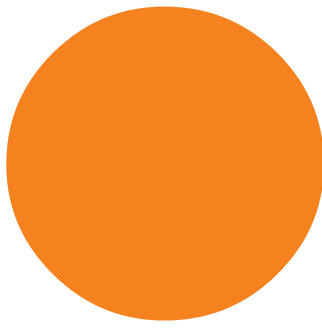


ATRIUM REIT



ATRIUM REIT

ATRIUM REAL ESTATE INVESTMENT TRUST



C o n t e n t s



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OUR MISSION

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

PROFILE OF ATRIUM REAL ESTATE INVESTMENT TRUST

Atrium REIT is an industrial asset focused real estate investment trust constituted by a Trust Deed entered into on 20 November 2006 and amended by the Supplementary Deed dated 25 November 2008 between CIMB Commerce Trustee Berhad as the Trustee and Atrium REIT Managers Sdn Bhd as the Manager. Atrium REIT was listed on Main Board of Bursa Malaysia Securities Berhad on 2 April 2007

Atrium REIT 's property portfolio consists of five industrial properties located in prime locations in the Klang Valley, namely, Atrium Shah Alam 1, Atrium Shah Alam 2, Atrium Puchong, Atrium Rawang and Atrium USJ.

FINANCIAL HIGHLIGHTS

6.77%¹
Gross Dividend
Yield per annum

8.80sen
Distribution Per Unit
per annum

100%
Occupancy

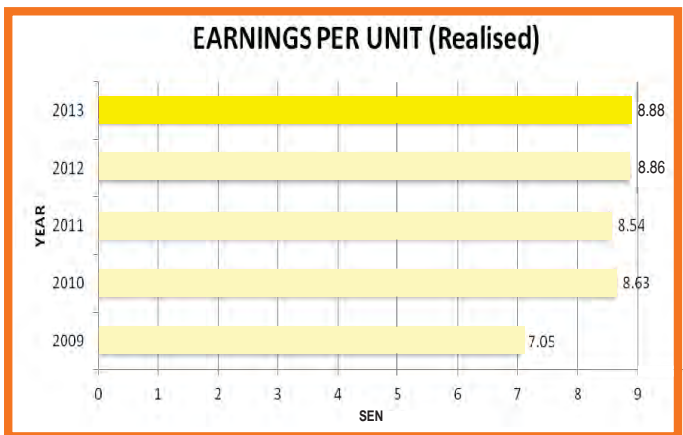
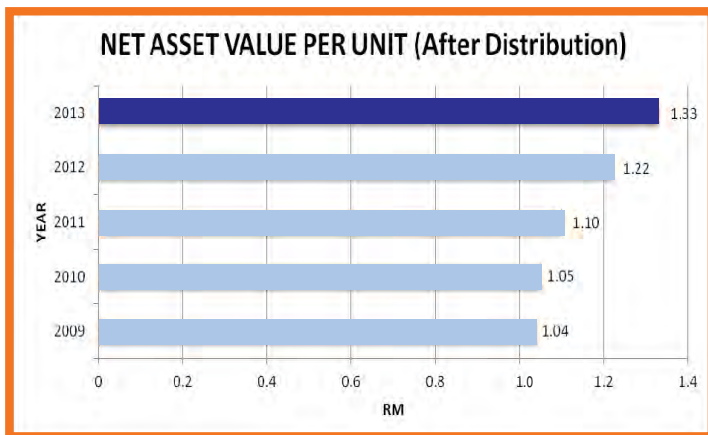
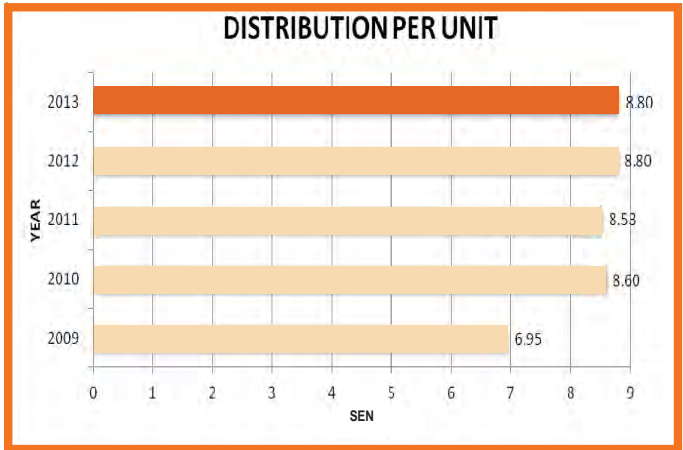
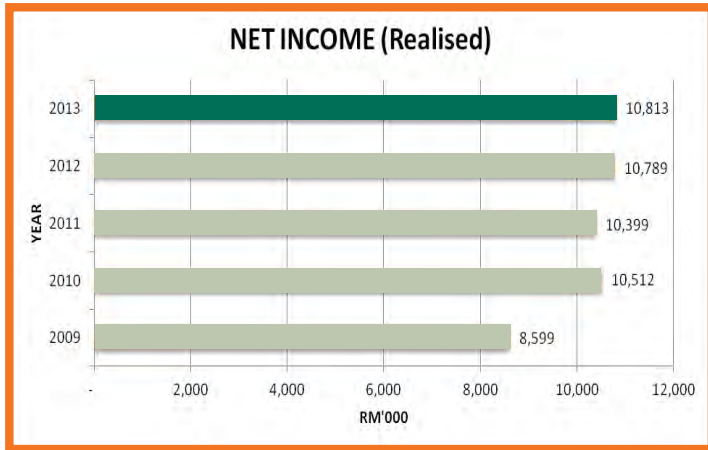
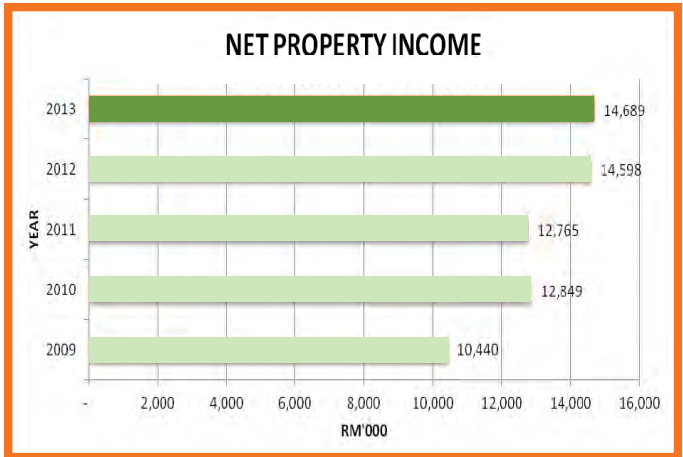
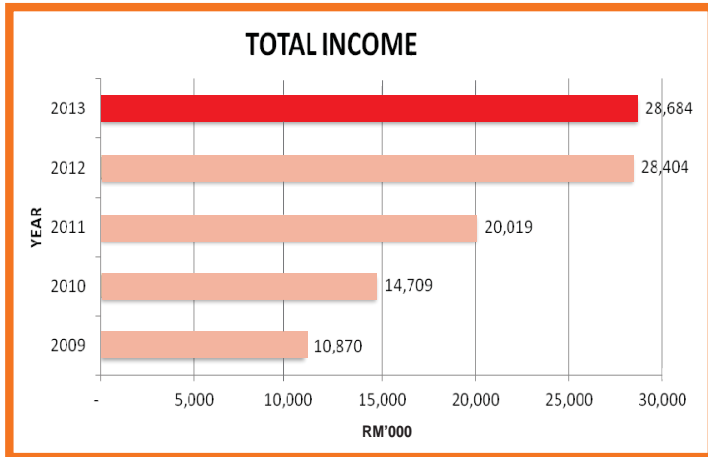
27.61%
Gearing Level

0.99%
Management
Expense Ratio

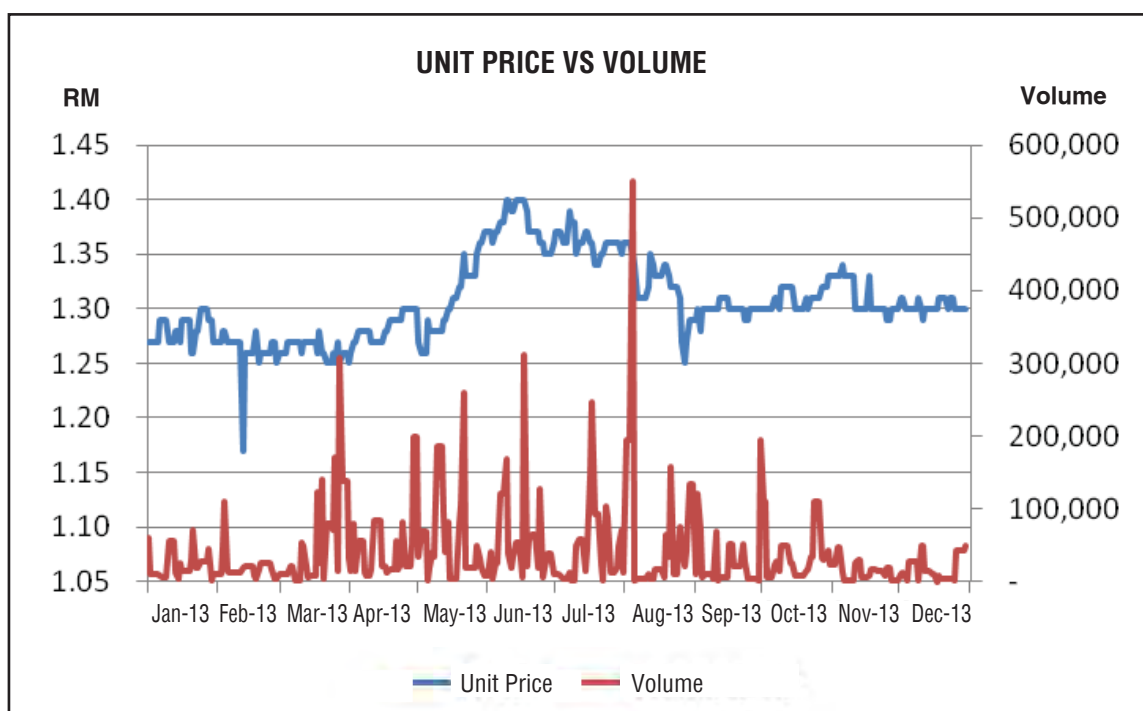
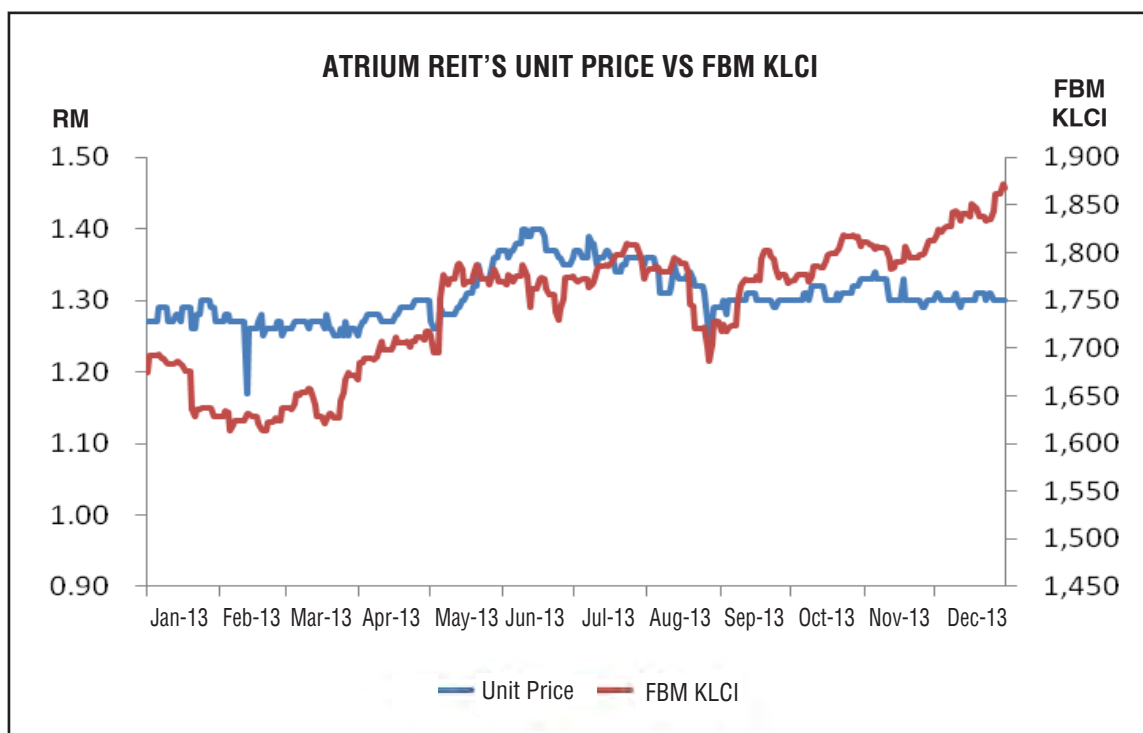
RM1.33
Net Asset Value

1. Based on closing market price on 31 December 2013.

FINANCIAL HIGHLIGHTS



FINANCIAL HIGHLIGHTS



	2013	2012	2011	2010	2009
Asset Under Management (RM'000)	221,700	208,100	194,700	163,000	161,600
Total Borrowings (RM'000)	65,000	65,000	65,000	45,000	45,000
Total Unitholders Funds (RM'000)	164,401	150,706	137,151	130,527	129,212
Market Capitalisation² (RM'000)	158,341	157,123	130,327	129,109	112,057
Unit Price² (RM)	1.30	1.29	1.07	1.06	0.92
Units in Circulation ('000)	121,801	121,801	121,801	121,801	121,801

2. Based on respective closing prices on 31 December

SALIENT FEATURES OF THE FUND

Name of fund	:	Atrium REIT
Fund category	:	Real Estate
Fund type	:	Growth and income
Investment objectives	:	To maximise income in order to reward unitholders with annual stable distributions of income and to acquire quality assets to achieve long-term growth in the Net Asset Value per unit of the Fund
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"> - Invest in real estates, single-purpose companies, real estate-related assets, non-real estate-related assets and liquid assets - 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 Manager 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



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 2013 ("FY2013").

