
1. CORPORATE DIRECTORY

- Manager** : Atrium REIT Managers Sdn Bhd (*Company No.: 710526-V*)
- Manager's Principal Place of Business** : No. 34-3, Jalan 5/101C
Off Jalan Kaskas
Jalan Cheras
56100 Kuala Lumpur
- Tel: 03-9132 5018
Fax: 03-9132 7018
- Manager's Registered Office** : No.18-4-2, Jalan 5/101C
Cheras Business Centre
Taman Cheras
56100 Kuala Lumpur
- Tel: 03-9132 3369
Fax: 03-9132 2369
- Board of Directors of the Manager** : Zakaria Bin Meranun
Chairman and Non-Independent Non-Executive Director
- Wong Sui Ee
Chief Executive Officer and Non-Independent Executive Director
- Lim Kok How
Non-Independent Executive Director
- How Hu Son
Independent Non-Executive Director
- Tor Peng Sie
Independent Non-Executive Director
- Soong Kwong Heng
Independent Non-Executive Director
- Company Secretary** : Ho Hea Ming (LS 04603)
B204 Taman Kok Lian
Batu 5 Jalan Ipoh
51200 Kuala Lumpur

1. CORPORATE DIRECTORY (Continued)

- Property Management Company** : MN Associates (KL) Sdn Bhd (*Company No.: 702133-K*)
Block B-03-4
Garden City Business Centre
Jalan Dagang Besar Taman Dagang
68000 Ampang
Selangor Darul Ehsan

Tel: 03-4278 4990/1
Fax: 03-4278 4992
- Trustee** : BHLB Trustee Berhad (*Company No.: 313031-A*)
- Trustee's Registered Office** : 5th Floor, Bangunan CIMB
Jalan Semantan, Damansara Heights
50490 Kuala Lumpur
- Trustee's Principal Place of Business** : Ground & 1st Floor
No. 24, Jalan 14/22, Right Angle
Seksyen 14
46100 Petaling Jaya
Selangor Darul Ehsan

Tel: 03-7958 3637
Fax: 03-7955 4071
Website: www.bhlbtrustee.com.my
Email: trustcom@tm.net.my
- Principal Banker** : Malayan Banking Berhad (*Company No.: 3813-K*)
Lot 10 & 12, Jalan 5/101C, Jalan Kaskas 1
Cheras Business Centre
Batu 5, Jalan Cheras
56000 Kuala Lumpur

Tel: 03-9132 5052
Fax: 03-9133 3075
Website: www.maybank2u.com
- Solicitors** : Raja, Darryl & Loh
18th Floor
Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur

Tel: 03-2694 9999
Fax: 03-2698 4759
Website: www.rajadarrylloh.com.my
- Reporting Accountants** : Deloitte KassimChan (*AF0080*)
Level 19, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

Tel: 03-7723 6500
Fax: 03-7726 3986
Website: www.deloitte.com/my

1. CORPORATE DIRECTORY (Continued)

- Tax Consultants** : Deloitte KassimChan Tax Services Sdn Bhd (*Company No.: 36421-T*)
Level 16, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

Tel: 03-7725 1888
Fax: 03-7725 7768
Website: www.deloitte.com/my
- Independent Property Valuer and Property Market Consultant** : Azmi & Co Sdn Bhd (*Company No.: 77155-D*)
B9, Jalan Ampang Utama 2/2
One Ampang Avenue
68000 Ampang
Selangor Darul Ehsan

Tel: 03-4256 6666
Fax: 03-4252 5252
Website: www.azmigroup.com.my
- Adviser, Managing Underwriter and Sole Bookrunner** : Aseambankers Malaysia Berhad (*Company No.: 15938-H*)
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Tel: 03-2059 1888
Fax: 03-2078 4220
Website: www.aseam.com.my
- Registrar** : Bina Management (M) Sdn Bhd (*Company No.: 50164-V*)
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan

Tel: 03-7784 3922
Fax: 03-7784 1988
- Issuing House** : MIDF Consultancy and Corporate Services Sendirian Berhad (*Company No.: 11324-H*)
12th Floor, Bangunan MIDF
195A, Jalan Tun Razak
50400 Kuala Lumpur

Tel: 03-2161 3355
Fax: 03-2161 7161
Website: www.midfccs.com
- Listing sought** : Main Board of Bursa Securities

2. SUMMARY INFORMATION

THIS SECTION OF THE PROSPECTUS REPRESENTS ONLY A SUMMARY OF THE SALIENT INFORMATION ON ATRIUM REIT AND THE IPO, AND IS EXTRACTED FROM THE FULL TEXT OF THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THE FULL TEXT OF THIS PROSPECTUS BEFORE DECIDING WHETHER TO INVEST IN THE UNITS AND IF NECESSARY, CONSULT YOUR OWN PROFESSIONAL ADVISERS.

YOU SHOULD BE AWARE THAT THE RENTAL YIELDS OF THE SUBJECT PROPERTIES AS WELL AS OTHER REAL ESTATES THAT ATRIUM REIT MAY INVEST IN THE FUTURE ARE NOT EQUIVALENT TO THE YIELD OF THE UNITS AND THAT THE CURRENT RENTAL RECEIPTS AND YIELDS OF THE SUBJECT PROPERTIES MAY NOT BE SUSTAINABLE.

YOU SHOULD ALSO NOTE THAT THE VALUE OF THE SUBJECT PROPERTIES (INCLUDING OTHER INVESTMENTS THAT ATRIUM REIT MAY HAVE IN THE FUTURE), UNIT PRICES AND DISTRIBUTIONS PAYABLE, IF ANY, MAY RISE AS WELL AS FALL.

2.1 ATRIUM REIT

Atrium REIT, constituted by the Deed dated 20 November 2006, is a REIT formed to own and invest primarily in strategically located properties tenanted to logistics companies and manufacturers.

The salient features of the Fund are set out below:

Name of fund	:	Atrium REIT
Fund category	:	REIT
Fund type	:	Growth and income
Investment objectives	:	To maximise profits in order to reward Unitholders with annual stable distributions of income and to acquire quality assets to achieve long-term growth in the NAV per Unit of the Fund.
Fund investment strategy	:	We 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.
Approved size of Fund	:	121,801,000 Units
Authorised investments	:	<ul style="list-style-type: none">• At least 75% of the total assets of Atrium REIT shall be invested in real estate assets, single-purpose companies, real estate-related assets or liquid assets;• At least 50% of the total assets of Atrium REIT must be invested in real estate assets or single-purpose companies; and• The balance 25% of the total assets of Atrium REIT may be invested in any other assets (i.e. real estate-related assets, non-real estate-related assets or asset backed securities).
Retail Price	:	RM1.05 per Issue Unit, subject to the adjustment of Final Retail Price (if any)

2. SUMMARY INFORMATION (Continued)

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 us at our discretion in arrears.

Barring any unforeseen circumstances, for the financial period ending 31 December 2007 and the FYE 31 December 2008 and 31 December 2009, we intend to distribute a minimum of 95% of the distributable income of Atrium REIT.

Borrowing limitations : Up to 50% of the total asset value of the Fund at the time the borrowing is incurred.

Upon completion of the IPO, Atrium REIT will have an initial gearing of approximately RM43.7 million representing 25.66% of its forecast total asset value upon the Listing.

Revaluation policy : The real estates shall be revalued at least once every three (3) years from the date of the last valuation (or such other times as required under the SC Guidelines on REITs), or at any time where the Trustee, the Manager or the independent auditor appointed for 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 us to repurchase their Units while the Units are listed.

Minimum initial investment : Minimum of 100 Units

Minimum additional investment : 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.

Investors may buy and/or sell the minimum of one (1) board lot (i.e. a minimum of 100 Units). Any additional investment in Atrium REIT will be in board lot incrementals.

For further details and information of the Fund, please refer to Section 5 of this Prospectus.

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2. SUMMARY INFORMATION *(Continued)*

2.2 KEY INFORMATION ON THE SUBJECT PROPERTIES

A brief description of the Subject Properties which form the initial investments of Atrium REIT is set out below:

Subject Properties

Total net lettable area	:	809,668 sq ft
Total appraised value	:	RM158,300,000
Total purchase price	:	RM154,800,000

2.2.1 Atrium Shah Alam 1

Postal address	:	Lot 1-8, Persiaran Jubli Perak Seksyen 22 40300 Shah Alam Selangor Darul Ehsan
Description	:	A single storey warehouse and a four storey office building
Category of land use	:	Industrial
Year of completion	:	2005
Tenure	:	Freehold
Existing use	:	Warehouse and office
Lessee	:	Exel Properties
Net Lettable Area (as per Valuation Report)	:	311,736 sq ft
Purchase price	:	RM57,200,000
Appraised value	:	RM57,200,000
Date of valuation	:	16 February 2006

2.2.2 Atrium Shah Alam 2

Postal address	:	Lot 7A, Persiaran Jubli Perak Seksyen 22 40300 Shah Alam Selangor Darul Ehsan
Description	:	A single storey warehouse and a double storey office building
Category of land use	:	Industrial
Year of completion	:	2004
Tenure	:	Freehold
Existing use	:	Warehouse and office
Lessee	:	CEVA (TNT) Logistics

2. SUMMARY INFORMATION (Continued)

Net Lettable Area (as per Valuation Report) : 258,702 sq ft
Purchase price : RM49,100,000
Appraised value : RM49,100,000
Date of valuation : 16 February 2006

2.2.3 Atrium Puchong

Postal address : No. 2, Jalan PPU 1
Taman Perindustrian Puchong Utama
Batu 12 ½, Jalan Puchong
47100 Puchong
Selangor Darul Ehsan

Description : A single storey warehouse and a four storey office building
Category of land use : Industrial
Year of completion : 2002
Tenure : Freehold
Existing use : Warehouse and office
Lessee : Danzasmal

Net Lettable Area (as per Valuation Report) : 203,994 sq ft
Purchase price : RM38,500,000
Appraised value : RM39,500,000
Date of valuation : 17 February 2006

2.2.4 Atrium Rawang

Postal address : Lot 23, Rawang Integrated Industrial Park
Jalan Batu Arang
48000 Rawang
Selangor Darul Ehsan

Description : A double storey office and factory building
Category of land use : Building (Industrial)
Year of completion : 2001
Tenure : Freehold
Existing use : Factory and office
Lessee : Unilever Malaysia

2. SUMMARY INFORMATION *(Continued)*

Net Lettable Area (as per Valuation Report)	:	35,236 sq ft
Purchase price	:	RM10,000,000
Appraised value	:	RM12,500,000
Date of valuation	:	15 February 2006

The total estimated gross rental income of the Subject Properties, based on Atrium REIT's operations for a period of nine (9) months for the FYE 2007, is approximately RM10.23 million.

For further details on the Subject Properties, please refer to Section 6 of this Prospectus.

2.3 FEES AND CHARGES

There are fees and charges involved and you are advised to consider the same before investing in Atrium REIT.

A summary of all fees and charges of the Fund are shown below:

2.3.1 Payable by the Unitholders

Save for the usual costs related to the trading of Units on Bursa Securities, there are no other charges imposed for the sale or purchase of Units.

2.3.2 Payable by Atrium REIT

Atrium REIT shall incur the following expenses:

Annual Management Fee For the financial period ending 31 December 2007 and the FYE 31 December 2008 and 31 December 2009, our management fee will be 0.5% per annum of the NAV of the Fund. Subsequently, we may charge a management fee of up to 1% per annum of the NAV of the Fund, in accordance with the Deed.

For further details on the annual Management fee, please refer to Section 7.8 of this Prospectus.

Annual Trustee Fee 0.04% per annum of the NAV of the Fund, subject to a minimum fee of RM40,000 per annum, payable monthly in arrears.

For further details on the annual Trustee fee, please refer to Section 9.6 of this Prospectus.

Property Management Fee

- 5.0% of the gross annual rental income on the first RM30,000;
- 3.0% of the gross annual rental income on the residue up to RM100,000; and
- 2.0% of the gross annual rental income on the residue over RM100,000.

2. SUMMARY INFORMATION (Continued)

Payable monthly in arrears, with no further additional claims charged. A 30% discount is given, as permitted under the Valuers, Appraisers and Estate Agents (Amendment) Rules 2002.

For further details on the annual Property Management fee, please refer to Section 8.7 of this Prospectus.

Other Fund Expenses

- Auditor's fee;
- Valuation fee;
- Other relevant professional fees;
- Interest expense;
- Printing, posting and general expenses that are directly related and necessary for the administration of the Fund; and
- Property operating expenses.

For further details on the fees, charges and expenses, please refer to Section 12 of this Prospectus.

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2. SUMMARY INFORMATION *(Continued)*

2.4 FINANCIAL INFORMATION

2.4.1 Proforma Income Statements

As Atrium REIT is a newly established fund, save for the Subject Properties to be acquired, it does not have any portfolio of real estates and no historical financial information has been prepared since its establishment. The proforma income statements of Atrium REIT for the five (5) FYEs 31 December 2001 to 31 December 2005 and ten (10) months ended 31 October 2006, as shown below, has been prepared for illustrative purposes only based on the representation of our Directors, assuming that Atrium REIT has been in existence throughout the past five (5) years. The revenue and expenses stated below are directly related to the operation of the Subject Properties.

	←----- FYE 31 December ----->					Ten (10) months ended 31 October 2006
	2001	2002	2003	2004	2005	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross income	160	1,876	4,218	6,758	8,722	11,071
Less:						
Property operating expenses*	(4)	(76)	(204)	(314)	(389)	(818)
PBT	156	1,800	4,014	6,444	8,333	10,253
Taxation	-	-	-	-	-	-
PAT	156	1,800	4,014	6,444	8,333	10,253

Note:

* The expenses above are extracted based on expenses directly related to the operation of the Subject Properties such as assessment, insurance, quit rent and expenses for repairs and maintenance. In view that Atrium REIT was constituted on 20 November 2006, the proforma income statements do not include the expenses specifically incurred by a REIT, e.g. property management fees, trustee fees and REIT management fees.

For further details on the proforma income statements, please refer to Section 11.1 of this Prospectus.

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2. SUMMARY INFORMATION *(Continued)*

2.4.2 Proforma Balance Sheets

The following is a summary of the proforma balance sheets of Atrium REIT as at the date of establishment, prepared for illustrative purposes only, to show the effects of the Acquisitions, the IPO and the Listing.

	Proforma 1 As at the date of establishment of Atrium REIT RM'000	Proforma 2 After Proforma 1, the Acquisitions, the IPO and the Listing RM'000
Non-Current Asset		
Investment properties	-	154,800
Current Asset		
Cash and bank balances	1	15,532
Current Liability		
Tenancy deposits	-	(7,056)
Net current assets	1	8,476
Long Term Liability		
Borrowings	-	(43,700)
	1	119,576
Unitholders' Fund		
Units in issue	1	119,576
	1	119,576
NAV (RM'000)	1	119,576
No. of Units in issue ('000)	1	121,801
NAV per Unit (RM)	1.05	0.98

The proforma balance sheets together with the notes and assumptions are set out in Section 11.5 of this Prospectus.

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2. SUMMARY INFORMATION (Continued)

2.4.3 Highlights of Profit Forecast and Projections

FYE 31 December	Forecast	Projections	
	2007 ⁽²⁾	2008	2009
	RM'000	RM'000	RM'000
Gross Income	10,697	14,386	14,406
PBT	7,501	10,104	10,121
PAT	7,501	10,104	10,121
Distribution to Unitholders (95% of PBT)	7,126	9,598	9,615
Distribution Yield (%)	7.43 ⁽³⁾	7.51	7.52
MER (%) ⁽¹⁾	0.66	0.89	0.89

Notes:

- 1 The MER provides a measure by which investors can assess and compare the fee and administration expenses incurred by the Fund (Details are set out in Section 11.2.1).*
- 2 The Acquisitions, the Retail Offering and the Institutional Offering are expected to be completed by end of March 2007. Accordingly, the profit forecast for the financial period ending 31 December 2007 reflects Atrium REIT's operations for a period of nine (9) months, which is from 1 April to 31 December 2007.*
- 3 Annualised.*

For further details on the profit forecast and projections, please refer to Section 11.2.1 of this Prospectus.

2.5 PRINCIPAL STATISTICS RELATING TO THE ISSUANCE OF UNITS

	Units
<i>Fund size approved by the SC</i>	<u>121,801,000</u>
<i>Units in circulation as at the date of this Prospectus</i>	
1,000 Units issued at RM1.05 each	1,000
106,300,000 Units issued at RM1.00 each pursuant to the acquisitions of Atrium Shah Alam 1 and Atrium Shah Alam 2 [^]	106,300,000
<i>To be issued pursuant to the Retail Offering</i>	
15,500,000 Units to be issued at the Retail Price	<u>15,500,000</u>
	<u>121,801,000</u>
<i>Forecast NAV per Unit upon the Listing</i>	RM0.98*

Notes:

- * Based on the estimated NAV of RM119,576,050 as at the Listing date, divided by the enlarged number of Units to be issued by Atrium REIT and the assumption that the Retail Price per Issue Unit is at RM1.05.*
- ^ Out of which 60,000,000 Units are to be offered for sale pursuant to the Institutional Offering.*

There is only one class of Units in Atrium REIT. The Issue Units, provided that application monies are paid in full, will rank pari passu in all respects with the other existing issued Units of Atrium REIT and the Issue Units will be entitled to all distributions that may be declared subsequent to the date of this Prospectus.

For further details on the IPO, please refer to Section 3 of this Prospectus.

2. SUMMARY INFORMATION *(Continued)*

2.5.1 Utilisation of Proceeds

Assuming the Units offered under the Offer for Sale are subscribed at RM1.09 per Unit, the Offer for Sale will raise gross proceeds of RM65,400,000. This amount shall accrue to the Offerors only and Atrium REIT would receive no part of the proceeds. The Offerors shall bear all expenses relating to the Units offered under the Offer for Sale.

The total indicative gross proceeds to Atrium REIT arising from the Retail Offering is RM16,275,000 (based on the Retail Price). These proceeds will be utilised as follows:

	Application of proceeds RM'000	Timeframe for utilisation from date of receipt of proceeds
Part funding for the Acquisitions	4,800	Within one (1) month
Estimated Listing expenses	3,000	Within one (1) month
Working capital	8,475	Within twelve (12) months
Total Proceeds	<u>16,275</u>	

For further information on the use of proceeds, please refer to Section 3.8 of this Prospectus.

