

**All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.**

No securities will be allotted or issued based on this Abridged Prospectus after 6 months from the date of this Abridged Prospectus.

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.**

If you have sold or transferred all your units in Atrium REIT, you should immediately hand this Abridged Prospectus, and the accompanying NPA and RSF to the purchaser or transferee or agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. All inquiries concerning the Rights Issue should be addressed to our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (Company No. 11324-H) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. The SC has not, in any way, considered the merits of the Rights Issue. A copy of this Abridged Prospectus, together with the RSF, has also been lodged with the SC who takes no responsibility for its contents.

Approval has been obtained from Bursa Securities for the listing of and quotation for all the new securities arising from this Rights Issue. Admission to the Official List of Bursa Securities and quotation of the new securities are not to be taken as an indication of the merits of the Rights Issue.

The approval from our Unitholders for the Rights Issue was obtained at our Meeting held on 3 June 2019. The approval from Bursa Securities had also been obtained vide its letter dated 7 May 2019 for the admission of the Rights Units to the Official List and the listing of and quotation for the Rights Units on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue. The admission of the Rights Units to the Official List and the listing of and quotation for all the said new securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue. The admission of the Rights Units to the Official List and the listing of and quotation for all the said new securities will commence after the receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Unitholders and/or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

This Abridged Prospectus, and the accompanying NPA and RSF are only despatched to our Entitled Unitholders whose names appear on our Record of Depositors and who have provided our Share Registrar with a registered address in Malaysia not later than 5.00 p.m. on Friday, 30 August 2019. This Abridged Prospectus, and the accompanying NPA and RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Unitholders and/or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/or other professional advisers as to whether the acceptance and/or renunciation (as the case may be) of all or any part of their entitlements to the Rights Units would result in a contravention of any laws of such countries or jurisdictions. Neither we, UOBKH nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of the entitlements to the Rights Issue made by our Entitled Unitholders and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

The SC is not liable for any non-disclosure on the part of the management company responsible for the fund and takes no responsibility for the contents of this Abridged Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Abridged Prospectus.

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 7 OF THIS ABRIDGED PROSPECTUS.**

**ATRIUM**  
REIT

## **ATRIUM REAL ESTATE INVESTMENT TRUST**

(a real estate investment trust constituted pursuant to the trust deed dated 20 November 2006 (as amended by the supplementary deed dated 25 November 2008, the restated deed dated 24 March 2016 and supplementary deed dated 21 April 2016) under the laws of Malaysia)

**RENOUNCEABLE RIGHTS ISSUE OF 58,464,480 NEW UNITS IN ATRIUM REAL ESTATE INVESTMENT TRUST ("ATRIUM REIT") ("RIGHTS UNIT(S)") ON THE BASIS OF 2 RIGHTS UNITS FOR EVERY 5 EXISTING ATRIUM REIT UNITS HELD AS AT 5.00 P.M. ON 30 AUGUST 2019 AT AN ISSUE PRICE OF RM1.02 PER RIGHTS UNIT**

*Manager*

**ATRIUM**  
REIT

**ATRIUM REIT MANAGERS SDN BHD**  
(Company No. 710526-V)

*Trustee*

**Pacific Trustees**  
Berhad

**PACIFIC TRUSTEES BERHAD**  
(Company No. 317001-A)

*Principal Adviser and Underwriter*

**UOBKayHian**

**UOB KAY HIAN SECURITIES (M) SDN BHD**

(Company No. 194990-K)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

### **IMPORTANT RELEVANT DATES AND TIME:-**

Entitlement Date	:	Friday, 30 August 2019 at 5.00 p.m.
<b>Last date and time for:-</b>		
Sale of Provisional Allotment of Rights Units	:	Tuesday, 10 September 2019 at 5.00 p.m.
Transfer of Provisional Allotment of Rights Units	:	Thursday, 12 September 2019 at 4.30 p.m.
Acceptance and Payment	:	Thursday, 19 September 2019 at 5.00 p.m.
Excess Application and Payment	:	Thursday, 19 September 2019 at 5.00 p.m.