Overview

We are pleased to report that Atrium REIT has achieved a creditable result for FY2013, in which strategies implemented and executed by the Manager have delivered stable and attractive distributions for the Trust's unitholders. This reflects the fundamentals of the portfolio and the quality of Atrium REIT's assets.

A revaluation was carried out by the Trust on its portfolio of properties at the close of the financial year ended 31 December 2013. A net fair value gain on revaluation of RM13.60 million was registered, increasing the total value of asset under management from RM208.10 million to RM221.70 million.

Atrium REIT's distribution per unit ("DPU") maintained at 8.80 sen per unit, despite the increase in the property and Trust expenses. Total assets increased to RM235.43 million while the gearing level reduced to 27.61% for FY2013.

Financial Performance

For FY2013, Atrium REIT recorded a marginal increase in gross revenue to RM16.48 million as compared to RM16.35 million for the previous corresponding financial year ended 31 December 2012 ("FY2012"). Correspondingly, net income (realised) for the year rose slightly from RM10.79 million to RM10.81 million for FY2013, representing an increase of 0.19%. The positive changes in the fair value of the Trust's investment properties by RM13.60 million, contributed to a 9.08% increase in Net Asset Value ("NAV") from RM150.71 million as at 31 December 2012 to RM164.40 million as at 31 December 2013.

Distribution to Unitholders

Atrium REIT has consistently demonstrated its ability to deliver sustainable and stable distributable income since its listing in 2007. The Board of Directors of the Manager has declared a final income distribution of 2.20 sen per unit for the period from 1 October 2013 to 31 December 2013, which shall be payable on 28 February 2014. The final income distribution, coupled with the aggregate interim income distributions of 6.60 sen per unit, represents a total DPU of 8.80 sen for FY2013 (FY2012: 8.80 sen). The distribution yield for FY2013 is a creditable 6.77% based on the Atrium REIT's closing market price of RM1.30 per unit as at 31 December 2013 (FY2012: 6.82% distribution yield at closing market price of RM1.29 per unit).

Operations Review

The Manager has successfully renewed tenancies for Atrium Shah Alam 1 and Atrium USJ-Block B which expired on 31 December 2013 for another 3 years and 2 years respectively. Both the new tenancies were renewed with positive rental reversions. As for Atrium Rawang, the tenancy had expired on 31 October 2013 and is currently on a month to month basis. The existing tenant has agreed to renew for another 3 years and is currently in the midst of reviewing the terms and conditions of the renewal.

CHAIRMAN'S STATEMENT

Operations Review (continued)

Atrium REIT will continue to focus on maximising the returns of its properties by implementing effective proactive leasing management to ensure that all its properties maintain its 100% occupancy at competitive rental rates. I am proud to note that all of Atrium REIT's properties continue to enjoy 100% occupancy and majority of its tenants are established market leaders in their respective industries, an indication of the quality of the tenants and properties owned by Atrium REIT.

For 2014, the Manager will continue to explore new acquisition opportunities, with focus on industrial properties that meet our investment criteria i.e. located in prime locations with good infrastructures and tenanted by leading businesses on long term leases to enhance the asset values and income growth of the Trust.

Economic Outlook

Global growth remains weak since the economic downturn that began more than five years ago. However, there are signs that the global economy is beginning to pick up, albeit slowly. Latest data show that economic activity is improving in major advanced economies, especially the US and Japan, with the US economy projected to grow by 2.6% in 2014 (2013: 1.6%) whilst the Euro area is projected to register positive growth of 1.0% in 2014, after experiencing two consecutive years of recession. The Japanese economy is expected to record strong growth of 2.0% this year, while its growth is projected to remain in positive territory of 1.2% in 2014, depending on the progress of its fiscal consolidation plan under the so-called third arrow of Abenomics. Growth in emerging market and developing economies is expected to improve in 2014, with India and ASEAN-5 registering growth of 5.1% and 5.4%, respectively. Nonetheless, growth in China continues to decelerate, but at 7.3% in 2014 (2013: 7.6%), it is still a respectable growth, providing required support for other emerging market and developing economies, including Malaysia. The IMF, in its World Economic Outlook (7 October 2013), projected the global economy to grow 2.9% in 2013 whilst for 2014 the growth is projected to be 3.6%, indicating a stronger world economy next year.

(source:IMF-World Economic Outlook)

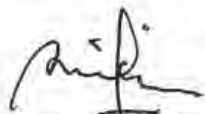
Malaysian economy continues to be resilient with the growth for the 3Q 2013 improving significantly to 5.0% from 4.4% in 2Q 2013 and 4.1% in 1Q 2013. The growth is supported mainly by robust domestic demand, especially private investment and consumption. Another contributory factor was the turnaround in the external demand which registered a positive growth in 3Q 2013 after seven consecutive quarters of declines, indicating improvement in the external environment. Growth in private investment, which bottomed out in the 1Q 2013, continued to improve strongly, on account of improved overall business conditions, thereby providing the necessary support for domestic demand.

Private consumption, fuelled by low interest rate environment and easy access to consumer credit, continued to be the key driver of growth, contributing 4.3 percentage points to real GDP growth of 5% in the 3Q 2013. The Malaysian economy was estimated to grow at 4.5% to 5% in 2013 whilst for 2014, the rate of growth is expected to be at a stronger pace of between 5% and 5.5% on firm domestic demand, growth in private investment and recovery in external demands.

The nation's GDP growth in 2014 will be supported by strong fundamentals of the economy with growth in construction and services sectors to continue leading the economic drive in 2014. Domestic demand is expected to remain strong, and continue to be the driver of growth. Private investment is expected to continue to record a double-digit growth supported by accelerated implementation of on-going Economic Transformation Programme projects. With the recovery in external demands, investment in the export-oriented manufacturing and services industries as well as agro-based industry are expected to increase to boost export.

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 hardwork in 2013 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

Date : 14 February 2014

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	RM 57,200,000
Tenant	DHL Properties (Malaysia) Sdn Bhd
Occupancy	100%
Tenancy Period	3 years, expired on 31 December 2013*
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 74,000,000
Date of last valuation	31 December 2013
Valuer	Raine & Horne International Zaki + Partners Sdn Bhd
Fair Value adjustment	RM 4,300,000
Net book value	RM 69,700,000

* The tenancy has been renewed for another 3 years and will be expiring on 31 December 2016.

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	RM 49,100,000
Tenant	CEVA Logistics (Malaysia) Sdn Bhd
Occupancy	100%
Tenancy Period	2 years, expiring on 31 May 2014
Major capital expenditure	Nil
Encumbrances	None
Limitation in title/interest	None
Latest valuation	RM 62,400,000
Date of last valuation	31 December 2013
Valuer	Raine & Horne International Zaki + Partners Sdn Bhd
Fair Value adjustment	RM 5,400,000
Net book value	RM 57,000,000

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:	DHL Supply Chain (Malaysia) Sdn Bhd
Occupancy	100%
Lease Period	4 years, expiring on 18 September 2014
Major capital expenditure	Nil
Encumbrances	None
Limitation in title/interest	None
Latest valuation:	RM 45,800,000
Date of last valuation	31 December 2013
Valuer	Raine & Horne International Zaki + Partners Sdn Bhd
Fair Value adjustment	RM 2,200,000
Net book value	RM 43,600,000

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	Geran 205542, Lot 19007, 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	RM 10, 000,000
Tenant	Unilever Foods (Malaysia) Sdn Bhd
Occupancy	100%
Tenancy Period	2 years, expired on 31 October 2013*
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 8,600,000
Date of last valuation	31 December 2013
Valuer	Raine & Horne International Zaki + Partners Sdn Bhd
Fair Value adjustment	(RM 200,000)
Net book value	RM 8,800,000

* The Tenant has agreed to renew the tenancy for another 3 years and is currently reviewing the terms and conditions of the renewal.

PROPERTY PORTFOLIO

Atrium USJ

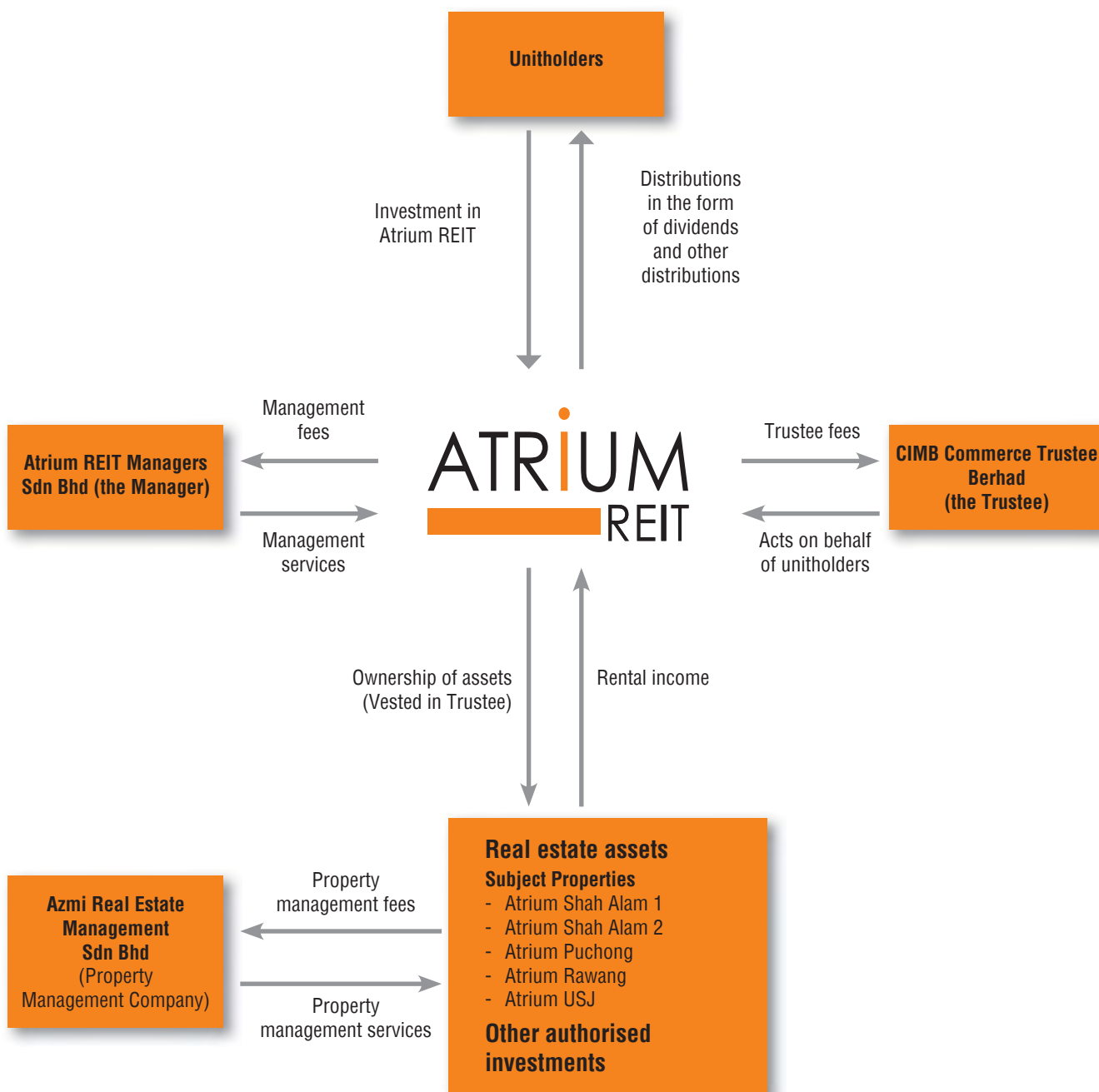


Property	Atrium USJ
Address	No.16, Jalan TP 6, Taman Perindustrian UEP , 47620 Subang Jaya, Selangor Darul Ehsan, Malaysia
Title details	Geran 75650 Lot 46914 Mukim Damansara, Daerah Petaling, Negeri Selangor.
Property type	Industrial
Description	A single storey warehouse with annexed double storey office building (Block A), a single storey warehouse (Block B) and a single storey warehouse with annexed double storey office building (Block C); with a total Net Lettable Area measuring approximately 128,085 sq.ft.
Year of completion	2008
Tenure	Freehold
Existing use	Warehouse and office
Parking spaces	122 car bays, 39 motorcycle bays,5 lorry bays
Date of acquisition	22 December 2011
Cost of acquisition	RM 25,000,000
Tenants	1) SAF-Holland (Malaysia) Sdn Bhd (Block A) 2) Century Total Logistics Sdn Bhd (Block B) 3) 20Cube Logistics Sdn Bhd (Block C)
Occupancy	100%
Lease/Tenancies Period	Block A - 6 years, expiring on 31 August 2014 Block B - 2 years, expired on 31 December 2013* Block C – 3 years, expiring on 31 October 2015
Major capital expenditure	Nil
Encumbrances	The property is charged to a financial institution to secure a Term Loan and Bank Guarantee Facilities of RM 20,300,000
Limitation in title/ interest	None
Latest valuation:	RM 30,900,000
Date of last valuation	31 December 2013
Valuer	Raine and Horne International Zaki + Partners Sdn Bhd
Fair Value adjustment	RM 1,900,000
Net book value:	RM 29,000,000

* The tenancy has been renewed for another 2 years and will be expiring on 31 December 2015.