2.6 UNITHOLDINGS OF THE PROMOTERS, OUR SUBSTANTIAL SHAREHOLDERS, OUR DIRECTORS AND OUR KEY PERSONNEL

Prior to the date of this Prospectus, 1,000 Units are held by us as promoter units, which will be disposed on the first day of the Listing. In addition, 57,200,000 Units at RM1.00 per Unit were issued to SSSB as the purchase consideration for the acquisition of Atrium Shah Alam 1 whilst 49,100,000 Units at RM1.00 per Unit were issued to GBISB as the purchase consideration for the acquisition of Atrium Shah Alam 2.

Further to the above, 5,000,000 Units have been allocated to VISB pursuant to an agreement between GBISB and VISB dated 23 January 2007 as reward for participation and contribution by VISB to the Listing.

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2. SUMMARY INFORMATION (Continued)

The interests of the Promoters, our substantial shareholders, Directors and key personnel in Atrium REIT before and after the IPO are as follows:

	Before the IPO			After the IPO		
	<-----Direct-----> No. of Units '000	<-----Indirect*-----> No. of Units '000	%	<-----Direct-----> No. of Units '000	<-----Indirect*-----> No. of Units '000	%
Promoters:						
GBISB	44,100 ⁽¹⁾	1 ⁽²⁾	41.49	16,100 [@]	-	13.22
Chan Kam Tuck	-	101,301 ⁽³⁾	-	200 [^]	41,300 ⁽³⁾	0.16
Our substantial shareholders:						
GBISB	44,100 ⁽¹⁾	1 ⁽²⁾	41.49	16,100 [@]	-	13.22
Orion Asia Sdn Bhd	-	1 ⁽²⁾	-	-	-	-
Chan Kam Tuck	-	101,301 ⁽³⁾	-	200 [^]	41,300 ⁽³⁾	0.16
Kilat Idam Sdn Bhd	-	101,301 ⁽⁴⁾	-	-	41,300 ⁽⁴⁾	33.91
Realco Sdn Bhd	-	44,101 ⁽⁵⁾	-	-	16,100 ⁽⁵⁾	13.22
Christina Chong Yoke Leng	-	101,301 ⁽⁶⁾	-	-	41,500 ⁽⁸⁾	34.07
Joseph Goh Hock Chai	-	101,301 ⁽⁷⁾	-	-	41,300 ⁽⁷⁾	33.91
Our Directors:						
Zakaria Bin Meranun (Chairman and Non-Independent Director)	-	-	-	200 [^]	-	0.16
Wong Sui Ee (Chief Executive Officer and Non-Independent Executive Director)	-	-	-	200 [^]	-	0.16

2. SUMMARY INFORMATION (Continued)

	Before the IPO		After the IPO	
	<-----Direct-----> No. of Units '000	<-----Indirect*-----> No. of Units '000	<-----Direct-----> No. of Units '000	<-----Indirect*-----> No. of Units '000
Lim Kok How (Non-Independent Executive Director)	-	5,000 ⁽⁹⁾	200 [^]	5,000 ⁽⁹⁾
How Hu Son (Independent Non-Executive Director)	-	-	100 [^]	-
Tor Peng Sie (Independent Non-Executive Director)	-	-	100 [^]	-
Soong Kwong Heng (Independent Non-Executive Director)	-	-	100 [^]	-
Our key personnel:				
Ong Tiang Peng	-	-	30 [^]	-
Cheong Sok Kam	-	-	20 [^]	-

Notes:

- [^] Pursuant to the allocation to eligible Directors, employees and business associates of the Manager, GBISB and SSSB.
- * For illustrative purposes, the deemed interests are ascertained by extending the application of Section 6A of the Act, to the Units.
- @ Units held after the Offer for Sale.
- # Negligible.
- 1 Units held pursuant to the acquisition of Atrium Shah Alam 2, after 5,000,000 Units have been allocated to VISB pursuant to an agreement between GBISB and VISB dated 23 January 2007 as reward for participation and contribution by VISB to the Listing.
- 2 Deemed interest by virtue of its substantial shareholdings in the Manager.
- 3 Deemed interest by virtue of the interest of his spouse, namely Christina Chong Yoke Leng.
- 4 Deemed interest by virtue of Kilat Idam Sdn Bhd's substantial shareholdings in GBISB and SSSB.
- 5 Deemed interest by virtue of Realco Sdn Bhd's substantial shareholdings in GBISB.
- 6 Deemed interest by virtue of her direct shareholdings in Kilat Idam Sdn Bhd, indirect substantial shareholdings in Realco Sdn Bhd (both of which are the substantial shareholders of GBISB) and her indirect substantial shareholdings in SSSB (through Kilat Idam Sdn Bhd).
- 7 Deemed interest by virtue of his direct shareholdings in Kilat Idam Sdn Bhd and his indirect substantial shareholdings in SSSB.

2. SUMMARY INFORMATION (Continued)

- 8 Deemed interest by virtue of her direct shareholdings in Kilat Idam Sdn Bhd, indirect substantial shareholdings in Realco Sdn Bhd (both of which are the substantial shareholders of GBISB) and her indirect substantial shareholdings in SSSB (through Kilat Idam Sdn Bhd) and her spouse's direct shareholdings in Atrium REIT after the IPO.
- 9 Deemed interest by virtue of his direct shareholdings in VISB. Pursuant to an agreement between GBISB and VISB dated 23 January 2007, GBISB has allocated 5,000,000 Units to VISB as reward for its participation and contribution to the Listing.

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2. SUMMARY INFORMATION (Continued)

2.7 RISK FACTORS

An investment in the Units to be listed on the Main Board of Bursa Securities involves a certain degree of risk. You should therefore rely on your own evaluation and are advised to carefully consider the following summary of risk factors (which may not be exhaustive) in addition to the other information contained elsewhere in this Prospectus before applying for the Units:

2.7.1 Risks relating to Atrium REIT's organisation and operations

- Potential conflicts of interest between us, Atrium REIT and GBISB relating to acquisitions;
- Risks associated with bank borrowings;
- Limitations on borrowings;
- Limited operating history;
- Dependence on key personnel;
- Investment policies of Atrium REIT may change;
- Competition may affect the implementation of the investment strategies of Atrium REIT; and
- Changes in laws, regulations and guidelines in Malaysia.

2.7.2 Risks relating to real estate assets

- Risks relating to the property market, economic, political and regulatory conditions in Malaysia;
- Risks of single tenanted properties;
- Increase in operating and other expenses;
- Insurance coverage;
- Compulsory acquisition by the government;
- Non-registration of the transfer of Subject Properties;
- Non-registration of discharge of charge for the Subject Properties;
- Subsequent disposal of the Subject Properties;
- No individual title issued for Atrium Rawang; and
- Gross rental income and the value of the Subject Properties may be affected by a number of factors.

2.7.3 Risks relating to an investment in the Units

- Distributions to Unitholders will be subject to cash availability;
- No prior market for Units;
- Market price of Units after the IPO;
- No redemption of Units;
- Future dilution of the NAV of the Units;
- Failure or delay in the Listing;
- Effects of possible sale of a substantial number of Units by SSSB, GBISB and/or VISB;
- Taxation;
- Profit forecast, profit projections and forward-looking statements; and
- Distribution forecast and projections.

For further details on the risk factors, please refer to Section 5.5 of this Prospectus.

3. THE IPO

3.1 OPENING AND CLOSING OF APPLICATIONS

The application for the Units under the Retail Offering and the Institutional Offering will open at 10.00 am on 28 February 2007 and will remain open until 5.00 pm on 9 March 2007 or such period or periods as our Board and/or the Offerors together with the Managing Underwriter at our absolute discretion may mutually decide.

We will not accept any late applications.

The following events are intended to take place on the following tentative dates:

Event	Tentative Dates
Opening of the Retail Offering and the Institutional Offering	28 February 2007
Closing of the Retail Offering and the Institutional Offering	9 March 2007
Price determination	9 March 2007
Tentative balloting for the Units issued pursuant to the Retail Offering	14 March 2007
Tentative allotment of Units to successful applicants	21 March 2007
Tentative Listing	26 March 2007

Should the closing dates of the Retail Offering and/or the Institutional Offering be changed, the dates for the price determination, balloting, allotment of Issue Units and the Listing would be changed accordingly (where relevant). Any changes to the closing dates of the Retail Offering and/or the Institutional Offering will be published in a widely circulated daily Bahasa Malaysia and English newspaper in Malaysia.

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3. THE IPO (Continued)

3.2 ISSUANCE OF UNITS

	Units
<i>Fund size approved by the SC</i>	<u>121,801,000</u>
<i>Units in circulation as at the date of this Prospectus</i>	
1,000 Units issued at RM1.05 each	1,000
106,300,000 Units issued at RM1.00 each pursuant to the acquisitions of the Subject Properties [^]	106,300,000
<i>To be issued pursuant to the Retail Offering</i>	
15,500,000 Units to be issued at the Retail Price	<u>15,500,000</u>
	<u>121,801,000</u>
<i>Forecast NAV per Unit upon the Listing</i>	RM0.98 [*]

Notes:

- * Based on the estimated NAV of RM119,576,050 as at the Listing date, divided by the enlarged number of Units to be issued by Atrium REIT and the assumption that the Retail Price per Issue Unit is at RM1.05.
- [^] Out of which 60,000,000 Units are to be offered for sale pursuant to the Institutional Offering.

There is only one class of Units in Atrium REIT. The Issue Units, provided that application monies are paid in full, will rank pari passu in all respects with the other existing issued Units of Atrium REIT and the Issue Units will be entitled to all distributions that may be declared subsequent to the date of this Prospectus.

At any meeting of Unitholders of the Fund, each Unitholder shall be entitled to vote in person or by proxy. On a show of hands, every person present who is a Unitholder, a representative or proxy of a Unitholder, shall have one vote, whereas on a poll, every Unitholder present in person or by proxy shall have one vote for each Unit held by him. A proxy need not be a Unitholder. However, we and any party related to us shall not exercise our voting rights in any Unitholders' meeting, unless otherwise permitted by the SC and/or any other relevant authorities.

3.3 DETAILS OF THE IPO

3.3.1 The IPO is subject to the terms and conditions of this Prospectus, and upon acceptance, is expected to be allocated in the manner described below.

(a) *Allocation via balloting to the Malaysian Public*

13,500,000 new Units representing approximately 11.08% of the total size of Atrium REIT, to the Malaysian Public (of which at least 30% will be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions) at the Retail Price by way of balloting.

(b) *Allocation to our eligible Directors, employees and business associates and those of GBISB and SSSB*

1,500,000 new Units representing approximately 1.23% of the total size of Atrium REIT, will be reserved for our eligible Directors and employees and those of GBISB and SSSB at the Retail Price.

The remaining 500,000 new Units representing approximately 0.41% of the total size of Atrium REIT, will be allocated to our selected business associates and those of GBISB and SSSB who have contributed positively to the success of GBISB and SSSB at the Retail Price.

3. THE IPO (*Continued*)

(c) ***Offer for sale of 60,000,000 Units to institutional and selected investors at the Institutional Price***

The Offerors shall undertake an offer for sale of 60,000,000 Units representing approximately 49.26% of the total size of Atrium REIT, to institutional and selected investors by way of bookbuilding process. The Institutional Price shall only be determined following the completion of the bookbuilding process.

Assuming the Units under the Offer for Sale are subscribed at RM1.09 per Unit, the Offer for Sale will raise gross proceeds of RM65,400,000. This amount shall accrue to the Offerors only and Atrium REIT would receive no part of the proceeds. The Offerors shall bear all expenses such as brokerage and bookbuilding fees relating to the Units offered under the Offer for Sale.

There is no minimum subscription to be raised from the IPO. If the Retail Offering and the Institutional Offering are not subscribed to the extent that the public shareholding spread requirement is not met, monies paid in respect of any application for the Units will be returned to the applicants without interest. Thereafter, Atrium REIT shall be terminated in accordance with the Deed.

Whilst the Units under the Retail Offering have been fully underwritten, the Units under the Institutional Offering will not be underwritten.

3.3.2 Further details on the Retail Offering and the Institutional Offering

A total of 60,000,000 Units will be available to selected investors under the Institutional Offering and 15,500,000 Units will be offered to the Malaysian Public under the Retail Offering (*subject, in each case, to reallocation on the basis described under Section 3.3.3 of this Prospectus*).

Investors may apply for Units under the Retail Offering or indicate an interest for Units under the Institutional Offering. Investors may only receive Units under either the Retail Offering or the Institutional Offering. The Retail Offering is available for application by the Malaysian Public. The Institutional Offering will involve marketing of Units to selected investors anticipated to have a sizeable demand for such Units. Selected investors for the Institutional Offering generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares, units and other securities, and corporate entities which regularly invest in shares, units in unit trust funds and other securities.

As part of the Institutional Offering process, prospective professional, institutional and other selected investors will be required to specify the number of Units they would be prepared to acquire under the Institutional Offering either at different prices or at a particular price. This process, known as “bookbuilding”, is expected to continue up to the closing date of the Institutional Offering.

Allocation of the Units pursuant to the Institutional Offering will be determined by the Sole Bookrunner and us and will be based on a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investors are likely to buy further, and/or hold or sell, its Units after the Listing. Such allocation is intended to result in a distribution of the Units in the Institutional Offering on a basis which would lead to the establishment of the Unitholder base that will benefit Atrium REIT and the Unitholders as a whole.

Allocation of Issue Units to applicants under the Retail Offering will be based solely on the level of valid applications received under the Retail Offering. The basis of allocation may vary, depending on the number of Issue Units validly applied for, but, subject to that, will be made on a pro-rata basis, although the allocation of Issue Units could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of the Issue Units, and those applicants who are not successful in the ballot may not receive any Issue Units.

3. THE IPO (Continued)

Please refer to Section 18 of this Prospectus on the procedures for application and acceptance for the Issue Units under the Retail Offering.

Selected investors who express interest for the Units under the Institutional Offering should comply with the procedures set out in accordance with the separate instructions specified by the Sole Bookrunner.

3.3.3 Clawback and Reallocation

The allocation of the Units within the Retail Offering is subject to adjustment. Any portion of the Issue Units which are not taken up by our eligible Directors, employees and business associates and those of GBISB and SSSB will be made available for application by the Malaysian Public under paragraph 3.3.1(a) above.

The allocation of the Units between the Retail Offering and the Institutional Offering is also subject to adjustment. For instance, in the event that the Retail Offering is over-subscribed and the Institutional Offering is under-subscribed, the Units may be clawed back from the Institutional Offering and reallocated to the Retail Offering and vice versa.

The clawback and reallocation shall not apply in the event of an over-subscription in both the Retail Offering and the Institutional Offering.

3.3.4 Basis of allocation to our eligible Directors, employees and business associates and those of GBISB and SSSB

The portion of the Units that has been allocated to our eligible Directors, employees and business associates and those of GBISB and SSSB is based on the following criteria as approved by our Board:

- At least eighteen (18) years of age;
- Job position; and
- Length of service.

Details of allocation to our Directors are as follows:

Director	Designation	No. of Units allocated
Zakaria Bin Meranun	Chairman and Non-Independent Non-Executive Director	200,000
Wong Sui Ee	Chief Executive Officer and Non-Independent Executive Director	200,000
Lim Kok How	Non-Independent Executive Director	200,000
Tor Peng Sie	Independent Non-Executive Director	100,000
How Hu Son	Independent Non-Executive Director	100,000
Soong Kwong Heng	Independent Non-Executive Director	100,000
Total		900,000

The basis of allocation for the portion of the Issue Units allocated to our business associates and those of GBISB and SSSB will be for those who have had business relationships for at least one (1) year and/or have contributed significantly to the success of GBISB and SSSB.

3. THE IPO (*Continued*)

3.4 BASIS OF ARRIVING AT THE FINAL RETAIL PRICE AND THE INSTITUTIONAL PRICE

The Retail Price was determined and agreed upon by us, GBISB and Aseambankers as the Adviser, Managing Underwriter and Sole Bookrunner after taking into consideration, inter alia, the following factors:

- (i) the financial history and conditions of the Subject Properties;
- (ii) the future prospects of Atrium REIT;
- (iii) the forecast and projected distribution yields of Atrium REIT;
- (iv) the prevailing capital and property market conditions and sentiments; and
- (v) the proforma NAV per unit of Atrium REIT.

Upon application, the applicants under the Retail Offering will pay the Retail Price of RM1.05 per Issue Unit. The Final Retail Price will be the lower of:

- (i) The Retail Price of RM1.05 per Unit; or
- (ii) 97% of the Institutional Price, subject to rounding adjustments.

The Institutional Price will be determined via the bookbuilding process which is expected to continue up to and ceases on or about 9 March 2007. Following the bookbuilding process, the Institutional Price will be determined by agreement between the Sole Bookrunner and us on the price determination date which is expected to be on or about 9 March 2007. Among the factors that will be taken into account in determining the Institutional Price are the allocation criteria for the Units under the Institutional Offering as set out in Section 3.3.2 of this Prospectus, the demand for the Units and the prevailing market conditions.

The Final Retail Price will be determined after the Institutional Price is fixed. You should be aware that the Final Retail Price will not in any event be greater than the Retail Price. If your application is successful and the Final Retail Price is lower than the Retail Price, a refund of the difference will be made without any interest. The refund in the form of a cheque will be despatched to successful applicants through registered mail to the addresses of the successful applicants as stated in the records of Bursa Depository within ten (10) Market Days from the final ballot of the applications at the successful applicants' own risk.

The Final Retail Price and the Institutional Price will be published in a widely circulated Bahasa Malaysia and English daily newspaper in Malaysia within two (2) Market Days after the price determination date.