**This Abridged Prospectus is dated 30 August 2019**

*All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.*

**OUR BOARD HAS SEEN AND APPROVED ALL THE DOCUMENTATION RELATING TO THIS RIGHTS ISSUE. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE IS NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS ABRIDGED PROSPECTUS FALSE OR MISLEADING.**

**UOBKH, BEING OUR PRINCIPAL ADVISER FOR THIS RIGHTS ISSUE, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS ABRIDGED PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THIS RIGHTS ISSUE.**

**THE VALUATION UTILISED FOR THE PURPOSE OF PROPOSED ACQUISITION 2 SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC, ON THE VALUE OF PROPERTY 2.**

**YOU SHOULD NOTE THAT YOU MAY SEEK RECOURSE UNDER THE CMSA FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THIS ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THIS ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO ATRIUM REIT.**

**SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.**

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:-

“Abridged Prospectus”	: This Abridged Prospectus dated 30 August 2019 issued by Atrium REIT in relation to the Rights Issue
“Act”	: The Companies Act, 2016
“Atrium REIT”	: Atrium Real Estate Investment Trust, a real estate investment trust established under the Deed
“Board”	: The Board of Directors of the Manager
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
“CDS”	: Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
“CDS Account(s)”	: A securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
“CIMBT”	: CIMB Commerce Trustee Berhad (Company No. 313031-A)
“Closing Date”	: 19 September 2019 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Provisional Rights Units and the Excess Application
“CMSA”	: Capital Markets and Services Act, 2007
“Code and the Rules”	: The Malaysian Code on Take-overs and Mergers 2016 and the Rules on Take-overs, Mergers and Compulsory Acquisitions
“Conditional Period”	: Fulfilment of conditions precedent period of 3 months from the date of SPA 2, which may be automatically extended by 1 month, as the case may be
“Deed”	: The deed dated 20 November 2006 (as amended by the supplementary deed dated 25 November 2008 and the restated deed dated 24 March 2016) and registered with the SC, entered into between CIMBT (the then trustee of Atrium REIT) and the Manager. By way of a supplemental deed dated 21 April 2016 executed between CIMBT, the Manager and the Trustee, the Trustee was appointed as trustee of Atrium REIT in place of CIMBT
“Director(s)”	: The director(s) of the Manager and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and Section 2(1) of the Act
“DPU”	: Distribution per Unit
“e-NPA”	: Electronic NPA
“e-RSF”	: Electronic RSF
“e-Subscription”	: Electronic subscription

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**DEFINITIONS (Cont'd)**

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“Electronic Subscription”	: Subscribe for the Provisional Rights Units and/or the Excess Rights Units through TIH Online
“Entitled Unitholder(s)”	: Unitholder(s) whose name(s) appear on the Record of Depositors of Atrium REIT on the Entitlement Date
“Entitlement Date”	: Friday, 30 August 2019 at 5.00 p.m. being the date and time on which our Entitled Unitholders must be registered as members whose names appear in the Record of Depositors in order to be entitled to participate in the Rights Issue
“Entitlement Undertaking(s)”	: Irrevocable undertaking(s) from the Undertaking Unitholder(s), who has/have irrevocably undertaken to apply and subscribe in full for their respective entitlements of the Rights Issue based on their unitholdings as at the Entitlement Date
“EPU”	: Earnings per Unit
“Excess Rights Units”	: Rights Units which are not taken up or not validly taken up by our Entitled Unitholders and/or their renounees (if applicable) prior to excess application pursuant to the Rights Issue
“Excess Rights Units Application(s)”	: Application(s) for Excess Rights Units as set out in <b>Section 11.9</b> of this Abridged Prospectus
“Foreign Entitled Unitholders”	: Entitled Unitholders who have not provided us with a registered address in Malaysia
“FPE”	: Financial period ended/ending
“FYE”	: Financial year ended/ending
“Independent Valuer” or “Knight Frank”	: Knight Frank Malaysia Sdn Bhd (Company No.585479-A)
“Lease”	: The registered lease in respect of Property 2 pursuant to the Principal Lease Agreement, which is the subject matter of Proposed Acquisition 2
“Leaseback Agreement 1”	: The leaseback agreement to lease Property 1 to the Vendor for a period of 15 years from the completion of SPA 1
“Leaseback Agreement 2”	: The leaseback agreement to sub-lease Property 2 to the Vendor for a period of 15 years from the completion of SPA 2
“Leaseback Agreements”	: Collectively, the Leaseback Agreement 1 and Leaseback Agreement 2
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“LPD”	: 31 July 2019, being the latest practicable date prior to the registration of this Abridged Prospectus
“Lumileds” or “Vendor”	: Lumileds Malaysia Sdn Bhd (Company No. 30632-P)
“Manager”	: Atrium REIT Managers Sdn Bhd (Company No. 710526-V), being the manager for Atrium REIT
“Market Day”	: Any day between Monday to Friday (inclusive), excluding public holidays, and any day on which Bursa Securities is open for trading of securities