STRUCTURE OF ATRIUM REIT

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



PERFORMANCE DATA

I) Portfolio Composition of the Trust

	2013 %	2012 %	2011 %	2010 %	2009 %
Atrium Shah Alam 1	32	31	31	34	34
Atrium Shah Alam 2	27	26	27	30	30
Atrium Puchong	19	20	19	21	21
Atrium Rawang	4	4	4	4	4
Atrium USJ	13	13	12	-	-
Deposits with financial institutions	95	94	93	89	89
	5	6	7	11	11
	100	100	100	100	100

II) Asset Value, Unit and Market Price information

	2013	2012	2011	2010	2009
Asset under management (RM'000)	221,700	208,100	194,700	163,000	161,600
Total asset value (RM'000)	235,426	221,975	211,469	183,904	182,350
Net asset value (NAV)(RM'000)	164,401	150,706	137,151	130,527	129,212
Units in circulation ('000)	121,801	121,801	121,801	121,801	121,801
NAV per unit – after proposed distribution					
- As at 31 December (RM)	1.33	1.22	1.10	1.05	1.04
- Highest NAV for the year (RM)	1.33	1.22	1.10	1.05	1.04
- Lowest NAV for the year (RM)	1.22	1.12	1.05	1.04	1.04
Market price per unit					
- as at 31 December (RM)	1.30	1.29	1.07	1.06	0.92
- Highest traded for the year (RM)	1.40	1.30	1.12	1.10	0.93
- Lowest traded for the year (RM)	1.17	1.07	1.00	0.88	0.61

III) Distributions for Last 5 Years

	Distribution		Net Asset Value Per Unit (RM)	
	Per Unit (Sen)	Date	Before Distribution	After Distribution
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
2010				
1st Quarter	2.10	27 May 10	1.06	1.04
2nd Quarter	2.15	27 Aug 10	1.06	1.04
3rd Quarter	2.15	30 Nov 10	1.06	1.04
4th Quarter	2.20	4 Mar 11	1.07	1.05
2011				
1st Quarter	2.15	31 May 11	1.07	1.05
2nd Quarter	2.15	26 Aug 11	1.07	1.05
3rd Quarter	2.10	30 Nov 11	1.07	1.05
4th Quarter	2.13	29 Feb 12	1.13	1.10
2012				
1st Quarter	2.20	31 May 12	1.13	1.11
2nd Quarter	2.20	30 Aug 12	1.13	1.11
3rd Quarter	2.20	30 Nov 12	1.13	1.11
4th Quarter	2.20	28 Feb 13	1.24	1.22
2013				
1st Quarter	2.20	31 May 13	1.24	1.22
2nd Quarter	2.20	30 Aug 13	1.24	1.22
3rd Quarter	2.20	29 Nov 13	1.24	1.22
4th Quarter	2.20	28 Feb 14	1.35	1.33

PERFORMANCE DATA

IV) Performance of the Trust

	2013	2012	2011	2010	2009
Total return (%)	9.08	26.83	9.95	23.88	55.68
- Capital growth (%)	2.36	19.44	1.90	15.22	46.03
- Income distribution (%)	6.72	7.39	8.05	8.66	9.65
Income distribution per unit (sen)					
- Gross	8.80	8.80	8.53	8.60	6.95
- Net	8.80	8.80	8.53	8.60	6.95
Management expense ratio (%)	0.99	1.00	0.85	0.94	0.72
Portfolio turnover ratio (times)	-	-	0.19	-	-

V) Average Annual Return For Financial Year Ended 31 December 2013

	Atrium REIT (%)	KLCI (%)
One year	9.08	11.48
Since launch (2 April 2007)	15.19	7.37

Total return is based on the actual gross income distribution and net change in market price at the beginning and end of the financial year, over the average market price of Atrium REIT for the respective financial years.

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

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

The calculation of PTR is based on the average of total acquisition and total disposal of investments in Atrium REIT for the financial year to the average net asset value of the Trust for the financial year calculated on a daily basis.

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

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 *Chairman and Non-Independent Non-Executive Director*

Wong Sui Ee *Executive Director*

How Hu Son *Independent Non-Executive Director*

Tor Peng Sie *Independent Non-Executive Director*

Soong Kwong Heng *Independent Non-Executive Director*

MANAGEMENT

Wong Sui Ee
Executive Director

Chan Kum Chong
Chief Executive Officer

Chan Kum Cheong
Chief Operating Officer

Lee Hooi Hoong
Chief Financial Officer

COMPANY SECRETARY

Wong Wai Foong (MAICSA 7001358)

Lim Poh Yen (MAICSA 7009745)

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

CIMB Commerce Trustee Berhad (313031-A)

Principal place of business
17th Floor, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel: 03-2261 8888
Fax: 03-2261 9887

REGISTRAR

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59200 Kuala Lumpur
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Fax: 03-2282 1886

AUDITORS

BDO (AF 0206)

Chartered Accountants

PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad

PROPERTY MANAGEMENT COMPANY

Azmi Real Estate Management Sdn Bhd (1012362-U)

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One Ampang Business Avenue
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Tel: 03-4256 6868 Fax: 03-4256 2266

BURSA MALAYSIA STOCK NAME AND CODE

ATRIUM 5130

PROFILE OF DIRECTORS

Dato' Dr Ir Mohamad Khir Bin Harun

Chairman

Malaysian, aged 63, was appointed to the Board on 5 October 2009. Dato' Dr Ir Mohamad Khir obtained his BSc (Hons) in Electrical Engineering from Brighton Polytechnic in 1973, MSc in Communications Engineering from Brunel University, London in 1978 and PhD in Electrical Engineering from University of Manchester, United Kingdom in 1982. Dato' Dr. Ir. Mohamad Khir has accumulated a vast pool of knowledge on the communications and information industry. Starting his career as a young engineer way back in 1973, Dato' Dr Khir had successfully made the transition to a business-savvy technocrat when the Telecom Department was corporatised in 1987. He had risen quickly in his career, taking on wide-ranging responsibilities and was holding the position of Chief, Group Business Restructuring, the second highest position in Telekom Malaysia or TM, prior to his retirement. He was President of the Senior Officer associations of Telekom Malaysia from 1985 to 1996 where he has initiated programs on executive development and health awareness which were later adopted by the company. He was active in sports having held positions as vice and deputy presidents of the company's sport club from 1982 to 1995. His other experiences in the industry include 5 years in the regulatory bodies as Advisor to the Minister of Energy, Telecommunications and Posts from 1983 to 1985 and then as Advisor to the Chairman of the Malaysian Communications and Multimedia Commission from 2006 to 2008.

Wong Sui Ee

Executive Director

Malaysian, aged 44, 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 then joined Glory Blitz Industries Sdn Bhd ("GBISB") and its related companies in 1998. During her 8-year tenure with GBISB and its group of companies, she formed the team to develop built to suit industrial properties in the Klang Valley for the group's multinational clients including CEVA Logistics (formerly known as TNT Logistics), Exel Logistics (now part of the DHL Group), Danzasmal (now part of the DHL Group), Unilever Malaysia, Silverstone Tyres and others. Currently, she is also on the Board of Directors of Alpha Netrise (M) Sdn Bhd, Ample Cosmos Sdn Bhd and Kilat Idam Sdn Bhd.

How Hu Son

Independent Non-Executive Director

Malaysian, aged 64, was appointed to the Board on 17 November 2006. Mr How graduated from Brighton Polytechnic, United Kingdom with a Bachelor of Science (Hons) in Civil Engineering in 1975. In 1976, he obtained his Master of Science from Imperial College of Science & Technology, London. He is a member of the Institution of Engineers, Malaysia and is a registered professional Engineer with the Board of Engineers, Malaysia. He began his career in 1977 as a Structural Engineer with Jabatan Kerja Raya for two (2) years. Thereafter, he joined Tahir Wong Sdn Bhd as its Senior Structural Engineer and was subsequently promoted to Senior Associate. During his 14 years in Tahir Wong Sdn Bhd, he was involved in projects such as Subang Parade, the Royal Malaysian Navy Base in Sarawak, Puteri Pan Pacific Hotel, Johor and the Selangor Turf Club. Currently, he is a Director of Pakatan Cergas Sdn Bhd, a consultancy company involved in civil and structural engineering. Some of the projects that he was involved in are the construction of Bukit Ceylon Condominium, CP Tower, Eastin Hotel and Phileo Damansara. He is also a Director of Yong Peng Batu Bata Berhad.

Tor Peng Sie

Independent Non-Executive Director

Malaysian, aged 55, 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 of the said company. In 1999, he joined Pacific Landmark Real Estate Agents. He is currently the Principal of Pacific Landmark Real Estate Agents.

Soong Kwong Heng

Independent Non-Executive Director

Malaysian, aged 64, 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 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 CHIEF EXECUTIVE OFFICER

Chan Kum Chong

Chief Executive Officer

Malaysian, aged 58, was appointed as Chief Executive Officer on 1 April 2010. Mr. Chan graduated from Portsmouth Polytechnic (now known as University of Portsmouth) in 1980 with a Bachelor of Science in Quantity Surveying. Mr. Chan began his career as a Graduate Quantity Surveyor with a consultant quantity surveying firm, Juru Ukur Bahan Malaysia Sdn. Bhd. assisting the senior quantity surveyor in pre and post contract administration in the completion of Menara Maybank, redevelopment of Subang International Airport, Telekom Training Centre, amongst others. Mr. Chan then joined TTDI Development Sdn.Bhd. in 1984 and has successfully managed and completed housing schemes in Taman Tun Dr. Ismail, Taman TTDI Jaya, Desa Pandan and Desa Bakti. In June 1995, he was assigned to oversee the operation of the in-house construction company, Panelex Sdn.Bhd. as General Manager - Operation. He then joined Syarikat T. D. Sdn. Bhd. in 1999 as a Project Director looking after several building and turnkey projects. Thereafter, he joined Vistanet (M) Sdn.Bhd. in 2002, an in-house construction company of Mayland Properties Sdn. Bhd., to manage all their in-house construction projects with Gross Development Values in excess of RM300 million, comprising of service apartments, shop offices and a shopping complex. In October 2003 he joined Score Option Sdn. Bhd. as a Project Director, managing a 200 acres development in Puchong comprising a mixed residential and commercial development, a J.V. project with Glomac Alliance Sdn.Bhd., a subsidiary of Glomac Berhad. In 2005, he joined EC Alamjaya Sdn. Bhd. as its Chief Executive Officer to oversee a shopping complex and hotel development totalling RM100 million.

Other Directorship of Public Companies

Mr Chan has no other directorship with any public companies.

Family Relationship with Director and/or Major Unitholder

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

Conflict of Interest

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

Conviction of Offences

Mr Chan has not been convicted of offences within the past 10 years.

STATEMENT OF CORPORATE GOVERNANCE

Atrium REIT Managers Sdn Bhd, the Manager of Atrium Real Estate Investment Trust (“Atrium REIT”) has adopted an overall corporate governance framework designed to meet best practice principles. The Manager also recognises that an effective corporate governance culture is critical to its performance and consequently, the success of Atrium REIT, which it manages. In particular, the Manager has an obligation to act honestly, with due care and diligence, and in the best interest of the unitholders of Atrium REIT.

The following segments describe the Manager’s main corporate governance policies and practices which are guided by the measures recommended in the Securities Commission (“SC”) Guidelines on Real Estate Investment Trusts (“REITs Guidelines”), the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Malaysian Code on Corporate Governance.

ROLE OF MANAGER

Manager of Atrium REIT

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

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

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

- (a) to carry out the activities in relation to the management of Atrium REIT and its portfolio of assets in accordance with the provisions of the Trust Deed dated 20 November 2006 and amended by the Supplementary Deed dated 25 November 2008 (collectively known as “the Deed”);
- (b) to use its best endeavours to ensure that the business of Atrium REIT is carried out and conducted in a proper and efficient manner and to conduct all transactions with or for Atrium REIT at arm’s length and on normal commercial terms;
- (c) to issue the annual report of Atrium REIT to unitholders within two (2) months of its financial year end;
- (d) to attend to all enquiries from unitholders, tenants, media, government bodies, etc;
- (e) to supervise the Property Manager, Azmi Real Estate Management Sdn Bhd, which provides property management services in relation to Atrium REIT’s properties pursuant to the property management agreement; and
- (f) to ensure that Atrium REIT is in compliance with the applicable provisions of the Securities Commission Acts, REITs Guidelines, other securities laws, the Listing Requirements of Bursa Securities, and other applicable laws.

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

Atrium REIT Managers Sdn Bhd is the appointed Manager of 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 REITs Guidelines as well as the roles and duties set out in the REITs Guidelines, which facilitate the discharge of the Directors’ stewardship responsibilities.

STATEMENT OF CORPORATE GOVERNANCE

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, experience and invaluable perspectives to overseeing the management of the Manager. The profiles of the members of the Board are provided in page 19 of the Annual Report.

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

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

The Board focuses mainly on strategy, financial performance and critical business issues, 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, 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 Atrium REIT and to approve the quarterly and annual financial statements of Atrium REIT. Additional meetings are held as and when urgent issues and important decisions need to be taken between the scheduled meetings.