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3. THE IPO (Continued)

3.5 THE LISTING SCHEME

In conjunction with, and as an integral part of the Listing, we undertook/will undertake the following:

- (i) Acquisitions
- (a) On 6 April 2006, we entered into a conditional SPA with MAA for the acquisition of two (2) of the Subject Properties, namely Atrium Puchong and Atrium Rawang for a total cash consideration of RM48,500,000, and was subsequently amended by a supplemental agreement dated 29 December 2006. This agreement has been novated to the Trustee via a Deed of Novation dated 29 December 2006 and will be completed upon fulfilment of all the conditions precedent as set out in the aforementioned conditional SPA;
- (b) On 29 November 2006, the Trustee entered into conditional SPAs as follows: -
- (i) with SSSB for the acquisition of Atrium Shah Alam 1 for a purchase consideration of RM57,200,000, which was satisfied by the issuance of 57,200,000 new Units in Atrium REIT, at the issue price of RM1.00 per Unit; and
- (ii) with GBISB for the acquisition of Atrium Shah Alam 2 for a purchase consideration of RM49,100,000, which was satisfied by the issuance of 49,100,000 new Units in Atrium REIT, at the issue price of RM1.00 per Unit.

Details of the Acquisitions are as follows:

Vendors	Subject Properties	Value of Units issued RM	Amount of cash to be paid RM	Purchase consideration RM
SSSB	Atrium Shah Alam 1	57,200,000	-	57,200,000
GBISB	Atrium Shah Alam 2	49,100,000	-	49,100,000
MAA	Atrium Puchong	-	38,500,000	38,500,000
MAA	Atrium Rawang	-	10,000,000	10,000,000
Total		106,300,000	48,500,000	154,800,000

For further details on the Acquisitions, please refer to Section 6.7 of this Prospectus.

- (ii) Retail Offering
- Atrium REIT will issue 15,500,000 new Units comprising of the following:
- (a) 13,500,000 new Units representing approximately 11.08% of the total size of Atrium REIT, to the Malaysian Public (of which at least 30% will be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions) at the Retail Price by way of balloting;
- (b) 1,500,000 new Units representing approximately 1.23% of the total size of Atrium REIT, will be reserved for our eligible Directors and employees and those of GBISB and SSSB at the Retail Price; and

3. THE IPO (Continued)

- (c) The remaining 500,000 new Units representing approximately 0.41% of the total size of Atrium REIT, will be allocated to our selected business associates and those of GBISB and SSSB who have contributed positively to the success of GBISB and SSSB at the Retail Price.

- (iii) **Institutional Offering**

The Offerors shall undertake an offer for sale of 60,000,000 Units representing approximately 49.26% of the total size of Atrium REIT, to institutional investors by way of bookbuilding process. The Institutional Price shall only be determined following the completion of the bookbuilding process.

- (iv) **Listing**

We have made an application to Bursa Securities for the listing and quotation of Atrium REIT on the Main Board of Bursa Securities. Approval-in-principle has been obtained from Bursa Securities on 20 December 2006 for the admission to the official list of Bursa Securities and the listing of the entire 121,801,000 Units on the Main Board of Bursa Securities. The board lot size for the Units will be standardised at 100 Units per board lot.

3.6 BORROWINGS

Upon the Listing, Atrium REIT will have an initial borrowing of approximately RM43.70 million representing 25.66% of its estimated total asset value of approximately RM170,332,000.

3.7 PURPOSES OF THE IPO

The purposes of the IPO are as follows:

- (a) to raise proceeds in order to part finance the Acquisitions;
- (b) to provide an alternative investment instrument that comprises of a portfolio of real estates under a REIT that ensures yearly contribution of income and potential appreciation of its value to the Unitholders in the future, as the present acquisition is at a discount of approximately 2.21% to its appraised value; and
- (c) to obtain Listing status so that the Units can be readily traded and hence more liquid compared to the underlying Subject Properties.

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3. THE IPO (Continued)

3.8 UTILISATION OF PROCEEDS

Assuming the Units offered under the Offer for Sale are subscribed at RM1.09 per Unit, the Offer for Sale will raise gross proceeds of RM65,400,000. This amount shall accrue to the Offerors only and Atrium REIT would receive no part of the proceeds. The Offerors shall bear all expenses relating to the Units offered under the Offer for Sale.

The Retail Offering is expected to raise gross proceeds of RM16,275,000 (based on the Retail Price) which shall accrue to Atrium REIT. We intend to utilise the proceeds in the following manner:

	Application Of Listing Proceeds (RM)	Timeframe For Utilisation From Date Of Receipt Of Proceeds
Part funding for the Acquisitions	4,800,000	Within one (1) month
Estimated Listing expenses*	3,000,000	Within one (1) month
Working capital [^]	8,475,000	Within twelve (12) months
Total Proceeds	16,275,000	

Notes:

* The breakdown of the estimated Listing expenses is as follows:

	(RM)
Professional fees	750,000
Regulatory fees	107,000
Underwriting fees, brokerage fees and commissions	380,000
Advertisement and printing expenses	695,000
Contingencies [@]	1,068,000
Total	3,000,000

[@] Additional expenses relating to the Listing including but not limited to roadshow expenses, additional advertisement expenses, expenses for the Prospectus launching ceremony and other marketing expenses.

Should any of the actual Listing expenses be less than the estimated amount above, the remaining sum shall be used for working capital purposes.

[^] Approximately RM8.5 million of the gross proceeds will be reserved as general working capital for Atrium REIT.

In the event that the Final Retail Price is lower than RM1.05 per Unit, there will be a corresponding decrease in the provision for working capital requirement.

The financial impact arising from the utilisation of proceeds on the balance sheets of Atrium REIT is reflected in proforma 2 of the proforma balance sheets set out in Section 11.4 of this Prospectus.

3. THE IPO (*Continued*)

3.9 BROKERAGE AND COMMISSIONS

(a) **Brokerage**

The Fund will bear the brokerage relating to the 13,500,000 Units made available for application by the Malaysian Public under the Retail Offering at the rate of 1.00% of the Retail Price, in respect of successful applications which bear the stamps of Ascambankers, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or MIDFCCS.

(b) **Commissions**

Pursuant to the Underwriting Agreement, the Managing Underwriter has agreed to underwrite the Issue Units at a managing underwriting commission rate of 0.50% and an underwriting commission rate of 0.80%, based on the Retail Price for each Unit being underwritten. The aforementioned commissions are to be borne by the Fund.

The Offerors will bear the selling commission and other fees payable to the Sole Bookrunner based on a range of 1.75% to 2.10% of the Institutional Price for each Unit pursuant to the Institutional Offering, subject to clawback and reallocation as set out in Section 3.3.3 of this Prospectus.

3.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

3.10.1 Conditions Precedent

The obligations of the Managing Underwriter and the Manager under the Underwriting Agreement are conditional inter alia upon the following being met on or before the Closing Date (as defined in the Underwriting Agreement):

- (a) Bursa Securities having agreed in principle to the Listing (and if such approvals will be conditional, all conditions being upon terms acceptable to the Managing Underwriter);
- (b) the successful registration with the SC, of the Prospectus in accordance with the requirements of the SCA together with all documents required by the SCA;
- (c) the issue of the Prospectus no later than 3 months (or such other period as the parties may agree in writing) from the date of the Underwriting Agreement;
- (d) the offering and subscription of the Units under the Retail Offering in accordance with the provisions of the Underwriting Agreement are not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including the SC and Bursa Securities);

If any of the conditions above is not satisfied on or before the Closing Date, the Managing Underwriter shall be entitled following prior consultation with the Manager, to terminate the Underwriting Agreement by giving notice to the Manager of not later than 3 Market Days from the Closing Date. In that event (except for the liability of the Manager for the payment of the underwriting commission together with the managing underwriting fee as provided in clause 7 of the Underwriting Agreement and the payment of cost and expenses as provided in clause 8 of the Underwriting Agreement and any rights and liabilities of the Manager and/or the Managing Underwriter under clause 4.3 or 5.2 of the Underwriting Agreement) the parties shall be released and discharged from their respective obligations under the Underwriting Agreement and it shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except for any antecedent breaches provided that the Managing Underwriter may at its discretion waive compliance with any provision of this clause and any condition so waived shall be deemed to have been satisfied in relation to it.

3. THE IPO (*Continued*)

3.10.2 Termination By The Managing Underwriter

Notwithstanding anything contained in the Underwriting Agreement, if:

- (a) there is any breach by the Manager of any of its representations, warranties, undertakings or material obligations under the Underwriting Agreement which is not capable of remedy or, if capable of remedy, is not remedied to the reasonable satisfaction of the Managing Underwriter within such number of days as stipulated in the notice given by the Managing Underwriter to the Manager; or
- (b) matters have arisen or been discovered which would, if the IPO were made at that time, render any statement in the Prospectus materially untrue, incorrect, inaccurate or misleading or constitute a material omission therefrom; or
- (c) in the reasonable opinion of the Managing Underwriter:
 - (i) there shall have been any material adverse change, or development (whether or not permanent), involving a prospective change, in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Manager and/or Atrium REIT, whether or not arising in the ordinary course of business except as disclosed in the Prospectus; or
 - (ii) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Managing Underwriter by reasons of Force Majeure (as defined below) which would have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms or which would have or can reasonably be expected to have, a material adverse effect on the success of the IPO;
 - (iii) there shall have occurred any change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates as would in the reasonable opinion of the Managing Underwriter have a material adverse effect on the success of the IPO and its distribution or sale (whether in the primary or in respect of dealings on the secondary market); or
 - (iv) there shall have been any government requisition or other occurrence of any nature whatsoever which in the reasonable opinion of the Managing Underwriter would have or can reasonably be expected to have, a material adverse effect on the success of the IPO; or
 - (v) there shall have been any change in law, regulation, directive, policy or ruling in any jurisdiction which would have or can reasonably be expected to have, a material and adverse effect on the success of the IPO or which has or is likely to have the effect of making any material obligation under the Underwriting Agreement incapable of performance in accordance with its terms; or
 - (vi) there is a suspension of trading of all securities on the Bursa Securities for 3 consecutive Market Days or more; or
- (d) the Manager has withheld any information from the Managing Underwriter, which would have or can reasonably be expected to have, a material and adverse effect on the success of the IPO; or
- (e) the Institutional Offering is stopped or delayed for any reason whatsoever; or

3. THE IPO (*Continued*)

- (f) the Bookbuilding Agreement is not executed within 2 Market Days from the Closing Date (or such other date as may be mutually agreed in writing between the Vendors and Aseambankers) or after such execution, the Bookbuilding Agreement be terminated for any reason; or
- (g) the listing of and quotation for the Units does not take place within 3 months from the date of the Prospectus,

then the Managing Underwriter may terminate the Underwriting Agreement and terminate, cancel and withdraw its commitment to underwrite the Underwritten Units by giving written notice to the Manager not later than 3 Market Days from the Closing Date, and thereupon the parties hereto shall (except for the Manager's obligation in respect of the payment of the underwriting commission and managing underwriting fee in accordance with Clause 7 of the Underwriting Agreement, cost and expenses referred to in Clause 8 of the Underwriting Agreement and any rights and liabilities of the Manager and/or the Managing Underwriter under Clause 4.3 or 5.2 of the Underwriting Agreement incurred prior to or in connection with the termination) be released and discharged from their respective obligations under the Underwriting Agreement. Each party shall return all monies paid to the other under the Underwriting Agreement (in the case of the Managing Underwriter, after deducting the underwriting commission together with the managing underwriting fee (in the case of the Managing Underwriter) and the payment of cost and expenses incurred due and owing to the Managing Underwriter pursuant to Clauses 7 and 8 respectively of the Underwriting Agreement, as mentioned above). Thereafter, the Underwriting Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except for any antecedent breaches.

Notwithstanding any other provisions in the Underwriting Agreement, the Managing Underwriter (who is also the underwriter) and the Manager may confer with a view to deferring the Listing or amending its terms or the terms of the Underwriting Agreement and enter into a new underwriting agreement accordingly, but neither the Managing Underwriter nor the Manager shall be under any obligation to make a fresh underwriting agreement.

In this clause, "Force Majeure" means war, a national emergency declared by the Malaysian government, hostilities, riot, uprising, flood, fire, storm, epidemic, explosion, disease, earthquake, hijacking, sabotage and acts of God which are unpredictable and beyond the reasonable control of the party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation.

3.10.3 Indemnity

- (a) The commitment of the Managing Underwriter to subscribe or procure subscribers for the Underwritten Units is made on the basis of the representations, warranties and undertakings of the Manager in clause 4 of the Underwriting Agreement with the intention that such representations, warranties and undertakings of the Manager shall remain true and accurate in all material respects on each day up to and including the 5th Market Day from the date of the Listing. In consideration of such commitment to underwrite, the Manager undertakes with the Managing Underwriter that it will:
 - (i) hold and keep the Managing Underwriter fully and effectively indemnified from and against any and all damages, losses, liabilities, costs (including but not limited to all costs, charges and expense and legal fees, paid or incurred in disputing or defending any such claim or action), claims, charges, proceedings, expenses, actions or demands which the Managing Underwriter may incur or suffer or which may be brought against the Managing Underwriter as a result of any material misrepresentation by the Manager or any material breach on the Manager's part of such representations, warranties and/or undertakings or any material failure by the Manager to perform the Manager's obligations under the Underwriting Agreement or any breach of the Manager of any terms and conditions of the Underwriting Agreement; and

3. THE IPO (Continued)

- (ii) immediately notify the Managing Underwriter of any misrepresentation or of anything which has or may have rendered or will or may render untrue or incorrect in any material respect any of its representations, warranties or undertakings at any time prior to the Closing Date, but the giving of any such notice shall not affect or prejudice any of the rights of the Managing Underwriter under the Underwriting Agreement,

PROVIDED that the liability of the Manager to the Managing Underwriter shall be limited to an amount equivalent to the underwriting commission together with the managing underwriting fee payable to the Managing Underwriter pursuant to Clause 7.1 of the Underwriting Agreement and PROVIDED FURTHER that the liability of the Managing Underwriter is incurred in relation to the proper discharge of its obligations under the Underwriting Agreement and such liability is not caused by any negligence, recklessness or willful act or omission on the part of the Managing Underwriter or by its failure to show the degree of care, due diligence and vigilance required of an underwriter.

- (b) The Managing Underwriter undertakes with the Manager to indemnify the Manager against any losses, liabilities, claims, charges, expenses, actions and demands which the Manager may incur or which may be made against the Manager arising out of or in connection with the following:
 - (i) the giving by the Managing Underwriter of any information or the making by it of any unauthorised representation, which is not contained in the Prospectus;
 - (ii) any failure by the Managing Underwriter to observe any of the restrictions or agreements contained in the Underwriting Agreement; and
 - (iii) any failure by the Managing Underwriter to fulfil its obligations under the Underwriting Agreement or any breach by the Managing Underwriter's sub-underwriter, delegate or representative of any obligation or provision to which the Managing Underwriter is subject or by which the Managing Underwriter is bound pursuant to the Underwriting Agreement,

PROVIDED that the liability of the Managing Underwriter shall be limited to an amount equivalent to the underwriting commission together with the managing underwriting fee (in the case of the Managing Underwriter) payable to that Managing Underwriter pursuant to Clause 7.1 under the Underwriting Agreement AND FURTHER PROVIDED THAT the above indemnity by the Managing Underwriter shall not apply in the following events:

- (iv) in relation to sub-paragraph b) i) above where the giving of any such information or the making of any such unauthorized representation by the Managing Underwriter not contained in the Prospectus was made in good faith in reliance on any documents, form, list etc, and with the prior written consent of the Manager; and in relation to
 - (v) sub-paragraph b) ii) and b) iii) above where the Managing Underwriter is prevented, prohibited or hindered from observing any of the restrictions or agreements contained in the Underwriting Agreement or from fulfilling its obligations under the Underwriting Agreement by reason of any written law or regulations.
- (c) The indemnities set out above shall survive and continue to have full force and effect notwithstanding the completion of the subscription and issue of the Underwritten Units or termination of the Underwriting Agreement in accordance with the relevant provisions of the Underwriting Agreement.

4. INTRODUCTION TO REITS

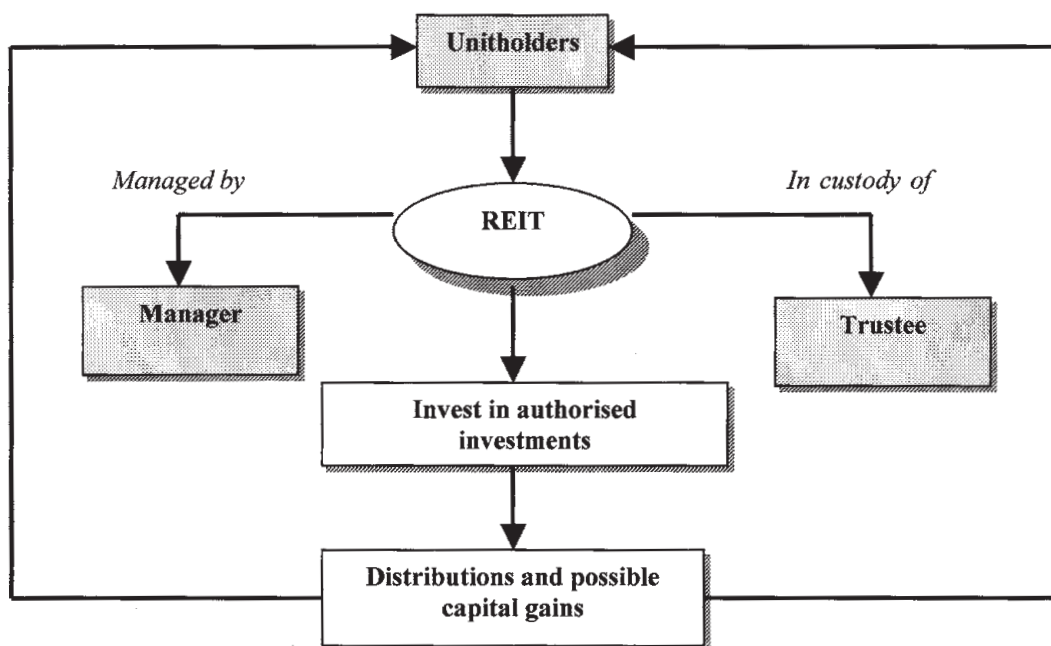
This section of the Prospectus represents only an introduction to REITs in general. This section does not purport to identify or suggest all REITs are associated with the same risks and benefits (which may not be exhaustive), as highlighted herein. Therefore, you should read and understand the full text of this Prospectus, in particular, Section 5.5 of this Prospectus before deciding to invest in the Issue Units.

