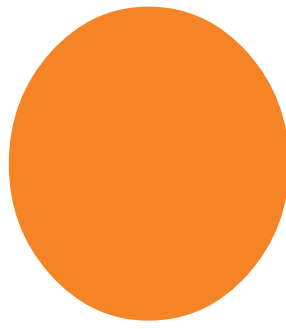




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ATRIUM REAL ESTATE INVESTMENT TRUST
(Established in Malaysia under the Deed dated 20 November 2006 entered into between
Atrium REIT Managers Sdn Bhd and BHLB Trustee Berhad)



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OUR MISSION

To maximise profits 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.

OUR ACHIEVEMENT IN 2009

	2009 RM '000	2008 RM '000	2007 ¹ RM '000
Net Income After Tax	8,599	17,112	7,961
Earnings Per Unit (Sen)			
- realised	7.06	8.47	6.54
- unrealised	-	5.58	-
Distribution to Unitholders	8,465	10,231	7,917
Distribution Per Unit (Sen)	6.95	8.40	6.50
Portfolio Value	161,600	161,600	154,800
Number of Properties	4	4	4
Occupancy Rate	100%	100%	100%
Net Asset Value Per Unit (RM)	1.04	1.04	0.98

Actual 2009 vs Projection 2009²

	Actual 2009 RM '000	Projection 2009 ² RM '000	Variance %
Net Income After Tax	8,599	10,121	(15.04)
Earnings Per Unit (Sen)	7.06	8.31	(15.04)
Distribution to Unitholders	8,465	9,615	(11.96)
Distribution Per Unit (Sen)	6.95	7.89	(11.91)
Portfolio Value	161,600	154,800	4.39
Number of Properties	4	4	-
Occupancy Rate	100%	100%	-
Net Asset Value Per Unit (RM)	1.04	0.99	5.05

Distributions For 2009

	Per Unit
1st Quarter	1.65 sen
2nd Quarter	0.80 sen
3rd Quarter	2.20 sen
4th Quarter ³	2.30 sen

1. For the financial period from 2 April 2007 (date of commencement) to 31 December 2007.
2. As per Prospectus dated 28 February 2007
3. To be paid on 25 February 2010

SALIENT FEATURES OF THE FUND

Name of fund	:	Atrium REIT
Fund category	:	Real Estate
Fund type	:	Growth and income
Investment objectives	:	To maximise profits 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
Fund investment strategy	:	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.
Term of the Trust	:	Atrium REIT will continue its operation until such time as determined by the Trustee and the Manager as provided under the provision of Clause 19 of the Trust Deed dated 20 November 2006.
Approved size of Fund	:	121,801,000 Units
Authorised investments	:	<ul style="list-style-type: none"> - At least 50% of the total asset value of Atrium REIT must be invested in real estate assets and/or single purpose companies at all times; and - Investment in non-real estate related assets and/or cash, deposits and money market instruments must not exceed 25% of Atrium REIT's total asset value.
Financial year end	:	31 December
Distribution policy	:	At least 90% of the distributable income of Atrium REIT shall be distributed semi-annually or at such other intervals as determined by the Managers in its absolute discretion; in arrears.
Borrowing limitations	:	Up to 50% of the total asset value of the Fund at the time the borrowing is incurred.
Revaluation policy	:	The real estates shall be revalued at least once every (3) years from the date of the last valuation (or such other times as required under the Securities Commission Guidelines on REITs), or at any time where the Trustee, the Manager or the independent auditor appointed by Atrium REIT reasonably believes that there has been a significant change in the value of real estates.
Redemption policy	:	Unitholders have no right to request the Fund to repurchase their Units while the Units are listed.
Minimum initial investment	:	Minimum of 100 Units
Minimum additional investments	:	Multiples of 100 Units
Investor profile	:	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.
Board lot	:	100 Units per board lot
Quotation	:	Main Board of Bursa Malaysia Securities Bhd
Bursa Malaysia Stock Number	:	ATRIUM 5130

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 (formerly known as H.S.(D) No. 80053) for Lot No. 38264 (formerly known as P.T. 14366), Pekan Baru Hicom (formerly known as Mukim of Damansara), District of Petaling, State of Selangor Darul Ehsan.
Property type	Industrial
Description	A single storey warehouse and a four storey office building with a total Net Lettable Area measuring approximately 311,736 sq.ft.
Year of completion	2005
Tenure	Freehold
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
Tenant	Exel Properties (Malaysia) Sdn Bhd
Occupancy	100%
Lease Period	5 years, expiring on 31 December 2010
Major capital expenditure	Nil
Encumbrances	The property is charged to a financial institution to secure a Short Term Revolving Credit facility of RM 45 million
Limitation in title/interest	None
Latest valuation	RM 61,400,000
Basis of valuation	Investment, cost and comparison methods
Date of last valuation	31 December 2009
Valuer	Raine & Horne International Zaki + Partners Sdn Bhd
Fair Value adjustment	Nil
Net book value	RM 61,400,000

PROPERTY PORTFOLIO

Atrium Shah Alam 2



Property	Atrium Shah Alam 2
Address	Lot 7A, Persiaran Jubli Perak, Seksyen 22, 40300 Shah Alam, Selangor Darul Ehsan, Malaysia.
Title details	Lot No. P.T. 90 held under H.S.(D) No. 188265, Pekan Baru Hicom (formerly Mukim of Damansara), District of Petaling, State of Selangor Darul Ehsan.
Property type	Industrial
Description	A single storey warehouse and a double storey office building with a total Net Lettable Area measuring approximately 258,702 sq.ft.
Year of completion	2004
Tenure	Freehold
Existing use	Warehouse and office
Parking spaces	125 car bays, 129 motorcycle bays, 20 lorry bays
Date of acquisition	2 April 2007
Cost of acquisition	RM49,100,000
Tenant	CEVA Logistics (Malaysia) Sdn Bhd
Occupancy	100%
Tenancy Period	3 years, expiring on 31 May 2012
Major capital expenditure	Nil
Encumbrances	None
Limitation in title/interest	None
Latest valuation	RM 53,700,000
Basis of valuation	Investment, cost and comparison methods
Date of last valuation	31 December 2009
Valuer	Raine & Horne International Zaki + Partners Sdn Bhd
Fair Value adjustment	Nil
Net book value	RM 53,700,000

PROPERTY PORTFOLIO

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 (formerly Mukim of Petaling), District of Petaling, State of Selangor Darul Ehsan.
Property type	Industrial
Description	A single storey warehouse and a four storey office building with a total Net Lettable Area measuring approximately 203,994 sq.ft.
Year of completion	2002
Tenure	Freehold
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	RM 38,500,000
Tenant	Danzasmal Domestic Logistics Services Sdn Bhd
Occupancy	100%
Lease Period	8 years, expiring on 18 September 2010
Major capital expenditure	Nil
Encumbrances	None
Limitation in title/interest	None
Latest valuation	RM 38,500,000
Basis of valuation	Investment, cost and comparison methods
Date of last valuation	31 December 2009
Valuer	Raine & Horne International Zaki + Partners Sdn Bhd
Fair Value adjustment	Nil
Net book value	RM 38,500,000

PROPERTY PORTFOLIO

Atrium Rawang



Property	Atrium Rawang
Address	Lot 23, Rawang Integrated Industrial Park, Jalan Batu Arang, 48000 Rawang, Selangor Darul Ehsan, Malaysia
Title details	Developer's Lot No. 23B held under Master Title Geran No. 57711 for Parent Lot No. 1282, Section 20, Town of Rawang (formerly Mukim of Rawang), District of Gombak, State of Selangor Darul Ehsan.
Property type	Industrial
Description	A double storey office and factory building with a total Net Lettable Area measuring approximately 35,236 sq.ft.
Year of completion	2001
Tenure	Freehold
Existing use	Factory and office
Parking spaces	23 car bays, 15 motorcycle bays, 3 lorry bays
Date of acquisition	2 April 2007
Cost of acquisition	RM10,000,000
Tenant	Unilever Foods (Malaysia) Sdn Bhd
Occupancy	100%
Lease Period	10 years, expiring on 31 October 2011
Major capital expenditure	Nil
Encumbrances	The property is charged to a financial institution to secure a Short Term Revolving Credit facility of RM 45 million
Limitation in title/interest	None
Latest valuation	RM8,000,000
Basis of valuation	Investment, cost and comparison methods
Date of last valuation	31 December 2009
Valuer	Raine & Horne International Zaki + Partners Sdn Bhd
Fair Value adjustment	Nil
Net book value	RM8,000,000



Dear Unitholders,

On behalf of the Board of Directors of Atrium REIT Managers Sdn Bhd ("Manager"), I have the pleasure of presenting to you the Annual Report of the Atrium Real Estate Investment Trust ("Atrium REIT" or "Trust") for the financial year ended 31 December 2009.

Overview

2009 has been a challenging year for the Atrium REIT. Nevertheless, I am pleased to report that CEVA Logistics (Malaysia) Sdn Bhd ("CEVA") has renewed the tenancy for Atrium Shah Alam 2 on 28 April 2009 with BHLB Trustee Berhad, the Trustee of the Atrium REIT. The new tenancy is for a term of 3 years with option to renew for a further term of 2 years at the prevailing market rate then. This new tenancy will boost the Trust's Gross Revenue by approximately RM1.4 million over the term of the tenancy due to the increase in the rental rate as compared to the previous expired/terminated tenancies.

A revaluation exercise was also carried out on Atrium Shah Alam 1, Atrium Shah Alam 2, Atrium Puchong and Atrium Rawang by registered valuer, Raine & Horne International Zaki + Partners Sdn Bhd ("Raine & Horne"), to comply with Clause 10.03 of the Securities Commission's REIT Guidelines where the Properties were required to be revalued once in every three (3) years and pursuant to Financial Reporting Standard 140 which states that Investment Properties have to be stated/disclosed at Fair Value at the end of each financial year. Raine & Horne has adopted a combination of valuation methods in their assessments and the values have been aptly reflected in the financial statements.

Financial Performance

For the financial year ended 31 December 2009, the Atrium REIT achieved a Gross Revenue of RM12.984 million, which is 5.16% lower compared to RM13.691 million for the previous corresponding financial year ended 31 December 2008 ("Financial Year 2008"). Net Income (realised) for the year of RM8.599 million represents a decrease of 16.61% compared to RM10.312 million achieved last year. The lower Net Income for the year under review was due to the shortfall in revenue from Atrium Shah Alam 2 for the months of January 2009 to May 2009 and the one-off cost of the repairs and rectification works incurred for Atrium Shah Alam 2.

Distribution to Unitholders

I am happy to report that the Atrium REIT continued to deliver a stable distributable income of 6.95 sen per unit for the financial year ended 31 December 2009 which was only 1.45 sen lower than that for the Financial Year 2008 and 0.94 sen lower than the forecast made in the prospectus of the Atrium REIT dated 28 February 2007.

The Board of Directors of the Manager is pleased to declare a final distribution of 2.30 sen per unit for the financial year ended 31 December 2009, which will be paid on 25 February 2010. The distributable yield of the Trust for 2009 is a respectable 7.55% based on the closing market price of RM0.92 per unit for the Atrium REIT as at 31 December 2009.

ATRIUM

CHAIRMAN'S STATEMENT

Operations Review

In the financial year under review, the Atrium REIT did not make any acquisitions due to the looming global recession caused by the weakening of the US economy and uncertainty in the global financial markets. The proposed acquisition of properties in the pipeline did not materialise, as the Board of Directors of the Manager with the concurrence of the Trustee is of the opinion that it serves the best interest of the Unitholders of the Atrium REIT not to pursue the acquisition opportunities due to changes and instabilities in market conditions brought about by the global economic crisis.

Looking forward, the Manager will continue to explore new growth opportunities, focusing mainly on industrial properties located in prime locations with good infrastructures, tenanted by leading businesses on long term leases that enhance the asset value and income growth of the Trust.

Economic Overview

The full impact of the global recession was felt in Malaysia in the first quarter of 2009 when the economy contracted by 6.2%. Since then, the fiscal and monetary policy counter measures implemented by the Malaysian government, together with a sound financial sector have contributed to improving domestic economic conditions. A smaller contraction of 3.9% and 1.2% was registered for the second quarter and third quarter of 2009 respectively. The improvements were due to a rise in domestic demand as a result of stronger private consumption, higher public sector spending and a recovering global economy which helped boost exports.

Demand for commodities is one of the leading economic indicators. Physical commodities (such as gold and oil) have recently drawn strong interest from investors. Physical commodities, which are regarded as hedges against inflation, have surged on the back of a weak US dollar and low interest rates. This has helped to strengthen general commodity prices, which stronger crude palm oil prices contribute greatly to the Malaysian economy.