The Board met four (4) times during the financial year ended 31 December 2013. The number of meetings attended by each Director is as follows:

Directors	Designation	Attendance
Dato' Dr Ir Mohamad Khir Bin Harun	Non-Independent Non-Executive Chairman	4/4
Wong Sui Ee	Executive Director	4/4
How Hu Son	Independent Non-Executive Director	3/4
Tor Peng Sie	Independent Non-Executive Director	4/4
Soong Kwong Heng	Independent Non-Executive Director	4/4

STATEMENT OF CORPORATE GOVERNANCE

Access to and Supply of Information and Advice

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

There is a schedule of matters reserved specifically for the Board's decision, including the approval of the Manager's strategic plans and budgets for both Managers and Atrium REIT which includes acquisition and disposal of major assets, major investments, review and approve the key policies, procedures and authority limits.

All Directors have access to the advice and services of the Company Secretary and has the right to seek independent professional advice when necessary in discharging their duties, making acquisition decisions and complying with relevant legislations and regulations.

Appointments 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 is balanced with representation from the relevant sectors of industry to provide optimal inputs to address the issues affecting the Manager and Atrium REIT.

Directors' Remuneration

The objective of the remuneration policy is to attract, retain and motivate the Directors to successfully carry on the Manager's and Atrium REIT's operations. The Board believes that the remuneration should be sufficient to attract, retain and motivate the Directors of the necessary caliber, expertise and experience to manage the Manager's and Atrium REIT's operations

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for ensuring that the financial statements give a true and fair view of the financial position of Atrium REIT as at 31 December 2013 and of its financial performance, the changes in net asset value and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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.

Internal Control

The Board acknowledges its responsibility for the Manager's system of internal controls which covers financial control, operational and compliance controls as well as risk management.

The Statement of Internal Control furnished on page 25 of the Annual Report provides an overview of the state of control within the Manager.

MANAGEMENT OF BUSINESS RISK

Recognising and managing risk is central to the business and to protecting unitholders' interests and value. 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 Atrium REIT against a previously approved budget. The Board will also review the business risks of Atrium REIT and will act upon any comments 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 transaction.

STATEMENT OF CORPORATE GOVERNANCE

RELATED PARTY TRANSACTIONS

The Manager will comply with all requirements as laid out in the REITs Guidelines, the Deed and the Listing Requirements of Bursa Securities.

The Manager has established procedures that will ensure that all related party transactions undertaken are in full compliance to the REITs 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 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 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.

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 Atrium REIT. The communication channels are via annual reports, quarterly financial reports and the various disclosures and announcements on the Bursa Securities' website.

Another principal avenue of communication with its unitholders is Atrium REIT's AGM, which provides a useful platform for the unitholders to engage directly with the Manager's Board and Management. The Manager is looking forward to solicit feedbacks and views from the unitholders and answer unitholders' question on issues pertaining to Atrium REIT at the AGM. The notice of the AGM and related papers will be forwarded to unitholders with adequate time notice before the meeting. All unitholders are invited and encouraged to attend Atrium REIT's AGM and to actively participate in the proceedings by posting questions on the proposed resolutions (if any) and to seek clarification on the Trust's business and performance.

Atrium REIT has also established a corporate website, www.atriumreit.com.my, for unitholders and the public to access for corporate information and latest business development of Atrium REIT.

OTHER INFORMATION

Family Relationship with any Director and/or Major Unitholder

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

Conflict of Interest

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

Convictions for Offences

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

Material Contracts

There was no material contract 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

The Directors are encouraged to attend briefings and seminars to keep abreast with the latest developments in the industry.

During the year, the directors attended various courses/seminars in related to their responsibilities and developments in the industry. Among courses / seminars attended includes Budget 2014 Seminar : What's Next Malaysia?, Accounting for MFRS: Simplifying the Approach, Malaysian Companies Act & Regulations, 9th Tricor Tax & Corporate Seminar and Managing in Uncertainty: Surviving the Turbulence.

STATEMENT OF INTERNAL CONTROL

The Board of Directors (“the Board”) of Atrium REIT Managers Sdn Bhd, the Manager of Atrium Real Estate Investment Trust (“Atrium REIT”) has voluntarily adopted the best practices in corporate governance by setting up an Internal Audit function, which had been outsourced to an independent professional firm, although it is not compulsory for Atrium REIT, to comply with such requirements under the Securities Commission Malaysia Guidelines on Real Estate Investment Trusts (“REITs Guidelines”) and Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad.

The Board has prepared a statement on the state of the Manager’s internal controls for inclusion in this Annual Report for the financial year ended 31 December 2013 (“FY2013”)

Responsibility

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

As there are inherent limitations in any system of internal controls, such systems are designed to reduce rather than eliminate all risks that may impede the achievement of Manager’s business objectives. Therefore, the internal control system can only provide a reasonable and not absolute assurance against material misstatement or loss.

KEY FEATURES OF THE INTERNAL CONTROL SYSTEM ESTABLISHED

Control Environment

- **Organisation Structure and Authorisation Procedures**
The Manager maintains a formal organisation structure with well-defined delegation of responsibilities and accountability within the Manager’s Senior Management. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures in order to enhance the internal control system of the Manager’s various operations.
- **Company Policies and Procedures**
The Manager has documented policies and procedures that are to be regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the business activities of the Manager and Atrium REIT at all times.

Monitoring and Review

Management meetings are scheduled to be held on a regular basis to discuss and review the business planning, budgeting, financial and operational performances.

- **Financial and Operational Review**
The monthly management accounts and the quarterly financial statements of the Manager and Atrium REIT containing key financial results, operational performance results and comparisons of performance against budget are presented to the Board for their review, consideration and approval.
- **Business Planning and Budgeting Review**
The Board plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Manager and Atrium REIT.

Internal Audit Function

The internal audit function is outsourced to PKF Advisory Sdn Bhd. The outsourced internal auditors are engaged to assist the Board in providing independent assessment of the adequacy, efficiency and effectiveness of the Manager’s internal control systems. The results of their review of the business processes were tabled to the Board at their scheduled meetings. The internal auditors are also tasked to follow up on the status of the implementation of corrective actions to address control weaknesses to ensure that these actions have been satisfactorily implemented.

The scope of the internal audit function for FY2013 entailed the following:

- Conducting scheduled internal audit engagements, focusing primarily on the compliance with licensing handbook requirements and recommending improvements where necessary; and
- Reporting to the Board of Directors of the Manager on key findings and agreed management’s actions.

During the financial year under review, there was no non compliance noted which had a material impact on the Manager’s and Atrium REIT’s financial performance or operations.

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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 Atrium REIT for the financial year ended 31 December 2013 (FY2013).

ABOUT THE MANAGER

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

PRINCIPAL ACTIVITY OF THE MANAGER

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

THE TRUST AND ITS PRINCIPAL ACTIVITY

Atrium REIT 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 (now known as CIMB Commerce Trustee Berhad) ("Trustee"). Atrium REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 2 April 2007.

The principal activity of Atrium REIT is to own and invest in real estate and real estate-related assets, whether directly or indirectly through the ownership of single-purpose companies whose principal assets comprise real estate. As at 31 December 2013, Atrium REIT's portfolio comprises logistics warehouses known as Atrium Shah Alam 1, Atrium Shah Alam 2, Atrium Puchong, Atrium USJ and a factory complex known as Atrium Rawang (collectively called the "Properties"). These Properties are located at prime sites and tenanted by subsidiaries of multinational companies and established local logistics provider.

MANAGER'S INVESTMENT OBJECTIVES AND STRATEGIES

The Manager's investment objectives are to maximise income in order to reward unitholders annually with a stable distribution of income and to acquire quality assets to achieve long term growth in 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 every quarter since the listing of the Trust on 2 April 2007.

The Manager intends to achieve 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 criteria:

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

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.

MANAGER'S REPORT

MANAGER'S INVESTMENT OBJECTIVES AND STRATEGIES (continued)

iii) Financing Strategy

The Manager will comply with the provisions of the Deed and the Securities Commission ("SC") Guidelines on Real Estate Investment Trusts ("REITs Guidelines") in relation to the maximum level of permitted borrowings which is set at 50% or any other percentage as stipulated by the REITs Guidelines 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 REITs Guidelines, 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 Atrium REIT will have to be credit-rated.

INVESTMENT POLICIES AND COMPLIANCE WITH REIT GUIDELINES

(i) Investment Limits and Restrictions

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

- (a) 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
- (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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF PERFORMANCE

	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
Net Asset Value (RM'000)	164,401	150,706	137,151
Units in circulation ('000)	121,801	121,801	121,801
Net Asset Value per unit (RM)	1.33	1.22	1.10
Market Price per unit (RM)	1.30	1.29	1.07
Highest traded price per unit during the year (RM)	1.40	1.30	1.12
Lowest traded price per unit during the year (RM)	1.17	1.07	1.00

Comparison of Results

	FY 2013 RM'000	FY 2012 RM'000	FY 2011 RM'000
Gross Rental Income	16,480	16,348	14,134
Net Income (realised)	10,813	10,789	10,399
Distributable Income (realised)	10,813	10,789	10,399
Income Distribution	10,718	10,718	10,390
Distribution Per Unit (sen)	8.80	8.80	8.53
Distribution Yield (%)			
- based on IPO price (RM1.00)	8.80	8.80	8.53
- based on market price as at 31 December	6.77	6.82	7.97
Management Expense Ratio (%)	0.99	1.00	0.85

MANAGER'S REPORT

Comparison of Results (continued)

For FY2013, Atrium REIT recorded net income before taxation (realised) of RM10,813,319 which is marginally higher than the RM10,788,603 achieved in FY2012. The marginal increase is due to the increase in gross revenue and a decrease in trust expenses even though there was an increase in property expenses.

Gross revenue increased due to positive rental reversion in all new tenancies signed/renewed while the increase in property operating expenses is due to the increase in fire insurance premiums and Atrium USJ sewerage charges. The decrease in trust expenses is due mainly to the decrease in the administrative expenses and finance costs even though Manager's fees and Trustee's fees increased as a result of higher Net Asset Value. The lower administrative expenses is due to one-off incidental expenses incurred to secure a new tenant for Atrium USJ-Block C in FY2012.

Maintenance Costs and Major Capital Expenditure

Atrium Shah Alam 2

Since the remedial works carried out in 2009 on the warehouse floor slab due to soil settlement, the Manager has been closely monitoring the state and condition of the affected area. There appears to be some soil movement which however, is not significant enough to render damage to the floor slab.

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

Capital Management

The Manager understands that an effective capital structure is crucial to the performance of the Trust. In view of this, the Manager has adopted and maintained an appropriate debt-equity structure to meet the Trust's funding needs whilst ensuring that unitholders' returns are sustainable and optimized.

Both the Term Loan ("TL") and Short Term Revolving Credit ("STRC") are secured facilities based on floating rates. The variable rates for the TL and STRC ranged from 4.10% to 4.42% per annum during FY2013.

Summary of Atrium REIT's current and historical gearing is as shown below:

	2013	2012	2011	2010	2009
Total Borrowings (RM'000)	65,000	65,000	65,000	45,000	45,000
- STRC (RM'000)	45,000	45,000	45,000	45,000	45,000
- TL (RM'000)	20,000	20,000	20,000	-	-
Total Asset (RM'000)	235,426	221,975	211,469	183,904	182,350
Gearing (%)	27.61	29.28	30.74	24.47	24.68
Interest Rate (%)	4.10 to 4.42	4.09 to 4.43	3.79 to 4.26	3.06 to 3.82	2.69 to 4.25

Based on its current conservative gearing ratio, Atrium REIT is able to leverage on further borrowings to make opportunistic acquisitions that fits its investment criteria which will enhance the returns to unitholders, before reaching the 50% threshold under the REITs Guidelines

Distribution of Income

Atrium REIT's portfolio of properties has been consistently delivering stable and competitive rate of return to its unitholders since its listing in 2007. The total distribution paid and declared for the financial year under review is 8.80 sen per unit, totaling RM10,718,488, which translates to a yield of 6.77% based on the closing market price of RM1.30 as at 31 December 2013.

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

	As at 31 December 2013 RM	As at 31 December 2012 RM
NAV per unit - before distribution	1.3498	1.2373
NAV per unit - after distribution	1.3278	1.2153

MANAGER'S REPORT

Changes In The Fair Value Of Investment Properties

A revaluation exercise was carried out on the Trust's property portfolio during the financial year pursuant to the Malaysian Financial Reporting Standard 140. Based on the appraised values conducted by independent registered valuers, we are pleased to report that the portfolio registered an increase in its fair value for FY2013 amounting to RM13,600,000.

Investments of Atrium REIT

Atrium REIT's composition of investment as at 31 December 2013 is as follows:

	RM Million	%
Atrium Shah Alam 1	74.00	31.6
Atrium Shah Alam 2	62.40	26.6
Atrium Puchong	45.80	19.6
Atrium Rawang	8.60	3.7
Atrium USJ	30.90	13.2
	<hr/>	
	221.70	94.7
Deposits with financial institution	12.54	5.3
	<hr/>	
	234.24	100.0
	<hr/>	

Portfolio Review

As at 31 December 2013, Atrium REIT has a portfolio of five (5) properties with a total net lettable area area of 937,753 sq ft. Atrium REIT's gross revenue grew marginally from RM16,348,321 in FY2012 to RM16,480,008 in FY2013. The main reason for the increase in the gross revenue is due to positive rental reversion in all new tenancies signed/renewed.

Currently, most of Atrium REIT's properties are tenanted by companies which are established market leaders in their respective industries, an indication of the quality of the tenants and properties owned by Atrium REIT.