4.1 OVERVIEW OF REITS

A REIT is a collective investment scheme where funds from investors are pooled and invested towards a specified goal as set out in the investment objective of the fund. In addition, a REIT is a fund that invests (via funds raised from investors) in a portfolio of real estate assets or real estate-related assets. These real estate assets generate income from rent collected from tenants, which is then, net of expenses, distributed to investors at regular intervals.

A REIT is constituted by a deed entered into between the manager and the trustee. The deed sets out the manner in which the REIT or scheme is to be administered, the valuation and pricing of units, the keeping of proper accounts and records, the collection and distribution of income, the rights of unitholders, the duties and responsibilities of the manager and trustee with regard to the operations of the scheme, and the protection of unitholders' interests.

The tripartite relationship between the manager, the trustee and the unitholders in a REIT is illustrated below:



4. INTRODUCTION TO REITS (Continued)

A brief description of the parties in a REIT is as follows:

The manager:

The manager is appointed to manage and administer the REIT in accordance with the objectives and investment policy of the REIT. The manager is obliged to administer the REIT in accordance with the deed, the SCA and SC Guidelines on REITs, and to administer the REIT in an efficient and proper manner that will ensure high standards of integrity and fair dealing in managing the REIT to the interest of unitholders, to exercise due care, skill and diligence as well as effectively employ the resources and procedures necessary for the proper performance of the REIT.

The trustee:

The trustee is appointed for the unitholders and acts as the custodian for all the assets of the REIT. The trustee, therefore, must act to ensure that the manager adheres strictly to the provisions of the deed, particularly with regard to the creation of units, the exercise of investment powers of the REIT, collection and distribution of income, proper record keeping of administrative, investment and unitholders' transactions and in upholding unitholders' interests.

The unitholders:

The interest of a unitholder in the REIT is an equitable interest of a beneficiary of a trust, subject to the terms of the deed. Unitholders shall be entitled to receive the distributions of the fund and such other rights as provided in the deed.

Other relevant parties:

The property manager is appointed to manage the real estate assets of the REIT.

4.2 THE REGULATORY FRAMEWORK

In Malaysia, REITs are governed and regulated by the SC. The SC is empowered to ensure compliance with the SCA and the SC Guidelines on REITs. The SCA and SC Guidelines on REITs govern the operation and administration of REITs and serve to protect the interest of unitholders and facilitate an orderly development of REITs. The trustee and the manager including its officers and Directors, must comply with the SCA, SC Guidelines on REITs and all other relevant laws and requirements.

A REIT is also governed by the deed, which incorporates the covenants required under the SCA and the SC Guidelines on REITs.

The appointments of the manager, including its CEO and Directors, and the trustee are subject to the approval of the SC.

4.3 BENEFITS OF INVESTING IN REITS

(a) Diversification

In addition to other available investible securities and instruments, a REIT enables investors to further diversify their investments by providing them the opportunity to pool their resources for the purchase of a diversified portfolio of authorised investments in real estate or real estate-related assets. Further, investors in a REIT can usually access a broader range of real estate than they could invest on their own.

(b) Liquidity

4. INTRODUCTION TO REITS *(Continued)*

In a listed REIT, units are generally readily convertible into cash as they are traded on a stock exchange and investors may purchase additional units or dispose all or part of their units on any market day on the stock exchange.

(c) **Affordability**

REITs allow investors to participate in the real estate market via investment in units of the REITs, which requires a smaller capital outlay relative to purchasing similar real estate on their own.

Investments in REITs are generally less risky than direct investments in real estates and other investments such as shares and financial derivatives. REITs may appeal to a conservative to moderate-risk investor.

(d) **Long run inflation hedge**

REITs may provide a hedge against inflation as when inflation rises, the value of real estate and real estate securities can be expected to increase.

(e) **Stable returns**

REITs typically have relatively stable cash flows since almost all of its revenue is generated by rentals under the terms of lease agreements with its tenants. These agreements are typically for specific durations, and may be subject to tenancy extensions.

(f) **Professional management**

REITs provide investors an opportunity to invest in real estate that is managed by experienced and professional persons.

(g) **Potential capital appreciation**

In addition to distributing income at regular intervals, REITs also provide an opportunity for capital appreciation via any increase in the values of real estate held in its portfolio. In the case of a listed REIT, the unit price may appreciate subject to macroeconomics conditions, stock exchange sentiments and fund performance.

(h) **Ownership of large investment grade real estate**

Subject to the quality of the real estate, investors in a REIT are essentially akin to holding stakes in large investment grade real estate, which may otherwise have been impossible for a retail investor.

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4. INTRODUCTION TO REITS *(Continued)*

4.4 RISKS OF INVESTING IN REITS

REITs are exposed to a variety of risks associated with investments of, management of, and returns from the REITs.

(a) **General risk**

➤ **Economic, political and regulatory risks**

The performance of the real estate industry is closely linked to the economic environment. Any adverse developments in the political and economic environment and uncertainties in Malaysia can materially and adversely affect the property industry and hence the financial performance of the REIT. These include the risks of war, global economic downturn and unfavourable changes in the Government's policy such as changes in laws, government incentives and taxation, introduction of new regulations, or changes in existing regulations.

➤ **Fund management risk**

There is a risk that the manager may not adhere to the investment mandate of the REIT. Poor management of the REIT may jeopardise the investment of unitholders through loss of their capital invested.

In addition, the selection of real estate, which makes up the assets of the REIT is a subjective process. Real estate selected by the manager may yield a higher or lower return than the overall real estate market.

➤ **Loans financing risk**

Investors who take end-financing loans to finance the purchase of units in REITs must be prepared to accept risks, such as being forced to provide additional funds to top up their loan margin account when the price of units goes down, or suffer the higher cost of financing when interest rates trend upwards. In addition, the returns on REITs are not guaranteed and may not be earned evenly over time.

➤ **Risk of non-compliance**

There is the risk that the manager and others associated with the fund will not comply with the deed of the fund, the law that governs the fund, or the internal policies, procedures and controls, all of which may affect the investment of unitholders.

(b) **Investment risk**

➤ **Dividend distribution not guaranteed**

The net operating profit earned by a REIT depends on, amongst others, the amount of rental income received, and the level of property, operating and other expenses incurred. If real estate owned by a REIT do not generate sufficient net operating profit and cash flow, the REIT's ability to make dividend distributions will be adversely affected.

4. INTRODUCTION TO REITS *(Continued)*

➤ **Capital market risk**

The unit price of a listed REIT is subject to the volatility as well as the liquidity of the equity market. The equity market is influenced by many factors, such as economic conditions, interest rates, capital flows, market sentiment, as well as monetary and fiscal policies.

➤ **Risk associated with borrowings**

Significant fluctuations in interest rates may have an adverse impact on the financial performance of REITs and may lower income distribution to unitholders. There is an inverse correlation between the interest rates and the distributable income to unitholders.

➤ **Insurance risk**

Real estate held by REITs could suffer physical damage caused by fire, flood, earthquake or other causes, resulting in losses (including loss of rent) which may not be fully compensated by insurance. In addition, certain types of risks (such as war and terrorist acts) may be uninsurable or the cost of insurance may be prohibitive. There is no assurance that the proceeds from insurance will cover losses suffered adequately.

➤ **Risk relating to investments in real estate**

The yields of the real estate may be adversely affected by a number of factors, such as:

- (a) vacancies following expiry or termination of leases that lead to reduced occupancy rates which reduce the REIT's income;
- (b) the manager's ability to provide adequate management and maintenance services;
- (c) inadequacy of insurance cover for the real estate;
- (d) the risk of tenants defaulting on their rental payments as well as any compensation for any early termination;
- (e) changes in tax regulations;
- (f) the terms on which lease renewals and new leases are agreed being less favourable than existing leases;
- (g) poor cost control resulting in higher operating and other expenses without a corresponding increase in revenue;
- (h) unexpected expenses incurred due to changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies and defects affecting the real estate which need to be rectified, leading to unforeseen capital expenditure;
- (i) amendment or revocation of the present tax incentives for REITs; and
- (j) competition for tenants from other real estate which may affect rental levels and occupancy rates.

4. INTRODUCTION TO REITS *(Continued)*

➤ **Risk relating to investment in other authorised investments**

Subject to the investment limits prescribed by the SC for the time being, apart from real estate, REITs are permitted to invest in any of the following:

- (a) single-purpose companies;
- (b) real estate-related assets;
- (c) liquid assets;
- (d) non-real estate-related assets; and
- (e) asset backed securities.

Where REITs invest in stock market related investments, the following risks become key considerations:

➤ **Market risks**

Stock prices may fluctuate in response to activities of the individual companies, general market sentiment, economic conditions and political and social environment. Such fluctuations in the investment portfolio will cause the NAV of the REIT to fall as well as rise, and may similarly affect the price of units.

➤ **Particular stock risk**

Any major price fluctuations of a particular stock invested by the REIT may affect its NAV and thus impact (adversely or favourably) on its unit prices. This impact may, however, be minimised through the process of portfolio diversification by the manager.

➤ **Liquidity risk**

If a REIT has a large portfolio of stocks that are illiquid, such stocks may be sold at a discount to its fair value, hence affecting the value of the REIT. The liquidity risk may be minimised through the process of stock selection and portfolio diversification by the manager.

Where REITs invest in debt-related investments, the following risks become key considerations:

➤ **Interest rate risk**

Generally bond prices and interest rates move inversely. If interest rate rise and bond (or bond fund) prices fall, the value of investment will be lower and the NAV of the REIT will be reduced.

➤ **Credit risk**

In the event the issuer of the debt instrument is unable to make timely payment of interest and principal, the value of the debt instrument may reduce accordingly, thereby reducing the NAV of the REIT.

4. INTRODUCTION TO REITS *(Continued)*

4.5 COMPARISON WITH OTHER FORMS OF INVESTMENTS

All investments carry some form of risk-return trade-off. Some of the investment alternatives are as follows:

Cash and fixed deposits

Fixed deposits generally provide a fixed rate of return and can provide a stable stream of income. The range of deposit products available is quite extensive, ranging from simple overnight deposits at a cash rate, to more long term, structured deposits, like a two-year fixed deposit. Whilst deposits with a licensed financial institution can be considered almost risk free, there still exists a risk of default. Cash and fixed deposits do not present any opportunity for capital gain, and depending on the inflation rate, may not provide a positive real return.

Investment in bonds

Investment in bonds generally provides a fixed rate of return and can provide a stable stream of interest income. Bond prices move inversely to its yield to maturity. Bond investors are subject to a number of risks, including credit risk and interest rate risk. Bonds are generally less risky than shares but riskier than cash or fixed deposits.

Direct investment in real estate

Investments in real estate can provide a regular and stable stream of income and capital gains. However, such investment typically requires a large capital outlay, and is therefore generally available only to high net worth individuals, corporations or institutions. Movements in real estate prices can be cyclical and depending on the timing of the investment, can result in capital losses. Large capital outlays also limit the ability to diversify risk. Further, investments in real estate are generally less liquid than investments in marketable shares or bonds and may be difficult to exit in a timely manner.

Investment in shares

Investment in shares is subject to market risk and specific risks associated with a company or business and may result in either capital gains or losses. Share prices can be volatile and may not always reflect the fundamental value of a company. Investment in shares may or may not provide a regular stream of dividends. Shares are generally more risky than bonds or fixed deposits.

Financial derivative products

Financial derivative products are used to manage investors' exposure to unexpected price fluctuations in, amongst others, the commodity, equity and bond markets, and derives its value from an underlying instrument such as interest rates, indices and share prices. As these underlying instruments can be volatile at times, this form of investment has very high investment risks. Financial derivative products can also provide an avenue to earn very high returns (losses) without large capital outlays.

In summary, risk and return comparison for the various investments may be summarised as follows:

Types of investment	Risk level	Expected return level
Cash	Low	Low
Fixed deposit		
Bonds		
REITs		
Direct investment in real estate		
Investment in shares		
Financial derivative products	High	High

4. INTRODUCTION TO REITS *(Continued)*

4.6 INVESTOR PROFILE

REITs may appeal to a conservative to moderate investor with a long-term investment horizon who seeks regular distribution of income and long-term capital growth.

4.7 PERFORMANCE INDICATORS AND BENCHMARKS

In general, the Kuala Lumpur Composite Index is the most widely followed and used for performance benchmarking for listed securities. The Kuala Lumpur Composite Index is deemed an appropriate indicator and benchmark for evaluating performance of listed REITs as it is readily available to most investors and generally the preferred benchmark for all Malaysian-centric equity funds. In addition, the FTSE Bursa Malaysia EMAS Shariah Index, which indicates the overall performance of listed companies on the Main Board and property sector index, would also be practical for the same.

To obtain the latest information on the said indices, investors may refer to the Bursa Malaysia website, www.bursamalaysia.com under Market Information Section. Other pertinent information such as daily stocks performance by sectors and individual counter can also be obtained.

In addition, investors must consider and familiarise themselves with the following performance indicators of REITs:

- (i) **Management expense ratio or MER:** the ratio of the fees related to the management of the REIT to the NAV of the fund. These expenses include the annual management fee, the annual trustee fee, valuation and auditor's fees and the costs of printing, stationery and postage but exclude property operating expenses such as quit rent and assessment, general property maintenance etc. The MER is an important factor to be considered in choosing a REIT for investment, as the annual expenses of managing the REIT would normally take up a substantial portion of its gross income. Hence, MER allows you to make comparisons on the expenses incurred by other REITs in assessing whether such expenses of a particular REIT are excessive.
- (ii) **Distribution yield:** the ratio of the distribution paid to unitholders from the REIT's income to the price paid for the units of the REIT.
- (iii) **NAV:** the net market value of a company's assets, including but not limited to its properties, after subtracting all its liabilities and obligations.

4.8 FEES AND CHARGES

4.8.1 Fees and charges payable by the unitholders

So long as the units are listed, an investor or unitholder would directly incur the usual costs related to the trading of units on Bursa Securities, such as brokerage fee, clearing fee and stamp duty.

For further information on the charges you may incur from the trading of units on Bursa Securities, you may refer to its website at www.bursamalaysia.com.

4. INTRODUCTION TO REITS *(Continued)*

4.9 FEES AND EXPENSES THAT A REIT MAY INCUR

The table below describes the fees and expenses that a REIT would incur:

Annual management fee	The REIT manager receives this fee for managing the REIT.
Annual trustee fee	The trustee receives this fee for acting as trustee and for safeguarding the interests of the unitholders.
Property management fee	The property manager receives this fee for managing the REIT's properties. This fee is based on a certain graduated scale as provided in the VAEA Act.
Other fund expenses	<ul style="list-style-type: none">• Auditor's fee;• Valuation fee;• Other relevant professional fees;• Interest expense;• Printing, posting and general expenses that are directly related and necessary for the administration of the Fund; and• Property operating expenses.

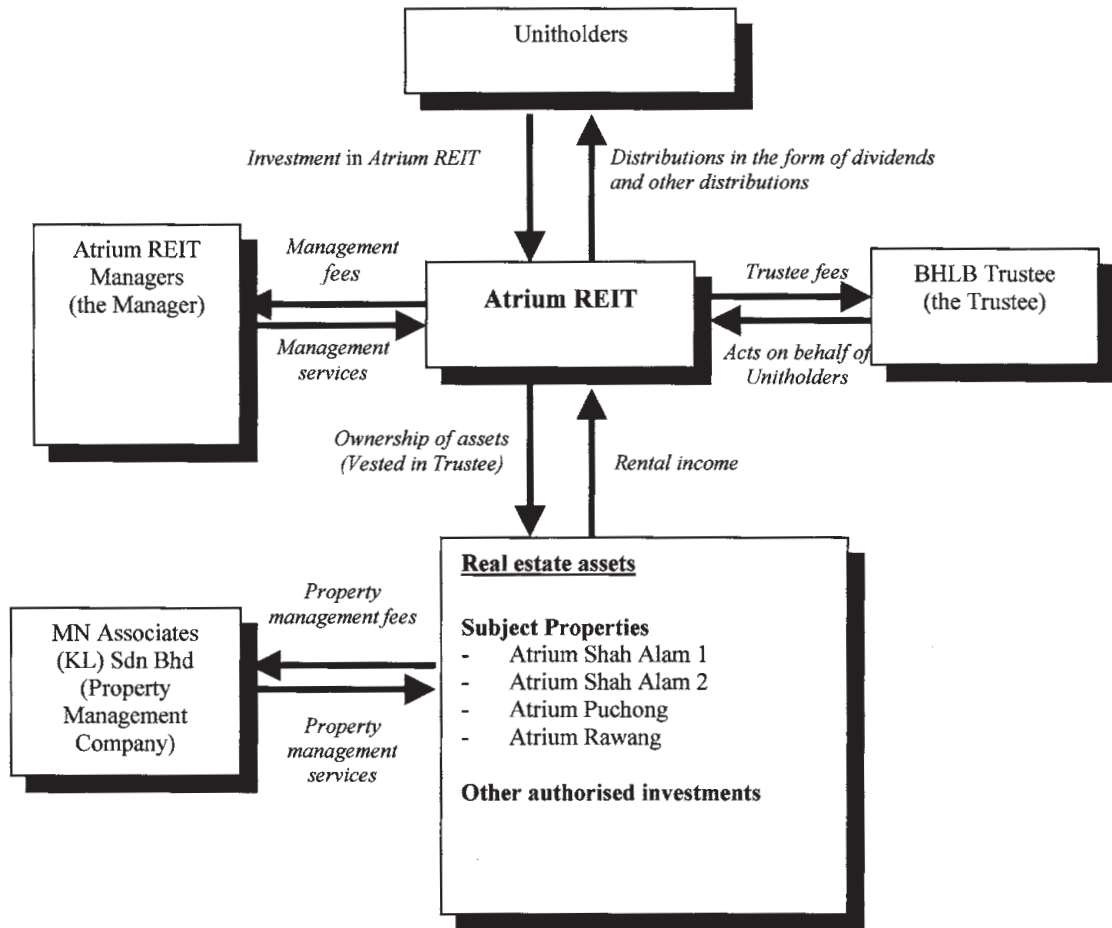
FOR DETAILS ON THE FEES AND CHARGES APPLICABLE TO ATRIUM REIT, PLEASE REFER TO SECTION 12 OF THIS PROSPECTUS. YOU ARE ADVISED TO CONSIDER THE FEES AND CHARGES BEFORE INVESTING IN THE FUND.