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**DEFINITIONS (Cont'd)**

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“Meeting”	: General Meeting of Unitholders
“MTN Programme”	: A medium term note programme with a nominal value of RM122.0 million to be established to part fund the Proposed Acquisitions
“NAV”	: Net asset value
“NLA”	: Net lettable area
“NPA”	: Notice of Provisional Allotment
“Official List”	: A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities
“Option Agreement”	: The put and call option agreement dated 12 February 2019 for the option to enter into SPA 1
“PAT”	: Profit after taxation
“PBT”	: Profit before taxation
“PDC”	: Penang Development Corporation
“Price Fixing Date”	: 16 August 2019, being the date on which the issue price for the Rights Units had been fixed at RM1.02 per Unit
“Principal Lease Agreement”	: The agreement dated 11 February 2011 entered between PDC and Lumileds whereby PDC granted a registrable lease to Lumileds in respect of Property 2
“Private Placement”	: Private placement of 24,360,200 new Units at an issue price of RM1.09, which was completed on 5 April 2019 and raised gross proceeds of approximately RM26.55 million
“Properties”	: Collectively, Property 1 and Property 2
“Property 1”	: Lot No. 2027 and Plot No. 203, both in Mukim 12, Daerah Barat Daya, Pulau Pinang held under Pajakan Negeri 2850 and H.S.(D) 14852 respectively, together with the factory and all buildings erected thereon
“Property 2”	: Lot No. 70812, Mukim 12, Daerah Barat Daya, Pulau Pinang held under Pajakan Negeri 9036 together with the factory and all buildings erected thereon
“Proposals”	: Collectively, the Proposed Acquisitions, and the Rights Issue
“Proposed Acquisition 1”	: Proposed acquisition of Property 1 for RM50.0 million from the Vendor and leaseback of Property 1 to the Vendor
“Proposed Acquisition 2”	: Proposed acquisition of the Lease from the Vendor for Purchase Consideration 2 and proposed leaseback of Property 2 to the Vendor
“Proposed Acquisitions”	: Collectively, the Proposed Acquisition 1 and Proposed Acquisition 2
“Provisional Rights Units”	: Rights Units provisionally allotted to our Entitled Unitholders
“Purchase Consideration 2”	: Cash consideration of RM130,000,000 for Proposed Acquisition 2

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**DEFINITIONS (Cont'd)**

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“Record of Depositors”	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
“Registered Entitled Unitholders”	:	Entitled Unitholders who are the registered user of TIIH Online
“REIT”	:	Real estate investment trust
“REIT Guidelines”	:	Guidelines on Listed Real Estate Investment Trusts issued by the SC
“Rights Issue”	:	Renounceable rights issue of 58,464,480 Rights Units on the basis of 2 Rights Units for every 5 existing Atrium REIT Units held on the Entitlement Date at the issue price of RM1.02 per Rights Unit
“Rights Units”	:	58,464,480 new Units to be issued to the Entitled Unitholders pursuant to the Rights Issue
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“RSF”	:	Rights Subscription Form
“Rules of Bursa Depository”	:	The rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act 1991
“SC”	:	Securities Commission Malaysia
“Share Registrar” or “Tricor”	:	Tricor Investor & Issuing House Services Sdn Bhd (Company No. 11324-H)
“SICDA”	:	Securities Industry (Central Depositories) Act, 1991
“SPA 1”	:	The conditional sale and purchase agreement to be entered into by Lumileds and the Trustee for Proposed Acquisition 1, upon exercise of the put and call option
“SPA 2”	:	The conditional sale and purchase agreement dated 12 February 2019 for Proposed Acquisition 2
“State Authority”	:	As such term defined in the National Land Code, 1965 and as shall be applicable to the State of Penang
“TIIH Online”	:	Tricor’s propriety owned application to facilitate Unitholders to subscribe for the Rights Units provisionally allotted and to apply for Excess Rights Units electronically
“Trustee” or “Purchaser”	:	Pacific Trustees Berhad (Company No. 317001-A), the trustee of Atrium REIT
“Undertaking Unitholder(s)”	:	Certain Unitholder(s) who has/have provided its/their respective Entitlement Undertaking(s), the name(s) of whom is/are set out in <b>Section 3.1</b> of this Abridged Prospectus
“Underwriting Agreement”	:	Underwriting agreement dated 16 August 2019 entered into between the Manager, the Trustee and UOBKH in relation to the underwriting of 40,306,120 Rights Units, which are not covered by the Entitlement Undertakings
“Units(s)”	:	An undivided interest in Atrium REIT as provided for in the Deed
“Unitholder(s)”	:	The holder(s) of the Units