Recent indicators have also suggested that the global downturn has stabilised and a more broad-based recovery is expected albeit gradually in 2010. The Malaysian economy will be driven primarily by domestic demand while the gradual recovery in external demand will provide a further support to growth.

The Malaysian economy is expected to exit from the technical recession in the fourth quarter of 2009 but this will depend on how fast the global economy gets back on track.

Changes to the Board and Management

I would like to extend our appreciation to my predecessor, Dato' Zakaria Meranun, who has been Chairman of the Manager since its inception until his resignation from the Board in October 2009. On behalf of the Board and Management, I would like to thank him for his contribution to the Atrium REIT since its IPO.

On behalf of the Board of Directors, I would also like to record our appreciation to Mr. Lim Pang Kiam and Mr. Lim Kok How who have resigned from the Board during the course of the year. Mr Lim Pang Kiam also resigned as the Chief Executive Officer of the Manager in October 2009.

In addition, I would like to welcome Mr. Chan Kum Chong as the new Acting Chief Executive Officer of the Manager.

Appreciation

On behalf of the Board of Directors of Atrium REIT Managers Sdn Bhd, I would like to thank my fellow Board members for their advice and contributions throughout the year, our tenants and business associates, the regulatory authorities, investors and Unitholders, for their strong support. I would also like to thank the management team for the concerted effort and contribution in 2009 and I look forward to another fruitful year ahead with the continued support of my fellow Board members and our valued stakeholders.

Dato' Dr Ir Mohamad Khir Bin Harun

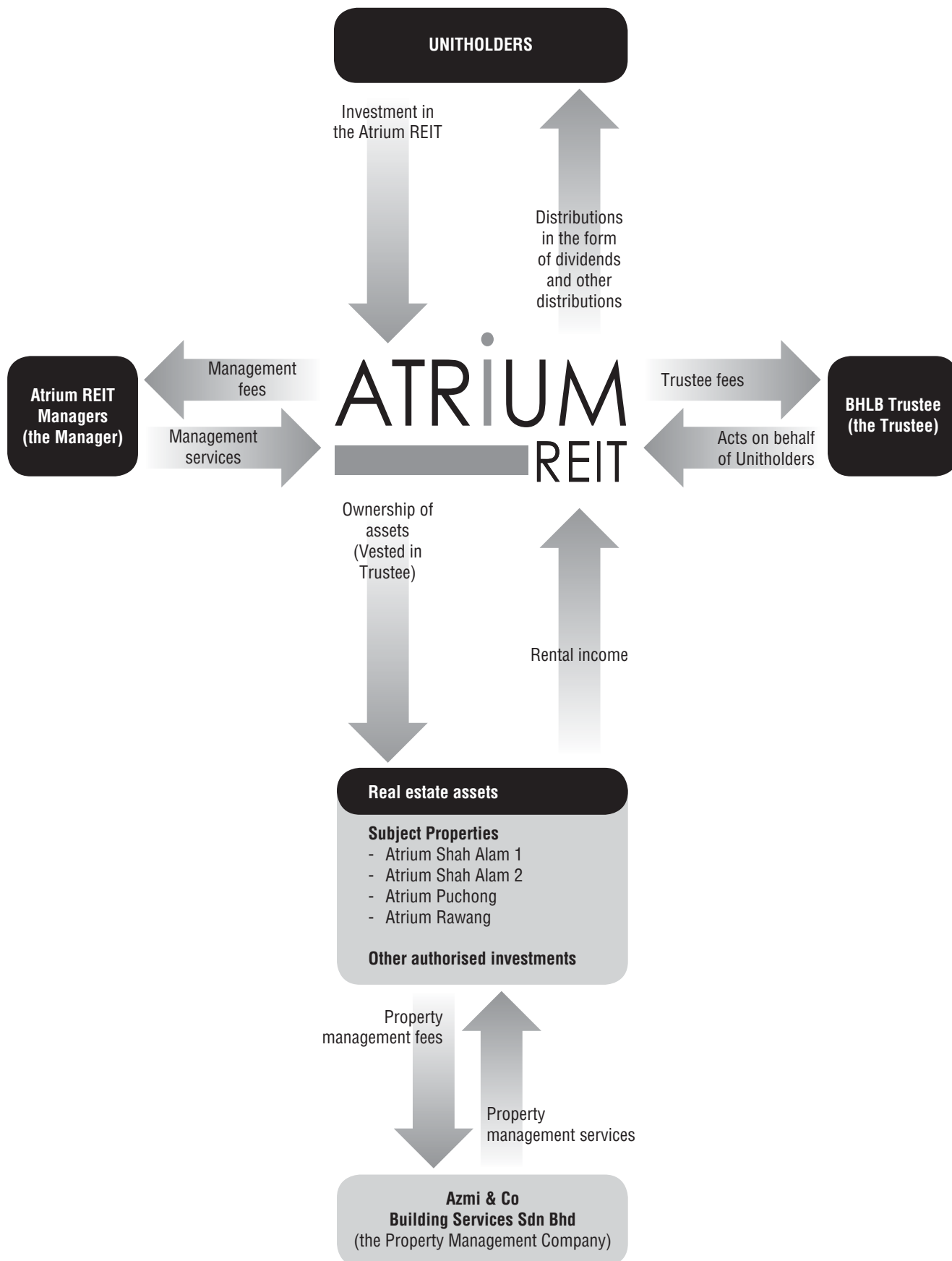
Chairman

Atrium REIT Managers Sdn Bhd

21 January 2010

STRUCTURE OF THE ATRIUM REIT

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



BOARD OF DIRECTORS AND MANAGEMENT/ CORPORATE DIRECTORY

BOARD OF DIRECTORS AND MANAGEMENT OF THE MANAGER

BOARD OF DIRECTORS

Dato' Dr Ir Mohamad Khir Bin Harun	<i>Chairman and Non-Independent Non-Executive Director</i>
Wong Sui Ee	<i>Executive Director</i>
How Hu Son	<i>Independent Non-Executive Director</i>
Tor Peng Sie	<i>Independent Non-Executive Director</i>
Soong Kwong Heng	<i>Independent Non-Executive Director</i>

COMPANY SECRETARY

Ng Yen Hoong (LS 008016)
Lim Poh Yen (MAICSA 7009745)

MANAGEMENT

Wong Sui Ee	<i>Executive Director</i>
Chan Kum Chong	<i>Acting Chief Executive Officer and Chief Operating Officer</i>
Chuah Kui Pek	<i>Commercial Director</i>
Lee Hooi Hoong	<i>Chief Financial Officer</i>
Sum Lai Fern	<i>Property Manager</i>

CORPORATE DIRECTORY

MANAGER

Atrium REIT Managers Sdn Bhd (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:

Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2264 8888
Fax: 03-2282 2733, 03-2264 8997

TRUSTEE

BHLB Trustees Bhd (313031-A)
Principal place of business
Level 7, Bangunan Amanah Raya
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Tel: 03-2084 8888 Fax: 03-2095 5473

REGISTRAR

Tricor Investor Services Sdn Bhd (118401-V)
(Formerly known as Tenaga Koperat Sdn Bhd)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2264 3883 Fax: 03-2282 1886

AUDITORS

BDO (AF 0206)
Chartered Accountants

PRINCIPAL BANKER

Malayan Banking Berhad

PROPERTY MANAGEMENT COMPANY

Azmi & Co Building Services Sdn Bhd (475267-U)
A 9-1-1, Jalan Ampang Utama 2/2
One Ampang Business Avenue
68000 Ampang, Selangor

BURSA MALAYSIA STOCK NAME AND CODE

ATRIUM 5130

PROFILE OF DIRECTORS

Dato' Dr Ir Mohamad Khir Bin Harun *(Chairman)*

Malaysian, aged 59, 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 experience in TM includes 4 years as Senior Vice President of Marketing for Major Corporation, Government and business customers, 2 years as Senior General Manager of Telco business strategy development, slightly over 1 year doing corporate strategy works and 5 years in telex, telegraphy and data services.

Wong Sui Ee *(Executive Director)*

Malaysian, aged 40, 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 is an associate member of the Institute of Chartered Accountants in England and Wales (ICAEW) since 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 joined Glory Blitz Industries Sdn Bhd ("GBISB") and its related companies in 1998. During her 8-year tenure with GBISB and its related 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.

Tor Peng Sie *(Independent Non-Executive Director)*

Malaysian, aged 51, was appointed to the Board on 17 November 2006. Mr Tor graduated with a Bachelor of Science from Campbell University, North Carolina, United States of America in 1982. He is a holder of the Real Estate Agent Licence from the Board of Valuers, Appraisers and Estate Agents Malaysia since 1993. Mr Tor has over twenty (20) 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 for the said company. In 1999, he joined Pacific Landmark Real Estate Agents. He is currently a Principal of Pacific Landmark Real Estate Agents.

How Hu Son *(Independent Non-Executive Director)*

Malaysian, aged 60, was appointed to the Board on 17 November 2006. Mr How graduated from Brighton Polytechnic, United Kingdom with a Bachelor of Science (Hons) in Civil Engineering in 1975. In 1976, he obtained his Master of Science from Imperial College of Science & Technology, London. He is a member of the Institution of Engineers, Malaysia and is a registered professional Engineer with the Board of Engineers, Malaysia. He began his career in 1977 as a Structural Engineer with Jabatan Kerja Raya for two (2) years. Thereafter, he joined Tahir Wong Sdn Bhd as its Senior Structural Engineer and was subsequently promoted to Senior Associate. During his 14 years in Tahir Wong Sdn Bhd, he was involved in projects such as Subang Parade, the Royal Malaysian Navy Base in Sarawak, Puteri Pan Pacific Hotel, Johor and the Selangor Turf Club. Currently, he is a Director of Pakatan Cergas Sdn Bhd, a consultancy company involved in civil and structural engineering. Some of the projects that he was involved in are the construction of Bukit Ceylon Condominium, CP Tower, Eastin Hotel and Phileo Damansara. He is also the Director of Yong Peng Batu Bata Berhad and PC Assets Sdn Bhd.

Soong Kwong Heng *(Independent Non-Executive Director)*

Malaysian, aged 60, was appointed to the Board on 17 November 2006. Mr. Soong graduated with a Bachelor of Economics from Universiti Malaya in 1972. Mr Soong has more than thirty (30) years experience in tax related issues. After his graduation, he began his career in the Department of Inland Revenue Malaysia for three (3) years. In 1975, he joined Chan King Sang & Co. as its Tax Manager for ten (10) years. Since 1985, he served as a Tax Principal for K. S. Taxation Services Sdn Bhd. Currently, he is also on the Board of Directors of AP Land Berhad, Global Gain Sdn Bhd, Segamat Holdings Sdn Bhd and Compagnie Du Monde Sdn Bhd, which are companies involved in property and equity investments.

PROFILE OF ACTING CHIEF EXECUTIVE OFFICER

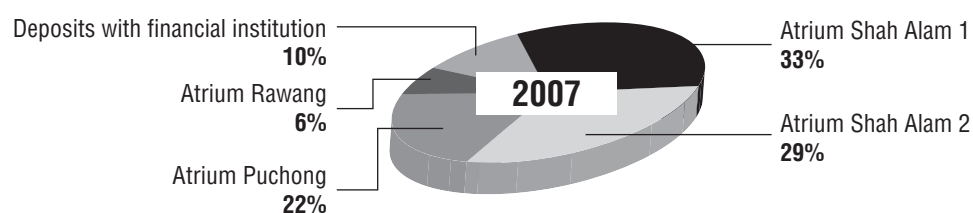
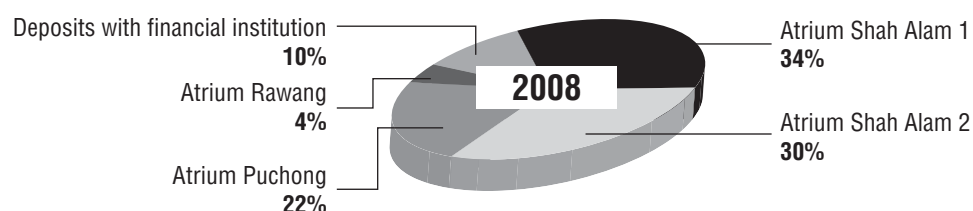
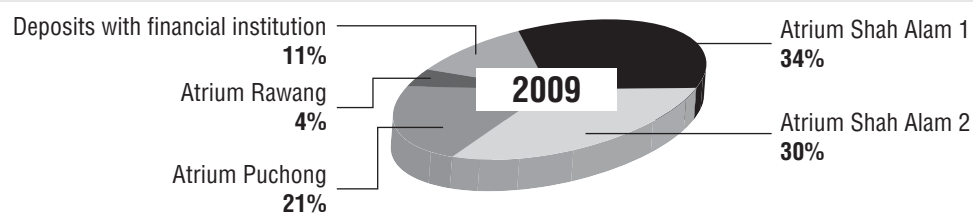
Chan Kum Chong *(Acting Chief Executive Officer and Chief Operating Officer)*