REVIEW OF THE PROPERTY MARKET

Overall Economic Overview

The Malaysian economy year on year GDP growth of 5.0% in 3Q 2013 was fuelled by growth in private consumption and improvement in the external sector. On the domestic front, growth in private consumption improved from 7.2% in 2Q to 8.2% in 3Q. Government spending continued to register a strong year on year growth of 7.8% in 3Q, although it was lower than the previous quarter of 11.9%. Exports of goods and services registered a growth of 1.7% in 3Q, after having recorded a 5.2% contraction in 2Q. The external sector registered a net contribution to overall growth from negative 3.3% in 2Q to a reading of zero in 3Q after taking into account of the growth in imports of 1.8% in 3Q, which contrasted the 2.0% drop recorded in 2Q. The gradual recovery in the external sector will support growth of the Malaysian economy. Domestic demand from the private sector will remain supportive of economic activity amid the continued consolidation of the public sector. The economy is therefore expected to remain on its steady growth trajectory with economic growth expected to range between 4.5% and 5.0% for 2013, and between 5.0% and 5.5% in 2014.

MANAGER'S REPORT

Overall Property Market Outlook

For 1H 2013, the Malaysian property market registered a 14.4% and 11.8% decrease in volume of transaction as compared to 1H 2012 and 2H 2012 respectively. Correspondingly, the value of transactions decreased by 2.8% and 9.2% against 1H 2012 and 1H 2012 respectively. Property market movements were on the downturn compared to the corresponding half year of 2012 with all subsectors recording a decrease in the transactions volume. The downturn was also evident in value of transactions with all sub-sectors registering double-digit contractions when compared against the corresponding half year of 2012 and the preceding period.

Going forward, the 2014 outlook for the property market remains positive despite the higher Real Property Gains Tax coming into effect on 1 January 2014. Such a measure will stabilize the property market by reducing speculation which has inflated prices to levels no longer deemed affordable by the majority of the population. The demand for residential landed properties in prime areas is expected to remain healthy due to their scarce supply. However, areas with good connectivity to public transportation hubs such as the upcoming Mass Rapid Transit (MRT) stations will be the next hotspots. Demand for properties at the suburbs of the city center that are serviced by the MRT rail system will increase as an efficient and reliable public transportation system means the option of living farther away from the city centre will become more feasible.

Industrial Property Sector Highlights and Outlook

The industrial sub-sector was the least active contributing 2.2% to the overall market activity. The 1H 2013 recorded 4,051 transactions worth RM6.01 billion. Compared to 1H 2012, market volume decreased by 14.3% (1H 2012: 4,726 transactions) whilst value decreased by 1.0% (1H 2012: RM6.07 billion).

Despite the anticipated slower economic growth, the Klang Valley industrial market is expected to remain stable due to resilient domestic demand. Prices of industrial property were on the whole stable with increases recorded in strategic areas served with good accessibility and infrastructure. The supply of ready built factories, especially semi-detached factories, mainly targeted at small and medium industrialists is expected to continue as demand for this type of property is anticipated to remain healthy.

Market prices and rentals of industrial premises in prime areas of Shah Alam, Petaling Jaya and Subang Jaya are still expected to appreciate further in 2014 due to the scarcity in supply, albeit at a slower pace than in 2013. Moreover, industrial activities will continue to be focused in these said areas due to its close proximity to seaports, good accessibility to the various highways and highly populated areas.

However, areas within the outskirts / suburbs such as Puchong, Rawang, Sungai Buloh and Kajang / Bangi are gaining popularity among investors and industrialists as various infrastructure improvement projects, such as the construction of the MRT rail system, are being carried out to enhance the connectivity and accessibility of these locations. With the improved public transportation system, accessibility will be greatly enhanced for the population within as well as outside these areas, thus creating a ready source of labour for the surrounding industries. Furthermore, the comparatively lower prices of industrial land and rental rates will make these areas an attractive alternative for investors/industrialists to set up/shift their operations to these areas.

DIRECTORS OF THE MANAGER

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

Dato' Dr Ir Mohamad Khir Bin Harun (Chairman)
Wong Sui Ee
Tor Peng Sie
How Hu Son
Soong Kwong Heng

DIRECTORS' BENEFITS

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

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

MANAGER'S REPORT

DIRECTORS' INTERESTS

According to the register of Directors' unitholdings in Atrium REIT, the interests of Directors of the Manager in office at the end of the financial year ended 31 December 2013 are as follows:

	At 1 January 2013	Bought	Sold	At 31 December 2013
Direct Interest				
Dato' Dr Ir Mohamad Khir Bin Harun	-	-	-	-
Wong Sui Ee	323,000	30,000	-	353,000
Tor Peng Sie	100,000	-	-	100,000
How Hu Son	100,000	-	-	100,000
Soong Kwong Heng	55,000	-	-	55,000

MANAGER'S FEES AND COMMISSION

Pursuant to the Deed, for the financial year ended 31 December 2013, the Manager received a fee of 0.8% per annum of the Net Asset Value of the Trust even though the Manager is entitled to a fee of up to 1.0% per annum of the Net Asset Value of the Trust.

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

OTHER STATUTORY INFORMATION

Before the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position 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.

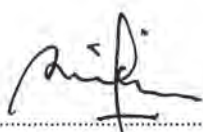
MANAGER'S REPORT

OTHER STATUTORY INFORMATION (continued)

In the opinion of the Directors of the Manager:

- (i) the results of the operations of 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: 14 February 2014

STATEMENT BY DIRECTORS OF THE MANAGER

In the opinion of the Directors of Atrium REIT Managers Sdn. Bhd. ("the Manager"), the financial statements set out on pages 37 to 68 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, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Atrium Real Estate Investment Trust ("Atrium REIT" or "Trust") as at 31 December 2013 and of the financial performance and cash flows of the Trust for the financial year then ended.

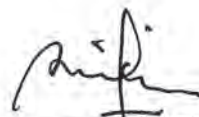
In the opinion of the Directors of the Manager, the information set out in Note 29 to the financial statements on page 69 has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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



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

Kuala Lumpur
14 February 2014

STATUTORY DECLARATION

I, Wong Sui Ee, being the Director of the Manager, Atrium REIT Managers Sdn. Bhd. primarily responsible for the financial management of Atrium Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 37 to 69 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

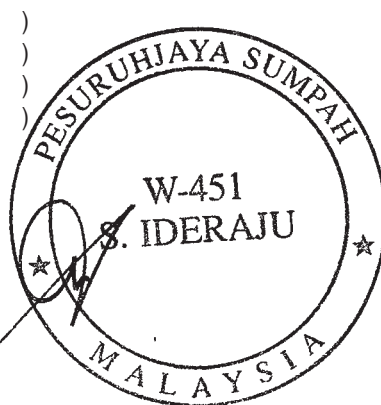
Subscribed and solemnly
declared by the abovenamed in
Kuala Lumpur in the Federal
Territory on 14 February 2014



.....
Wong Sui Ee

Before me:-

Commissioner for Oaths



Suite 5.1A, 5th Flr., Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur

TRUSTEE'S REPORT

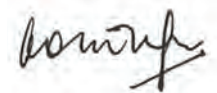
We, CIMB Commerce Trustee Berhad, have acted as Trustee of Atrium Real Estate Investment Trust ("Atrium REIT" or "Trust") for the financial year ended 31 December 2013. In our opinion and to the best of our knowledge:

- a) Atrium REIT Managers Sdn. Bhd. ("the Manager") has managed Atrium REIT in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the 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 and price the units of Atrium REIT are adequate and that such valuation/pricing is carried out in accordance with the Trust Deed, Supplementary Trust Deed and other regulatory requirements.

We also confirm that the income distributions declared and paid during the financial year ended 31 December 2013 are in line with and are reflective of the objectives of Atrium REIT. Distributions that have been paid or proposed for the financial year ended 31 December 2013 are as follows:

- 1) First interim income distribution of 2.20 sen paid on 31 May 2013.
- 2) Second interim income distribution of 2.20 sen paid on 30 August 2013.
- 3) Third interim income distribution of 2.20 sen paid on 29 November 2013.
- 4) Proposed fourth and final income distribution of 2.20 sen payable on 28 February 2014.

For and on behalf of the Trustee,
CIMB Commerce Trustee Berhad (Company No. 313031-A)



Lee Kooi Yoke
Chief Operating Officer

Kuala Lumpur, Malaysia
14 February 2014

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF ATRIUM REAL ESTATE INVESTMENT TRUST

Report on the Financial Statements

We have audited the financial statements of Atrium Real Estate Investment Trust ("Atrium REIT" or "Trust"), which comprise the statement of financial position as at 31 December 2013 of Atrium REIT, and statement of profit or loss and other comprehensive income, statement of changes in net asset value and statement of cash flows of Atrium REIT for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 68.

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

The Directors of Atrium REIT Managers Sdn. Bhd. ("the Manager") of Atrium REIT are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors of the Manager are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an independent 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 about 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 Atrium REIT's preparation of financial statements that give a true and fair view 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 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 give a true and fair view of the financial position of Atrium REIT as at 31 December 2013 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Other Reporting Responsibilities

The supplementary information set out in Note 29 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the unitholders of Atrium REIT, as a body, in accordance with the 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
14 February 2014



Ng Soe Kei
2982/08/15 (J)
Chartered Accountant

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	NOTE	2013 RM	2012 RM
ASSETS			
Non-current assets			
Investment properties	7	221,700,000	208,100,000
Current assets			
Trade and other receivables	8	955,298	587,616
Deposits placed with licensed financial institutions	9	12,536,171	13,095,751
Cash and bank balances		234,969	191,795
		13,726,438	13,875,162
TOTAL ASSETS		235,426,438	221,975,162
LIABILITIES			
Non-current liabilities			
Trade and other payables	10	330,043	2,585,611
Borrowings	11	20,000,000	20,000,000
		20,330,043	22,585,611
Current liabilities			
Trade and other payables	10	5,695,270	3,683,257
Borrowings	11	45,000,000	45,000,000
		50,695,270	48,683,257
TOTAL LIABILITIES		71,025,313	71,268,868
NET ASSET VALUE ("NAV")		164,401,125	150,706,294
FINANCED BY:			
UNITHOLDERS' FUNDS			
Unitholders' capital	12	119,351,580	119,351,580
Distributable income		45,049,545	31,354,714
TOTAL UNITHOLDERS' FUNDS		164,401,125	150,706,294
NUMBER OF UNITS IN CIRCULATION	12	121,801,000	121,801,000
NAV PER UNIT (RM)			
- before income distribution		1.3498	1.2373
- after income distribution		1.3278	1.2153

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	NOTE	2013 RM	2012 RM
Gross revenue	14	16,480,008	16,348,321
Property operating expenses	15	(1,790,799)	(1,750,715)
Net rental income		14,689,209	14,597,606
Interest income		395,089	406,711
Changes in fair value of investment properties	7	13,600,000	13,400,000
Total income		28,684,298	28,404,317
Trust expenses			
Manager's fees	16	(1,200,026)	(1,023,701)
Trustee's fees	17	(97,502)	(80,248)
Auditors' fee		(18,000)	(18,000)
Tax agent's fee		(5,100)	(5,050)
Finance costs	18	(2,764,049)	(2,833,984)
Valuation fees		(50,000)	(50,000)
Administrative expenses		(136,302)	(204,657)
Others		-	(74)
Total expenses		(4,270,979)	(4,215,714)
Profit before taxation		24,413,319	24,188,603
Tax expense	19	-	-
Profit for the financial year		24,413,319	24,188,603
Other comprehensive income, net of tax		-	-
Total comprehensive income		24,413,319	24,188,603
Net income for the financial year is made up as follows:			
Realised		10,813,319	10,788,603
Unrealised			
- changes in fair value of investment properties		13,600,000	13,400,000
		24,413,319	24,188,603
Earnings per unit (sen)	20		
- before Manager's fees		21.03	20.70
- after Manager's fees		20.04	19.86

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	NOTE	2013 RM	2012 RM
Net income distributions*	21		
- First interim income distribution of 2.20 sen paid on 31 May 2013 (2012: 2.20 sen paid on 31 May 2012)		2,679,622	2,679,622
- Second interim income distribution of 2.20 sen paid on 30 August 2013 (2012: 2.20 sen paid on 30 August 2012)		2,679,622	2,679,622
- Third interim income distribution of 2.20 sen paid on 29 November 2013 (2012: 2.20 sen paid on 30 November 2012)		2,679,622	2,679,622
- Proposed final income distribution of 2.20 sen payable on 28 February 2014 (2012: 2.20 sen paid on 28 February 2013)		2,679,622	2,679,622
		<u>10,718,488</u>	<u>10,718,488</u>
Income distribution per unit*			
- First interim income distribution		2.20	2.20
- Second interim income distribution		2.20	2.20
- Third interim income distribution		2.20	2.20
- Proposed final income distribution		2.20	2.20
		<u>8.80</u>	<u>8.80</u>

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

	Withholding tax rate	
	2013	2012
Resident corporate	Nil [^]	Nil [^]
Resident non-corporate	10%	10%
Non-resident individual	10%	10%
Non-resident corporate	25%	25%
Non-resident institutional	10%	10%

[^] No withholding tax; 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 2013

	----- Undistributed income -----			Unitholders' funds RM
	Unitholders' capital RM	Realised RM	Unrealised RM	
At 1 January 2013	119,351,580	3,054,714	28,300,000	150,706,294
Operations for the financial year ended 31 December 2013				
Profit for the financial year	-	10,813,319	13,600,000	24,413,319
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	10,813,319	13,600,000	24,413,319
Unitholders' transactions				
Distributions to unitholders:				
- 2013 interim	-	(8,038,866)	-	(8,038,866)
- 2012 final	-	(2,679,622)	-	(2,679,622)
Decrease in net assets resulting from unitholders' transactions	-	(10,718,488)	-	(10,718,488)
At 31 December 2013	119,351,580	3,149,545	41,900,000	164,401,125
At 1 January 2012	119,351,580	2,899,338	14,900,000	137,150,918
Operations for the financial year ended 31 December 2012				
Profit for the financial year	-	10,788,603	13,400,000	24,188,603
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	10,788,603	13,400,000	24,188,603
Unitholders' transactions				
Distributions to unitholders:				
- 2012 interim	-	(8,038,866)	-	(8,038,866)
- 2011 final	-	(2,594,361)	-	(2,594,361)
Decrease in net assets resulting from unitholders' transactions	-	(10,633,227)	-	(10,633,227)
At 31 December 2012	119,351,580	3,054,714	28,300,000	150,706,294

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	NOTE	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before taxation		24,413,319	24,188,603
Adjustments for:			
Changes in fair value of investment properties	7	(13,600,000)	(13,400,000)
Interest income		(395,089)	(406,711)
Finance costs	18	2,764,049	2,833,984
Operating income before working capital changes		13,182,279	13,215,876
(Increase)/Decrease in trade and other receivables		(367,682)	900,804
Decrease in trade and other payables		(243,555)	(3,049,303)
Net cash from operating activities		12,571,042	11,067,377
CASH FLOWS FROM INVESTING ACTIVITY			
Interest received		395,089	406,711
Net cash from investing activity		395,089	406,711
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	18	(2,764,049)	(2,833,984)
Distributions paid to unitholders			
- In respect of current financial year		(8,038,866)	(8,038,866)
- In respect of previous financial year		(2,679,622)	(2,594,361)
Net cash used in financing activities		(13,482,537)	(13,467,211)
Net decrease in cash and cash equivalents		(516,406)	(1,993,123)
Cash and cash equivalents at beginning of financial year		13,287,546	15,280,669
Cash and cash equivalents at end of financial year		12,771,140	13,287,546
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position:			
Deposits placed with licensed financial institution		12,536,171	13,095,751
Cash and bank balances		234,969	191,795
		12,771,140	13,287,546

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

1. CORPORATE 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. (“the Manager”) and CIMB Commerce Trustee Berhad (“Trustee”). Atrium REIT is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of Atrium REIT 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 are presented in Ringgit Malaysia (“RM”), which is the Trust’s functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors of the Manager, Atrium REIT Managers Sdn. Bhd., on 14 February 2014.