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**DEFINITIONS (Cont'd)**

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- "UOBKH" or the "Principal Adviser" or the "Underwriter" : UOB Kay Hian Securities (M) Sdn Bhd (194990-K)
- "Valuation Certificate" : The valuation certificate issued by the Independent Valuer dated 8 August 2019 in relation to Property 2, being the updated valuation conducted subsequent to the Valuation Report
- "Valuation Report" : The valuation report issued by the Independent Valuer dated 25 February 2019 in relation to Property 2
- "VWAP" : Volume-weighted average price

All references to "Atrium REIT" in this Abridged Prospectus are made to Atrium Real Estate Investment Trust. All references to "we", "us", "our" and "ourselves" are made to Atrium REIT. All references to "you" and "your" in this Abridged Prospectus are made to our Entitled Unitholders and/or where the context otherwise requires, their renounee(s)/transferee(s).

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any legislation, statute, guidelines, rules or regulations is a reference to that legislation, statute, guidelines, rules or regulations as for the time being amended or re-enacted.

Any discrepancy in the figures included in this Abridged Prospectus between the amounts stated and the totals thereof are due to rounding.

Any reference to a time of day or date in this Abridged Prospectus shall be a reference to Malaysian time and date respectively, unless otherwise specified.

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**TABLE OF CONTENTS**

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	<b>Page</b>
<b>ADVISERS' DIRECTORY</b>	<b>1</b>
<b>SUMMARY OF RIGHTS ISSUE</b>	<b>2</b>
<b>LETTER TO OUR UNITHOLDERS CONTAINING:-</b>	
<b>1. INTRODUCTION</b>	<b>4</b>
<b>2. DETAILS OF THE RIGHTS ISSUE</b>	<b>6</b>
2.1 Basis of determining the issue price of the Rights Unit	6
2.2 Ranking of the Rights Units	7
<b>3. UNITHOLDERS' UNDERTAKINGS AND UNDERWRITING ARRANGEMENTS</b>	<b>7</b>
3.1 Unitholders' Undertakings	7
3.2 Underwriting arrangement	8
<b>4. RATIONALE FOR THE RIGHTS ISSUE</b>	<b>8</b>
<b>5. USE OF PROCEEDS</b>	<b>9</b>
<b>6. DETAILS OF PROPOSED ACQUISITION 2</b>	<b>10</b>
6.1 Information on Proposed Acquisition 2 and the Lease	10
6.2 Salient terms of SPA 2	14
6.3 Salient terms of Leaseback Agreement 2	17
6.4 Basis and justification for Purchase Consideration 2	19
6.5 Liabilities to be assumed	19
6.6 Rationale for Proposed Acquisition 2	19
<b>7. RISK FACTORS</b>	<b>20</b>
7.1 Risks relating to the performance of the business of Atrium REIT	20
7.2 Risks relating to Proposed Acquisition 2	21
7.3 Risks relating to the property industry	22
7.4 Risks relating to the Rights Issue	23
7.5 Other risk	24
<b>8. INDUSTRY OVERVIEW AND PROSPECTS</b>	<b>25</b>
8.1 Overview and outlook of the Malaysian economy	25
8.2 Overview and prospects of the property sector in Malaysia	25
8.3 Prospects of the Properties	26
<b>9. EFFECTS OF THE RIGHTS ISSUE</b>	<b>27</b>
9.1 Unitholders' capital	27
9.2 Earnings and distributable income	27
9.3 NAV per Unit and gearing	29
<b>10. WORKING CAPITAL, CONTINGENT LIABILITIES, BORROWINGS, MATERIAL COMMITMENTS AND MATERIAL TRANSACTION</b>	<b>30</b>
10.1 Working capital and sources of liquidity	30
10.2 Contingent liabilities	30
10.3 Borrowings	30
10.4 Material commitments	30
10.5 Material transaction	31