Malaysian, aged 54, was appointed as Acting Chief Executive Officer on 17 November 2009. Mr. Chan graduated from Portsmouth Polytechnic (now known as University of Portsmouth) in 1980 with a Bachelor of Science in Quantity Surveying. Mr. Chan began his career as a Graduate Quantity Surveyor with a consultant quantity surveying firm, Juru Ukur Bahan Malaysia Sdn. Bhd. assisting the senior quantity surveyor in pre and post contract administration in the completion of Menara Maybank, redevelopment of Subang International Airport, Telekom Training Centre, amongst others. Mr. Chan then joined TTDI Development Sdn.Bhd. in 1984 and has successfully managed and completed housing schemes in Taman Tun Dr. Ismail, Taman TTDI Jaya, Desa Pandan and Desa Bakti. In June 1995, he was assigned to oversee the operation of the in-house construction company, Panelex Sdn.Bhd. as General Manager - Operation. He then joined Syarikat T. D. Sdn. Bhd. in 1999 as a Project Director looking after several building and turnkey projects. Thereafter, he joined Vistanet (M) Sdn.Bhd. in 2002, an in-house construction company of Mayland Properties Sdn. Bhd., to manage all their in-house construction projects with Gross Development Values in excess of RM300 million, comprising of service apartments, shop offices and a shopping complex. In October 2003 he joined Score Option Sdn. Bhd. as a Project Director, managing a 200 acres development in Puchong comprising a mixed residential and commercial development, a J.V. project with Glomac Alliance Sdn.Bhd., a subsidiary of Glomac Berhad. In 2005, he joined EC Alamjaya Sdn. Bhd. as its Chief Executive Officer to oversee a shopping complex and hotel development totalling RM100million. He has held the position of Chief Operating Officer of Atrium REIT Managers Sdn Bhd since June 2007.

PERFORMANCE DATA

I) Portfolio Composition of the Trust

	2009	2008	2007 ¹
	%	%	%
Atrium Shah Alam 1	34	34	33
Atrium Shah Alam 2	30	30	29
Atrium Puchong	21	22	22
Atrium Rawang	4	4	6
	89	90	90
Deposits with financial institution	11	10	10
	100	100	100



II) Asset Value and Unit information

	2009	2008	2007 ¹
Total asset value (RM'000)	182,350	182,123	173,397
Net asset value (RM'000)	126,410	126,277	119,396
Units in circulation (No of units'000)	121,801	121,801	121,801
Net asset value per unit as at 31 December (RM)	1.04	1.04	0.98
Highest net asset value per unit for the year (RM)	1.06	1.04	1.02
Lowest net asset value per unit for the year (RM)	1.04	0.98	0.98
Market price per unit as at 31 December (RM)	0.92	0.61	1.00
Highest traded price per unit for the year (RM)	0.93	1.00	1.13
Lowest traded price per unit for the year (RM)	0.61	0.60	0.91

PERFORMANCE DATA

III) Distributions since Commencement

	Distribution		Net Asset Value Per Unit (RM)	
	Per Unit (Sen)	Date	Before Distribution	After Distribution
2007¹				
2nd Quarter	2.00	28 Aug 07	1.00	0.98
3rd Quarter	2.20	28 Nov 07	1.00	0.98
4th Quarter	2.30	29 Feb 08	1.00	0.98
2008				
1st Quarter	2.05	30 May 08	1.00	0.98
2nd Quarter	2.10	29 Aug 08	1.00	0.98
3rd Quarter	2.10	28 Nov 08	1.00	0.98
4th Quarter	2.15	6 Mar 09	1.06	1.04
2009				
1st Quarter	1.65	5 Jun 09	1.05	1.04
2nd Quarter	0.80	11 Sep 09	1.05	1.04
3rd Quarter	2.20	30 Nov 09	1.06	1.04
4th Quarter	2.30	25 Feb 10	1.06	1.04

IV) Performance of the Trust

	2009	2008	2007 ¹
Total return (%)	55.68	(28.76)	5.90
- Capital growth (%) ²	46.03	(39.00)	(0.60)
- Income distribution (%) ³	9.65	10.24	6.50
Income distribution per unit (sen)			
- Gross	6.95	8.40	6.50
- Net	6.95	8.40	6.50
Management expense ratio (%)	0.72	0.89	0.53
Portfolio turnover ratio (times)	-	-	1.27

V) Average Annual Return For Financial Year Ended 31 December 2009

	Atrium REIT (%)	KLCI (%)
One year	55.68	42.31
Since launch (2 April 2007)	11.93 ⁴	0.77 ⁵

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

Note:

¹ For the financial period from 2 April 2007 (date of commencement) to 31 December 2007

² Based on the net change in the market price per unit of the Trust during the financial year/ period, over the market price per unit of the Trust at the beginning of the financial year/period

³ Based on the actual income distribution for the year/period over the average market price per unit of the Trust.

⁴ Average Annual Return is computed based on the total return per unit for the period, averaged over the number of years for the period.

⁵ Average Annual Return is computed based on the net change in KLCI index for the period, averaged over the number of years for the period.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (“Board”) of Atrium REIT Managers Sdn Bhd (“Manager”) is firmly committed in ensuring that the Manager adopts and implements good corporate governance practices which conform to the prevailing best practice principles for the benefits of the Atrium Real Estate Investment Trust (“Atrium REIT”).

In developing the system of corporate governance, the Board is guided by the measures recommended by the Securities Commission Guidelines on REITs (“REITs Guidelines”), Securities Guidelines on Unit Trust Funds, the Main Market Listing Requirements of Bursa Securities and the Malaysian Code on Corporate Governance.

ROLE OF MANAGER

Manager of Atrium REIT

The Manager’s primary objectives are to provide Unitholders with attractive rate of return for their investments through regular and stable cash distributions with the potential for sustainable growth and enhancement to the long-term Unit value.

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

- (a) to set the strategic direction of the Atrium REIT and to make recommendations to the Trustee on acquisitions, divestments and enhancements of assets of the Atrium REIT;
- (b) to manage the Atrium REIT’s assets and liabilities for the benefit of Unitholders;
- (c) to carry out the activities in relation to the management of the Atrium REIT and its portfolio of assets in accordance with the provisions of the Trust Deed dated 20 November 2006 and amended by the Supplementary Deed dated 25 November 2008 (collectively known as “the Deed”);
- (d) to issue the annual report of the Atrium REIT to Unitholders within two (2) months of its financial year end;
- (e) to attend to all enquiries from Unitholders, tenants, media, government bodies, etc;
- (f) to supervise the Property Management Company; and
- (g) to ensure that the Atrium REIT is managed within the ambit of the Deed, the Securities Commission Acts 1993, REIT Guidelines, other securities laws, the Main Market Listing Requirements of Bursa Malaysia Securities Bhd, and other applicable laws.

The Atrium REIT is externally managed by the Manager and accordingly, the Atrium REIT has no personnel of its own. The Manager appoints experienced and well-qualified management personnel to handle the day-to-day operations. All Directors and employees of the Manager are remunerated by the Manager and not by the Atrium REIT.

Atrium REIT Managers Sdn Bhd is the appointed Manager of the Atrium REIT in accordance with the terms of the Deed which outlines the circumstances under which the Manager can be retired.

DIRECTORS OF THE MANAGER

The Board

The Board is entrusted with the responsibility of overall management and corporate governance of the Manager including establishing goals for management and monitoring the achievement of these goals. The Board is also responsible for charting the strategic direction, development and control of the Manager and has adopted the primary responsibilities as listed in the REIT Guidelines as well as the roles and duties set out in the REIT Guidelines, which facilitate the discharge of the Directors’ stewardship responsibilities.

Board Composition

The Board presently consists of five (5) members comprising one (1) Non-Independent Non-Executive Director, one (1) Executive Director and three (3) Independent Non-Executive Directors. The diverse background of the members who come from various fields such as engineering, financial, real estate and management provide broad spectrum of skills, experiences and invaluable perspectives to overseeing the management of the Manager. The profiles of the members of the Board are provided in page 12 of the Annual Report.

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 before a decision is made. The Executive Director and the Acting Chief Executive Officer, supported by the management team are responsible for running the business on a day-to-day basis, organisational effectiveness and implementation of the Board’s policies, strategies and decisions as planned and in accordance with the Deed, Securities Commission Act and REIT Guidelines.

STATEMENT OF CORPORATE GOVERNANCE

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

- The strategic business plans
- Key financial performance indicators
- Principal risks and their management
- Succession planning for senior management
- Investors and unitholders relations programmes
- Systems of internal control

Independent Non-Executive Directors have the responsibility to ensure that the strategies proposed by the Executive Director, Acting Chief Executive Officer and management are fully discussed and examined, taking account of the long term interest, not only of the Unitholders, but also of employees, customers, suppliers and the many communities 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 the Atrium REIT and to approve the quarterly and annual financial statements of the 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 2009. The number of meetings attended by each Director is as follows:

Directors	Designation	Attendance	Remarks
Dato' Dr Ir Mohamad Khir Bin Harun	Non-Independent Non-Executive Chairman	n/a	Appointed as Chairman on 5 October 2009
Dato' Zakaria Meranun	Non-Independent Non-Executive Chairman	3/4	Resigned as Chairman on 5 October 2009
Lim Pang Kiam	Executive Director and Chief Executive Officer	3/3	Resigned as Executive Director on 1 September 2009 and resigned as Chief Executive Officer on 15 October 2009
Wong Sui Ee	Executive Director	4/4	No change
Lim Kok How	Non-Independent Non-Executive Director	4/4	Resigned as Non-Independent Non-Executive Director on 28 October 2009
How Hu Son	Independent Non-Executive Director	4/4	No change
Tor Peng Sie	Independent Non-Executive Director	4/4	No change
Soong Kwong Heng	Independent Non-Executive Director	4/4	No change

Access to and Supply of Information and Advice

All Board members are supplied with information on a timely manner. The Agenda together with the full set of Board papers containing information relevant to the Board meeting are circulated to the Directors prior to the Board meetings. There 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.

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, making acquisition decisions and complying with relevant legislations and regulations.

Appointments to the Board

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

STATEMENT OF CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for ensuring the proper maintenance of accounting records for the Atrium REIT. The Directors are satisfied that in preparing the financial statements of the Atrium REIT for the financial year ended 31 December 2009, the Atrium REIT has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in preparation of these financial statements.

Internal Control

The Board is required to ensure and maintain a sound system of internal controls and risk management practices to safeguard the Unitholders' investments and the Trust's assets. However, such system can only provide reasonable but not absolute assurance against material misstatements or losses.

Relationship with Auditors

The Board maintains a transparent relationship throughout their association with the external auditors. The appointment of external auditors, who may be nominated by the Manager, is approved by the Trustee. The auditors appointed must be independent of the Manager and Trustee. The remuneration of the Auditor is approved by the Trustee.

MANAGEMENT OF BUSINESS RISKS

Recognising and managing risks are central to the business and to protecting Unitholders' interests and values. The Manager operates within overall guidelines and specific parameters set by the Board. Each transaction is comprehensively analysed to understand the risks involved. Responsibility of managing risks lies initially with the business unit concerned, working within the overall strategy outlined by the Board.

The Board meets quarterly or more often, if necessary, and reviews the financial performance of the Manager and the Atrium REIT against a previously approved budget. The Board will also review the business risks of the Atrium REIT and will act upon any recommendations from the auditor. In assessing business risk, the Board considers the economic environment and risks relevant to the property industry. The Board reviews management reports and feasibility studies on proposed property acquisition prior to approving the transactions.

RELATED PARTY TRANSACTIONS

The Manager will comply with all requirements as laid out in the REIT Guidelines, the Deed and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Manager has established procedures that will ensure that all related party transactions undertaken are in full compliance to the REIT Guidelines as detailed below:

- (a) on an arm's length basis;
- (b) in the best interests of Unitholders;
- (c) in relation to a real estate transaction:
 - (i) transacted at a price that is equivalent to the value assessed in the independent valuation report;
 - (ii) consented by the Trustee; and
 - (iii) consistent with the investment objectives and strategies of the Atrium REIT; and
- (d) adequately disclosed to Unitholders.

Where the transaction value with related parties in relation to a real estate is equal to or greater than 5% of the total asset value of the fund (after acquisition), the prior approval of the Unitholders by way of an ordinary resolution is required. However, if the transaction value does not exceed 5% of the total asset value of the fund (after acquisition), the Trustee must provide a written confirmation that the transaction is based on normal commercial terms, at arm's length and not prejudicial to the Unitholders' interests.