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5. ATRIUM REIT

5.1 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:



5. ATRIUM REIT *(Continued)*

5.2 INVESTMENT OBJECTIVES

Atrium REIT, constituted by the Deed, is a REIT formed to own and invest primarily in custom-built and strategically located properties tenanted on secured long-term leases to reputable and financially sound logistics companies and manufacturers. However, we may acquire other types of properties in future, as long as the yield and quality of such assets meet our investment criteria. The primary objectives of the Fund are:

- (a) to maximise profits in order to reward Unitholders annually with a stable distribution of income; and
- (b) to acquire quality assets to achieve long-term growth in the NAV per Unit of the Fund.

Pursuant to the SC Guidelines on REITs, should there be any material changes to the primary investment objectives of the Fund, the prior approval of the Unitholders is required by way of a resolution of not less than two-third of all Unitholders present and validly voting at a duly convened Unitholders' meeting.

5.3 INVESTMENT AND GROWTH STRATEGIES

We aim to achieve Atrium REIT's primary objectives as stated in Section 5.2 above by ensuring sustainable growth in rental income and seeking opportunities to acquire quality real estates to diversify the earnings base and to enjoy economies of scale.

In achieving our investment objectives, we have the following business strategies in place:

- Organic growth strategy
- Acquisition growth strategy
- Financing strategy

5.3.1 Organic growth strategy

Organic growth strategy involves the active management of the Subject Properties to maximise existing returns.

(a) Proactive asset management

- We will ensure that the present 100% occupancy rate is maintained by providing the existing tenants with additional auxiliary facilities such as rackings and forklift lease facilities;
- We will carry out regular checks on the Subject Properties for any defects or damages and we will ensure that the tenants do not abuse the properties in order to preserve the quality of the properties;
- We will ensure that maintenance and repairs are carried out timely and properly to safeguard the Subject Properties without affecting the tenants' business operations;
- We will ensure that the absence of rental defaults be maintained;
- We aim to maximise the Net Lettable Area to maximise gross rental income. The creation of unauthorised structures and shelters are strictly prohibited unless approvals are sought from us and the relevant authorities;

5. ATRIUM REIT (Continued)

- We will regularly review rental rates against market rates for possible upward adjustments in accordance with the lease agreements;
- We will regularly review the value of the Subject Properties against market value to detect substantial capital appreciation for potential disposal to realise the capital gain; and
- We will regularly review and ensure that the Subject Properties are in line with current and future economic and industrial trends and requirements.

(b) Maximising tenant retention and creating leasing opportunities

- We will continuously cultivate close relationships with tenants by emphasising on the preventive maintenance of the Subject Properties, expedient responses to tenants' requests including carrying out the necessary repairs in accordance with the lease agreements and maintaining regular contact with tenants;
- We shall develop working relationships with the tenants for the construction of extensions or new warehouses/factories to meet their business requirements;
- We will conduct leasing negotiations early with existing tenants whose leases are due to expire to minimise vacancy rates; and
- We will collaborate with real estate agents to seek new tenants to replace existing tenants, should the need arise and we shall keep ourselves aware of the market leaders in the logistics business.

(c) Budgetary control

We shall ensure that operating expenses for each of the Subject Properties are minimised, without compromising the quality of services and facilities provided. We intend to achieve this through:

- formalising an annual comprehensive budget for all expenses of the Subject Properties. We shall conduct monthly reviews of the accounts to detect any excessive expenses compared to the predetermined budget;
- ensuring utility costs, sewerage costs and daily general maintenance of the Subject Properties and its surroundings borne by the tenants are paid promptly to avoid unnecessary disruptions. As stipulated in the lease agreements, the tenants are liable to pay for repairs or maintenance costs that are caused by their negligence;
- sourcing for services and materials of the best quality at the lowest price; and
- adopting strict controls on purchase order and/or work order awards to prevent unwarranted requisition of expenditure.

5.3.2 Acquisition strategy

The acquisition strategy involves selectively acquiring additional quality real estates that provide attractive cash flows and yields, together with growth in distribution per Unit and NAV per Unit. We presently intend to concentrate our investments on real estates in Malaysia but will endeavour to capitalise on our strengths by following our tenants to grow regionally in Asia, especially in South East Asia, China and India.

In addition to the above, one of our Promoters, Chan Kam Tuck, has undertaken to grant Atrium REIT a first right of refusal for a period of five (5) years to acquire from the Grantors any real property (whether in Malaysia or otherwise) proposed to be sold by a Grantor, pursuant to the terms and conditions as set out in the undertaking letter dated 29 December 2006.

Our other Promoter, GBISB, has also undertaken to grant Atrium REIT a first right of refusal for a period of five (5) years to acquire from GBISB and all its subsidiaries (collectively referred to as the "GBISB Group") any real property (whether in Malaysia or otherwise) proposed to be sold by any company under the GBISB Group, pursuant to the terms and conditions as set out in the undertaking letter dated 29 December 2006.

In evaluating acquisition opportunities, we will focus on the following investment criteria:

- (a) **Improved yields.** New acquisitions must result in improved yields compared to existing yields.
- (b) **Quality of tenant.** We will continue to capitalise on our relationships and quality of our services to provide custom-built warehouses/factories for our existing tenants and other potential tenants of good financial standing.
- (c) **Location.** Real estates to be acquired must be located in prime location with good access to major roads and connectivity to other prime areas.
- (d) **Capital appreciation.** We seek to acquire quality real estates which are below the market value which will result in NAV improvements within the medium to long-term periods. We aim to improve the value further by implementing active property management, and other enhancements.
- (e) **Land tenure.** We prefer freehold lands.
- (f) **Building designs and specifications.** We will ensure the building designs and specifications comply with building and zoning codes and will provide design specifications that are user friendly to tenants. The quality of the buildings is essential in order to minimise maintenance cost.
- (g) **Nature of the tenant's business.** The present tenants are engaged in consumer products which are of high demand. We shall continue to remain focused on this scope and will concentrate on obtaining tenants in similar nature of business. We will also venture into sale and leaseback arrangements with the tenants to promote growth of business.

We intend to hold the Subject Properties on a long-term basis. In the future, if any of the Subject Properties' value has been maximised, we may dispose the property and use the portion of the proceeds to invest in new real estates with better yields and growth potential. The remaining portion of the proceeds attributable to the capital gains due to the disposal will be distributed to Unitholders.

5. ATRIUM REIT (Continued)

5.3.3 Financing strategy

We will comply with the provisions of the Deed and the SC Guidelines on REITs in relation to the maximum level of permitted borrowings which is, as at the LPD, set at 50% of the total asset value at the time the borrowings is incurred.

We intend to use a combination of debt facility(ies) and issuance of new Units to fund future acquisitions. If it is deemed appropriate and in compliance with the SC Guidelines on REITs, we may also adopt a hedging strategy to manage the risks associated with changes in interest rates relating to its borrowings. Borrowings can be in the form of bank borrowings or through the issuance of commercial papers/bonds where the Fund would then be rated.

5.4 INVESTMENT POLICIES

5.4.1 Investment limits and restrictions

As prescribed by the SC Guidelines on REITs, Atrium REIT must comply with the following requirements:

- (a) at least 75% of Atrium REIT's total assets shall be invested in real estate, single-purpose companies, real estate-related assets or liquid assets;
- (b) at least 50% of Atrium REIT's total assets shall be invested in real estate or single-purpose companies; and
- (c) the remaining 25% of Atrium REIT's total assets may be invested in other assets (i.e. real estate-related assets, non-real estate-related assets or asset-backed securities).

5.4.2 Authorised investments

Subject to the investment limits specified in Section 5.4.1 above, Atrium REIT may invest in any of the following:

- (a) real estate;
- (b) single-purpose companies being unlisted companies whose principal assets comprise real estate;
- (c) real estate-related assets which include units of other REITs, listed securities of and issued by property companies, listed or unlisted debt securities of and issued by property companies and mortgage-backed securities;
- (d) liquid assets which include cash, deposits with licensed institutions and/or other institutions licensed or approved to accept deposits; and any other instrument capable of being converted into cash within seven (7) days as may be approved by the Trustee;
- (e) non-real estate-related assets being:
 - listed shares issued by non-property companies;
 - debt securities issued by, or fully guaranteed by the Government of Malaysia; and
 - commercial papers or other debt securities issued by companies or institutions with credit rating of not less than:
 - (i) A / P1: by Rating Agency of Malaysia Berhad; and
 - (ii) A / MARC -1: by Malaysian Rating Corporation Berhad;

5. ATRIUM REIT (Continued)

- (f) asset-backed securities; and
- (g) any other investment not covered by items (a) to (f) above but specified as a permissible investment in the SC Guidelines on REITs or otherwise permitted by the SC.

Atrium REIT invests primarily in strategically located properties tenanted to logistics companies and manufacturers and will continue to look for opportunities in these types of properties.

The Fund may explore the investment opportunities in debt/equity instruments so as to diversify its investment portfolio. A qualified fund manager will then be engaged, where applicable, subject to the Trustee's approval and within any relevant regulatory guidelines.

The real estate assets shall be revalued at least once every three (3) years from the last valuation date or as the SC Guidelines on REITs may stipulate. All valuations will be conducted on the bases and methods, which are in accordance with Asset Valuation Guidelines issued by the SC.

After the Listing, the investment portfolio of Atrium REIT shall only consist of the Subject Properties.

In the event Atrium REIT diversifies its investment portfolio to other authorised investments (other than real estate assets), the bases of valuation for such investment shall be carried out in accordance with the provisions of the Deed and the SC Guidelines on REITs.

5.5 RISK FACTORS

You should rely on your own evaluation and carefully consider the following risk factors, in addition to other information contained elsewhere in this Prospectus, before applying for the Issue Units. The risk factors set out below, which may not be exhaustive, may have a significant impact on the future performance of and operations of Atrium REIT. Additional risks, whether known or unknown, may in the future have a material adverse effect on Atrium REIT or the price of the Units.

As an investment in a collective investment scheme is meant to produce returns over the long-term, you should not expect to obtain short-term gains.

You should be aware that the price of the Units may fall or rise. You should also note that you may not fully or at all recoup your original investment.

5.5.1 Risks Relating to Atrium REIT's Organisation and Operations

- (a) **Potential conflicts of interest between us, Atrium REIT and GBISB relating to acquisitions**

GBISB is our holding company and is principally a property investment holding company.

As a result, the strategies and activities of Atrium REIT may be influenced by the overall interest of GBISB. There can be no assurance that conflicts of interest will not arise between us, Atrium REIT and GBISB in the future, which may include acquisitions of properties as well as competition for tenants.

Further, in line with our acquisition strategies, Atrium REIT may in the future acquire properties which are presently owned by GBISB and its related companies. Alternatively, in varying its portfolio of properties, Atrium REIT may in the future dispose properties to GBISB and its related companies.

5. **ATRIUM REIT (Continued)**

In accordance with the Deed, the prior approval of the Trustee and, if required, the Unitholders will be sought for such acquisitions or disposals and a qualified valuer will be appointed to appraise the value of the properties. Our related corporations, associated persons and ourselves will not vote on such transactions. *Related corporation* shall have the meaning given in Section 6 of the Act and associated persons shall have the meaning given in Section 3 of the Securities Industry Act, 1983.

(b) Risks associated with bank borrowings

After the Listing, Atrium REIT is expected to have an indebtedness of approximately RM43.70 million ("Indebtedness") arising from the borrowings taken to part finance the Acquisitions. The Indebtedness represents approximately 25.66% of Atrium REIT's total asset value as at the Listing date. The Indebtedness will be secured against two (2) of the Subject Properties, i.e. Atrium Shah Alam 1 and Atrium Rawang.

If Atrium REIT is unable to meet its payment obligations under the terms of the Indebtedness, Atrium Shah Alam 1 and Atrium Rawang may be foreclosed by the lenders with a consequent loss of income and asset value to Atrium REIT. The ability of Atrium REIT to meet its future payment obligations (in relation to the Indebtedness) and payment of distributions will be dependent on its future financial performance and operational cash flows.

Atrium REIT may be subject to certain covenants in connection with any future borrowings that may limit or otherwise affect its operations and ability to make distributions to Unitholders. Such covenants may restrict Atrium REIT's ability to acquire properties or undertake other capital expenditures or may require it to set aside funds for maintenance or repayment of security deposits.

In addition, the fluctuation in interest rates may adversely affect the cashflow position of Atrium REIT and dividend distribution to the Unitholders.

For future bank borrowings, if Atrium REIT is unable to make payment obligations, properties of Atrium REIT that are charged to secure such borrowings may be foreclosed by the lenders or subject to a forced sale at an undesirable value.

We will endeavour to maintain the cash flow of the Fund at a manageable level, taking into account the cash flow, level of debts and distributions to Unitholders.

(c) Limitations on borrowings

In accordance with the Deed and the SC Guidelines on REITs, Atrium REIT is only permitted to borrow up to 50% of its total asset value (or such other level permitted under the SC Guidelines on REITs from time to time) at the time the borrowings are incurred. However, as allowed under the SC Guidelines on REITs, Atrium REIT's total borrowings may exceed this limit with the prior approval of the Unitholders. Based on the Indebtedness (as set out in Section 5.5.1(b) above), the Indebtedness represents approximately 25.66% of Atrium REIT's total asset value as at the Listing date.

Limitation on borrowings may have the following business consequences:

- (i) an inability to fund capital expenditure requirements by bank borrowings in relation to Atrium REIT's future acquisition of properties;
- (ii) cash flow shortages which Atrium REIT might otherwise be able to resolve by borrowing funds; and

5. ATRIUM REIT (Continued)

- (iii) a decline in the total asset value of the Fund may cause the borrowing limit to be exceeded thus affecting the Fund's ability to incur further borrowings.

Notwithstanding the above, we may source other means of funding such as internally generated funds or through new issuance of Units. In addition, a portion of the distributable income of Atrium REIT would be set aside for contingency purposes. Our Board is of the opinion that the working capital raised from the Retail Offering will be sufficient for Atrium REIT for a period of twelve (12) months from the date of listing of the Fund.

(d) Limited operating history

Atrium REIT was constituted on 20 November 2006 and we were incorporated on 22 September 2005. Whilst several of our Directors and key management have been managing the Subject Properties previously, Atrium REIT Managers in itself has no operating history or past performances which may be evaluated by investors to assess their likely future performance.

Notwithstanding the above, Atrium REIT is being managed by an experienced, professional and capable management team, which aims to achieve the investment objectives of Atrium REIT by applying sound investment policies and strategies. The profiles of our Directors and management team are set out in Sections 7.4 and 7.5 of this Prospectus.

(e) Dependence on key personnel

The success of Atrium REIT will depend to a significant extent upon the continued service and performance of our Directors and key management team. The loss of any key member in our Board or key management could adversely affect Atrium REIT's business, results of operations and financial conditions.

We believe that proactive development of managerial talent within the organisation and a management succession plan in place are essential for continued success and performance of Atrium REIT.

(f) Investment policies of Atrium REIT may change

Upon completion of the IPO, the investment portfolio of Atrium REIT shall only consist of the Subject Properties. Atrium REIT may change its investment policies in future. There is no assurance that the new investment policies will result in a better distribution of income to Unitholders and no assurance of capital growth in such investments. Nevertheless, the investment policies of the Fund will at all times be subject to the requirements as set out in Section 5.4 of this Prospectus, which outlines the guidelines on limits and types of investments to be undertaken by Atrium REIT.

(g) Competition may affect the implementation of the investment strategies of Atrium REIT

Our investment strategy is to invest in a portfolio of strategically located industrial properties tenanted to established logistics companies and manufacturers in Malaysia with the primary objective to achieve long-term growth in NAV per Unit. Although we will endeavour to attain such objective, there is no assurance that the investment strategy can be implemented successfully. We may not be able to implement our strategy if there is a limited availability of such real estates for sale, increased competition amongst potential buyers of such real estates, changes to law or regulations which may adversely affect the operating environment or if we are unable to source financing at favourable terms. Notwithstanding this fact, we will continue to work closely with our existing tenants and grow with them regionally in South East Asia, China or India.

(h) Changes in laws, regulations and guidelines in Malaysia

Atrium REIT may be affected by the introduction of new or revised legislations, regulations or guidelines in Malaysia. Such changes may have a material adverse effect on our ability to carry out Atrium REIT's investment strategies or on the operations or financial performance of Atrium REIT.

5.5.2 Risks relating to real estate assets

(a) Risks relating to the property market, economic, political and regulatory conditions in Malaysia

Atrium REIT's properties are located in Malaysia and as such are exposed to the performance of the property industry and to a larger extent, the economic performance of Malaysia. Atrium REIT's operations and future growth could be adversely affected by a deterioration in the economic condition in Malaysia. Additionally, any adverse development in the political and regulatory conditions in Malaysia may also materially and adversely affect the financial performance of Atrium REIT. Such political and economic uncertainties include the risks of war, changes in general economic, business and credit conditions, changes in the Government's policies and the introduction of new regulations affecting the industry, inflation, interest rates, taxation, fluctuation in foreign exchange rates and political or social development in Malaysia.

The performance of Atrium REIT may also be affected by factors affecting the property cycle in Malaysia, including oversupply and decrease in demand for buildings. However, Atrium REIT's tenants have signed long-term leases and the tenants are involved in consumer products which have strong presence in the Malaysian market.

(b) Risks of single tenanted properties

Atrium REIT's financial condition and results of operations and its ability to make distributions may be adversely affected by the bankruptcy, insolvency or downturn in the business of its four (4) tenants, including the decision by any of its tenant not to renew its lease or to terminate its lease before it expires. The loss of one of the Subject Properties' tenants could result in periods of vacancy, which could adversely affect Atrium REIT's rental income. In addition, substitute tenants on satisfactory terms may not be found in a timely manner or at all, or if found the amount of rent and the terms on which lease renewals and new leases are agreed may be less favourable than current leases.

However, this risk is mitigated by having established companies signing long-term tenancies. The warehouses/factories are of high quality and custom-built to tailor to the needs of the tenant. Offices are also set-up side by side with the warehouse/factory. This, together with the scarcity of warehouses/factories of similar size and features in the Klang Valley, are factors which may reduce the risk of tenants wanting to relocate. Our reputation for timely response to address the tenants' maintenance issues is a key factor in retaining existing tenants.