2. TERM OF THE TRUST

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

3. BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements of Atrium REIT have been prepared in accordance with Malaysian Financial Reporting Standards (‘MFRSs’) and International Financial Reporting Standards (‘IFRS’).

However, Note 29 to the financial statements set out page 69 has been prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (‘MIA Guidance’) and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of Atrium REIT have been prepared under the historical cost convention except as otherwise stated in the financial statements and on a going concern basis.

The preparation of financial statements in conformity with MFRSs 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. The areas involving such judgements, estimates and assumptions are disclosed in Note 6.2 and Note 6.3 to the financial statements. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 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 also include properties that are being constructed or developed for future use as investment properties. 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 reflects, among other things, rental income from current leases and other assumptions that market participants would use when pricing the investment properties under current market conditions.

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 off 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.

4.3 Leases

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase, which transfer substantially all the risks and rewards of ownership to the Trust are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Trust's incremental borrowing rate is used. Any initial direct costs incurred by the Trust are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Assets leased out under operating lease are presented on the statement of financial position according to the nature of the assets.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

4.4 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Financial instruments (continued)

Financial instruments are recognised on the statement of financial position when the Trust has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial asset classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial asset classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial asset classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such items are recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Trust has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loan and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Financial instruments (continued)

(a) Financial assets (continued)

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Trust's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments 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.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such items are recognised separately in profit or loss as components of other income or other operating losses.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Financial instruments (continued)

(b) Financial liabilities (continued)

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.5 Impairment of financial assets

The Trust assesses whether there is any objective evidence that a financial asset is impaired at each reporting period.

Loans and receivables

The Trust collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

4.6 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 statement of profit or loss and other comprehensive income comprise current and deferred tax.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Income taxes (continued)

(a) 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 is 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 end of reporting period.

(b) 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 statement of financial position 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 future 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 the end of each reporting period. 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 tax authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the profit or loss for the year 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 the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of the reporting period.

4.7 Provisions

Provisions are recognised when 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.

If 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 the end of each reporting period 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 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.

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 disclose its existence where inflows of economic benefits are probable, but not virtually certain.

4.9 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 activities as follows:

(a) Rental income

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

(b) Interest income

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

4.10 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 responsibility of the Trust. Property management fees are recognised on an accrual basis.

(b) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(c) Manager's and Trustee's fees

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Fair value measurements

The fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Trust measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Trust has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs adopted during the current financial year

The Trust adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
Amendments to MFRS 101 <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11 <i>Joint Arrangements</i>	1 January 2013
MFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
MFRS 13 <i>Fair Value Measurement</i>	1 January 2013
MFRS 119 <i>Employee Benefits (2011)</i>	1 January 2013
MFRS 127 <i>Separate Financial Statements</i>	1 January 2013
MFRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2013
Amendments to MFRS 7 <i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRSs <i>Annual Improvements 2009 – 2011 Cycle</i>	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

5.1 New MFRSs adopted during the current financial year (continued)

- (a) Amendments to MFRS 101 are mandatory for annual periods beginning on or after 1 July 2012.

These Amendments require that items in other comprehensive income must be grouped into two sections:

- (i) Those that are or may be reclassified into profit or loss; and
- (ii) Those that will not be reclassified into profit or loss.

There is no material impact upon the adoption of these Amendments during the financial year.

- (b) MFRS 10 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard supersedes MFRS 127 Consolidated and Separate Financial Statements and IC Interpretation 112 Consolidation – Special Purpose Entities, and introduces a single ‘control model’ for all entities, including special purpose entities (‘SPEs’), whereby all of the following conditions must be present:

- (i) Power over the investee;
- (ii) Exposure, or rights, to variable returns from involvement with the investee; and
- (iii) Ability to use power over investee to affect its returns.

Other changes introduced by MFRS 10 include:

- (i) The introduction the concept of ‘de facto’ control for entities with less than a fifty percent (50%) ownership interest in an entity, but which have a large shareholding compared to other shareholders;
- (ii) Potential voting rights are only considered when determining if there is control when they are substantive (holder has practical ability to exercise) and the rights are currently exercisable; and
- (iii) Specific guidance for the concept of ‘silos’, where groups of assets (and liabilities) within one entity are ring-fenced.

There is no material impact upon the adoption of this Standard during the financial year.

- (c) MFRS 11 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard supersedes MFRS 131 Interests in Joint Ventures and IC Interpretations 113 Jointly-Controlled Entities Non-monetary Contributions by Venturers, and requires joint arrangements to be classified as either:

- (i) Joint operations, where parties with joint control have rights to assets and obligations for liabilities; or
- (ii) Joint ventures, where parties with joint control have rights to the net assets of the arrangement.

Joint arrangements that are structured through a separate vehicle would generally be treated as joint ventures, unless the terms of the contractual arrangement, or other facts and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to net assets.

Joint ventures are accounted for using the equity method of accounting in accordance with MFRS 128 Investments in Associates and Joint Ventures, where proportionate consolidation is not permitted by MFRS 11.

Parties to a joint operation account for their share of assets, liabilities, revenues and expenses in accordance with their contractual rights and obligations.

There is no material impact upon the adoption of this Standard during the financial year.

- (d) MFRS 12 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard prescribes the disclosure requirements relating to interests of an entity in subsidiaries, joint arrangements, associates and structured entities. This Standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the relationship of the reporting entity with other entities.

There is no material impact upon the adoption of this Standard during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

5.1 New MFRSs adopted during the current financial year (continued)

- (e) MFRS 13 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard is now the sole MFRS containing the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements and/or disclosures are required or permitted by other MFRSs.

As a result, the guidance and requirements relating to fair value measurement that were previously located in other MFRSs have now been relocated to MFRS 13.

Whilst there have been some rewording of the previous guidance on MFRS 13, there are very few changes to the previous fair value measurement requirements. Instead, MFRS 13 is intended to clarify the measurement objective, harmonise the disclosure requirements, and improve consistency in application of fair value measurement.

MFRS 13 did not materially impact any fair value measurements of the assets or liabilities of the Trust. It has only a presentation and disclosure impact, and therefore has no effect on the financial position or performance of the Trust.

- (f) MFRS 119 is mandatory for annual periods beginning on or after 1 January 2013.

The main changes as a consequence of the revision of MFRS 119 include:

- (i) Elimination of the 'corridor' approach for deferring gains or losses for defined benefit plans;
- (ii) Actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in other comprehensive income rather than in profit or loss, and cannot be reclassified in subsequent periods;
- (iii) Amendments to timing for recognition of liabilities for termination benefits; and
- (iv) Employee benefits expected to be settled (as opposed to 'due to be settled') wholly within twelve (12) months after the end of the reporting period are short-term benefits, and are not discounted.

There is no material impact upon the adoption of this Standard during the financial year.

- (g) MFRS 127 is mandatory effective for annual periods beginning on or after 1 January 2013.

This revised Standard contains accounting requirements for investments in subsidiaries, joint ventures and associates in the separate financial statements of the investor. An investor is required to account for those investments either at cost or in accordance with MFRS 139 or MFRS 9 in the separate financial statements.

There is no material impact upon the adoption of this Standard during the financial year.

- (h) MFRS 128 is mandatory for annual periods beginning on or after 1 January 2013.

This revised Standard defines the equity method of accounting whereby the investment in an associate or joint venture is initially measured at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes its share of the profit or loss of the investee and the other comprehensive income of the investor includes its share of other comprehensive income of the investee.

There is no material impact upon the adoption of this Standard during the financial year.

- (i) Amendments to MFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* are mandatory for annual periods beginning on or after 1 January 2013.

These Amendments require disclosures that would enable users of the financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the financial position of the Trust. There is no material impact upon the adoption of these Amendments during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

5.1 New MFRSs adopted during the current financial year (continued)

- (j) Amendments to MFRSs *Annual Improvements 2009 – 2011 Cycle* are mandatory for annual periods beginning on or after 1 January 2013.

Amendments to MFRS 1 *Repeated Application of MFRS 1* clarify that an entity that had applied MFRSs or IFRSs in the past but did not do so in its most recent previous annual financial statements must either apply MFRS 1 or MFRS 108 in the period that the entity decides to reapply the MFRS framework. There is no material impact upon the adoption of these Amendments during the financial year.

Amendments to MFRS 1 *Borrowing Costs* clarify that a first-time adopter that capitalised borrowing costs in accordance with its previous GAAP before the date of transition to MFRSs shall carry forward without adjustment the amount previously capitalised at the date of transition. Any borrowing costs incurred after the date of transition that relate to qualifying assets under construction at the date of transition would be accounted for in accordance with MFRS 123. There is no material impact upon the adoption of these Amendments during the financial year.

Amendments to MFRS 116 *Classification of Servicing Equipment* clarify that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. There is no material impact upon the adoption of these Amendments during the financial year.

Amendments to MFRS 132 *Tax Effect of Distribution to Holders of Equity Instruments* clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with MFRS 112. There is no material impact upon the adoption of these Amendments during the financial year.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Trust.

Title	Effective Date
Amendments to MFRS 10 <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to MFRS 12 <i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
Amendments to MFRS 127 <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014
<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>	1 January 2015
MFRS 9 <i>Financial Instruments (2009)</i>	1 January 2015
MFRS 9 <i>Financial Instruments (2010)</i>	1 January 2015

The Trust is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.2 Critical judgements made in applying accounting policies

There are no judgements made by management in the process of applying the Trust's accounting policies that have a significant effect on the amounts recognised in the financial statements apart from those involving estimates, which are dealt with below.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Trust utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

- (i) Level 1: Quoted prices in active markets for identical items (unadjusted);
- (ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
- (iii) Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

(ii) Fair value of investment properties

Principal assumptions for estimation of fair value of investment properties

Investment properties are stated at fair value based on valuations performed by an independent professional valuer who holds a recognised relevant professional qualification, Raine & Horne International Zaki + Partners Sdn. Bhd..

The principal assumptions underlying estimation of fair value of investment properties are those related to the receipt of contractual rentals, expected future market rentals, void periods and the respective capitalisation rates.

The valuations are compared to actual market yield data and actual transactions and those reported by the market, when available. Assumptions used are mainly based on market conditions existing at each reporting date. The basis of valuations has been disclosed in Note 7(c) to the financial statements.

(iii) 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. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 26 to the financial statements.

(iv) Impairment of receivables

The Trust makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

7. INVESTMENT PROPERTIES

	2013 RM	2012 RM
At 1 January	208,100,000	194,700,000
Changes in fair value	13,600,000	13,400,000
At 31 December	<u>221,700,000</u>	<u>208,100,000</u>
Investment properties comprised:		
Land and buildings	<u>221,700,000</u>	<u>208,100,000</u>

(a) Investment properties with an aggregate carrying amount of RM113,500,000 (2012: RM107,500,000) are charged to a financial institution for banking facilities granted to the Trust as disclosed in Note 11 to the financial statements.

(b) The fair values of investment properties of the Trust are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2013				
Freehold land and building	-	221,700	-	221,700
2012				
Freehold land and building	-	208,100	-	208,100

(i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2013 and 31 December 2012.

(ii) Level 2 fair values of freehold land buildings were determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The property valuers provide the fair value of the investment properties portfolios of the Trust annually.

(iii) Direct operating expenses arising from investment properties generating rental income during the financial year are as disclosed in Note 15 to the financial statements.

(iv) The fair value measurements of the investment properties are based on the highest and best use which does not differ from their actual use.