WHISTLE BLOWING POLICY

The Board has put in place procedures to provide employees of the Manager with defined and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to the Atrium REIT or the Manager, and for the independent investigation of any reports by employees and appropriate follow up action.

The aim of the whistle blowing policy is to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly, and to the extent possible, be protected from reprisal.

STATEMENT OF CORPORATE GOVERNANCE

COMMUNICATION WITH UNITHOLDERS AND INVESTORS

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

OTHER INFORMATION

Family Relationship with any Director and/or Substantial Unitholder

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

Conflict of Interests

Save for the Directors' interests in the Atrium REIT (as disclosed under Directors' Interests in the Manager's Report) and the transactions with companies related to the Manager (as disclosed in the notes to the financial statements), no conflict of interest has arisen during the financial year under review.

Convictions for Offences

None of the Directors has been convicted for offences within the past 10 years.

Material Contracts

There were no material contracts entered by the Trust that involved the Directors of the Manager or substantial Unitholders of the Trust during the financial year under review.

Directors' Training

All the Directors have attended the prescribed "Mandatory Accreditation Programme for Directors of Public Listed Companies" to enable them to discharge their duties and responsibilities effectively. The Directors are encouraged to attend briefings and seminars to keep abreast with the latest developments in the industry.

During the year, the Directors have attended the following seminars, workshops and training programmes:-

- Board Effectiveness : Redefining the Role and Function of An Independent Director
- 5th Tricor Tax & Corporate Seminar
- Tax Planning and Strategies for Cross Border
- An Overview of Key Malaysian Financial Reporting Standards

FINANCIAL STATEMENTS

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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 the Atrium REIT for the financial year ended 31 December 2009.

ABOUT THE MANAGER

Atrium REIT Managers Sdn Bhd ("Manager") was established in 2005 and is a 59% owned 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

The Atrium REIT was established by a Trust Deed entered into on 20 November 2006 and amended by the Supplementary Deed dated 25 November 2008 (collectively known as "the Deed") between the Manager and BHLB Trustee Berhad ("Trustee"). The Atrium REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 2 April 2007.

The principal activity of the Atrium REIT is to own and invest in real estates and real estate-related assets, whether directly or indirectly through the ownership of single-purpose companies whose principal assets comprise real estates. As at 31 December 2009, the Atrium REIT owns Atrium Shah Alam 1, Atrium Shah Alam 2, Atrium Puchong and Atrium Rawang (the "Properties"), which are logistics warehouses and factory complex, located at prime sites and tenanted by subsidiaries of multinational companies.

MANAGER'S INVESTMENT OBJECTIVES AND STRATEGIES

The Manager's investment objectives are to maximise profits in order to reward Unitholders annually with a stable distribution of income and to acquire quality assets to achieve long term growth in the Net Asset Value ("NAV") per unit. The Manager has achieved its objective of rewarding Unitholders with stable and attractive return through consistent distribution of income for the past 11 quarters since the listing of the Trust on 2 April 2007.

The Manager intends to achieve the Atrium REIT's investment objectives through three key strategies:-

(i) Organic Growth Strategy

The Manager's strategy involves proactive asset management, maximising tenant retention and creating leasing opportunities and strong budgetary controls to maximise returns.

ii) Acquisition Strategy

The Manager seeks to increase cashflows and yields, together with growth in distribution per unit and NAV per unit through selective acquisitions.

In evaluating acquisition opportunities, the Manager adopts the following investment criterias:

- yield accretive;
- quality of tenant;
- location;
- capital appreciation;
- land tenure;
- building designs and specifications; and
- nature of the tenant's business.

MANAGER'S REPORT

MANAGER'S INVESTMENT OBJECTIVES AND STRATEGIES (continued)

(ii) Acquisition Strategy (continued)

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

(iii) Financing Strategy

The Manager will comply with the provisions of the Deed and the SC Guidelines on REITs in relation to the maximum level of permitted borrowings which is set at 50% or any other percentage as stipulated by the SC Guidelines on REITs from time to time, of its total asset value.

The Manager intends to use a combination of debt and equity to fund future acquisitions. If it is deemed appropriate and in compliance with the SC Guidelines on REITs, a hedging strategy to manage the risks associated with changes in interest rates relating to its borrowings may be adopted. Borrowings can be in the form of bank borrowings or through the issuance of commercial papers/bonds where the Atrium REIT will have to be credit-rated.

INVESTMENT POLICIES AND COMPLIANCE WITH REIT GUIDELINES

(i) Investment Limits and Restrictions

The Atrium REIT's investments may be allocated in the following manner, as prescribed by the SC Guidelines on REITs:

- (a) At least 50% of the total asset value of the Atrium REIT must be invested in real estate assets and/or single purpose companies at all times; and
- (b) Investment in non-real estate related assets and/or cash, deposits and money market instruments must not exceed 25% of Atrium REIT's total asset value.

(ii) Authorised Investments

The Atrium REIT is allowed to invest in real estates, single-purpose companies whose principal assets comprise real estates, real estate-related or non real estate-related assets, liquid assets, asset-backed securities, listed or unlisted debt securities, and any other investments which is permissible under the SC Guidelines on REITs or otherwise permitted by the SC.

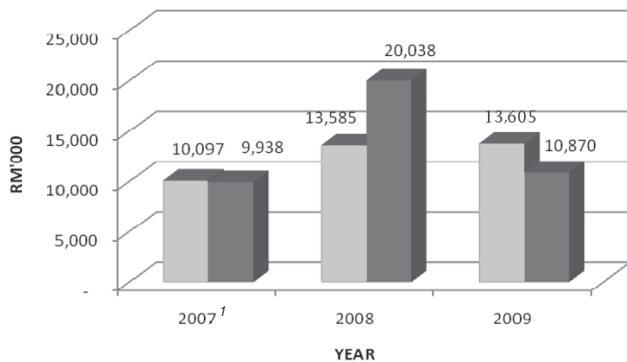
The Atrium REIT invests primarily in strategically located properties tenanted to logistics companies and manufacturers and will continue to look for opportunities in these types of properties. However, the Atrium REIT does not intend to limit itself to logistics and industrial properties and may consider other types of properties which meet its investment criterias.

MANAGER'S REPORT

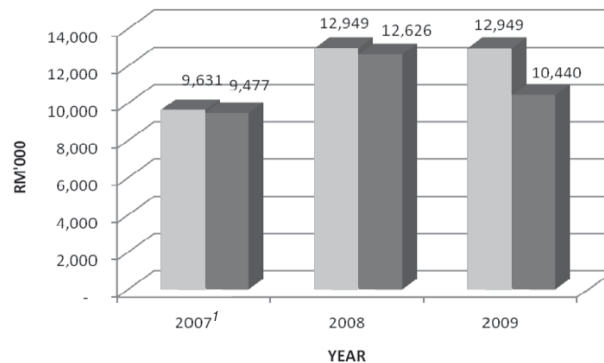
FINANCIAL HIGHLIGHTS

Summary of Atrium REIT's Results

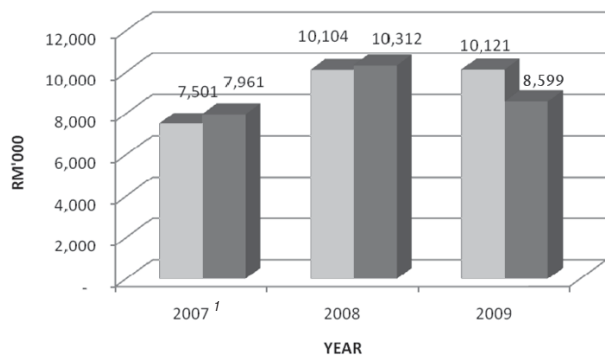
TOTAL INCOME



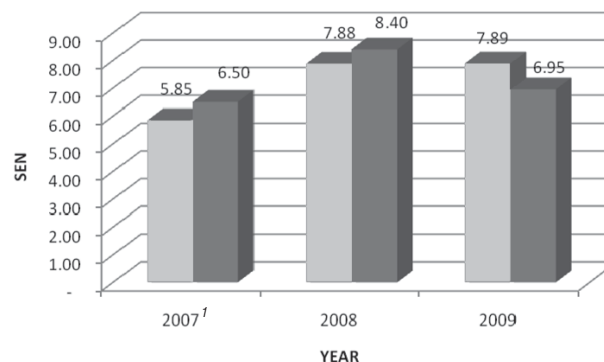
NET PROPERTY INCOME



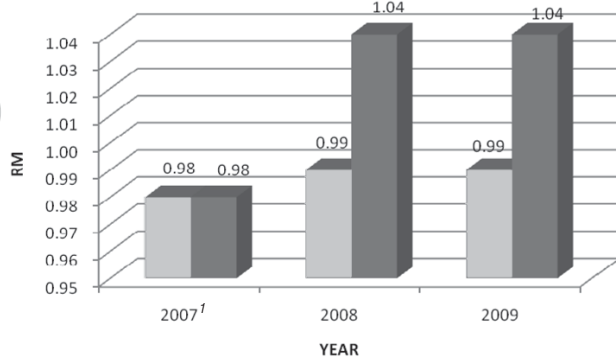
NET INCOME (Realised)



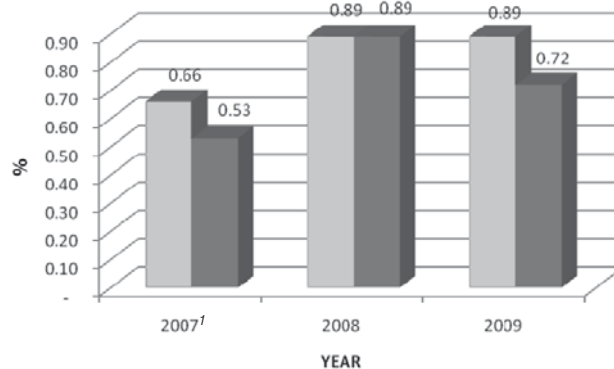
DISTRIBUTION PER UNIT



NET ASSET VALUE PER UNIT



MANAGEMENT EXPENSES RATIO



■ Prospectus

■ Actual

¹ For financial period from 2 April 2007 (date of Commencement) to 31 December 2007.

MANAGER'S REPORT

REVIEW OF PERFORMANCE

	As at 31 December 2009	As at 31 December 2008
Net asset value (RM'000)	126,410	126,277
Units in circulation (units '000)	121,801	121,801
Net asset value per unit (RM)	1.04	1.04
Market price per unit (RM)	0.92	0.61
Highest traded price per unit during the year (RM)	0.93	1.00
Lowest traded price per unit during the year (RM)	0.61	0.60

Comparison of Results

	Actual RM'000	Prospectus RM'000
Gross rental income	12,984	13,750
Net income (realised)	8,599	10,121
Distributable income (realised)	8,599	10,121
Income distribution	8,465	9,615
Distribution per unit (sen)	6.95	7.89
Distribution yield (%)		
- based on IPO price (RM1.00)	6.95	7.89*
- based on market price as at 31 December 2009	7.55	8.58*
Management Expenses Ratio (%)	0.72	0.89

* This figure does not appear in the Prospectus. It is computed for the purpose of comparison only.

INCOME DEVIATION STATEMENT

For the financial year ended 31 December 2009, the Atrium REIT recorded net income after tax of RM 8.599 million compared to the forecasted net income after tax of RM 10.121 million as shown in the Prospectus dated 28 February 2007. The negative deviation of RM1.522 million representing 15.04% between the actual and projection was attributed mainly to a fall in revenue and an increase in property operating expenses on Atrium Shah Alam 2 during the year even though there are savings in the non-property operating expenses.

Reconciliation of Income Deviation

	Actual RM '000	Forecast RM '000	Deviation RM '000
Gross rental income	12,984	13,750	(766)
Interest income	411	656	(245)
Other income	19	-	19
	13,414	14,406	(992)
Less:			
Property operating expenses	2,544	801	(1,743)
Non property operating expenses	2,271	3,484	1,213
Income before taxation	8,599	10,121	(1,522)
Taxation	-	-	-
Net income after tax for the year	8,599	10,121	(1,522)
Deviation			(15.04%)

Maintenance Costs and Major Capital Expenditure

During the year under review, rectification works on the floor slab and general repair works were carried out on Atrium Shah Alam 2 warehouse ("Repairs and Rectification works"). BHLB Trustee Berhad, the Trustee of the Atrium REIT, awarded the Repairs and Rectification works to CN Engineering Builders Sdn Bhd at a cost of not exceeding RM1,663,556.21, based on a tender exercise conducted jointly between the Manager and the Property Management Company of the Atrium REIT, Azmi and Co Building Services Sdn Bhd. The Repairs and Rectification works have been duly completed at a final cost of RM1,247,574.00.

No major capital expenditure was incurred by the Atrium REIT during the year under review.