---

**TABLE OF CONTENTS (Cont'd)**

---

	<b>Page</b>
<b>11. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE</b>	<b>31</b>
11.1 General	31
11.2 NPA	31
11.3 Last date and time for acceptance and payment	31
11.4 Methods of acceptance and application	31
11.5 Procedures for acceptance and payment	32
11.6 Procedures for part acceptance by Entitled Unitholders	37
11.7 Procedures for sale/transfer of Provisional Rights Units	38
11.8 Procedure for acceptance by renouncee(s)	38
11.9 Procedure for application of Excess Rights Units	38
11.10 Form of issuance	40
11.11 Law of foreign jurisdictions	40
<b>12. TERMS AND CONDITIONS</b>	<b>43</b>
<b>13. FURTHER INFORMATION</b>	<b>43</b>
<b>APPENDICES</b>	
<b>I. INFORMATION ON ATRIUM REIT</b>	<b>44</b>
<b>II. VALUATION CERTIFICATES ON PROPERTY 2</b>	<b>52</b>
<b>III. ADDITIONAL INFORMATION</b>	<b>76</b>

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**ADVISERS' DIRECTORY**

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- COMPANY SECRETARIES** : Wong Wai Foong (MAICSA 7001358)  
Fong Seah Lih (MAICSA 7062297)
- SHARE REGISTRAR** : Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur
- Tel : (03) 2783 9299  
Fax : (03) 2783 9222
- PRINCIPAL ADVISER AND UNDERWRITER** : UOB Kay Hian Securities (M) Sdn Bhd  
Suite 19.03, 19th Floor  
Menara Keck Seng  
203 Jalan Bukit Bintang  
55100 Kuala Lumpur
- Tel : (03) 2147 1888  
Fax : (03) 2147 1950
- SOLICITORS** : Messrs Lee Hishammuddin Allen & Gledhill  
Level 6, Menara 1 Dutamas  
Solaris Dutamas  
No. 1, Jalan Dutamas 1  
50480 Kuala Lumpur
- Tel : (03) 6208 5888  
Fax : (03) 6201 0122
- INDEPENDENT VALUER** : Knight Frank Malaysia Sdn Bhd  
Suite 3.02, Menara Boustead Penang  
39 Jalan Sultan Ahmad Shah  
10050 Penang
- Tel : (04) 229 3296  
Fax : (04) 229 3216
- Tay Tam  
Registered Valuer, V-219  
Fellow of the Royal Institution of Surveyors Malaysia  
Member of the Royal Institution of Chartered Surveyors
- STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

## SUMMARY OF RIGHTS ISSUE

THIS SUMMARY OF RIGHTS ISSUE ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS ABRIDGED PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE ABRIDGED PROSPECTUS.

**Number of Rights Units to be issued** : 58,464,480 Rights Units.

**Basis of allotment** : 2 Rights Units for every 5 existing Units held on the Entitlement Date.

**Issue price of the Rights Units** : RM1.02 per Rights Unit, payable in full upon acceptance and/or application. Refer to **Section 2.1** of this Abridged Prospectus for the basis of determining the issue price of the Rights Units.

**Unitholders' undertakings and underwriting arrangement** : The Trustee, on behalf of Atrium REIT has procured irrevocable unconditional undertakings from certain Unitholders as follows:-

Name of Undertaking Unitholders	No. of Units	%	No. of Rights Units	<sup>(1)</sup> Undertakings (RM)
Chan Kam Tuck	30,281,400	20.72	12,112,560	12,354,811
Glory Blitz Industries Sdn Bhd	10,104,800	6.91	4,041,920	4,122,758
Sparkle Skyline Sdn Bhd	4,258,900	2.91	1,703,560	1,737,631
Manager	750,800	0.51	300,320	306,326
<b>TOTAL</b>	<b>45,395,900</b>	<b>31.05</b>	<b>18,158,360</b>	<b>18,521,526</b>

**Note:-**

(1) Based on the issue price of RM1.02 per Rights Unit.