(c) Investment properties are stated at fair value based on valuations performed by an independent professional valuer who holds a recognised relevant professional qualification, Raine & Horne International Zaki + Partners Sdn. Bhd. dated 31 December 2013. The fair value is primarily determined based on the investment method. This involves estimating the current rental income that accrues on these properties if let out based on the usual tenancy terms. The net income is capitalised at a yield rate of 6.5% and at a reversion yield rate of 7%. Other key assumptions used include an increase of 5% in outgoings, allowance for void of 10% and the discount rate of 8%.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

7. INVESTMENT PROPERTIES (continued)

2013

Description of property	Tenure of land	Location	Existing use	Occupancy rate as at 31 December 2013 %	Date of valuation	Fair value as at 31 December 2013 RM	Acquisition cost as at 31 December 2013 RM	Percentage of fair value over Net Assets Value as at 31 December 2013 %
Atrium Shah Alam 1*	Freehold	Shah Alam	Industrial	100	31.12.2013	74,000,000	57,200,000	45.0
Atrium Shah Alam 2	Freehold	Shah Alam	Industrial	100	31.12.2013	62,400,000	49,100,000	38.0
Atrium Puchong	Freehold	Puchong	Industrial	100	31.12.2013	45,800,000	38,500,000	27.9
Atrium Rawang*	Freehold	Rawang	Industrial	100	31.12.2013	8,600,000	10,000,000	5.2
Atrium USJ*	Freehold	Subang	Industrial	100	31.12.2013	30,900,000	25,000,000	18.8
						221,700,000	179,800,000	

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 & Estate Agents Malaysia, using investment, cost and comparison methods of valuation.

* The properties are charged to financial institutions for banking facilities granted to the Trust.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

7. INVESTMENT PROPERTIES (continued)

2012

Description of property	Tenure of land	Location	Existing use	Occupancy rate as at 31 December 2012 %	Date of valuation	Fair value as at 31 December 2012 RM	Acquisition cost as at 31 December 2012 RM	Percentage of fair value over Net Assets Value as at 31 December 2012 %
Atrium Shah Alam 1*	Freehold	Shah Alam	Industrial	100	31.12.2012	69,700,000	57,200,000	46.2
Atrium Shah Alam 2	Freehold	Shah Alam	Industrial	100	31.12.2012	57,000,000	49,100,000	37.8
Atrium Puchong	Freehold	Puchong	Industrial	100	31.12.2012	43,600,000	38,500,000	28.9
Atrium Rawang*	Freehold	Rawang	Industrial	100	31.12.2012	8,800,000	10,000,000	5.8
Atrium USJ*	Freehold	Subang	Industrial	100	31.12.2012	29,000,000	25,000,000	19.2
						208,100,000	179,800,000	

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 & Estate Agents Malaysia, using investment, cost and comparison methods of valuation.

* The properties are charged to financial institutions for banking facilities granted to the Trust.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

8. TRADE AND OTHER RECEIVABLES

	2013 RM	2012 RM
Trade receivables	431,055	42,506
Other receivables, deposits and prepayments		
Other receivables	59,948	89,032
Deposits	368,820	368,820
	428,768	457,852
Loans and receivables	859,823	500,358
Prepayments	95,475	87,258
	<u>955,298</u>	<u>587,616</u>

(a) The credit terms granted to trade receivables is 30 days (2012: 30 days).

(b) Trade and other receivables are denominated in Ringgit Malaysia ("RM").

(c) The ageing analysis of trade receivables of the Trust are as follows:

	2013 RM	2012 RM
Neither past due nor impaired	212,196	42,506
Past due not impaired		
Less than 30 days	-	-
31 to 60 days	113,403	-
61 to 90 days	105,456	-
91 to 120 days	-	-
121 to 150 days	-	-
More than 151 days	-	-
	218,859	-
Past due and impaired	-	-
	<u>431,055</u>	<u>42,506</u>

(d) The credit quality of trade receivables that are neither past due nor impaired as at the end of the reporting period were as follows:

	2013 RM	2012 RM
Counterparties without external credit ratings:		
- Group B	212,196	42,506
	<u>212,196</u>	<u>42,506</u>

Group B refers to existing customers, including related parties, with no defaults in the past.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

8. TRADE AND OTHER RECEIVABLES (continued)

(e) Receivables that are past due but not impaired

Based on past experience, the Manager believes that no impairment is necessary in respect of these balances. Trade receivables that are past due but not impaired related to receivables with good track record with the Trust.

9. DEPOSITS PLACED WITH LICENSED FINANCIAL INSTITUTIONS

The deposits are placed with financial institutions at the interest rates of 3.07% (2012: ranging from 2.80% to 3.10%) per annum.

Information on financial risks of cash and cash equivalents are disclosed in Note 26 to the financial statements.

The deposits are denominated in Ringgit Malaysia ("RM").

10. TRADE AND OTHER PAYABLES

	2013 RM	2012 RM
Non-current liabilities		
Tenants' deposits	330,043	2,585,611
Current liabilities		
Trade payables	33,560	120,553
Other payables and accrued expenses	1,379,986	1,274,729
Tenants' deposits	4,281,724	2,287,975
	5,695,270	3,683,257
	<u>6,025,313</u>	<u>6,268,868</u>

Included in other payables and accrued expenses are amounts owing to the Manager and the Trustee of RM102,537 (2012: RM93,362) and RM8,331 (2012: RM7,586) respectively, which are unsecured, interest free and payable monthly in arrears.

11. BORROWINGS

	2013 RM	2012 RM
<u>Short Term Financing</u>		
Short Term Revolving Credit ("STRC")	45,000,000	45,000,000
<u>Long Term Financing</u>		
Term Loan ("TL")	20,000,000	20,000,000
	<u>65,000,000</u>	<u>65,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

11. BORROWINGS (continued)

- (a) The STRC facility is secured by way of a first party legal charge over the investment properties, Atrium Shah Alam 1 and Atrium Rawang, as discussed in Note 7 to the financial statements. This financing facility is renewable on a yearly basis subject to the bank's review.

The STRC facility bears interest ranging from 4.10% to 4.20% (2012: 4.09% to 4.20%) per annum during the financial year.

- (b) The term loan bears interest rate at cost of funds plus 0.725% (2012: 0.725%) per annum and is repayable in one lump sum in October 2018.

The term loan is secured by way of first legal charge over the investment property Atrium USJ, as disclosed in Note 7 to the financial statements.

Information on financial risks of borrowings and their remaining maturity are disclosed in Note 26 to the financial statements.

The borrowings are denominated in Ringgit Malaysia ("RM").

12. UNITHOLDERS' CAPITAL

	2013		2012	
	Number of units	RM	Number of units	RM
Authorised	121,801,000	121,801,000	121,801,000	121,801,000
Issued and fully paid	121,801,000	119,351,580	121,801,000	119,351,580

13. UNITHOLDINGS OF DIRECTORS AND THEIR RELATED PARTIES

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

2013	Number of unit held	Percentage of total units %	Market value RM
Direct unitholdings in Atrium REIT			
Atrium REIT Managers Sdn. Bhd.	650,800	0.53	846,040
Directors of the Manager:			
Wong Sui Ee	353,000	0.29	458,900
Tor Peng Sie	100,000	0.08	130,000
How Hu Son	100,000	0.08	130,000
Soong Kwong Heng	55,000	0.05	71,500
Related parties of the Manager:			
Glory Blitz Industries Sdn. Bhd.	10,024,800	8.23	13,032,240
Sparkle Skyline Sdn. Bhd.	9,258,900	7.60	12,036,570
Chan Kam Tuck (i)	25,060,400	20.57	32,578,520
Chan Kum Chong	70,000	0.06	91,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

13. UNITHOLDINGS OF DIRECTORS AND THEIR RELATED PARTIES (continued)

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

2012	Number of unit held	Percentage of total units %	Market value RM
Direct unitholdings in Atrium REIT			
Atrium REIT Managers Sdn. Bhd.	454,800	0.37	586,692
Directors of the Manager:			
Wong Sui Ee	323,000	0.27	416,670
Tor Peng Sie	100,000	0.08	129,000
How Hu Son	100,000	0.08	129,000
Soong Kwong Heng	55,000	0.05	70,950
Related parties of the Manager:			
Glory Blitz Industries Sdn. Bhd.	20,024,800	16.44	25,831,992
Sparkle Skyline Sdn. Bhd.	9,258,900	7.60	11,943,981
Chan Kam Tuck (i)	15,664,500	12.86	20,207,205
Chan Kum Chong	70,000	0.06	90,300

- (i) Unitholdings under Chan Kam Tuck is made up of his individual holding of 10,060,400 (2012: 15,664,500) units and his deemed holding of 15,000,000 (2012: Nil) units under a trust where he is a beneficiary.

- (b) The market value is determined by using the closing market price of the Trust as at 31 December 2013 of RM1.30 (2012: RM1.29).

14. GROSS REVENUE

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

15. PROPERTY OPERATING EXPENSES

	2013 RM	2012 RM
Property management fees	235,825	234,136
Assessment and quit rent	490,176	500,909
Repairs and maintenance	740,333	730,772
Insurance	272,259	255,147
Other operating expenses	52,206	29,751
	1,790,799	1,750,715

16. MANAGER'S FEES

Pursuant to the Deed, the Manager is entitled to receive a fee of up to a maximum of 1.0% per annum of the Net Asset Value of Atrium REIT. The Manager's fees is payable in arrears, calculated and accrued daily. However, the Manager has only been charging its fees at the rate of 0.8% (2012: 0.8%) per annum of the Net Asset Value.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

17. TRUSTEE'S FEES

Pursuant to the Deed, the Trustee is entitled to receive a fee of up to a maximum of 0.4% per annum of the Net Asset Value of the Trust, subject to a minimum fee of RM40,000 per annum. The Trustee's fee is payable in arrears, calculated and accrued daily. However, the Trustee has only been charging its fees at the rate of 0.065% (2012: 0.065%) per annum of the Net Asset Value.

18. FINANCE COSTS

	2013 RM	2012 RM
Interest expense on:		
- short term revolving credit facility	1,881,087	1,888,077
- term loan	882,962	945,907
	<u>2,764,049</u>	<u>2,833,984</u>

19. INCOME TAX EXPENSE

	2013 RM	2012 RM
Current tax expense	-	-

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

	2013 RM	2012 RM
Income before taxation	24,413,319	24,188,603
Income tax using Malaysian tax rate of 25% (2012: 25%)	6,103,330	6,047,151
Non-deductible expenses	47,432	46,251
Effect of changes in fair value of investment properties not subject to tax	(3,400,000)	(3,350,000)
Effect of income exempted from tax	(2,750,762)	(2,743,402)
Tax expense	<u>-</u>	<u>-</u>

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

The Trust distributed approximately 99% (2012: 99%) of the realised and distributable income and thus, its total income for the year is exempted from tax.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

20. EARNINGS PER UNIT

- (a) The earnings per unit before Manager's fees of 21.03 sen (2012: 20.70 sen) is calculated by dividing the net income after taxation but before deduction of manager's fees for the financial year of RM25,613,345 (2012: RM25,212,304) and by the number of units in circulation during the financial year of 121,801,000 (2012: 121,801,000).
- (b) The earnings per unit after Manager's fees of 20.04 sen (2012: 19.86) has been calculated based on net income after taxation of RM24,413,319 (2012: RM24,188,603) for the financial year and on the number of units in circulation during the financial year of 121,801,000 (2012: 121,801,000).

21. DISTRIBUTIONS TO UNITHOLDERS

Distributions to unitholders are from the following sources:

	2013 RM	2012 RM
Net rental income	14,689,209	14,597,606
Interest income	395,089	406,711
	<hr/>	<hr/>
	15,084,298	15,004,317
Less: Expenses	(4,270,979)	(4,215,714)
	<hr/>	<hr/>
	10,813,319	10,788,603
Less: Income distributed	(8,038,866)	(8,038,866)
Less: Proposed final income distribution	(2,679,622)	(2,679,622)
	<hr/>	<hr/>
Balance undistributed income	94,831	70,115
	<hr/>	<hr/>

22. PORTFOLIO TURNOVER RATIO

	2013	2012
Portfolio Turnover Ratio ("PTR") (times)	-	-
	<hr/>	<hr/>

PTR is the ratio of the average of total acquisitions and total disposals of investments in Atrium REIT for the financial year ended 31 December 2013 to the average net asset value of the Trust for the financial year calculated on a daily basis.

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

There were no acquisitions or disposals of investments in Atrium REIT during the financial year.

23. MANAGEMENT EXPENSE RATIO

	2013	2012
Management Expense Ratio ("MER")(%)	0.99	1.00
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

24. TRANSACTIONS WITH BROKER/DEALERS

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

25. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Manager is to ensure that the Trust would be able to continue as a going concern while maximising the returns to unitholders through a balance of issuance of new units and loan financing. The overall strategy of the Manager remains unchanged from the financial year ended 31 December 2012.

The Manager manages the capital structure of the Trust and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Manager may adjust the income distribution to unitholders or issue new units. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2013 and 31 December 2012.

The Manager will also comply with the provisions of the Deed and all applicable rules and guidelines prescribed by the Securities Commission relating to the financing of the Trust.

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

	2013 RM	2012 RM
Total borrowings	65,000,000	65,000,000
Total assets	235,426,438	221,975,162
Gearing ratio	27.61%	29.28%

(b) Financial instruments

(i) Categories of financial instruments

2013

Financial assets

Trade and other receivables, net of prepayments
Cash and cash equivalents

Loans and receivables RM

859,823
12,771,140

13,630,963

Financial liabilities

Borrowings
Trade and other payables

Other financial liabilities RM

65,000,000
6,025,313

71,025,313

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

25. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

(i) Categories of financial instruments (continued)

2012	Loans and Receivables RM
Financial assets	
Trade and other receivables, net of prepayments	500,358
Cash and cash equivalents	13,287,546
	<hr/>
	13,787,904
	<hr/>
Financial liabilities	
Borrowings	65,000,000
Trade and other payables	6,268,868
	<hr/>
	71,268,868
	<hr/>

(c) Methods and assumptions used to estimate fair value

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

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables under current assets and current liabilities, are reasonable approximation of fair value, due to their short-term nature.