MANAGER'S REPORT

Capital Management

As at 31 December 2009, the Atrium REIT's gearing ratio was 24.68%, based on total borrowings of RM45,000,000 and total assets of RM182,349,774. Its current conservative gearing ratio may allow the Atrium REIT to tap on the favourable interest rate environment for opportunistic acquisitions, before reaching the statutory limit of 50%.

DISTRIBUTION OF INCOME

During the financial year under review, the Atrium REIT's portfolio of properties continued to reward Unitholders with stable and consistent returns for their investment. The Manager has proposed a final income distribution of 2.30 sen per unit, totaling RM2,801,423, in respect of the financial year ended 31 December 2009. The Trust has distributed 4.65 sen per unit for the 9 months financial period from 1 January 2009 to 30 September 2009, resulting in a total distribution per unit of 6.95 sen for the financial year under review, which translates to a yield of 7.55% based on the closing market price of RM0.92 as at 31 December 2009.

The effect of the income distribution in terms of NAV per unit is as follows:

	As at 31 December 2009 RM	As at 31 December 2008 RM
NAV per unit - before proposed final distribution	1.0608	1.0582
NAV per unit - after proposed final distribution	1.0378	1.0367

PORTFOLIO VALUATION

As at 31 December 2009, Raine & Horne International Zaki + Partners Sdn Bhd ("Raine & Horne"), an independent firm of registered valuers, appraised the Atrium REIT's property portfolio at RM 161,600,000, representing no change in the market value of the properties from the previous year's valuation. Raine & Horne primarily used the investment and cost approach, supported by the direct comparison method in arriving at the market valuation for each individual property in the portfolio.

INVESTMENT OF ATRIUM REIT

The Atrium REIT's composition of investment as at 31 December 2009 is as follows:

	RM Million	%
Atrium Shah Alam 1	61.40	34
Atrium Shah Alam 2	53.70	30
Atrium Puchong	38.50	21
Atrium Rawang	8.00	4
	<hr/>	<hr/>
	161.60	89
Deposits with financial institution	19.77	11
	<hr/>	<hr/>
	181.37	100
	<hr/>	<hr/>

KEY INVESTMENT HIGHLIGHTS OF ATRIUM REIT PROPERTY PORTFOLIO

- **Strategic locations**
The Properties are all located in prime industrial locations in the Klang Valley with good accessibilities and infrastructures.
- **Built-To-Suit ("BTS")**
The Properties are all specially built-to-suit ("BTS") to the Lessee/Tenants' requirements to suit their real estate, corporate and operational needs.
- **Occupancy rate**
Each of the Properties is leased to single tenant with 100% occupancy rate.
- **Tenants' profiles**
The Atrium REITs' Properties are leased to quality and stable tenants, who are large and subsidiaries of well known international corporations.

MANAGER'S REPORT

REVIEW OF THE PROPERTY MARKET

Portfolio Review

For the financial year under review, the tenancy with CEVA Logistics (Malaysia) Sdn Bhd for Atrium Shah Alam 2 was renewed on 28 April 2009. This renewal is based on a higher rental rate for a term of 3 years commencing 1 June 2009, with option to renew for a further term of 2 years at the prevailing market rate after expiry of the first 3 years. This will result in total additional rental income of approximately RM1.4 million over the term of the tenancy as compared to the previous expired/terminated tenancies.

As at 31 December 2009, all the properties under the Atrium REIT portfolio ("Properties") maintained its occupancy rate of 100%. The Properties are built-to-suit Grade A warehouses and manufacturing facilities built on freehold land located in prime locations with good accessibilities and infrastructures within the Klang Valley. All the Properties are occupied by subsidiaries of MNCs, an indication of the quality of the Properties owned by the Atrium REIT.

Prospects Of The Industrial Property Market

The Malaysian industrial property market is likely to remain weak in 2010 due to the weakened manufacturing trend and the prevailing global economic slowdown. Demand for industrial properties is expected to remain selective with prices of properties located in prime locations with good infrastructure and high accessibilities to remain firm.

Generally the rentals of industrial properties in the Klang Valley are expected to remain stable in 2010 despite the slowdown in the manufacturing sector, especially for custom built Grade A industrial properties in prime locations which are limited in supply. Furthermore, the market prices of vacant industrial lands in prime locations have remained stable in 2009 and are expected to move up in 2010 when the global economy shows signs of recovery.

Looking ahead, the Manager will continue to focus on industrial assets located in prime locations, with good potential for capital appreciation and yield accretive, where possible. The Manager is of the opinion that yield accretion for each acquisition may be a challenge due to a number of reasons. Firstly, there is a limited supply of Grade A investment properties as majority of such industrial properties in Malaysia are still very much owner-occupied. Secondly, due to the scarcity of prime industrial lands, prices for such lands are on an upward trend. This together with escalating building materials prices contribute to the higher industrial properties prices demanded by owners. As rental rates have not moved in tandem with property prices, the Manager believe that yield accretive acquisitions may be a challenge.

On the bright side, with the improving capital market conditions and stabilisation of the global economy, the opportunity to raise funds for acquisitions through both debt and issuance of new equity is greatly improved compared to that as experienced in the 1st half year of 2009.

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) (Appointed on 5 October 2009)

Dato' Zakaria Meranun (Resigned on 5 October 2009)

Lim Pang Kiam (Resigned on 1 September 2009)

Wong Sui Ee

Lim Kok How (Resigned on 28 October 2009)

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 the 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 the 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.

MANAGER'S REPORT

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 2009 are as follows:

	At 1 January 2009	Bought	Sold	At 31 December 2009
Direct Interest				
Dato' Dr Ir Mohamad Khir Bin Harun	-	-	-	-
Wong Sui Ee	250,000	-	-	250,000
Tor Peng Sie	100,000	-	-	100,000
How Hu Son	100,000	-	-	100,000
Soong Kwong Heng	50,000	5,000	-	55,000

MANAGER'S FEES AND COMMISSION

Pursuant to the Deed, for the financial year ended 31 December 2009, the Manager shall receive a fee of 0.6% per annum of the Net Asset Value of the Trust. Thereafter, the Manager is entitled to receive a fee of up to 1.0% per annum of the Net Asset Value of the Trust.

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

OTHER STATUTORY INFORMATION

Before the income statement and balance sheet 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 satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; 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.

At the date of this report, the Manager is not aware of any circumstances which would render:

- (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Trust; and
- (ii) the values attributed to the current assets in the financial statements of the Trust misleading.

At the date of this report, the Manager is not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Trust misleading or inappropriate.

At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Trust which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Trust which has arisen since the end of the financial year which secures the liability of any other person; or
- (ii) any contingent liability of the Trust which has arisen since the end of the financial year.

In the opinion of the Directors of the Manager:

- (i) the results of the operations of the Atrium REIT during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Trust for the financial year in which this report is made.

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: 21 January 2010

STATEMENT BY DIRECTORS OF THE MANAGER

In the opinion of the Directors of the Manager, the financial statements set out on pages 30 to 52 have been drawn up in accordance with the provisions of the Trust Deed dated 20 November 2006 and the Supplementary Trust Deed dated 25 November 2008, the Securities Commission's Guidelines on Real Estate Investment Trusts, applicable securities laws and applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Atrium Real Estate Investment Trust ("Atrium REIT" or "Trust") as at 31 December 2009 and the results of the operations of the Trust and of the cash flows of the Trust for the financial year then ended.

Signed 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
21 January 2010

.....
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 the Atrium Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 30 to 52 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed in)
Kuala Lumpur in the Federal)
Territory on 21 January 2010)
)

.....
Wong Sui Ee

Before me:-

Commissioner for Oaths

TRUSTEE'S REPORT

To the Unitholders of Atrium Real Estate Investment Trust,

We have acted as Trustee of the Atrium Real Estate Investment Trust ("Atrium REIT" or "Trust") for the year ended 31 December 2009. In our opinion and to the best of our knowledge:

- a) Atrium REIT Managers Sdn. Bhd. ("Manager") has managed the Atrium REIT in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Trust Deed dated 20 November 2006 and the Supplementary Trust Deed dated 25 November 2008, the Securities Commission's Guidelines on Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws during the financial year then ended; and
- b) The procedures and processes employed by the Manager to value the units of the Atrium REIT are adequate and that such valuation/pricing is carried out in accordance with the Trust deed, Supplementary Trust Deed and any other regulatory requirements.

We also confirm that the income distributions declared and paid during the financial year ended 31 December 2009 are in line with and are reflective of the objectives of the Atrium REIT. Four (4) distributions have been declared for the financial year ended 31 December 2009 as follows:

- 1) First interim income distribution of 1.65 sen paid on 5 June 2009.
- 2) Second interim income distribution of 0.80 sen paid on 11 September 2009.
- 3) Third interim income distribution of 2.20 sen paid on 30 November 2009.
- 4) Final income distribution of 2.30 sen payable on 25 February 2010.

For and on behalf of the Trustee,
BHLB Trustee Berhad

Jeslin Ng Lai Peng
Senior Manager, Corporate Trust

Kuala Lumpur, Malaysia
21 January 2010

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF ATRIUM REAL ESTATE INVESTMENT

Report on the Financial Statements

We have audited the financial statements of the Atrium Real Estate Investment Trust ("Atrium REIT" or "Trust"), which comprise the balance sheet as at 31 December 2009 and the income statement, statement of changes in net asset value and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 30 to 52.

Directors of Atrium REIT Managers Sdn. Bhd.'s Responsibility for the Financial Statements

The Directors of Atrium REIT Managers Sdn. Bhd. ("Manager") of the Atrium REIT are responsible for the preparation and fair presentation of these financial statements in accordance with the provision of the Trust Deed dated 20 November 2006 and the Supplementary Deed dated 25 November 2008, the Securities Commission's Guidelines on Real Estate Investment Trusts, applicable securities laws and applicable approved Financial Reporting Standards in Malaysia. This responsibility include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Atrium REIT's preparation and fair presentation of the financial statements 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 Atrium REIT's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors of the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the provision of the Trust Deed dated 20 November 2006 and the Supplementary Deed dated 25 November 2008, the Securities Commission's Guidelines on Real Estate Investment Trusts, applicable securities laws and applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Atrium REIT as at 31 December 2009 and of the results of the operations of the Trust and of the cash flow of the Trust for the financial year then ended.

Other Matters

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

BDO
AF : 0206
Chartered Accountants

Kuala Lumpur
21 January 2010

Hiew Kim Loong
2858/08/10 (J)
Partner

BALANCE SHEET

AS AT 31 DECEMBER 2009

	NOTE	2009 RM	2008 RM
ASSETS			
Non-current assets			
Investment properties	6	161,600,000	161,600,000
Current assets			
Trade and other receivables	7	624,866	607,578
Deposits placed with licensed financial institutions	8	19,767,821	17,750,261
Cash and bank balances		357,087	2,165,207
		20,749,774	20,523,046
TOTAL ASSETS		182,349,774	182,123,046
LIABILITIES			
Current liabilities			
Trade and other payables	9	8,138,272	8,227,643
Provision for income distribution	10	2,801,423	2,618,722
Borrowings	11	45,000,000	45,000,000
TOTAL LIABILITIES		55,939,695	55,846,365
NET ASSET VALUE ("NAV")		126,410,079	126,276,681
FINANCED BY:			
UNITHOLDERS' FUNDS			
Unitholders' capital	12	119,351,580	119,351,580
Undistributed income	14	7,058,499	6,925,101
TOTAL UNITHOLDERS' FUNDS		126,410,079	126,276,681
NUMBER OF UNITS IN CIRCULATION (UNITS)	12	121,801,000	121,801,000
NAV PER UNIT (RM)			
- before provision for income distribution		1.0608	1.0582
- after provision for income distribution		1.0378	1.0367

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

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	NOTE	2009 RM	2008 RM
Gross revenue	15	12,983,975	13,691,152
Property operating expenses	16	(2,543,948)	(1,065,328)
Net rental income		10,440,027	12,625,824
Interest income		410,985	612,270
Changes in the fair value of investment properties	6	-	6,800,000
Other income		19,297	-
Total income		10,870,309	20,038,094
Trust expenses			
Manager's fees	17	(744,955)	(605,752)
Trustee's fees	18	(51,039)	(48,460)
Auditors' fee		(15,000)	(15,000)
Tax agent's fee		(4,000)	(5,000)
Borrowing cost	19	(1,350,230)	(1,851,628)
Valuation fees		(44,500)	(65,677)
Administrative expenses		(61,773)	(146,485)
Others		(245)	(187,817)
Total expenses		(2,271,742)	(2,925,819)
Income before taxation		8,598,567	17,112,275
Taxation	20	-	-
Net income for the year		8,598,567	17,112,275
Net income for the year is made up as follows:			
Realised		8,598,567	10,312,275
Unrealised		-	6,800,000
- change in the fair value of investment properties		-	6,800,000
		8,598,567	17,112,275