The remaining portion of the Rights Units for which no undertaking has been obtained will be fully underwritten. Please refer to **Section 3** of this Abridged Prospectus for further details on the Unitholders' undertakings and underwriting arrangement.

**Use of proceeds** : The total gross proceeds to be raised from the Rights Issue of approximately RM59.63 million will be utilised in the following manner:-

Purpose	Amount (RM'000)	Estimated timeframe for use of proceeds from the date of listing of the Rights Units
Part finance Proposed Acquisition 2 and its related expenses	58,234	Within 6 months
Defray estimated expenses relating to the Rights Issue	1,400	Within 1 month
<b>Total</b>	<b>59,634</b>	

Please refer to **Section 5** of this Abridged Prospectus for further details on the use of proceeds.

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**SUMMARY OF RIGHTS ISSUE (Cont'd)**

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**Rationale** : The Rights Issue, amongst others, allows Atrium REIT to raise funds to part finance Proposed Acquisition 2 without incurring interest cost, as compared to bank borrowings.

Please refer to **Section 4** of this Abridged Prospectus for further details on the rationale for the Rights Issue.

**Risk factors** : You should consider the following risk factors before subscribing for or investing in the Rights Issue:-

(i) transaction risks commonly associated with a REIT Manager undertaking such transactions, which may include risk of non-renewal of the Leaseback Agreements and risk of non-renewal of tenure of the Lease; and

(ii) as Atrium REIT will raise debt financing to part finance Proposed Acquisition 2, Atrium REIT is also subject to financing risk.

Please refer to **Section 7** of this Abridged Prospectus for further details on the risk factors.

**Procedures for application for the Rights Issue and Excess Rights Units** : Acceptance of and payment for the Provisional Rights Units allotted to you must be made by way of the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions of the RSF or by way of e-Subscription and must conform to the terms and conditions of TIH Online contained therein.

Please refer to **Section 11** of this Abridged Prospectus for further details on instructions on acceptance, payment, sale/transfer and excess application for the Rights Issue.

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**ATRIUM REIT MANAGERS SDN BHD**  
(Company No. 710526-V)  
(Incorporated in Malaysia)

**Registered Office**

Unit 30-01, Level 30, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

30 August 2019

**Board of Directors**

Dato' Dr. Ir. Mohamad Khir Bin Harun	<i>(Chairman/Non-Independent Non-Executive Director)</i>
Wong Sui Ee	<i>(Executive Director)</i>
How Hu Son	<i>(Independent Non-Executive Director)</i>
Tor Peng Sie	<i>(Independent Non-Executive Director)</i>
Soong Kwong Heng	<i>(Independent Non-Executive Director)</i>
Chan Wan Seong	<i>(Independent Non-Executive Director)</i>
Chng Boon Huat	<i>(Independent Non-Executive Director)</i>

**To: Our Entitled Unitholders**

Dear Sir/ Madam,

**RENOUNCEABLE RIGHTS ISSUE OF 58,464,480 NEW UNITS IN ATRIUM REIT ON THE BASIS OF 2 RIGHTS UNITS FOR EVERY 5 EXISTING ATRIUM REIT UNITS HELD AS AT 5.00 P.M. ON FRIDAY, 30 AUGUST 2019 AT AN ISSUE PRICE OF RM1.02 PER RIGHTS UNIT**

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**1. INTRODUCTION**

On 12 February 2019, UOBKH, on behalf of our Board, announced that:-

- (i) Atrium REIT proposes to undertake the Proposed Acquisition 1, Proposed Acquisition 2, Private Placement and Rights Issue; and
- (ii) the Trustee, had on even date, entered into the Option Agreement and SPA 2 in relation to Proposed Acquisition 1 and Proposed Acquisition 2, respectively.

Concurrent with the execution of SPA 2, the Trustee and Lumileds had also signed in escrow Leaseback Agreement 2. Leaseback Agreement 2 shall take effect on the completion date of SPA 2.

