
The Board of Directors (“Board”) of Atrium REIT Managers Sdn Bhd (“Manager”) is firmly committed in ensuring that the Manager adopts and implements good corporate governance practices for the benefits of the Atrium REIT which was listed on the Main Board of Bursa Malaysia on 2 April 2007. In developing the system of corporate governance, the Board is guided by the measures recommended by the Securities Commission Guidelines on REITs, Securities Guidelines on Unit Trust Funds, the Listing Requirements of Bursa Securities and the Malaysian Code on Corporate Governance, which was revised on 1 October 2007.

ROLE OF MANAGER

Manager of the Atrium REIT

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

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

- (a) to set the strategic direction of the Atrium REIT;
- (b) to make recommendations to the Trustee on acquisitions, divestments and enhancements in line with the overall strategy;
- (c) to manage the Atrium REIT’s assets and liabilities for the benefit of unitholders;
- (d) to carry out the activities in relation to the assets of the Atrium REIT 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”);
- (e) to issue an annual report of Atrium REIT to unitholders within two (2) months of its financial year end;
- (f) to attend to all queries from unitholders;
- (g) to supervise the Property Management Company; and
- (h) to ensure that Atrium REIT is managed within the ambit of the Deed, the Securities Commission Acts 1993, Securities Commission (SC) Guidelines on Real Estate Investment Trusts (“REITs”), other securities laws, the Listing Requirements of Bursa Malaysia Securities Bhd, and other applicable laws.

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

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

DIRECTORS OF THE MANAGER

The Board

The Manager is led and managed by an experienced Board with a wide and varied range of expertise. This broad spectrum of skills and experience gives added strength to the leadership, thus ensuring the Manager is under the guidance of an accountable and competent Board. The Directors recognise the key role they play in charting the strategic direction, development and control of the Manager and have adopted the primary responsibilities as listed in the REIT Guidelines as well as the roles and duties set out in the REIT Guidelines, which facilitate the discharge of the Directors’ stewardship responsibilities.

Board Composition

The Board has seven (7) members comprising two (2) Non-Independent Non-Executive Directors, two (2) Executive Directors and three (3) Independent Non-Executive Directors. This composition reflects a balance of Executive Directors and Non-Executive Directors such that no individual or group of individuals dominates the Board’s decision making. The profiles of the members of the Board are provided in pages 12 to 13 of the Annual Report.

The Chairman leads the Board and is responsible for the Board’s effectiveness and conduct whilst the Executive Directors have the overall responsibility over the business units, organisational effectiveness and implementation of the Board’s policies, strategies and decisions as planned and in accordance with the Deed, Securities Commission Act and REIT Guidelines.

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 Directors 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 business.

Board Meetings

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

The Board met five (5) times during the financial year ended 31 December 2008. The number of meetings attended by each Director is as follow:

Directors	Designation	Attendance	Remarks
Dato Zakaria Meranun	Chairman and Non-Independent Non-Executive Director	5/5	No change
Lim Pang Kiam	Executive Director and Chief Executive Officer	1/5	Appointed as Executive Director and Chief Executive Officer w.e.f. 2 September 2008
Wong Sui Ee	Executive Director	5/5	Resigned as Chief Executive Officer w.e.f. 29 August 2008
Lim Kok How	Non-Independent Non-Executive Director	5/5	Redesignated to Non-Independent Non-Executive Director w.e.f. 29 August 2008
How Hu Son	Independent Non-Executive Director	4/5	No change
Tor Peng Sie	Independent Non-Executive Director	5/5	No change
Soong Kwong Heng	Independent Non-Executive Director	5/5	No change

Access to and Supply of Information and Advice

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

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

Appointments to the Board

There is a transparent procedure for the appointment of new Directors to the Board. The Executive Directors or Chief Executive Officer 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 sufficient to address the issues affecting the Manager and the Atrium REIT.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for ensuring that financial statements are drawn up in accordance with the provisions of the Act, and applicable approved accounting standards in Malaysia. The Directors are satisfied that in preparing the financial statements of the Atrium REIT for the financial period ended 31 December 2008, the Atrium REIT has applied consistently, suitable accounting policies and supported by reasonable and prudent judgments and estimates.

Internal Control

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

Relationship with Auditors

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

MANAGEMENT OF BUSINESS 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 risk lies initially with the business unit concerned, working within the overall strategy outlined by the Board.

The Board meets quarterly or more often, if necessary and reviews the financial performance of the Manager and the Atrium REIT against a previously approved budget. The Board will also review the business risks of the Atrium REIT and will act upon any comments from the auditor. In assessing business risks, 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.

RELATED PARTY TRANSACTIONS

The Manager will comply with all requirements as laid out in the SC's Guidelines on REITs, the Deed and the Listing Requirement of Bursa Malaysia Securities Berhad.

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

- (a) carried out at arm's length;
- (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 valuation report;
 - (ii) consented by trustee; and
 - (iii) consistent with the investment objective and strategy of the Atrium REIT; and
- (d) adequately disclosed to unitholders.

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

WHISTLE BLOWING POLICY

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

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

COMMUNICATION WITH UNITHOLDERS AND INVESTORS

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

OTHER INFORMATION

Family Relationship with any Director and/or Substantial Unitholder

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

Conflict of Interest

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

Convictions for Offences

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

Material Contracts

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

Directors' Training

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