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

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	NOTE	2009 RM	2008 RM
Earnings per unit (sen)	21		
- before manager's fees		7.67	14.55
- after manager's fees		7.06	14.05
		<hr/>	<hr/>
Net income distributions*	22		
- First interim income distribution of 1.65 sen paid on 5 June 2009 (2008: 2.05 sen paid on 30 May 2008)		2,009,716	2,496,920
- Second interim income distribution of 0.80 sen paid on 11 September 2009 (2008: 2.10 sen paid on 29 August 2008)		974,408	2,557,821
- Third interim income distribution of 2.20 sen paid on 30 November 2009 (2008: 2.10 sen paid on 28 November 2008)		2,679,622	2,557,821
- Proposed final income distribution of 2.30 sen payable on 25 February 2010 (2008: 2.15 sen paid on 6 March 2009)		2,801,423	2,618,722
		<hr/>	<hr/>
		8,465,169	10,231,284
		<hr/>	<hr/>
Income distribution per unit (sen)*			
- First interim income distribution		1.65	2.05
- Second interim income distribution		0.80	2.10
- Third interim income distribution		2.20	2.10
- Proposed final income distribution		2.30	2.15
		<hr/>	<hr/>
		6.95	8.40
		<hr/>	<hr/>

* Withholding tax will be deducted for distributions made for the following types of unitholders:

		Withholding tax rate	
		2009	2008
Resident corporate	-	Nil [^]	Nil [^]
Resident non-corporate	-	10%	15%
Non-resident individual	-	10%	15%
Non-resident corporate	-	25%	26%
Non-resident institutional	-	10%	20%

[^] to tax at prevailing tax rate

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

STATEMENT OF CHANGES IN NET ASSET VALUE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Note	Unitholders' capital RM	-----Distributable----- Undistributed income		Total unitholders' funds RM
			- realised RM	- unrealised RM	
At 1 January 2008		119,351,580	44,110	-	119,395,690
Operations for the financial year ended 31 December 2008					
Net income for the financial year		-	10,312,275	-	10,312,275
Changes in fair value of investment properties	6	-	-	6,800,000	6,800,000
Increase in net assets resulting from operations		-	10,312,275	6,800,000	17,112,275
Unitholders' transactions					
Distribution to unitholders:					
- paid		-	(7,612,562)	-	(7,612,562)
- provision	10	-	(2,618,722)	-	(2,618,722)
Decrease in net assets resulting from unitholders' transactions		-	(10,231,284)	-	(10,231,284)
At 31 December 2008		119,351,580	125,101	6,800,000	126,276,681
At 1 January 2009		119,351,580	125,101	6,800,000	126,276,681
Operations for the financial year ended 31 December 2009					
Net income for the financial year		-	8,598,567	-	8,598,567
Increase in net assets resulting from operations		-	8,598,567	-	8,598,567
Unitholders' transactions					
Distribution to unitholders:					
- paid		-	(5,663,746)	-	(5,663,746)
- provision	10	-	(2,801,423)	-	(2,801,423)
Decrease in net assets resulting from unitholders' transactions		-	(8,465,169)	-	(8,465,169)
At 31 December 2009		119,351,580	258,499	6,800,000	126,410,079

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

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	NOTE	2009 RM	2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before taxation		8,598,567	17,112,275
Adjustments for:			
Change in fair value of investment properties	6	-	(6,800,000)
Interest income		(410,985)	(612,270)
Interest expense	19	1,350,230	1,851,628
Operating income before working capital changes		9,537,812	11,551,633
(Increase)/Decrease in trade and other receivables		(17,288)	1,052,058
(Decrease)/Increase in trade and other payables		(89,371)	727,894
Net cash from operating activities		9,431,153	13,331,585
CASH FLOWS FROM INVESTING ACTIVITY			
Interest income		410,985	612,270
Net cash from investing activity		410,985	612,270
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	19	(1,350,230)	(1,851,628)
Proceeds from borrowings		-	1,300,000
Distributions paid to unitholders	10	(8,282,468)	(10,413,985)
Net cash used in financing activities		(9,632,698)	(10,965,613)
Net increase in cash and cash equivalents		209,440	2,978,242
Cash and cash equivalents at beginning of financial year		19,915,468	16,937,226
Cash and cash equivalents at end of financial year		20,124,908	19,915,468
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:			
Cash and bank balances		357,087	2,165,207
Deposits placed with licensed financial institutions		19,767,821	17,750,261
		20,124,908	19,915,468

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Atrium Real Estate Investment Trust (“Atrium REIT” or “Trust”) 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 (collectively referred to as “Deed”) between Atrium REIT Managers Sdn. Bhd. (“Manager”) and BHLB Trustees Berhad (“Trustee”). The Atrium REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 2 April 2007.

The registered office of the Trust is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. The principal place of business of the Trust 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 this activity during the financial year.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors of the Manager, on 21 January 2010.

2. TERM OF THE TRUST

Atrium REIT will continue its operation until such time as determined by the Trustee and the Manager as provided under the provision of Clause 19 of the Trust Deed dated 20 November 2006.

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

3.2 Basis of measurement

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

3.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (“RM”), which is the Trust’s functional currency.

3.4 Use of estimates and judgements

The preparation of financial statements requires the Directors of the Manager to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors of the Manager are also required to exercise their judgement in the process of applying the accounting policies. Although these estimates and assumptions are based on the Manager’s best knowledge of current events and actions, actual results could differ from those estimates.

The estimates and underlying assumptions are assessed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

3. BASIS OF PREPARATION (continued)

3.5 Key sources of estimation uncertainty

The following is key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Fair values of investment properties

The fair values of investment properties are determined by an independent firm of professional valuers. Significant judgement is involved in determining the fair values by using investment, cost and comparison methods of valuation as disclosed in Note 6 to the financial statements.

(ii) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Trust for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Trust based on its size and its business risk.

4. NEW FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS NOT ADOPTED

- (a) FRS 8 *Operating Segments* and the consequential amendments resulting from FRS 8 are mandatory for annual financial periods beginning on or after 1 July 2009. FRS 8 is not relevant to the Trust's operations.
- (b) FRS 4 *Insurance Contracts* and the consequential amendments resulting from FRS 4 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 4 replaces the existing FRS 202₂₀₀₄ *General Insurance Business* and FRS 203₂₀₀₄ *Life Insurance Business*. FRS 4 is not relevant to the Trust's operations.
- (c) FRS 7 *Financial Instruments: Disclosures* and the consequential amendments resulting from FRS 7 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 7 replaces the disclosure requirements of the existing FRS 132 *Financial Instruments: Disclosure and Presentation*.

This Standard applies to all risks arising from a wide array of financial instruments and requires the disclosures of the significance of financial instruments for an entity's financial position and performance. By virtue of the exemption provided under paragraph 44AB of FRS 7, the impact of applying FRS 7 on the financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* is not disclosed.

- (d) FRS 123 *Borrowing Costs* and the consequential amendments resulting from FRS 123 are mandatory for annual periods beginning on or after 1 January 2010.

This Standard removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. However, capitalisation of borrowing costs is not required for assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale.

The Trust does not expect any impact on the financial statements arising from the adoption of this Standard.

- (e) FRS 139 *Financial Instruments: Recognition and Measurement* and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.

This Standard establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under para 103AB of FRS 139, the impact of applying FRS 139 on the financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 is not disclosed.

NOTES TO THE FINANCIAL STATEMENTS

4. NEW FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS NOT ADOPTED (continued)

- (f) Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* is mandatory for annual periods beginning on or after 1 January 2010. These Amendments are not relevant to the Trust's operations.
- (g) Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations* are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 2 is not relevant to the Trust's operations.
- (h) IC Interpretation 9 *Reassessment of Embedded Derivatives* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the subsequent reassessment of embedded derivatives unless there is a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required by the host contract.

The Trust does not expect any impact on the financial statements arising from the adoption of this Interpretation.

- (i) IC Interpretation 10 *Interim Financial Reporting and Impairment* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The Trust does not expect any impact on the financial statements arising from the adoption of this Interpretation.

- (j) The following IC Interpretations are mandatory for annual periods beginning on or after 1 January 2010.

IC Interpretation 11	<i>FRS 2 - Group and Treasury Share Transaction</i>
IC Interpretation 13	<i>Customer Loyalty Programmes</i>
IC Interpretation 14	<i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

The above IC Interpretations are not relevant to the Trust's operations.

- (k) FRS 101 *Presentation of Financial Statements* is mandatory for annual periods beginning on or after 1 January 2010.

FRS 101 sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

This Standard introduces the titles 'statement of financial position' and 'statement of cash flows' to replace the current titles 'balance sheet' and 'cash flow statement' respectively. A new statement known as the 'statement of comprehensive income' is also introduced in this Standard whereby all non-owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

This Standard also introduces a new requirement to present a statement of financial position as at the beginning of the earliest comparative period if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

Additionally, FRS 101 requires the disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income, and the presentation of dividends recognised as distributions to owners together with the related amounts per share in the statement of changes in equity or in the notes to the financial statements.

This Standard introduces a new requirement to disclose information on the objectives, policies and processes for managing capital based on information provided internally to key management personnel as defined in FRS 124 Related Party Disclosures. Additional disclosures are also required for puttable financial instruments classified as equity instruments.

Apart from the new presentation and disclosure requirements described, the Trust does not expect any other impact on the financial statements arising from the adoption of this Standard.

NOTES TO THE FINANCIAL STATEMENTS

4. NEW FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS NOT ADOPTED (continued)

- (l) Amendments to FRS 139, FRS 7 and IC Interpretation 9 are mandatory for annual periods beginning on or after 1 January 2010.

These Amendments permit reclassifications of non-derivative financial assets (other than those designated at fair value through profit or loss upon initial recognition) out of the fair value through profit or loss category in rare circumstances. Reclassifications from the available-for-sale category to the loans and receivables category are also permitted provided there is intention and ability to hold that financial asset for the foreseeable future. All of these reclassifications shall be subjected to subsequent reassessments of embedded derivatives.

These Amendments also clarifies the designation of one-sided risk in eligible hedged items and streamlines the terms used throughout the Standards in accordance with the changes resulting from FRS 101.

By virtue of the exemptions provided under paragraphs 103AB of FRS 139 and 44AB of FRS 7, the impact of applying these Amendments on the financial statements upon first adoption of the FRS 139 and FRS 7 respectively as required by paragraph 30(b) of FRS 108 are not disclosed. However, the Trust does not expect any impact on the financial statements arising from the adoption of the Amendment to IC Interpretation 9.

- (m) Amendments to FRS 132 *Financial Instruments: Presentation* is mandatory for annual periods beginning on or after 1 January 2010.

These Amendments requires certain puttable financial instruments, and financial instruments that impose an obligation to deliver to counterparties a pro rate share of the net assets of the entity only on liquidation to be classified as equity.

Puttable financial instruments are defined as financial instruments that give the holder the right to put the instrument back to the issuer for cash, or another financial asset, or are automatically put back to the issuer upon occurrence of an uncertain future event or the death or retirement of the instrument holder.

Presently, the Trust does not expect any impact on the financial statements arising from the adoption of this Standard. However, the Trust is in the process of assessing the impact of this Standard in conjunction with the implementation of FRS 139 and would only be able to provide further information in the interim financial statements followed by the next annual financial statements.

- (n) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010.

Amendment to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarifies that the disclosure requirements of this FRS specifically apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations. The Trust does not expect any impact on the financial statements arising from the adoption of this Amendment.

Amendment to FRS 107 *Statement of Cash Flows* clarifies the classification of cash flows arising from operating activities and investing activities. Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale, and the related cash receipts, shall be classified as cash flows from operating activities. Expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities. The Trust does not expect any impact on the financial statements arising from the adoption of this Amendment.

Amendment to FRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* clarifies that only Implementation Guidance issued by the MASB that are integral parts of FRSs is mandatory. The Trust does not expect any impact on the financial statements arising from the adoption of this Amendment.

Amendment to FRS 110 *Events after the Reporting Period* clarifies the rationale for not recognising dividends declared after the reporting date but before the financial statements are authorised for issue. The Trust does not expect any impact on the financial statements arising from the adoption of this Amendment.

Amendment to FRS 116 *Property, Plant and Equipment* removes the definition pertaining the applicability of this Standard to property that is being constructed or developed for future use as investment property but do not yet satisfy the definition of 'investment property' in FRS 140 *Investment Property*. This Amendment also replaces the term 'net selling price' with 'fair value less costs to sell', and clarifies that proceeds arising from routine sale of items of property, plant and equipment shall be recognised as revenue in accordance with FRS 118 *Revenue* rather than FRS 5. The Trust does not expect any impact on the financial statements arising from the adoption of this Amendment.