The Manager will finance Proposed Acquisition 1 through a combination of funds from the MTN Programme to be established and the proceeds raised from the Private Placement.

Similarly, Proposed Acquisition 2 will be financed through a combination of funds from the MTN Programme and the proceeds to be raised from the Rights Issue. Hence, Unitholders should note that the Proposed Acquisition 2 is conditional upon the completion of the Rights Issue. Further details on the utilisation of proceeds of the Rights Issue are set out in **Section 5** of this Abridged Prospectus.

On 23 April 2019, UOBKH, on behalf of our Board, announced that in respect of Proposed Acquisition 2, the SC has vide its letter dated 23 April 2019 approved a temporary waiver from the requirement of Paragraph 8.10(d) of the REIT Guidelines ("**Temporary Waiver**") which states that, where a REIT acquires a real estate through a lease arrangement with a remaining lease period of less than 30 years, the total asset value ("**TAV**") of the investment must not exceed 25% of the REIT's TAV at the point of acquisition. The Temporary Waiver is applicable for a period of up to 9 months from the completion of Proposed Acquisition 2.

On 7 May 2019, UOBKH, on behalf of the Board, announced that Bursa Securities had vide its letter dated 7 May 2019 approved the listing of and quotation for the Rights Units on the Main Market of Bursa Securities.

The approval of Bursa Securities for the above is subject to the following conditions:-

	<b>Condition(s)</b>	<b>Status of compliance</b>
(i)	Atrium REIT and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue;	To be complied
(ii)	Atrium REIT and UOBKH to inform Bursa Securities upon the completion of the Rights Issue;	To be complied
(iii)	Atrium REIT/UOBKH to furnish Bursa Securities with a certified true copy of the resolutions passed by Unitholders at the Meeting for the Proposed Acquisitions and Rights Issue prior to the listing and quotation of the new Units to be issued pursuant to the Rights Issue; and	To be complied
(iv)	Atrium REIT and UOBKH to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed.	To be complied

Our Unitholders had approved, amongst others, the Rights Issue at our Meeting held on 3 June 2019.

On 8 August 2019, UOBKH, on behalf of our Board, announced that all the conditions precedent set out in the SPA 2 have been fulfilled and that SPA 2 has become unconditional.

On 16 August 2019, UOBKH, on behalf of our Board, announced the following:-

- (i) the Board resolved to fix the issue price of the Rights Units at RM1.02 per Rights Unit;
- (ii) the Entitlement Date for the Rights Issue has been fixed at 5.00 p.m. on 30 August 2019; and
- (iii) the Manager, the Trustee and UOBKH have entered into the Underwriting Agreement, details of which are set out in **Section 3.2** of this Abridged Prospectus.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us or UOBKH.

As you are an Entitled Unitholder, you will find enclosed in this Abridged Prospectus, a NPA notifying you of the number of Rights Units which you are entitled to subscribe for under the terms of the Rights Issue and the RSF to enable you to subscribe for the Provisional Rights Units, as well as to apply for the Excess Rights Units if you choose to do so. The Rights Units that are not taken up or not validly taken up will be made available for Excess Rights Units Application.

## 2. DETAILS OF THE RIGHTS ISSUE

The Rights Issue involves the issuance of 58,464,480 Rights Units on the basis of 2 Rights Units for every 5 existing Atrium REIT Units held by the Entitled Unitholders on the Entitlement Date, at an issue price of RM1.02 per Rights Unit. The Rights Units will be provisionally allotted and issued to the Unitholders of Atrium REIT whose names appear in the Record of Depositors as at 5.00 p.m. on the Entitlement Date.

The basis of 2 Rights Units for every 5 existing Units was arrived at after taking into consideration the following:-

- (i) the issue price of the Rights Unit of RM1.02 each;
- (ii) the funding requirement of Atrium REIT, as detailed in **Section 5** of this Abridged Prospectus; and
- (iii) the rationale for the Rights Issue as set out in **Section 4** of this Abridged Prospectus.

The Rights Issue is renounceable in full or in part. Accordingly, the Entitled Unitholders can subscribe for and/or renounce their entitlements to the Rights Units in full or in part. Any Rights Units which are unsubscribed, not taken up or not validly taken up shall be made available for excess applications by the other Entitled Unitholders and/or their renounee(s). It is the intention of our Board to allocate the Excess Rights Units in a fair and equitable manner on a basis specified under **Section 11.9** of this Abridged Prospectus.