- (ii) Borrowings and tenants' deposits

The fair value of bank borrowings and tenants' deposits is determined using estimated future cash flows discounted at market related rate for similar instruments at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

25. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following table sets out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2013								
Financial liabilities								
Other financial liabilities								
- Borrowings	-	-	-	-	65,000	-	65,000	65,000
2012								
Financial liabilities								
Other financial liabilities								
- Borrowings	-	-	-	-	65,000	-	65,000	65,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

26. FINANCIAL RISKS MANAGEMENT OBJECTIVE AND POLICIES

The Trust's financial risk management objective is to optimise value creation for unitholders whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The Trust has informal risk management policies and clearly defined guidelines which set out its overall business strategies and general risk management philosophy. The Trust is exposed mainly to credit risk, liquidity and cash flow risk, and interest rate risk, which arises in the normal course of the Trust's business. Information on the Trust of the related exposures is detailed below:

(i) Credit risk

The Trust is exposed to credit risk mainly from receivables. The Trust extends credit to its tenants based upon established credit evaluation and credit control and monitoring guidelines.

The Trust has no major concentration of credit risk as at end of the reporting period. The Trust does not anticipate the carrying amount of the receivable at the end of the reporting period to be significantly different from the values that would eventually be received as the Trust has the right to deduct from the security deposits in the event of default in payment.

The Trust seeks to invest cash assets safely and profitably with placement of such assets with creditworthy licensed banks and financial institutions. In respect of deposits placed in financial institutions in Malaysia, the Directors of the Manager believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Trust to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

(ii) Liquidity and cash flow 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.

At the end of the reporting period, RM45 million (2012: RM45 million) of the Trust's borrowings comprising Short Term Revolving Credit ("STRC") will be maturing in the next twelve months based on the carrying amount reflected in the financial statements. There will be no roll over risk for the STRC since the Trust is not in breach of any covenants that would trigger an event of default which would affect the bank's assessment to renew the facilities. There was no history of non-renewal of the STRC with the latest renewal by the Bank on 17 July 2013.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Trust's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

2013	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Financial liabilities				
Trade and other payables	1,413,546	-	-	1,413,546
Tenants' deposit	4,333,906	355,631	-	4,689,537
Borrowings	47,762,960	23,532,000	-	71,294,960
Total undiscounted financial liabilities	53,510,412	23,887,631	-	77,398,043

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

26. FINANCIAL RISKS MANAGEMENT OBJECTIVE AND POLICIES (continued)

(ii) Liquidity and cash flow risk (continued)

2012	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Financial liabilities				
Trade and other payables	1,395,282	-	-	1,395,282
Tenants' deposit	2,369,851	2,770,864	-	5,140,715
Borrowings	47,769,960	24,405,000	-	72,174,960
Total undiscounted financial liabilities	51,535,093	27,175,864	-	78,710,957

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Trust's financial instruments will fluctuate because of changes in market interest rates.

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 net interest expense could be affected by adverse movements in interest rates. On the other hand, the management has considered the impact arising from interest income as not significant.

In respect of interest-bearing financial assets and financial liabilities, the following tables sets out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Trust's financial instruments that are exposed to interest rate risk:

2013	Note	Weighted average effective interest (per annum)	Within 1 year RM	Over five years RM	Total RM
Floating rates					
Deposits placed with licensed financial institutions	9	3.07	12,536,171	-	12,536,171
Term Loan	11	4.42	-	20,000,000	20,000,000
Short Term Revolving Credit	11	4.14	45,000,000	-	45,000,000

2012	Note	Weighted average effective interest (per annum)	Within 1 year RM	Over five years RM	Total RM
Floating rates					
Deposits placed with licensed financial institutions	9	3.07	13,095,751	-	13,095,751
Term Loan	11	4.41	-	20,000,000	20,000,000
Short Term Revolving Credit	11	4.15	45,000,000	-	45,000,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

26. FINANCIAL RISKS MANAGEMENT OBJECTIVE AND POLICIES (continued)

(iii) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

As at 31 December 2013, if interest rates at the date had been 10 basis points lower or higher with all other variables held constant, post-tax profit for the financial year would have been RM52,184 (2012: RM51,179) higher or lower, arising mainly as a result of lower or higher interest expense on variable borrowings and interest income from deposits. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

27. OPERATING SEGMENT

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

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

28. OPERATING LEASES

Leases whereby Atrium REIT is the Lessor

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

	2013 RM	2012 RM
Less than one year	5,757,998	16,255,047
Between one and five years	1,000,144	6,754,091
	<u>6,758,142</u>	<u>23,009,138</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

29. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The undistributed income as at the end of the reporting period may be analysed as follows:

	2013 RM	2012 RM
Total undistributed income of the Trust		
- Realised	3,149,545	3,054,714
- Unrealised	41,900,000	28,300,000
	<u>45,049,545</u>	<u>31,354,714</u>

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

The supplementary information on realised and unrealised profits or losses has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

ANALYSIS OF UNITHOLDINGS

AS AT 31 DECEMBER 2013

Size of holdings	No. of Unitholders	No. of Units	%
1 - 99	12	405	0.00
100 - 1,000	428	350,795	0.29
1,001 - 10,000	1,094	5,857,900	4.81
10,001 - 100,000	591	19,650,700	16.13
100,001 to less than 5% of approved fund size	119	61,841,200	50.77
5% and above of issued units	3	34,100,000	28.00
TOTAL :	2,247	121,801,000	100.00

THIRTY (30) LARGEST UNITHOLDERS AS AT 31 DECEMBER 2013

Name	No. of units	%
1) CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CIMB COMMERCE TRUSTEE BERHAD	15,000,000	12.32
2) CHAN KAM TUCK	10,000,000	8.21
3) PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GLORY BLITZ INDUSTRIES SDN BHD (TCS)	9,100,000	7.47
4) MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SPARKLE SKYLINE SDN BHD (DLR 060-MARGIN)	5,379,000	4.42
5) SOH KAM ENG	4,995,000	4.10
6) AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR AMGENERAL INSURANCE BERHAD – SHAREHOLDERS' FUND	4,790,000	3.93
7) SPARKLE SKYLINE SDN BHD	3,879,900	3.19
8) SENTINEL PORTFOLIO SDN. BHD	3,000,000	2.46
9) STEPHEN EDWARD BLACKBURN	2,068,200	1.70
10) CITIGROUP NOMINEES (TEMPATAN) SDN BHD MCIS ZURICH INSURANCE BERHAD (LIFE PAR FD)	1,690,000	1.39
11) CHRISTINA CHONG YOKE LENG	1,216,000	1.00
12) CITIGROUP NOMINEES (TEMPATAN) SDN BHD MCIS ZURICH INSURANCE BERHAD (GEN FD)	1,126,500	0.92
13) WIBANAS SDN. BHD.	1,050,000	0.86
14) CITIGROUP NOMINEES (TEMPATAN) SDN BHD MCIS ZURICH INSURANCE BERHAD (ANN FD)	1,036,800	0.85
15) HLIB NOMINESS (ASING) SDN BHD KWOK CHIU NAM (CCTS)	1,000,000	0.82

ANALYSIS OF UNITHOLDINGS

AS AT 31 DECEMBER 2013

THIRTY (30) LARGEST UNITHOLDERS AS AT 31 DECEMBER 2013 (continued)

Name	No. of units	%
16) HLIB NOMINESS (ASING) SDN BHD CHEUNG SIU WA (CCTS)	1,000,000	0.82
17) DETIK LEGASI SDN. BHD.	950,000	0.78
18) BEVERLY TOWER DEVELOPMENT SDN BHD	940,000	0.77
19) HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL PROGRESS FUND (4082)	880,000	0.72
20) GLORY BLITZ INDUSTRIES SDN BHD	841,800	0.69
21) REALCO SDN BHD	722,300	0.59
22) ATRIUM REIT MANAGERS SDN BHD	650,800	0.53
23) LEONG AH MENG @ LEONG MEE	640,000	0.53
24) TAI SIEW WAH	576,600	0.47
25) HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL DIVIDEND FUND (5311-401)	570,800	0.47
26) LAW HOCK HUA	557,500	0.46
27) LIAN MONG YEE @ LIAN MUNG YEE	532,600	0.44
28) REALCO SDN BHD	517,300	0.43
29) HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAMPAI DEDIKASI SDN BHD	500,000	0.41
30) RHB NOMINEES (TEMPATAN) SDN BHD OSK TRUSTEE BERHAD FOR THE DIVINE VISION TRUST	500,000	0.41
	<hr/>	
	75,711,100	62.16
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LIST OF SUBSTANTIAL UNITHOLDERS (5% AND ABOVE)

Name	No. of units	%
1) CHAN KAM TUCK	25,060,400	20.57
2) GLORY BLITZ INDUSTRIES SDN BHD	10,024,800	8.23
3) SPARKLE SKYLINE SDN BHD	9,258,900	7.60
	<hr/>	
	44,344,100	36.40
	<hr/>	

ATRIUM REIT

ATRIUM REAL ESTATE INVESTMENT TRUST

(Established in Malaysia)

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

NOTICE OF THE SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting (“AGM”) of Atrium Real Estate Investment Trust (“Atrium REIT”) will be held at Cahaya Room, 4th Floor, Flamingo Hotel, 5, Tasik Ampang, Jalan Hulu Kelang, 68000 Ampang, Selangor Darul Ehsan on Thursday, 24 April 2014 at 10.00 a.m. for the following purpose:-

ORDINARY BUSINESS

To receive the Audited Financial Statements of Atrium REIT for the financial year ended 31 December 2013 together with the Trustee’s Report issued by CIMB Commerce Trustee Berhad, as Trustee of Atrium REIT and the Manager’s Report issued by Atrium REIT Managers Sdn. Bhd., as the Manager of Atrium REIT and the Auditors’ Report thereon.

(See Note 2)

By Order of the Board

ATRIUM REIT MANAGERS SDN. BHD. (710526-V)

(as the Manager of Atrium Real Estate Investment Trust)

LIM POH YEN (MAICSA 7009745)

WONG WAI FOONG (MAICSA 7001358)

Company Secretaries

Kuala Lumpur

28 February 2014

NOTES:-

1. APPOINTMENT OF PROXY

- (i) A unitholder is entitled to attend and vote at any meeting and is entitled to appoint another person (whether a unitholder or not) as his proxy to attend and vote.

If a unitholder appoints 2 proxies, the appointment will be invalid unless the unitholder specifies the proportions of his holdings to be represented by each proxy.

- (ii) If the unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with units standing to the credit of the securities account.
- (iii) A proxy has the same rights as the unitholder to vote whether on a poll or a show of hands, to speak and to be reckoned in a quorum.
- (iv) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation/company, either under its common seal or under the hand of officer or attorney duly authorised.
- (v) The instrument appointing a proxy must be deposited at the office address of the Manager at No. 36-2, Jalan 5/101C, Off Jalan Kaskas, Jalan Cheras, 56100 Kuala Lumpur not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.
- (vi) Only unitholders whose names appear in the Record of Depositors as at 17 April 2014 will be entitled to attend and vote at the meeting or appoint proxy (proxies) to attend and vote on their behalf.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The Audited Financial Statements is meant for discussion only as the approval of the unitholders is not required pursuant to the provision under the Guidelines on Real Estate Investment Trust issued by the Securities Commission Malaysia. Hence, this Agenda is not put forward for voting by the unitholders of Atrium REIT.

ATRIUM REIT

ATRIUM REAL ESTATE INVESTMENT TRUST

(Established in Malaysia)

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

No. of units held	CDS Account No.

Contact No. (During office hour) _____

I/We (name of unitholder as per NRIC/Company Registration Form, in capital letters) NRIC No./ID No./Company No. (new) (old) aof.....
 (Full address) being a unitholder/unitholders of **ATRIUM REAL ESTATE INVESTMENT TRUST** ("Atrium REIT") hereby appoint * (name of proxy as per NRIC, in capital letters) NRIC No. (new) (old) or failing him/her (name of proxy as per NRIC, in capital letters) NRIC No. (new) (old) or failing him/her the Chairman of the Meeting as *my/our proxy/proxies to attend for *me/us on *my/our behalf at the Second Annual General Meeting of Atrium REIT to be held at Cahaya Room, 4th Floor, Flamingo Hotel, 5, Tasik Ampang, Jalan Hulu Kelang, 68000 Ampang, Selangor Darul Ehsan on Thursday, 24 April 2014 at 10.00 a.m. and at any adjournment thereof for considering the business to be transacted at the Meeting.

Dated this day of 2014

For appointment of two proxies, percentage of unitholdings to be represented by the proxies:-

Proxy	No. of units	Percentage (%)
1		
2		
Total		100

.....
Signature of Unitholder/Common Seal**NOTES :**

- A unitholder is entitled to attend and vote at any Meeting and is entitled to appoint another person (whether a unitholder or not) as his proxy to attend and vote.
If a unitholder appoints 2 proxies, the appointment will be invalid unless the unitholder specifies the proportions of his holdings to be represented by each proxy.
- If the unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with units standing to the credit of the securities account.
- A proxy has the same rights as the unitholder to vote whether on a poll or a show of hands, to speak and to be reckoned in a quorum.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation/company, either under its common seal or under the hand of officer or attorney duly authorised.
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- Only unitholders whose names appear in the Record of Depositors as at 17 April 2014 will be entitled to attend and vote at the meeting or appoint proxy (proxies) to attend and vote on their behalf.

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STAMP

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

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