NOTES TO THE FINANCIAL STATEMENTS

4. NEW FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS NOT ADOPTED (continued)

(n) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010. (continued)

Amendment to FRS 118 *Revenue* clarifies reference made on the term 'transaction costs' to the definition in FRS 139. The Trust does not expect any impact on the financial statements arising from the adoption of this Amendment.

Amendment to FRS 119 *Employee Benefits* clarifies the definitions in the Standard by consistently applying settlement dates within twelve (12) months in the distinction between short-term employee benefits and other long-term employee benefits. This Amendment also provides additional explanations on negative past service cost and curtailments. The Trust does not expect any impact on the financial statements arising from the adoption of this Amendment.

Amendment to FRS 123 *Borrowing Costs* clarifies that interest expense calculated using the effective interest rate method described in FRS 139 qualifies for recognition as borrowing costs. The Trust does not expect any impact on the financial statements arising from the adoption of this Amendment.

Amendment to FRS 134 *Interim Financial Reporting* clarifies the need to present basic and diluted earnings per share for an interim period when the entity is within the scope of FRS 133 *Earnings Per Share*. The Trust does not expect any impact on the financial statements arising from the adoption of this Amendment.

Amendment to FRS 140 clarifies that properties that are being constructed or developed for future use as investment property are within the definition of 'investment property'. This Amendment further clarifies that if the fair value of such properties cannot be reliably determinable but it is expected that the fair value would be readily determinable when construction is complete, the properties shall be measured at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier. The Trust does not expect any impact on the financial statements arising from the adoption of this Amendment.

The following Amendments are not relevant to the Trust's operations.

Amendments to FRS 8	<i>Operating Segments</i>
Amendments to FRS 117	<i>Leases</i>
Amendments to FRS 120	<i>Accounting for Government Grants and disclosure of Government Assistance</i>
Amendments to FRS 127	<i>Consolidated and Separate Financial Statements</i>
Amendments to FRS 128	<i>Investments in Associates</i>
Amendments to FRS 129	<i>Financial Reporting in Hyperinflationary Economies</i>
Amendments to FRS 131	<i>Interest in Joint Ventures</i>
Amendments to FRS 136	<i>Impairment of Assets</i>
Amendments to FRS 138	<i>Intangible assets</i>

(o) FRS 1 *First-time Adoption of Financial Reporting Standards* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 1 and shall be applied when the Trust adopts FRSs for the first time via the explicit and unreserved statement of compliance with FRSs. An opening FRS statement of financial position shall be prepared and presented at the date of transition to FRS, whereby:

- (i) All assets and liabilities shall be recognised in accordance with FRSs;
- (ii) Items of assets and liabilities shall not be recognised if FRSs do not permit such recognition;
- (iii) Items recognised in accordance with previous GAAP shall be reclassified in accordance with FRSs; and
- (iv) All recognised assets and liabilities shall be measured in accordance with FRSs.

All resulting adjustments shall therefore be recognised directly in retained earnings at the date of transition to FRSs.

The Trust does not expect any impact on the financial statements arising from the adoption of this Standard.

(p) FRS 3 *Business Combinations* is mandatory for annual periods beginning on or after 1 July 2010. FRS 3 is not relevant to the Trust's operations.

(q) FRS 127 *Consolidated and Separate Financial Statements* is mandatory for annual periods beginning on or after 1 July 2010. FRS 127 is not relevant to the Trust's operations.

NOTES TO THE FINANCIAL STATEMENTS

4. NEW FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS NOT ADOPTED (continued)

- (r) The following Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010, except for Amendments to FRS 139 which is mandatory for annual periods beginning on or after 1 January 2010.

Amendments to FRS 2	<i>Share-based payments</i>
Amendments to FRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations</i>
Amendments to FRS 138	<i>Intangible Assets</i>
Amendments to FRS 139	<i>Financial Instruments: Recognition and Measurement</i>
Amendments to IC Interpretation 9	<i>Reassessment of Embedded Derivatives</i>

Amendments to FRS 139 remove the scope exemption on contracts for contingent consideration in a business combination. Accordingly, such contracts shall be recognised and measured in accordance with the requirements of FRS 139. The Trust does not expect any impact on the financial statements arising from the adoption of this Amendment.

Amendment to IC Interpretation 9 clarifies that embedded derivatives in contracts acquired in a business combination, combination of entities or business under common controls, or the formation of a joint venture are excluded from this interpretation. The Trust does not expect any impact on the financial statements arising from the adoption of this Amendment.

Other Amendments are not relevant to the Trust's operations.

- (s) The following IC Interpretations are mandatory for annual periods beginning on or after 1 July 2010.

IC Interpretation 12	<i>Service Concession Arrangements</i>
IC Interpretation 15	<i>Agreements for the Construction of Real Estate</i>
IC Interpretation 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
IC Interpretation 17	<i>Distributions of Non-cash Assets to Owners</i>

The above IC Interpretations are not relevant to the Trust's operations.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Trust. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value. The fair value of investment properties are the prices at which the properties could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of investment properties reflect market conditions at the balance sheet date, without any deduction for transaction costs that may be incurred on sales or other disposal.

Fair value of investment properties are arrived at by reference to market evidence of transaction prices for similar properties. It is performed by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment properties is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

5.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

NOTES TO THE FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.2 Financial instruments (continued)

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Trust.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Trust.

5.2.1 Financial instruments recognised on the balance sheet

Financial instruments are recognised on the balance sheet when the Trust has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in the income statement. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Trust has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

(a) Receivables

Trade receivables and other receivables, are classified as loans and receivables under FRS 132 Financial Instruments: Disclosure and Presentation.

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

Receivables are not held for trading purposes.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, deposits and other short term, highly liquid investment with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

(c) Payables

Liabilities for trade and other amounts payables, are initially recognised at fair value of the consideration to be paid in the future for goods and services received.

(d) Borrowings

All loans and borrowings are recognised at the fair value of the consideration received less directly attributable costs.

5.2.2 Financial instruments not recognised on the balance sheet

There were no financial instruments not recognised on the balance sheet.

5.3 Income taxes

Income taxes include all taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes and real property gains taxes payable on disposal of properties.

Taxes in the income statement for the financial year comprises current and deferred tax.

NOTES TO THE FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.3 Income taxes (continued)

5.3.1 Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the balance sheet date.

5.3.2 Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

5.4 Provisions

Provisions are recognised where there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Trust has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Provision for income distribution is recognised when any distribution is declared, determined or publicly recommended by the Directors of the Manager and approved by the Trustee but not distributed at the balance sheet date.

5.5 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Trust or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Trust does not recognise a contingent liability but discloses its existence in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.5 Contingent liabilities and contingent assets (continued)

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Trust. The Trust does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

5.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Trust, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Trust's activity as follows:

(a) Rental income

Rental income is recognised in the income statement as they accrue over the term of the rent unless collectability is in doubt, in which case, they are recognised on a receipt basis.

(b) Interest income

Interest income is recognised as it accrues using the effective interest method.

5.7 Expenses

(a) Property operating expenses

Property operating expenses consist of property management fees, quit rent, assessment and other outgoings in relation to investment properties where such expenses are the responsibilities of the Trust. Property management fees are recognised on an accrual basis.

(b) Interest expense

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred.

(c) Establishment and issue expenses

Establishment expenses represent expenses incurred in establishing and listing the Trust and issue expenses relate to expenses incurred in the issuance and placement of additional units in the Trust. These expenses are deducted directly against unitholders' capital.

(d) Manager's and Trustee's fees

The Manager's and Trustee's fees are recognised on an accrual basis.

6. INVESTMENT PROPERTIES

	2009 RM	2008 RM
At 1 January	161,600,000	154,800,000
Change in fair value	-	6,800,000
At 31 December	<u>161,600,000</u>	<u>161,600,000</u>
Included in the above are:		
Land and buildings	<u>161,600,000</u>	<u>161,600,000</u>

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT PROPERTIES (continued)

2009

Description of property	Tenure of land	Location	Existing use	Occupancy rate as at 31 December 2009 %	Date of valuation	Fair value as at	Acquisition cost as at	Percentage of fair value over Net Assets Value as at
						31 December 2009 RM	31 December 2009 RM	31 December 2009 %
Atrium Shah Alam 1*	Freehold	Shah Alam	Industrial	100	31.12.2009	61,400,000	57,200,000	48.6
Atrium Shah Alam 2	Freehold	Shah Alam	Industrial	100	31.12.2009	53,700,000	49,100,000	42.5
Atrium Puchong	Freehold	Puchong	Industrial	100	31.12.2009	38,500,000	38,500,000	30.5
Atrium Rawang*	Freehold	Rawang	Industrial	100	31.12.2009	8,000,000	10,000,000	6.3
						<u>161,600,000</u>	<u>154,800,000</u>	

The properties were valued by Raine & Horne International Zaki + Partners Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estates Agents Malaysia, using investment, cost and comparison methods of valuation.

* The properties are charged to a financial institution for banking facilities granted to the Trust. The title deed of Atrium Rawang is pending transfer to the name of the Trustee.

2008

Description of property	Tenure of land	Location	Existing use	Occupancy rate as at 31 December 2008 %	Date of valuation	Fair value as at	Acquisition cost as at	Percentage of fair value over Net Assets Value as at
						31 December 2008 RM	31 December 2008 RM	31 December 2008 %
Atrium Shah Alam 1*	Freehold	Shah Alam	Industrial	100	19.12.2008	61,400,000	57,200,000	48.6
Atrium Shah Alam 2	Freehold	Shah Alam	Industrial	100	19.12.2008	53,700,000	49,100,000	42.5
Atrium Puchong	Freehold	Puchong	Industrial	100	18.12.2008	38,500,000	38,500,000	30.5
Atrium Rawang*	Freehold	Rawang	Industrial	100	31.12.2008	8,000,000	10,000,000	6.3
						<u>161,600,000</u>	<u>154,800,000</u>	

The properties were valued by Raine & Horne International Zaki + Partners Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estates Agents Malaysia, using investment, cost and comparison methods of valuation.

* The properties are charged to a financial institution for banking facilities granted to the Trust. The title deeds of these properties are pending transfer to the name of the Trustee or issuance by the relevant authority.

NOTES TO THE FINANCIAL STATEMENTS

7. TRADE AND OTHER RECEIVABLES

	2009 RM	2008 RM
Trade receivables	200,000	-
Other receivables, deposits and prepayments		
Other receivables	25,768	31,082
Deposits	363,320	538,320
Prepayments	35,778	38,176
	424,866	607,578
	<u>624,866</u>	<u>607,578</u>

In the previous year, included in deposits was an amount of RM175,000 paid as earnest deposit for the proposed acquisition of an industrial building in Senai, Johor, which was aborted as the unitholders voted against the proposed acquisition in the Unitholders Meeting held on 21 November 2008. The earnest deposit was subsequently refunded with earned interest on 5 January 2009.

8. DEPOSITS PLACED WITH LICENSED FINANCIAL INSTITUTIONS

The deposits are placed with financial institutions at interest rates ranging from 1.80% to 3.25% (2008: 3.15% to 3.55%) per annum.

9. TRADE AND OTHER PAYABLES

	2009 RM	2008 RM
Trade payables	31,679	33,291
Other payables and accrued expenses	1,050,975	822,425
	1,082,654	855,716
Tenants' deposits		
- payable within 12 months	5,743,764	953,962
- payable after 12 months	1,311,854	6,417,965
	7,055,618	7,371,927
	<u>8,138,272</u>	<u>8,227,643</u>

Included in other payables and accrued expenses are amounts owing to the Manager and the Trustee of RM66,324 (2008: RM51,378) and RM4,298 (2008: RM4,066) respectively which are unsecured, interest free and payable monthly in arrears.

NOTES TO THE FINANCIAL STATEMENTS

10. PROVISION FOR INCOME DISTRIBUTION

	2009 RM	2008 RM
At 1 January	2,618,722	2,801,423
Provisions made during the year	8,465,169	10,231,284
Payments made during the year	(8,282,468)	(10,413,985)
	<hr/>	<hr/>
At 31 December	2,801,423	2,618,722
	<hr/>	<hr/>

In respect of the financial year ended 31 December 2009, the Manager proposed a final distribution of 2.30 sen (2008: 2.15 sen) per unit totalling RM2,801,423 (2008: RM2,618,722).

11. BORROWINGS

	2009 RM	2008 RM
Short Term Revolving Credit ("STRC") - secured	45,000,000	45,000,000
	<hr/>	<hr/>

The STRC facility is secured by way of a first party legal charge over Atrium Shah Alam 1 and a deed of assignment over Atrium Rawang. The repayment of STRC facility will be reviewed on annual basis up to a maximum tenure of five (5) years from the date of the first drawdown on 5 April 2007 and/or upon disposal of the relevant properties, whichever is earlier.