The tenants of the Subject Properties are subsidiaries of reputable MNCs and are involved in food manufacturing or integrated logistics and supply chain management of established brands of consumer products, all of which are mainly for distribution in Malaysia. Therefore, the location of the warehouse/factory is integral to the business success of these tenants. The Subject Properties, being strategically located in the Klang Valley serves as a strong factor in retaining the existing tenants.

5. ATRIUM REIT (Continued)

(c) Increase in operating and other expenses

Atrium REIT's ability to make distributions to the Unitholders could be affected if its operating and other expenses increase without a corresponding increase in revenue or tenant reimbursements of operating and other costs.

Factors which could increase operating and other costs include, amongst others:

- (i) inflation;
- (ii) increases in property taxes and other statutory charges;
- (iii) changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- (iv) increases in property management cost and management fee;
- (v) increase in insurance premiums; and
- (vi) defects affecting the properties which need to be rectified, leading to unforeseen capital expenditure.

In this respect, we intend to minimise the operating expenses for each of the Subject Properties by, *inter-alia*, taking advantage of the economies of scale through integration of resources as well as having a tight budgetary control procedure.

(d) Insurance coverage

The Subject Properties could suffer physical damage caused by fire, flood, earthquake or other causes or Atrium REIT may suffer public liability claim, which may result in losses (including loss of rent), and may not be fully compensated by insurance. In addition, certain types of risks (such as war risk and terrorist acts) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of insured limits occur, Atrium REIT could lose capital invested in the affected property as well as anticipated future revenue from that property. Atrium REIT would also remain liable for any debt or other financial obligation related to that property.

(e) Compulsory acquisition by the government

Pursuant to the provisions of the Land Acquisition Act 1960, the State Authority (i.e. the Ruler or the Yang di-Pertua Negeri of the State, as the case may be) or the Federal Government (in the case of lands situated within the Federal Territories) has the power to acquire any land, whether in whole or in part, (including the Subject Properties) which is needed:

- (i) for any public purpose;
- (ii) by any person or corporation for any purpose which in the opinion of the State Authority is beneficial to the economic development of Malaysia or any part thereof or to the public generally or any class of the public; or
- (iii) for the purpose of mining or for residential, agricultural, commercial, industrial or recreational purposes or any combination of such purposes.

5. **ATRIUM REIT (Continued)**

The amount of compensation assessed to be awarded pursuant to any acquisition is based on the following considerations:

- (i) the market value as determined in accordance with Section 1 of the First Schedule of the Land Acquisition Act 1960;
- (ii) any increase, which shall be deducted from the total compensation, in the value of the other land of the person interested likely to accrue from the use to which the land acquired will be put;
- (iii) the damage, if any, sustained or likely to be sustained by the person interested at the time the Land Administrator takes possession of the land, by reason of the acquisition injuriously affecting his other property, whether movable or immovable, in any other manner;
- (iv) if, in consequence of the acquisition, the person interested is or will be compelled to change his residence or place of business, the reasonable expenses, if any, incidental to such change; and
- (v) where only part of the land is to be acquired, any undertaking by the State Authority, or by the Government, person or corporation on whose behalf the land is to be acquired, for the construction or erection of roads, drains, walls, fences or other facilities benefiting any part of the land left unacquired provided that the undertaking is clear and enforceable.

The amount of such compensation may be:

- (i) less than the market price of the Subject Properties upon the sale of the Subject Properties in the open market; and
- (ii) less than the purchase consideration of the Subject Properties to be satisfied by the Trustee.

As at the LPD, none of the Vendors have received any notice of intended acquisition in relation to the Subject Properties or any part thereof.

If any of the Subject Properties becomes affected by any notice of acquisition or intended acquisition under the Land Acquisition Act 1960 before the date of presentation of the transfer of the Subject Properties, the Vendors must give notice thereof to the Trustee within fourteen (14) Market Days of receipt of such written notice and in such an event, the Trustee has the option, within fourteen (14) Market Days of receipt of such written notice, to either terminate or proceed with the conditional SPAs.

If the Trustee terminates the conditional SPAs, and subject to the Trustee withdrawing any private caveat lodged, the conditional SPAs shall be null and void and be of no further effect and neither party shall have any further claims against the other party, save for any antecedent breach. In the event that the Trustee elects to proceed with the purchase of the Subject Properties and subject to the Trustee satisfying the purchase consideration for the Subject Properties, all compensation awarded and paid on such acquisition will be paid to or held in trust by the Vendors for the Trustee.

(f) Non-registration of the transfer of the Subject Properties

Pursuant to the terms of the conditional SPAs for the Acquisitions, the statutory form of transfer instruments are to be presented at the relevant land registry/land office for registration.

While every effort will be made to ensure that the transfer instruments in respect of the Subject Properties are fit for registration and that there are no evident restraints on dealings with the Subject Properties prior to the presentation of the transfer instruments in order to minimise any risk of non-registration, there is no conclusive evidence or proof that the Subject Properties have been transferred to the Trustee until the issue documents of title to the Subject Properties are duly endorsed with the name of the Trustee as transferee and such titles are returned by the relevant land registry/land office.

Currently, the registration process for any type of land dealing at the land registry/land office could take a number of months to complete with the issue documents of title duly returned. However, the date of registration of the change of ownership of the Subject Properties would be the date of presentation of the instrument of transfers at the relevant land registry/land office, regardless of when the issue documents of title are eventually returned.

Given the nature of property transactions in Malaysia, the risk of non-registration is not unique to REITs.

To mitigate the risk of non-registration of the Subject Properties in favour of the Trustee, the conditional SPAs for the Acquisitions provide that upon completion, the Vendors will hold the Subject Properties as bare trustee for the Trustee and will do all such acts and things to give effect to any dealing with the Subject Properties by the Trustee as beneficial owner, including granting the Trustee a power of attorney in order to effectively deal with the said buildings as the owner in accordance with applicable laws. The Trustee will also be entitled to all rental income generated by the Subject Properties and any rental income received by the Vendors will be held by the Vendors in trust for the Trustee and immediately paid over to the Trustee.

(g) Non-registration of discharge of charge for the Subject Properties

Two (2) of the Subject Properties, namely Atrium Shah Alam 1 and Atrium Shah Alam 2 are currently charged by GBISB and SSSB, being its vendors, to financial institutions as security for bank borrowings granted to them. The existing charges will be discharged through a redemption procedure. Pursuant to the terms of the conditional SPAs for the Acquisitions, if the discharge of charge for any existing charge cannot be registered for any reasons whatsoever, then the Trustee shall release the existing chargee from its undertaking to refund the redemption sum provided that the existing chargee shall have issued its acknowledgment that the existing chargee's security documents for the loan facilities granted to the vendor shall be deemed to be discharged or released despite the non-registration of the discharge of charge. The existing chargee will not be in a position to enforce the provisions of the charge after the existing chargee has executed the discharge of charge and delivered the original issue document of title, duplicate charge and the security documents in respect of the Subject Properties to the vendors. It must be noted that a private caveat will not prohibit the registration of discharge of charge on the Subject Properties.

(h) Subsequent disposal of the Subject Properties

The consideration paid for the Subject Properties was arrived at based on a discount to their respective appraised values as determined by Azmi & Co Sdn Bhd, the independent valuer. The methods of valuation of the real estate generally may include a subjective determination of certain factors relating to the relevant real estate, such as their relative market positions, their financial and competitive strengths and their physical conditions. The appraised values of the Subject Properties determined by the independent valuer do not guarantee a scale for any part or the whole of the Subject Properties at their appraised value at present or in the future. The price at which Atrium REIT may sell any part or the whole of the Subject Properties in the future may be lower than their purchase price.

(i) No individual title issued for Atrium Rawang

There is presently no individual issue document of title over Atrium Rawang. The qualified title is pending issuance. The land area of Atrium Rawang of approximately 87,120 sq ft is subject to final land survey by the relevant authorities and accordingly, there is a possibility that the measurement of the final land area may be higher or lower.

(j) Gross rental income and the value of the Subject Properties may be affected by a number of factors

The gross rental income of Atrium REIT and the value of the Subject Properties may be affected by a number of factors, including:

- (i) vacancies following expiry or termination of leases that lead to a decrease in the occupancy rates and gross rental income of Atrium REIT;
- (ii) our ability to collect rent from tenants on a timely basis;
- (iii) tenants seeking for protection under the bankruptcy laws could result in delays of rental payments or inability to pay rental at all or termination of leases prior to expiry;
- (iv) tenants that breach the terms and conditions of the leases that result in termination of leases or non-payment of rental;
- (v) surge in operating expenses of the Subject Properties;
- (vi) the rental rates and the terms of the renewed leases being less favourable than the current leases; and
- (vii) changes in statutory laws, regulations or government policies which may affect the value of the Subject Properties.

5.5.3 Risks Relating to an Investment in the Units

(a) Distributions to Unitholders will be subject to cash availability

The net operating profit that Atrium REIT earns from its real estate investments depends on, amongst other factors, the amount of rental income received, and the level of property, operating and other expenses incurred. If the Subject Properties or other real estate, which Atrium REIT may invest in do not generate sufficient net operating profit and cash flow, Atrium REIT's ability to make distributions will be adversely affected.

5. ATRIUM REIT (Continued)

Expenses are monitored according to budgets and future acquisitions of real estates are appraised carefully to ensure increase in Atrium REIT's cash availability for distribution to Unitholders.

(b) No prior market for Units

Prior to the IPO, there has been no public market for the Units. There can be no assurance that an active market for the Units will develop upon listing or, if it develops, that such a market will be sustained. There is also no assurance that the market price of the Units will not decline below the Retail Price. The market price of the Units could be subject to significant fluctuations due to various external factors and events, including the liquidity of the Units in the market, the general market conditions, the property industry and broad market fluctuations.

It may be difficult to assess Atrium REIT's performance against either domestic or international benchmarks. There can be no assurance that an active market for REITs will develop in Malaysia.

(c) Market price of Units after the IPO

The Retail Price may not be indicative of the market price of the Units after completion of the IPO. The market price of the Units after the IPO may trade at prices below the Retail Price.

The market price of the Units after the IPO will depend on many factors including:

- (i) the perceived prospects of Atrium REIT's business and investments and Malaysia's requirements for consumer warehouses and factories by established companies;
- (ii) significant differences between Atrium REIT's audited financial results and those set out in Section 11.2 of this Prospectus;
- (iii) analysts' recommendations or projections;
- (iv) interest rates;
- (v) yield on risk-free securities, alternative investments or savings instruments;
- (vi) liquidity of the Units;
- (vii) market value of Atrium REIT's assets;
- (viii) the future size and liquidity of the Malaysian REIT market; and
- (ix) market sentiment.

(d) No redemption of Units

Pursuant to the Deed, the Unitholders have no right to request us to redeem their Units unless we decide to make an offer for the redemption of the Units. It is intended that Unitholders may only deal in their listed Units through trading on Bursa Securities.

(e) Future dilution of the NAV of the Units

The Deed provides that we shall determine the unit price of any new issues of Units based on market-based principles, i.e. the issue price of new Units may be at or below the then current NAV per Unit of Atrium REIT. In the event that new Units are issued at less than the NAV per Unit, the NAV per Unit of the existing Units may be diluted.

(f) Failure or delay in the Listing

The listing of the Fund is exposed to the risk that it may fail or be delayed should the following events occur:

- (i) the Managing Underwriter exercise its rights pursuant to the Underwriting Agreement to discharge themselves from their obligations thereunder; or
- (ii) the Fund is unable to meet the public spread requirement of at least 25% of the issued Units of the Fund being held by a minimum of 1,000 public Unitholders holding not less than 100 Units each.

(g) Effects of possible sale of a substantial number of Units by SSSB, GBISB and/or VISB

Following the Retail Offering and the Institutional Offering, Atrium REIT will have 121,801,000 Units to be listed on the Main Board of Bursa Securities, of which 25,200,000 Units and 16,100,000 Units will be held by SSSB and GBISB respectively, whilst 5,000,000 Units will be held by VISB. SSSB, GBISB and VISB have agreed to a 180-day lock-up period commencing from and including the date of Listing in respect of the aforesaid Units ("Lock-up Units"). Notwithstanding, SSSB, GBISB and VISB are allowed to create or agree to create any encumbrance in whatsoever form over the Lock-up Units during the 180-day lock-up period.

Following the expiry of the 180-day lock-up period, if SSSB, GBISB and/or VISB sell or are perceived as intending to sell a substantial amount of the Lock-up Units, the market price of the Lock-up Units may be adversely affected.

Notwithstanding the above, SSSB, GBISB and VISB have long-term plans to grow with the Fund and do not intend to dispose their respective unitholdings in Atrium REIT in the market for short-term gains.

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(h) Taxation

Pursuant to the Sections 61, 61A and 63C of the Income Tax Act, 1967, a REIT is exempted from tax on income distributed to unitholders in the same basis period in order to intensify efforts to convert illiquid assets into liquid assets, thereby enabling real estate companies to utilise the income from the sale of existing real estate for the development of new projects. The tax treatment granted allows Malaysian tax resident individuals or Malaysian tax resident incorporated companies to receive their distributions free of tax deducted at source but taxed subsequently at their prevailing income tax rates on such income.

However, the tax ruling introduced, either in part or in a whole, may be revoked or amended in the future. In the event that the tax ruling is either revoked or amended, a REIT may be subjected to tax on its undistributable income and distributions to Unitholders may be subject to tax deducted at source.

(i) Profit forecast, profit projections and forward-looking statements

This Prospectus contains profit forecast and projections made by our Directors that are based on assumptions which are deemed to be reasonable at this point in time. However, there can be no assurance that the profit forecast and projections contained herein will be realised. As the actual results may be materially differ from those forecast and projections, you are advised to read and understand the assumptions and uncertainties underlying the profit forecast and projections.

In addition, certain forward-looking statements regarding the Fund are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. The inclusion of a forward-looking statement in this Prospectus should not be regarded as a representation or warranty by us or our advisers that the plans and objectives of the Fund will be achieved.

(j) Distribution forecast and projections

As set out in Section 5.6 below, Atrium REIT is expected to distribute at least 95% of the distributable income to Unitholders for the financial period ending 31 December 2007 and the FYE 31 December 2008 and 31 December 2009. The distributions forecast and projections have been prepared based on assumptions which are deemed by our Directors to be reasonable at this point in time. However, there can be no assurance that the actual distribution to Unitholders, will be the same as the forecast and projected distributable income presented in this Prospectus.

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5. ATRIUM REIT (Continued)

5.6 DISTRIBUTION POLICY

The distribution policy of Atrium REIT is to distribute at least 90% of the distributable income to Unitholders in cash. Atrium REIT will distribute such distributable income on a semi-annual basis (or such other intervals as we may determine) to Unitholders, except for the first distribution, which will be for the period from Listing date to 30 June 2007 and the final distribution, which shall end on the date of termination of Atrium REIT.

Based on the forecast PBT of approximately RM7.50 million for the financial period ending 31 December 2007 and a distribution of 95% of forecast PBT, our Directors anticipate that, in the absence of unforeseen circumstances, we will be in a position to distribute approximately RM7.13 million for the financial period ending 31 December 2007. The distribution yield and distribution cover are 7.43% and 1.05 times respectively.

Any monies payable to a Unitholder pursuant to its entitlement of the Fund's distribution which remain unclaimed after a period of one (1) year shall be accumulated in a special account and lodged with the Registrar of Unclaimed Monies by us or the Trustee. The Trustee shall maintain a record of all unclaimed monies at its principal place of business in accordance with the provisions of the Unclaimed Monies Act, 1965.

In addition to the above, we may, pursuant to the Deed, purchase, sell or otherwise dispose of, reconstruct, exchange, vary, modify or otherwise change any investment forming part of the assets of the Fund in the interest of the Unitholders and it shall have the discretion on whether to reinvest or distribute the proceeds from any disposal of any assets of the Fund.

5.6.1 Investor Profile

Atrium REIT is best suited for you if you are an investor who meets the following criteria:

- (a) have funds but do not have the time or expertise to find, select, negotiate, purchase and manage profitable properties;
- (b) have limited resources to finance the purchase of a whole property investment;
- (c) intend to seek capital growth on a spread of real estate assets;
- (d) wish to obtain higher yield investments compared to commercial fixed deposits;
- (e) wish to diversify your investment and to invest in a REIT which focuses on industrial properties; and
- (f) wish to hedge erosion of monetary value by inflation with some measure of capital appreciation whilst retaining reliable and ready access to capital.

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5. ATRIUM REIT *(Continued)*

5.7 OUR POLICY ON GEARING AND MINIMUM LIQUID ASSET

In accordance with the Deed and the SC Guidelines on REITs, the total borrowings of the Fund shall not exceed 50% of the total asset value of the Fund (or such other level permitted under the SC Guidelines on REITs from time to time) at the time the borrowings are incurred. However, as allowed under the SC Guidelines on REITs, Atrium REIT's total borrowings may exceed this limit with the prior approval of the Unitholders. Atrium REIT will have an initial gearing level of 25.66% of Atrium REIT's total asset value as at the Listing date.

Financing strategy employed by us to manage the financing risks of Atrium REIT is disclosed in Section 5.3.3 of this Prospectus. For risks associated with bank borrowings, please refer to Section 5.5.1(b) of this Prospectus.

We will adhere to the SC Guidelines on REITs on the permitted and restricted investments in relation to liquid assets. Liquid assets will be held in the form of cash, deposits with licensed institutions and/or other institutions licensed or approved to accept deposits; and any other instrument capable of being converted into cash within seven (7) days as may be approved by the Trustee.

5.8 FUTURE PLANS OF ATRIUM REIT

Our key objective for Atrium REIT is to maximise profits so as to provide the Unitholders with annual distribution of income and to achieve long-term growth in the NAV per Unit of the Fund. We intend to achieve these objectives through implementation of investment and growth strategies via our organic growth, acquisition growth and financing strategies as stipulated in Sections 5.3.1 to 5.3.3 of this Prospectus.

The core areas of our future growth will be focused on the following principles:

Maximising profits without compromising on quality

- Continue to adhere to our organic growth strategy to achieve full occupancy rates, increase the Net Lettable Area of the Subject Properties and no defaults in rental payments;
- Practise strong budgetary controls to maximise returns through proactive maintenance and improvement of net property income;
- Optimise capital structure by maintaining a strong balance sheet and minimising cost of financing; and
- Strong knowledge of the property market to capitalise on capital gains and actively sourcing for acquisition opportunities.

