17
10. HONG LEONG COMPANY (MALAYSIA) BERHAD <sup>(3)</sup>	–	–	20,872,280	8.17
11. TAN SRI QUEK LENG CHAN <sup>(4)</sup>	–	–	20,872,280	8.17
12. HL HOLDINGS SDN BHD <sup>(4)</sup>	–	–	20,872,280	8.17
13. HONG LEONG INVESTMENT HOLDINGS PTE. LTD. <sup>(4)</sup>	–	–	20,872,280	8.17
14. HONG REALTY (PRIVATE) LIMITED <sup>(4)</sup>	–	–	20,872,280	8.17
15. KWEK HOLDINGS PTE LTD <sup>(4)</sup>	–	–	20,872,280	8.17
16. KWEK LENG BENG <sup>(4)</sup>	–	–	20,872,280	8.17
17. DAVOS INVESTMENT HOLDINGS PRIVATE LIMITED <sup>(4)</sup>	–	–	20,872,280	8.17
18. KWEK LENG KEE <sup>(4)</sup>	–	–	20,872,280	8.17
19. GLORY BLITZ INDUSTRIES SDN BHD	14,480,920	5.67	–	–

<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 ELEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting (“11th 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 27 April 2023, Thursday at 11.00 am for the following purpose: -

### A. ORDINARY BUSINESS

1. To receive the Audited Financial Statements of Atrium REIT for the financial year ended 31 December 2022 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 ELEVENTH 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  
28 February 2023

### 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 19 April 2023**. 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.

## NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING (CONT'D)

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. 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.
6. 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.
7. 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.
8. 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.
9. 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.
10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the proxy form is **25 April 2023, Tuesday at 11.00 am**.
12. 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.
13. 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 ELEVENTH ANNUAL GENERAL MEETING (CONT'D)

### 1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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, 40,925,000 New Units in Atrium REIT were issued pursuant to the general mandate which was approved at the Tenth Annual General Meeting of Atrium REIT held on 27 April 2022 and which will lapse at the conclusion of the 11th AGM.

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 ELEVENTH ANNUAL GENERAL MEETING (“11TH AGM”)

Day & Date	:	Thursday, 27 April 2023
Time	:	11.00 a.m.
Meeting Platform	:	<a href="https://tiih.online">https://tiih.online</a>
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**

The 11th AGM will be conducted on a virtual basis through live streaming from the Broadcast Venue and online remote voting using the Remote Participation and Voting (“RPV”) facilities provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) via its TIIH Online website at <https://tiih.online>.

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 11th AGM in person at the Broadcast Venue on the day of the meeting.

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

Unitholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the 11th AGM via RPV facilities provided by Tricor.

Please refer to “Procedure for RPV” as set out below for the requirement and procedures.

**ADMINISTRATIVE GUIDE  
FOR THE ELEVENTH ANNUAL GENERAL MEETING (“11TH AGM”)  
(CONT’D)**

**PROCEDURES FOR RPV**

Unitholder(s) or proxy(ies) or authorised representative(s) or attorney(s) who wish to participate in the 11th 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” by selecting the “Sign Up” button followed by “<b>Create Account by Individual Holder</b>”. Refer to the tutorial guide posted on the homepage for assistance.</li> <li>Registration as a user will be approved within one (1) 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 Tuesday, 28 February 2023 until the day of AGM on Thursday, 27 April 2023. Unitholder(s) or proxy(ies) or attorney(s) or authorised representative(s) are required to pre-register their attendance for the 11th AGM to ascertain their eligibility to participate at the 11th AGM using the RPV.</li> <li>Login with your user ID (i.e. e-mail address) and password and select the corporate event: “<b>(REGISTRATION) ATRIUM REIT 11TH 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 Record of Depositors dated <b>19 April 2023</b>, the system will send you an <b>e-mail after 25 April 2023 to approve or reject</b> your registration for remote participation.</li> </ul> <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV.)</i></p>
<b>ON THE DAY OF THE AGM</b>		
(a)	Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the 11th AGM at any time from 10.00 a.m. i.e. 1 hour before the commencement of the 11th AGM on Thursday, 27 April 2023 at 11.00 a.m.</li> </ul>
(b)	Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: “<b>(LIVE STREAM MEETING) ATRIUM REIT 11TH 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 ELEVENTH ANNUAL GENERAL MEETING (“11TH AGM”)  
(CONT’D)**

	<b>Procedure</b>	<b>Action</b>
(e)	Online Remote Voting	<ul style="list-style-type: none"> <li>• Voting session commences from 11.00 a.m. on Thursday, 27 April 2023 until a time when the Chairman announces the end of the session. Select the corporate event: “<b>(REMOTE VOTING) ATRIUM REIT 11TH 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 11th 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 stream 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 stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

**GENERAL MEETING OF RECORD OF DEPOSITORS**

Only unitholders registered in the Record of Depositors as at 19 April 2023 shall be eligible to participate in the 11th AGM via RPV or appointed proxy(ies) or corporate representative(s) or attorney(s) to participate and/or vote via online remote voting on his/her behalf.

**APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE**

Unitholders who appoint proxy(ies) to participate via RPV at the 11th AGM must ensure that the duly executed proxy forms are deposited at the office of the manager of Atrium REIT i.e. Atrium REIT Managers Sdn Bhd at No. 36-2, Jalan 5/101C, Off Jalan Kaskas, Jalan Cheras, 56100 Kuala Lumpur, not later than 25 April 2023 at 11.00 a.m. being 48 hours before the time appointed for holding the meeting or any adjournment thereof.

A unitholder who has appointed a proxy(ies) or corporate representative(s) or attorney(s) to attend, participate, speak and vote at this 11th 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 “Procedures for RPV”.

## ADMINISTRATIVE GUIDE FOR THE ELEVENTH ANNUAL GENERAL MEETING (“11TH AGM”) (CONT’D)

### POLL VOTING

The voting at the 11th 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 11.00 a.m. on Thursday, 27 April 2023 but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (c) 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 AGM, the Scrutineers will verify the poll results followed by the Chairman’s declaration whether the resolutions are duly passed.

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

Unitholders may submit questions to the Board in advance of the 11th 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 Tuesday, 25 April 2023 at 11.00 a.m. The Board will endeavor to answer the questions received at the 11th 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	:	+6 (03) 2783 9299
Fax Number	:	+6 (03) 2783 9222
Email	:	<a href="mailto:is.enquiry@my.tricorglobal.com">is.enquiry@my.tricorglobal.com</a>
Contact Person		Puan Nor Faeayzah +6 (03) 2783 9274 / <a href="mailto:nor.faeayzah@my.tricorglobal.com">nor.faeayzah@my.tricorglobal.com</a>
		Cik Nur Shafikah +6 (03) 2783 9293 / <a href="mailto:nur.shafikah@my.tricorglobal.com">nur.shafikah@my.tricorglobal.com</a>
		Mr Ashvinder Singh +6 (03) 2783 7962 / <a href="mailto:ashvinder.singh@my.tricorglobal.com">ashvinder.singh@my.tricorglobal.com</a>

# 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 (if more than one (1) proxy)

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 Eleventh 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 27 April 2023, Thursday at 11.00 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 ..... 2023

.....  
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:
  - 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

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**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 19 April 2023**. Only a unitholder whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
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11. Last date and time for lodging the proxy form is **25 April 2023, Tuesday at 11.00 a.m.**
12. 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.
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    - (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.

*Fold this flap for sealing*

*Then fold here*

AFFIX  
STAMP

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 2022