The STRC facility bears interest ranging from 2.69% to 4.25% (2008: 4.03% to 4.25%) per annum during the financial year.

12. UNITHOLDERS' CAPITAL

	2009 Number of units	2008 Number of units
Authorised/Issued and fully paid:		
At beginning/end of the financial year	121,801,000	121,801,000
	<hr/>	<hr/>
	2009 RM	2008 RM
Issued and fully paid:		
At beginning/end of the financial year	119,351,580	119,351,580
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

13. UNITHOLDINGS OF DIRECTORS AND THEIR RELATED PARTIES

As at financial year end, the Manager, Directors of the Manager and related parties held units in Atrium REIT as follow:

	Number of unit held	2009 Percentage of total units %	Market value RM
Direct unitholdings in Atrium REIT			
Atrium REIT Managers Sdn. Bhd.	252,100	0.21	231,932
Directors of the Manager:			
Wong Sui Ee	250,000	0.21	230,000
Tor Peng Sie	100,000	0.08	92,000
How Hu Son	100,000	0.08	92,000
Soong Kwong Heng	55,000	0.05	50,600

	Number of unit held	2008 Percentage of total units %	Market value RM
Direct unitholdings in Atrium REIT			
Atrium REIT Managers Sdn. Bhd.	140,100	0.12	85,461
Directors of the Manager:			
Dato' Zakaria Bin Meranun (resigned on 5.10.2009)	200,000	0.16	122,000
Lim Pang Kiam (resigned on 1.9.2009)	100,000	0.08	61,000
Wong Sui Ee	250,000	0.21	152,500
Lim Kok How (resigned on 28.10.2009)	200,000	0.16	122,000
Tor Peng Sie	100,000	0.08	61,000
How Hu Son	100,000	0.08	61,000
Soong Kwong Heng	50,000	0.04	30,500

	Number of unit held	2009 Percentage of total units %	Market value RM
Related parties of the Manager:			
Glory Blitz Industries Sdn. Bhd.	19,889,800	16.33	18,298,616
Sparkle Skyline Sdn. Bhd.	24,198,900	19.87	22,262,988
Vivid Images Sdn. Bhd.	5,000,000	4.11	4,600,000

	Number of unit held	2008 Percentage of total units %	Market value RM
Related parties of the Manager:			
Glory Blitz Industries Sdn. Bhd.	18,947,000	15.56	11,557,670
Sparkle Skyline Sdn. Bhd.	30,708,800	25.21	18,732,368
Vivid Images Sdn. Bhd.	5,000,000	4.11	3,050,000

The market value is determined by multiplying the number of units with the market price of RM0.92 (2008: RM0.61) as at 31 December 2009.

NOTES TO THE FINANCIAL STATEMENTS

14. UNDISTRIBUTED INCOME

	2009 RM	2008 RM
Realised	258,499	125,101
Unrealised	6,800,000	6,800,000
	<u>7,058,499</u>	<u>6,925,101</u>

The unrealised income relates to the cumulative net change arising from the fair value adjustment to the investment properties.

15. GROSS REVENUE

Gross rental revenue represents rental income received from the rental of investment properties.

16. PROPERTY OPERATING EXPENSES

	2009 RM	2008 RM
Property management fees	186,256	192,269
Assessment and quit rent	437,519	445,678
Repair and maintenance	1,778,000	288,000
Insurance	142,173	139,381
	<u>2,543,948</u>	<u>1,065,328</u>

For the financial year ended 31 December 2009, the property management fee of RM186,256 (2008: RM192,269) was paid to the property management company, Azmi & Co. Building Services Sdn. Bhd. (2008: MN Associates (KL) Sdn. Bhd. and Azmi & Co. Building Services Sdn. Bhd.) in accordance to the Valuers, Appraisers and Estate Agent Act 1981 with permissible discounts.

17. MANAGER'S FEES

Pursuant to the Trust Deed dated 20 November 2006 and the Supplementary Trust Deed dated 25 November 2008, for the financial year ended 31 December 2009, the Manager shall receive a fee of 0.6% (2008: 0.5%) per annum of the Net Asset Value ("NAV") of the Trust. Thereafter, the Manager is entitled to receive a fee of up to 1.0% per annum of the NAV of the Trust.

18. TRUSTEE'S FEES

Pursuant to the Deed, the Trustee is entitled to receive a fee of 0.04% per annum of the NAV of the Trust, subject to a minimum fee of RM40,000 per annum.

19. BORROWING COST

	2009 RM	2008 RM
Interest expense on STRC facility	<u>1,350,230</u>	<u>1,851,628</u>

NOTES TO THE FINANCIAL STATEMENTS

20. TAXATION

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Trust are as follows:

	2009 RM	2008 RM
Income before taxation	8,598,567	17,112,275
Income tax using Malaysian tax rate of 25% (2008: 26%)	2,149,642	4,449,192
Non-deductible expenses	119,481	86,627
Effect of fair value adjustment of investment properties not subject to tax	-	(1,768,000)
Effect of income distribution exempted from tax	(2,269,123)	(2,767,819)
Tax expense	-	-

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

The Trust distributed approximately 98% (2008: 99%) of the realised and distributable income and thus, its total income for the year is exempted from tax.

21. EARNINGS PER UNIT

- (a) The earnings per unit after manager's fee has been calculated based on income after taxation of RM8,598,567 (2008: RM17,112,275) for the financial year and on the number of units in circulation during the financial year of 121,801,000 (2008: 121,801,000).
- (b) The earnings per unit before manager's fee has been calculated based on income after taxation before deduction of manager's fees for the financial year of RM9,343,522 (2008: RM17,718,027) and on the number of units in circulation during the financial year of 121,801,000 (2008: 121,801,000).

22. DISTRIBUTIONS TO UNITHOLDERS

Distributions to unitholders are from the following sources:

	2009 RM	2008 RM
Net rental income	10,440,027	12,625,824
Interest income	410,985	612,270
Other income	19,297	-
Less: Expenses	(2,271,742)	(2,925,819)
Less: Undistributed income	(133,398)	(80,991)
	8,465,169	10,231,284

NOTES TO THE FINANCIAL STATEMENTS

23. PORTFOLIO TURNOVER RATIO

	2009	2008
Portfolio Turnover Ratio ("PTR") (times)	-	-

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

Since the basis of calculating PTR may vary among real estate investment trusts, there is no sound basis for providing an accurate comparison of PTR of Atrium REIT against other real estate investment trusts.

24. MANAGEMENT EXPENSE RATIO

	2009	2008
Management expense ratio ("MER") (%)	0.72	0.89

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 and administrative expenses, to the average net asset value of the Trust 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.

25. TRANSACTIONS WITH COMPANIES RELATED TO THE MANAGER

(a) Identities of related parties

Parties are considered to be related to the Manager if the Manager has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Manager and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Manager and the Trust had the following transactions with related parties during the financial year:

	2009 RM	2008 RM
Insurance premium paid to: Company in which a former Director of the Manager is a common director - SP & G Insurance Brokers Sdn. Bhd.	146,665	156,407

The related party transactions described above were entered into in the normal course of business and are based on negotiated and mutually agreed terms.

26. TRANSACTIONS WITH BROKER/DEALERS

There were no transactions made with brokers/dealers during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS

Financial risks management objective and policies

The Trust has informal risk management policies and guidelines which set out its overall business strategies and general risk management philosophy. The Trust is exposed to credit risk, interest rate risk and liquidity risk arises in the normal course of the Trust's business.

Credit risk

At balance sheet date, there were no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of financial asset.

Interest rate risk

The Trust's exposure to fluctuation in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which interest expense could be affected by adverse movements in interest rates.

Liquidity risk

The Manager monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate to finance the Trust'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.

Effective interest rates and re-pricing analysis

In respect of interest-earning financial assets and interest-bearing liabilities, the following table indicates their effective interest rates at the balance sheet date and the remaining maturities of the Trust's financial instruments that are exposed to interest rate risk:

	Note	Effective interest rate (per annum) %	Total	Within 1 year
2009				
Financial assets				
Deposits placed with licensed financial institutions	8	1.80 to 3.25	19,767,821	19,767,821
Financial liabilities				
Short Term Revolving Credit ("STRC")	11	2.69 to 4.25	45,000,000	45,000,000

	Note	Effective interest rate (per annum) %	Total	Within 1 year
2008				
Financial assets				
Deposits placed with licensed financial institutions	8	3.15 to 3.55	17,750,261	17,750,261
Financial liabilities				
Short Term Revolving Credit ("STRC")	11	4.03 to 4.25	45,000,000	45,000,000

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (continued)

Fair values

The carrying amounts of financial assets and liabilities of the Trust at balance sheet date approximate their fair value due to the relatively short term maturity of the financial instruments.

28. SEGMENTAL REPORTING

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

29. OPERATING LEASES

Leases as lessor

Atrium REIT leases out its investment properties under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

	2009 RM	2008 RM
Less than one year	13,303,174	9,846,840
Between one and five years	7,972,591	9,497,063
	<u>21,275,765</u>	<u>19,343,903</u>

ANALYSIS OF UNITHOLDINGS

AS AT 31 DECEMBER 2009

Size of holding	No. of Unitholders	No. of Units	%
1 - 99	5	105	0.00
100 - 1,000	534	460,195	0.38
1,001 - 10,000	1,026	5,333,200	4.38
10,001 - 100,000	547	17,413,800	14.30
100,001 to less than 5% of approved fund size	113	61,211,900	50.25
5% and above of approved fund size	2	37,381,800	30.69
TOTAL :	2,227	121,801,000	100.00

THIRTY (30) LARGEST UNITHOLDERS AS AT 31 DECEMBER 2009

Name	No. of units	%
1) PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GLORY BLITZ INDUSTRIES SDN BHD (TCS)	19,100,000	15.68
2) SPARKLE SKYLINE SDN BHD	18,281,800	15.01
3) KURNIA INSURANS (MALAYSIA) BERHAD	6,051,400	4.97
4) MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SPARKLE SKYLINE SDN BHD (DLR 060-MARGIN)	5,379,000	4.42
5) VIVID IMAGES SDN. BHD.	5,000,000	4.11
6) SOH KAM ENG	4,995,000	4.10
7) MAYBAN NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (LIFE PAR FUND)	2,760,000	2.26
8) HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE BANK OF NEW YORK MELLON (BNYM AS E&A)	2,310,000	1.90
9) MAYBAN NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (SHAREHLDR'S FD)	1,200,000	0.99
10) CHRISTINA CHONG YOKE LENG	1,082,500	0.89
11) HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR HWANGDBS SELECT INCOME FUND (4850)	995,000	0.82
12) BEVERLY TOWER DEVELOPMENT SDN BHD	940,000	0.77
13) HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL PROGRESS FUND (4082)	880,000	0.72
14) STEPHEN EDWARD BLACKBURN	853,000	0.70
15) MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN LIFE ASSURANCE BERHAD (NON-PAR FUND)	822,600	0.68

ANALYSIS OF UNITHOLDINGS

AS AT 31 DECEMBER 2009

THIRTY (30) LARGEST UNITHOLDERS AS AT 31 DECEMBER 2009 (continued)

Name	No. of units	%
16) LOI PUI KHIM	756,000	0.62
17) MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN LIFE ASSURANCE BERHAD (PAR FUND)	737,300	0.61
18) REALCO SDN BHD	714,200	0.59
19) HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PRUDENTIAL EQUITY INCOME FUND (4801)	697,200	0.57
20) HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL DIVIDEND FUND (5311-401)	680,000	0.56
21) MCIS ZURICH INSURANCE BERHAD AS BENEFICIAL OWNER (GENERAL FUND)	636,500	0.52
22) GLORY BLITZ INDUSTRIES SDN BHD	636,000	0.52
23) PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SENG HOOI @ LEE HOI (E-SS2)	600,000	0.49
24) LIM BAH KAW	576,000	0.47
25) MAYBAN NOMINEES (TEMPATAN) SDN BHD HWANGDBS INVESTMENT MANAGEMENT BHD FOR TOKIO MARINE INSURANS(MALAYSIA) BERHAD (270523)	565,000	0.46
26) LAW HOCK HUA	563,300	0.46
27) KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KIAM HSUNG	545,000	0.45
28) SPARKLE SKYLINE SDN BHD	538,100	0.44
29) AMSEC NOMINEES (TEMPATAN) SDN BHD ENG GUAN CHAN SDN BERHAD (9613-1101)	537,900	0.44
30) LAW YOCK HUAT	501,200	0.41
	79,934,000	65.63

LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

Name	No. of units	%
1) SPARKLE SKYLINE SDN BHD	24,198,900	19.87
2) GLORY BLITZ INDUSTRIES SDN BHD	19,889,800	16.33
	44,088,700	36.20