Growth by expansion of Net Lettable Area

- To surpass 1,000,000 sq ft of Net Lettable Area from its current Net Lettable Area of 809,668 sq ft within one (1) year by acquisitions of real estate assets. We are currently negotiating with other parties on sale and leaseback arrangements;
- We aim to increase our Net Lettable Area from 809,668 sq ft to 1,600,000 sq ft within the next five (5) years;
- To capitalise on the Fund's Listing status which can assist Atrium REIT to attract new sources of local and overseas business entities that prefer asset light strategy by not locking large capital outlay on warehouse/factory land and building;

5. ATRIUM REIT (Continued)

- Continue to obtain support from GBISB should GBISB have suitable real estates in the future which meet Atrium REIT investment criteria and investment objectives with an emphasis on the growth of the Fund. GBISB, has undertaken to grant Atrium REIT a first right of refusal for a period of five (5) years to acquire from GBISB and all its subsidiaries (collectively referred to as the “GBISB Group”) any real property (whether in Malaysia or otherwise) proposed to be sold by any company under the GBISB Group, pursuant to the terms and conditions as set out in the undertaking letter dated 29 December 2006. In addition to the above, one of our Promoters, Chan Kam Tuck, has also undertaken to grant Atrium REIT a first right of refusal for a period of five (5) years to acquire from the Grantors any real property (whether in Malaysia or otherwise) proposed to be sold by a Grantor, pursuant to the terms and conditions as set out in the undertaking letter dated 29 December 2006; and
- Diversify into other types of properties which meet Atrium REIT’s investment criteria and objectives.

5.9 OVERVIEW OF THE MALAYSIAN PROPERTY MARKET

Please refer to Sections 1.0 and 2.0 of the Independent Market Research Report, as set out in Section 15 of this Prospectus.

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6. THE SUBJECT PROPERTIES

6.1 OVERVIEW OF THE SUBJECT PROPERTIES

Atrium REIT's initial property portfolio consists of four (4) properties as set out below:

Subject Properties

Total net lettable area	:	809,668 sq ft
Total appraised value	:	RM158,300,000
Total purchase price	:	RM154,800,000

6.1.1 Atrium Shah Alam 1

Vendor	:	SSSB
Postal address	:	Lot 1-8, Persiaran Jubli Perak Seksyen 22 40300 Shah Alam Selangor Darul Ehsan
Description	:	A single storey warehouse and a four storey office building
Date of certificate of fitness for occupation ("CF")	:	15 May 1996
Accessibility	:	Strategically located along Persiaran Jubli Perak and within the Lion Industrial Area of Shah Alam and is accessible from Kuala Lumpur city centre via the Federal Highway or KESAS Highway via the Hicom Interchange.
Immediate surrounding properties	:	Prominent landmarks within the immediate vicinity would include the premises of Silver Bird Group Berhad, CEVA (TNT) Logistics, Nippon Electric Glass (M) Sdn Bhd, Triton & ASCAP-QBC, Posim Berhad, Panasonic, JVC Malaysia Sdn Bhd and Automatik Industri Sdn Bhd. Other forms of development also include established residential areas (Sections 18, 19 and 20 of Shah Alam) and industrial areas (Sections 15, 21, 23 and 26 of Shah Alam, Subang Utama, Sime-UEP and Subang Hi-Tech).
Category of land use	:	Industrial
Year of completion	:	2005
Tenure	:	Freehold
Existing use	:	Warehouse and office
Lessee	:	Exel Properties
Net lettable area (as per Valuation Report)	:	311,736 sq ft
Land area	:	573,124 sq ft
Purchase price	:	RM57,200,000
Appraised value	:	RM57,200,000

6. THE SUBJECT PROPERTIES (Continued)

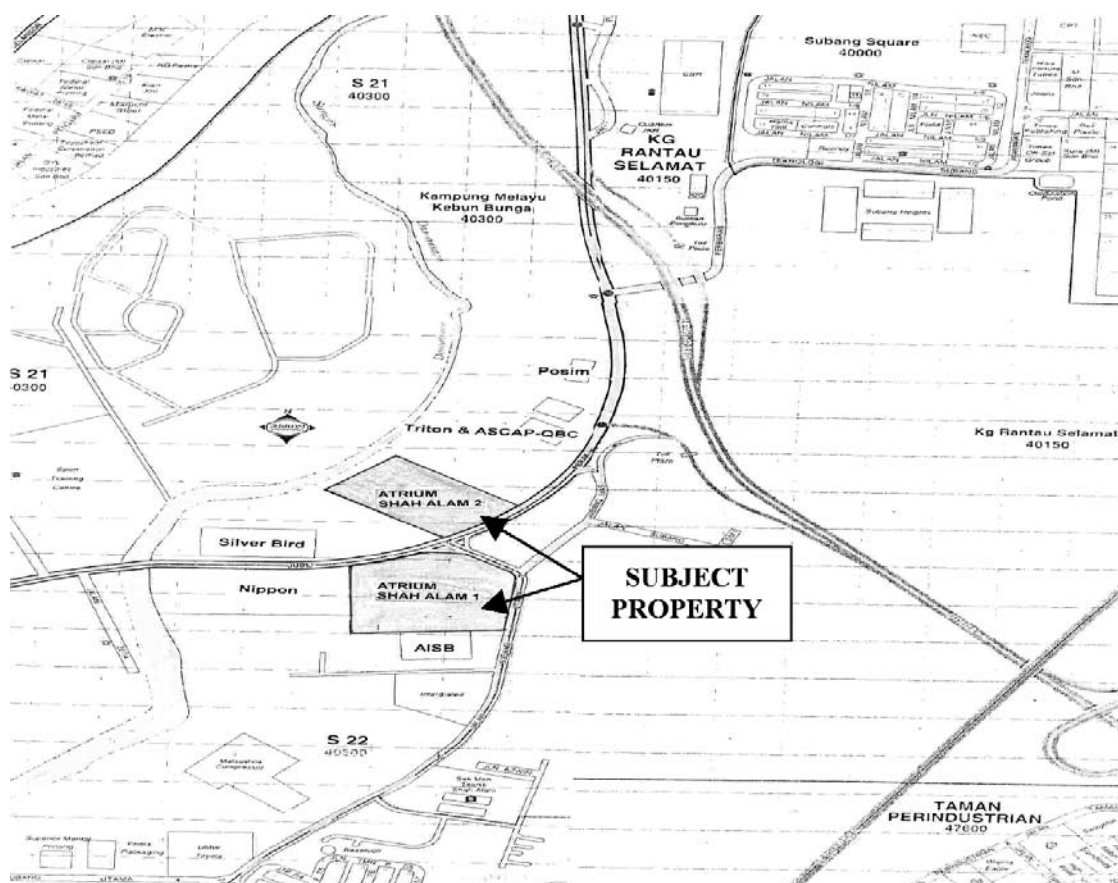
Date of valuation	:	16 February 2006. The property shall be revalued at least once every three (3) years or at such other times as required under the applicable approved accounting standards. The next valuation is scheduled to be conducted in 2009.
Revaluation surplus/deficit comparative to last valuation	:	The property has never been revalued. Hence, there is no revaluation surplus/deficit.
Encumbrances	:	Charge created vide Presentation No. 2966/2005 in favour of Bumiputra-Commerce Bank Berhad of Level 2, Bangunan UMNO Lot P5.5, Persiaran Perbandaran Section 14, Shah Alam, 40675 Selangor Darul Ehsan and registered on 26 January 2005.
Restriction in interest	:	Nil

6.1.2 Atrium Shah Alam 2

Vendor	:	GBISB
Postal address	:	Lot 7A, Persiaran Jubli Perak Seksyen 22 40300 Shah Alam Selangor Darul Ehsan
Description	:	A single storey warehouse and a double storey office building
Date of CF	:	2 December 2004
Accessibility	:	Strategically located along Persiaran Jubli Perak and within the Lion Industrial Area of Shah Alam and is accessible from Kuala Lumpur city centre via the Federal Highway or KESAS Highway via the Hicom Interchange.
Immediate surrounding properties	:	Prominent landmarks within the immediate vicinity would include the premises of Silver Bird Group Berhad, Exel Properties, Nippon Electric Glass (M) Sdn Bhd, Triton & ASCAP-QBC, Posim Berhad, Panasonic, JVC Malaysia Sdn Bhd and Automatik Industri Sdn Bhd. Other forms of development also include established residential areas (Sections 18, 19 and 20 of Shah Alam) and industrial areas (Sections 15, 21, 23 and 26 of Shah Alam, Subang Utama, Sime-UEP and Subang Hi-Tech).
Category of land use	:	Industrial
Year of completion	:	2004
Tenure	:	Freehold
Existing use	:	Warehouse and office
Lessee	:	CEVA (TNT) Logistics
Net lettable area (as per Valuation Report)	:	258,702 sq ft
Land area	:	522,738 sq ft

6. THE SUBJECT PROPERTIES (Continued)

Purchase price	:	RM49,100,000
Appraised value	:	RM49,100,000
Date of valuation	:	16 February 2006. The property shall be revalued at least once every three (3) years, or at such other times as required under the applicable approved accounting standards. The next valuation is scheduled to be conducted in 2009.
Revaluation surplus/deficit comparative to last valuation	:	The property has never been revalued. Hence, there is no revaluation surplus/deficit.
Encumbrances	:	Charge created vide Presentation No. 84502/2003 in favour of Malayan Banking Berhad of Tingkat 14, Menara Maybank, No. 100 Jalan Tun Perak, 50050 Wilayah Persekutuan, Kuala Lumpur and registered on 26 December 2003.
Restriction in interest	:	Nil



6. THE SUBJECT PROPERTIES *(Continued)*

6.1.3 Atrium Puchong

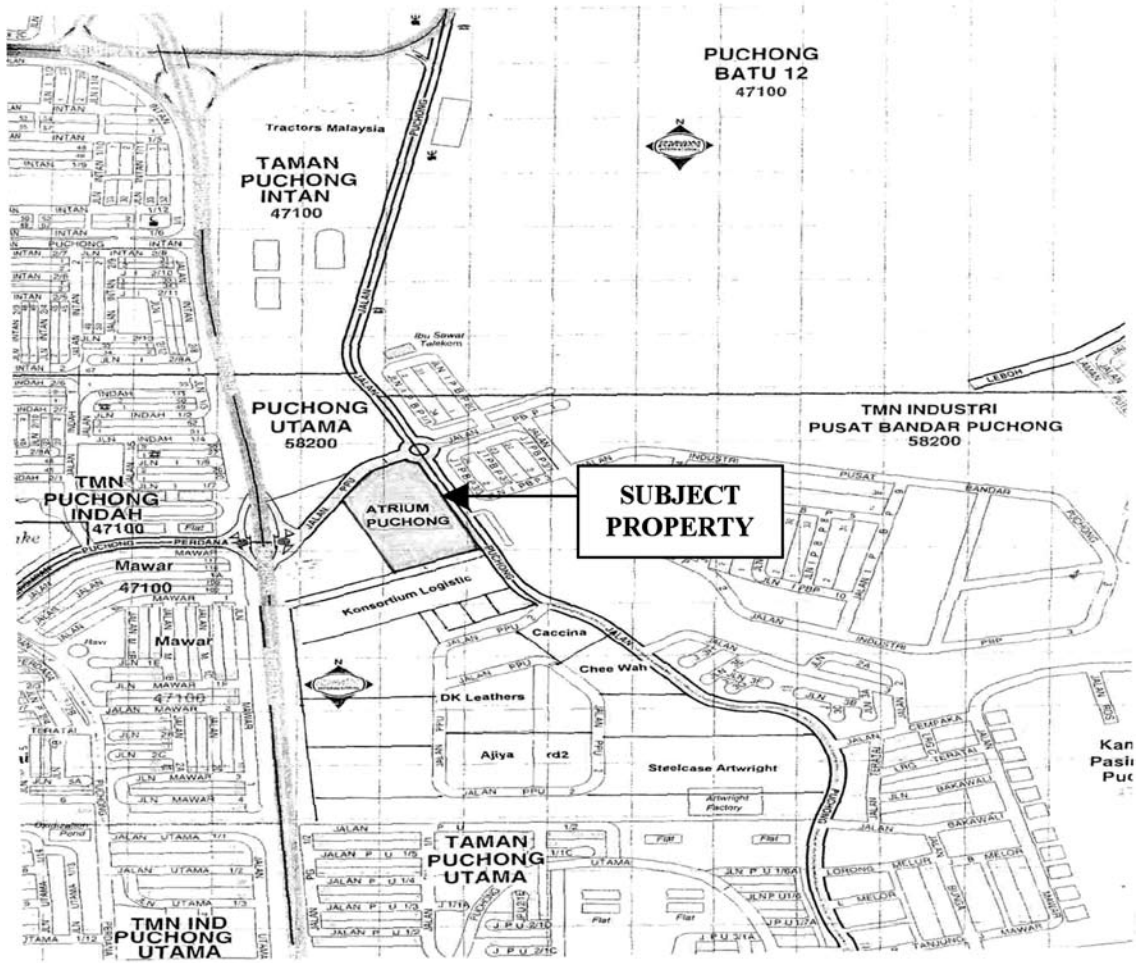
Vendor	:	MAA
Postal address	:	No. 2, Jalan PPU 1 Taman Perindustrian Puchong Utama Batu 12 ½, Jalan Puchong 47100 Puchong Selangor Darul Ehsan
Description	:	A single storey warehouse and a four storey office building
Date of CF	:	19 June 2002
Accessibility	:	Located within Taman Perindustrian Puchong Utama, which is located approximately two (2) kilometres from Jalan Puchong Lama and about sixteen (16) kilometres north-west of Petaling Jaya new town centre. It is accessible from Kuala Lumpur city centre via the Federal Highway and Lebuhraya Damansara-Puchong.
Immediate surrounding properties	:	Prominent landmarks within the immediate vicinity would include the premises of Tractors Malaysia, Konsortium Logistic Berhad, Caccina Sofa Manufacturing Sdn Bhd, DK Leathers Seats, Ajiya Berhad, Chee Wah Corporation Berhad and Steelcase Artwright Manufacturing. Other forms of development also include established residential schemes (Bandar Puchong Jaya, Taman Puchong Intan, Taman Puchong Indah, Taman Puchong Utama, Taman Puchong Perdana and Koi Kinrara) and industrial areas (Taman Perindustrian Puchong, Puchong Perdana Industrial Park, Taman Industri Pusat Bandar Puchong and Pusat Perindustrian Maju Jaya).
Category of land use	:	Industrial
Year of completion	:	2002
Tenure	:	Freehold
Existing use	:	Warehouse and office
Lessee	:	Danzasmal
Net lettable area (as per Valuation Report)	:	203,994 sq ft
Land area	:	292,240 sq ft
Purchase price	:	RM38,500,000
Appraised value	:	RM39,500,000
Date of valuation	:	17 February 2006. The property shall be revalued at least once every three (3) years, or at such other times as required under the approved accounting standards. The next valuation is scheduled to be conducted in 2009.

6. THE SUBJECT PROPERTIES (Continued)

Revaluation surplus/ deficit comparative to last valuation : The property has never been revalued. Hence, there is no revaluation surplus/deficit.

Encumbrances : Nil

Restriction in interest : Nil



6. THE SUBJECT PROPERTIES (Continued)

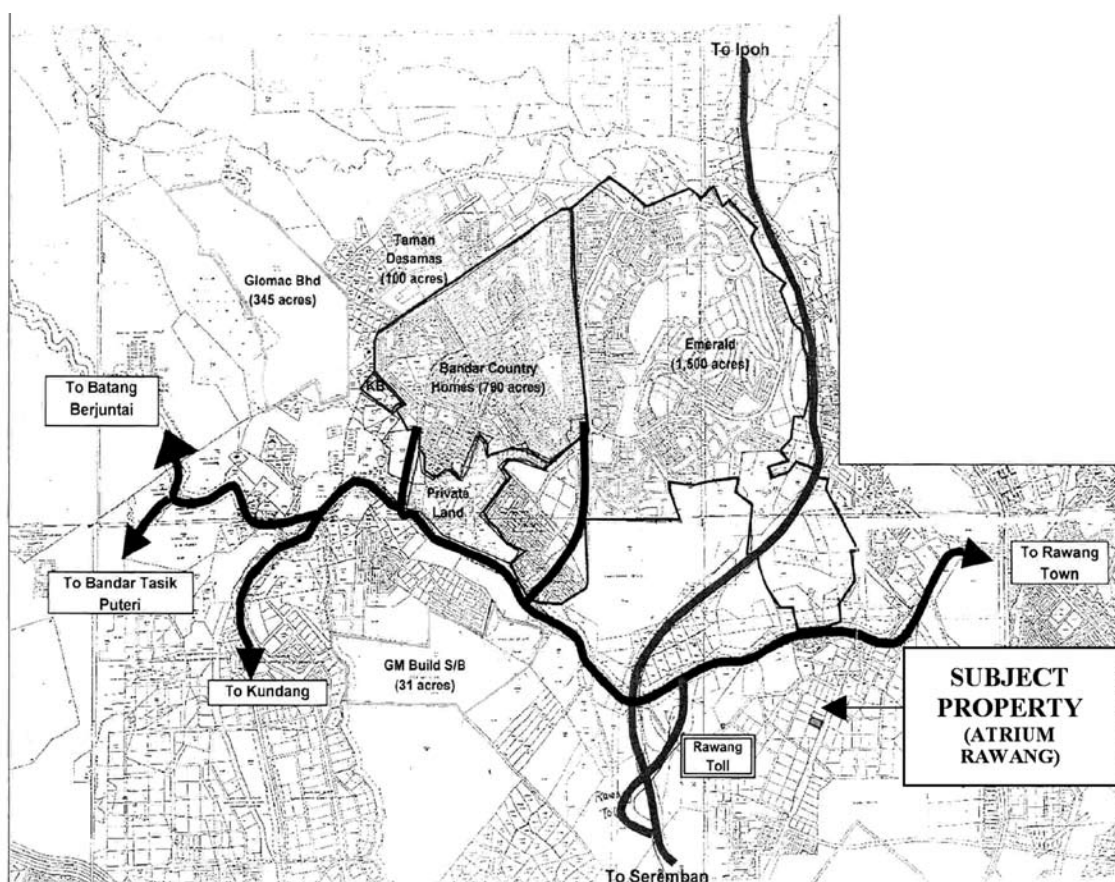
6.1.4 Atrium Rawang

Vendor	:	MAA
Postal address	:	Lot 23, Rawang Intergrated Industrial Park Jalan Batu Arang 48000 Rawang Selangor Darul Ehsan
Description	:	A double storey office and factory building
Date of CF	:	31 May 2001
Accessibility	:	Located in the Rawang Integrated Industrial Park, and is accessible from Kuala Lumpur city centre via the North-South Expressway and the Rawang-Batang Berjuntai trunk road.
Immediate surrounding properties	:	Prominent landmarks within the immediate vicinity would include the premises of Perusahaan Plastic Great Wall Berhad, Super Box (Malaysia) Sdn Bhd, Vivar Printing Sdn Bhd, Sitt Tatt Logistics Sdn Bhd, Epic Ventures Sdn Bhd, C. A. Sheimer (M) Sdn Bhd and Mizuden (M) Sdn Bhd. Other forms of development also include established residential schemes (Emerald, Bandar Country Homes, Taman Beluas Johan, Bayu Permai, Taman Desamas and Taman Garing Utama) and industrial areas (Kawasan Industri Taman Pelangi, Taman Industri Rawang Indah, Taman Teknologi Rawang, Velox Rawang, Rawang Perdana Industrial Area and Rawang Industrial Estate).
Category of land use	:	Building (Industrial)
Year of completion	:	2001
Tenure	:	Freehold
Existing use	:	Factory and office
Lessee	:	Unilever Malaysia
Net lettable area (as per Valuation Report)	:	35,236 sq ft
Land area	:	87,120 sq ft
Purchase price	:	RM10,000,000
Appraised value	:	RM12,500,000
Date of valuation	:	15 February 2006. The property shall be revalued at least once every three (3) years, or at such other times as required under the approved accounting standards. The next valuation is scheduled to be conducted in 2009.
Revaluation surplus/deficit comparative to last valuation	:	The property has never been revalued. Hence, there is no revaluation surplus/deficit.

6. THE SUBJECT PROPERTIES (Continued)

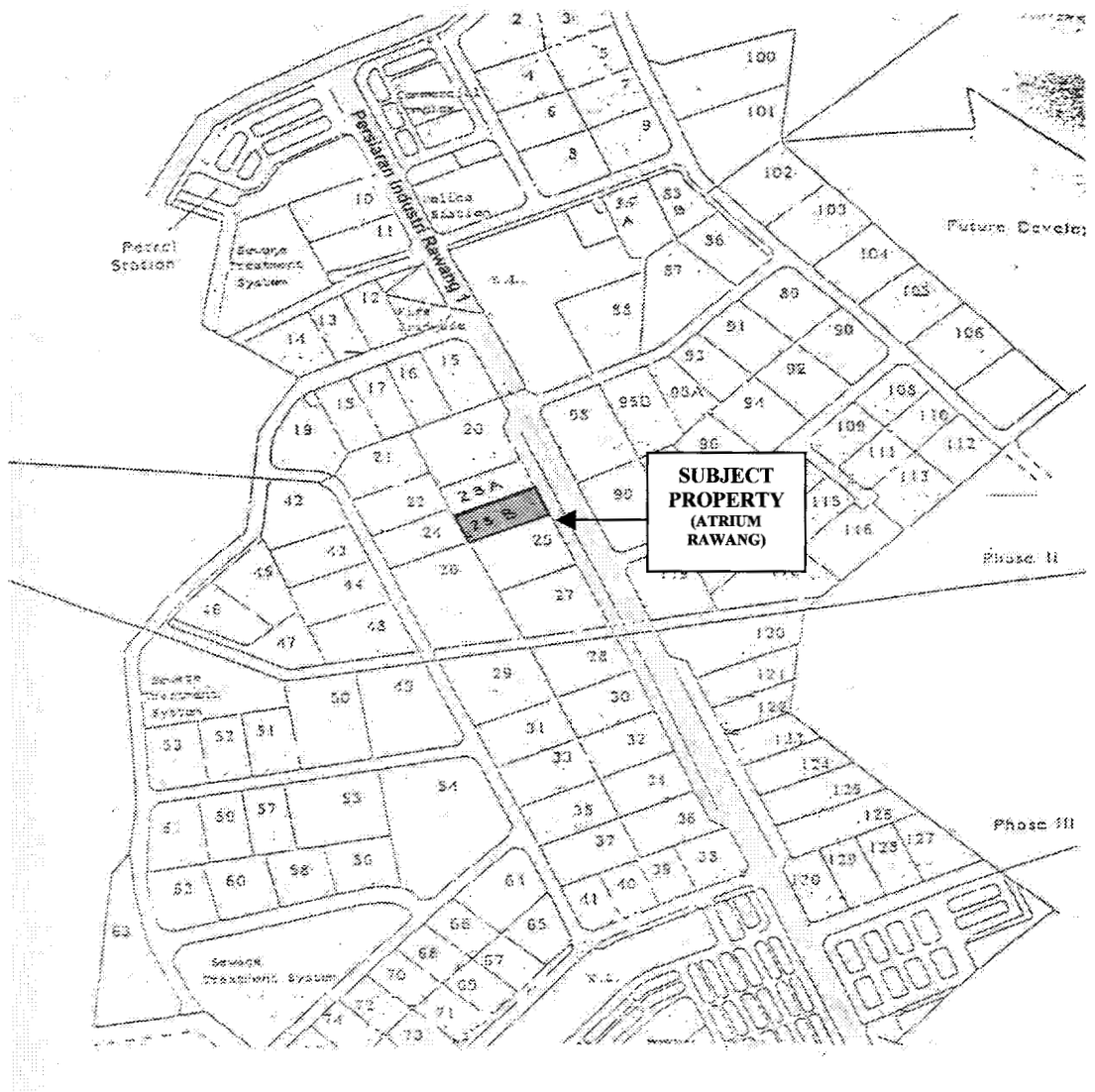
- Encumbrances : Nil
- Restriction in interest : Nil
- Further information : An extension to the factory has been built and is currently used for storage purposes. As at LPD, there is no building approval from the relevant authority for this extension.

Atrium REIT Managers is to obtain the approval from the relevant authority on the said extension within twelve (12) months from 17 October 2006, being the date of the SC's approval.



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6. THE SUBJECT PROPERTIES (Continued)



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6. THE SUBJECT PROPERTIES *(Continued)*

6.2 THE GROSS INCOME, OUTGOINGS AND NET INCOME OF THE SUBJECT PROPERTIES

The total gross income of the Subject Properties for the FYE 31 December 2006 is approximately RM13.305 million.

The total gross income, outgoings and net income of the Subject Properties for the FYE 31 December 2006 is as set out below:

As at the LPD	For the FYE 31 December 2006			
	Total gross income (RM'000)	Total outgoings* (RM'000)	One-off refurbishment expense^ (RM'000)	Total net income@ (RM'000)
Total Net Lettable Area (sq ft)				
809,668	13,305	608	230	12,467

Notes:

* *Outgoings of the Subject Properties include, amongst others, insurance, quit rent and assessment as well as repair and maintenance, which have been annualised based on the estimated expenses as at 31 October 2006.*

^ *One-off refurbishment expense incurred by MAA prior to the physical transfer of Atrium Puchong and Atrium Rawang to Atrium REIT amounting to approximately RM230,000 as required by the Manager under the conditional SPA entered into between MAA and the Manager dated 6 April 2006 which was subsequently novated to the Trustee via a Deed of Novation dated 29 December 2006.*

@ *Net income represents gross income as per tenancy agreements less outgoings as described above.*

The rental rates for the Subject Properties are generally fixed in advance for the whole long-term tenure of the lease period and any extensions of leases are subject to review and renegotiation based on the then prevailing market rental rates or at fixed step up rates.

6.3 OCCUPANCY

As at the LPD, the occupancy rate based on the total Net Lettable Area for all the Subject Properties is 100%. All the Subject Properties are single-tenanted but each of the third-party logistics lessee utilises the warehouse space mainly for established brands of fast moving consumer goods.

6.4 EXPANSION AND RENOVATION OF THE SUBJECT PROPERTIES

As most of the Subject Properties have completed substantial refurbishments in recent years or are only recently constructed and completed, we do not foresee any major capital expenditure to be incurred by the Fund in the immediate future.

6. THE SUBJECT PROPERTIES (Continued)

6.5 TENANT INFORMATION

The table below sets out a summary of the tenants of each of the Subject Properties for the FYE 31 December 2006:

Subject Properties	Tenant @	Sector ¹	Lease expiry	Lease period (years)	Net Lettable Area (sq ft)	Occupancy rate (%)
1 Atrium Shah Alam 1	Exel Properties	Warehouse for consumer products operated by a logistics company	Year 2010 Option to renew for another five (5) years at an increased rent of RM0.05 per sq ft from the current rate	5+5	311,736	100.00
2 Atrium Shah Alam 2	CEVA (TNT) Logistics	Warehouse for consumer products operated by a logistics company	Year 2007 Option to renew for another two (2) years upon the same terms and rental	3+2	156,667	60.56
			Year 2006*	N/A*	34,324	13.27
			Year 2009 Option to renew for another five (5) years or other period to be mutually agreed between the parties upon the same terms and rental	5.6+5	33,998	13.14
			Year 2007 Option to renew for another two (2) years upon the same terms and conditions	3.1+2	33,713	13.03

6. THE SUBJECT PROPERTIES (Continued)

Subject Properties	Tenant [@]	Sector ¹	Lease expiry	Lease period (years)	Net Lettable Area (sq ft)	Occupancy rate (%)
3 Atrium Puchong	Danzasmal	Warehouse for consumer products operated by a logistics company	Year 2010 Option to renew for another two (2) years at a 10% increase from the current rate or the prevailing market rate, whichever is lower	8+2	203,994	100.00
4 Atrium Rawang	Unilever Malaysia	Manufacturing food products	Year 2011 Option to renew for another ten (10) years until 2021 at a mutually agreed rental rate	10+10	35,236	100.00

Notes:

* The tenancy agreement has expired. GBISB is however in the process of renewing the tenancy term. Meanwhile, CEVA (TNT) Logistics has been paying rental dues every month, as such the tenancy continues as a monthly periodical tenancy.

@ Existing tenants of the respective Subject Properties.
1 Based on the general understanding of the business activities conducted by the tenants, the Manager has categorised the tenants' business activities as logistics providers for fast moving consumer goods and manufacturer of food products.

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6. THE SUBJECT PROPERTIES *(Continued)*

6.5.1 Tenant Profile

The Atrium REIT portfolio consists of quality and stable tenants, which are all large and well known international corporations. In addition, the tenants are also the Malaysian subsidiaries/associated companies of foreign entities with global presence (namely CEVA Logistics (*formerly known as TNT Logistics*), Deutsche Post or Unilever) all of which were ranked in the Fortune Global 500 companies in 2005.

Tenants of the third party logistics properties (namely Exel Properties, Danzasmal and CEVA (TNT Logistics) are some of the world's leading third party logistics providers serving major international clients in Malaysia, providing them with total supply chain management services.

Unilever on the other hand is one of the world's leading producers of fast moving consumer goods (2nd ranked company in 2005's Fortune Global 500 list in the Consumer Food Products industry). These international companies with established products and services are less vulnerable to economic downturns and are generally in for the long haul, thus providing stability with low risk of the tenants defaulting in rents and/or moving out.

(Source: Independent Market Research Report prepared by Azmi & Co Sdn Bhd)

6.6 LEASE MANAGEMENT

Upon commencement of each lease, tenants of the Subject Properties typically pay the first month rental in advance as well as a security deposit equivalent to three (3) to twelve (12) months rental and a utility deposit in the amount specified in the respective agreements.

Prior to entering into lease arrangements, the backgrounds of the prospective tenants are researched. As our tenants are companies with reputable backgrounds, we have thus far never experienced any late payments or non-payment of rentals when they fall due.

6.7 DETAILS OF THE ACQUISITIONS BY ATRIUM REIT

On 6 April 2006, we entered into a conditional SPA with MAA for the acquisition of two (2) of the Subject Properties, namely Atrium Puchong and Atrium Rawang for a total purchase consideration of RM48,500,000, and subsequently amended by a supplemental agreement dated 29 December 2006. This agreement has been novated to the Trustee via a Deed of Novation dated 29 December 2006 and will be completed upon fulfilment of all the conditions precedent as set out in the aforementioned conditional SPA.

Further to the above, on 29 November 2006, the Trustee entered into the following:

- (a) conditional SPA with SSSB for the acquisition of Atrium Shah Alam 1 for a purchase consideration of RM57,200,000; and
- (b) conditional SPA with GBISB for the acquisition of Atrium Shah Alam 2 for a purchase consideration of RM49,100,000.

6. THE SUBJECT PROPERTIES *(Continued)*

The total purchase consideration for the Acquisitions amounts to RM154,800,000, which shall be satisfied as follows:

- (a) issuance of 106,300,000 new Units in Atrium REIT to GBISB and SSSB, at the issue price of RM1.00 per Unit, out of which 5,000,000 Units have been allocated by GBISB to VISB pursuant to an agreement between GBISB and VISB dated 23 January 2007 as reward for participation and contribution by VISB to the Listing; and
- (b) cash payment amounting to RM48,500,000 to be collectively raised from the Retail Offering and from new borrowings.

Details of the number of Units issued to each of the respective Vendors and their respective cash consideration pursuant to the Acquisitions are as follows:

Vendors	Subject Properties	Value of Units issued RM	Amount of cash to be paid RM	Purchase consideration RM
SSSB	Atrium Shah Alam 1	57,200,000	-	57,200,000
GBISB	Atrium Shah Alam 2	49,100,000	-	49,100,000
MAA	Atrium Puchong	-	38,500,000	38,500,000
MAA	Atrium Rawang	-	10,000,000	10,000,000
Total		106,300,000	48,500,000	154,800,000

Note:

- * *Out of the RM48,500,000 total amount of cash to be paid, RM43,700,000 will be sourced from borrowings, whilst RM4,800,000 will be raised from the Retail Offering.*

As at the date of this Prospectus, two (2) of the Subject Properties, namely Atrium Shah Alam 1 and Atrium Shah Alam 2 are charged to various financial institutions for financing facilities obtained by the Vendors.

Atrium REIT has in place financing facilities amounting up to RM45.0 million ("Facilities"). The Facilities agreement was entered into by the Trustee on behalf of Atrium REIT with Malayan Banking Berhad on 26 January 2007. As at the LPD, the relevant interest rates for the Facilities do not exceed 5.5% per annum. Atrium Shah Alam 1 and Atrium Rawang shall be charged as security for the Facilities.

In connection with the Listing, Atrium REIT Managers expects to drawdown RM43.7 million to part finance the Acquisitions.

Upon completion of the Acquisitions, the existing charges in respect of Atrium Shah Alam 1 and Atrium Shah Alam 2 shall be discharged upon full payment of the redemption amount and immediately thereafter Atrium Shah Alam 1 and Atrium Rawang shall be charged as security for the Facilities.

6. THE SUBJECT PROPERTIES (Continued)

6.7.1 Salient Terms Of Agreements Relating To The Acquisitions By Atrium REIT

The principal terms of the conditional SPAs for the Subject Properties are summarised below:

- (a) The Subject Properties acquired under each conditional SPAs comprise of the following:
 - (i) freehold interest in the land;
 - (ii) all buildings on each of the Subject Properties;
 - (iii) interest in all leases and tenancies which will be novated to the Trustee on completion of the Acquisitions; and
 - (iv) all conditions of the title and restrictions-in-interest affecting each of the Subject Properties.
- (b) Specific representations and warranties about the Subject Properties, tenancies and leases are made by each of the Vendor of the Subject Properties.
- (c) The conditional SPAs for the Acquisitions are interdependent and the Trustee is not obliged to complete the purchase of any one of the Subject Properties unless the purchase of all the Subject Properties are completed under the respective conditional SPAs.
- (d) The Acquisitions are conditional upon the following, among others:
 - (i) the approval of the Directors and/or shareholders of the Vendors of each of the Subject Property;
 - (ii) the approval including fulfillment of all conditions, variations or revisions imposed by SC and all other regulatory bodies that may be required by law for the issuance of the Prospectus and for the issuance and sale of the Units;
 - (iii) the approval of Bursa Securities for the Listing;
 - (iv) the confirmation from Exel Properties and Unilever Malaysia that they would not exercise their right of first refusal as provided in their existing lease agreements; and
 - (v) The approval of FIC being obtained for the purchase of Atrium Puchong.
- (e) On completion:
 - (i) the parties shall execute the Deed of Novation of all the existing tenancies and leases in favour of the Trustee which shall be effective immediately and the respective Vendors of the Subject Properties will pay over all security deposits paid to the Vendors;
 - (ii) the Trustee shall become entitled to all of the Vendor's rights, interest and benefits under the existing tenancies and leases; and

6. THE SUBJECT PROPERTIES (Continued)

- (iii) the Vendors of the Subject Properties will deliver to the Trustee all the completion documents in respect of the Subject Properties, among others for immediate presentation for registration of the Memorandum of Transfer in favour of the Trustee and endorsement of the Deed of Assignment by the developer for Atrium Rawang.
- (f) In the event the Memorandum of Transfer cannot be registered in favour of the Trustee or the Deed of Assignment is not valid or cannot be perfected for any reason whatsoever:
 - (i) the respective Vendors will hold the Subject Properties as bare trustee for the Trustee and acknowledge that the Trustee is the rightful and beneficial owner of the Subject Properties on behalf of Atrium REIT;
 - (ii) the Vendor shall have assigned absolutely to the Trustee all rentals due and payable under the existing leases and tenancies;
 - (iii) the respective Vendors will grant a Power of Attorney to the Trustee to enable the Trustee to deal with the Subject Properties as owner in accordance with applicable laws;
 - (iv) the respective Vendors will do such acts as the Trustee may reasonable require in order to effectively deal with the Subject Properties; and
 - (v) the respective Vendors will hold all rentals on trust for the Trustee and immediately pay over the same to the Trustee.

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