In determining our Unitholders' entitlements to the Rights Units under the Rights Issue, any fractional entitlements will be disregarded and dealt with by our Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of Atrium REIT.

As you are an Entitled Unitholder, your CDS Account will be duly credited with the number of Provisional Rights Units which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such Provisional Rights Units into your CDS Account and a RSF to enable you to subscribe for the Provisional Rights Units, as well as to apply for the Excess Rights Units if you choose to do so.

An electronic notification on the Rights Issue will also be sent to all Registered Entitled Unitholders on the date of despatch of the NPA and RSF.

Any dealings in our securities will be subject to, *inter-alia*, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Units will be credited directly into the respective CDS Accounts of the successful applicants. No physical unit certificates will be issued to the Entitled Unitholders and/or their renounee(s).

We will allot and issue the Rights Units, despatch notices of allotment to the successful applicants within 8 Market Days from the last date for acceptance of and payment for the Rights Units or such other period as may be prescribed by Bursa Securities.

### 2.1 Basis of determining the issue price of the Rights Unit

On 16 August 2019, UOBKH had, on behalf of our Board, announced that our Board had fixed the issue price of the Rights Unit at RM1.02 per Rights Unit. The issue price of the Rights Units was determined and fixed by our Board based on a discount that is deemed appropriate after taking into consideration, amongst others, the following:-

- (i) the theoretical ex-price ("TERP") of the Units based on the 5-day VWAP of the Units immediately preceding the price-fixing date;

- (ii) the then prevailing market conditions and market prices of the Units; and
- (iii) the funding requirement of Atrium REIT, as detailed in **Section 5** of this Abridged Prospectus.

The issue price of RM1.02 per Rights Unit represents a discount of RM0.12 or approximately 10.53% to the TERP of RM1.14 per Unit based on the 5-day VWAP up to and including 15 August 2019, being the last trading day of the Units immediately preceding the price-fixing date, of RM1.19 per Unit.

## 2.2 Ranking of the Rights Units

The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the existing Atrium REIT units, save and except that the Rights Units will not be entitled to any distributable income, rights, benefits, entitlement and/or any other distributions declared, made or paid where such entitlement date is prior to the allotment and issue of the Rights Units.

## 3. UNITHOLDERS' UNDERTAKINGS AND UNDERWRITING ARRANGEMENTS

### 3.1 Unitholders' Undertakings

The Rights Issue will be undertaken on a full subscription basis. The following Unitholders have provided their respective Entitlement Undertakings to subscribe in full for their respective entitlements of the Rights Units under the Rights Issue based on their unitholdings as at the LPD:-

Undertaking Unitholders	As at the LPD		<sup>(1)</sup> Entitlement Undertakings		<sup>(4)</sup> Undertakings (RM)
	No. of Units	<sup>(2)</sup> %	No. of Rights Units	<sup>(3)</sup> %	
Chan Kam Tuck	30,281,400	20.72	12,112,560	20.72	12,354,811
Glory Blitz Industries Sdn Bhd	10,104,800	6.91	4,041,920	6.91	4,122,758
Sparkle Skyline Sdn Bhd	4,258,900	2.91	1,703,560	2.91	1,737,631
Manager	750,800	0.51	300,320	0.51	306,326
<b>Total</b>	<b>45,395,900</b>	<b>31.05</b>	<b>18,158,360</b>	<b>31.05</b>	<b>18,521,526</b>

#### Notes:-

- (1) Being the Undertaking Unitholders' entitlements of the Rights Units as well as the Rights Units to be subscribed pursuant to the Entitlement Undertakings.
- (2) Based on total issued unitholders' capital of Atrium REIT as at the LPD comprising 146,161,200 Units.
- (3) Based on 58,464,480 Rights Units to be issued assuming all the Entitled Unitholders subscribe for their entitlements under the Rights Issue.
- (4) Based on the issue price of RM1.02 per Rights Unit.

The abovementioned Undertaking Unitholders have also given the Entitlement Undertakings to subscribe in full for any additional entitlement of the Rights Issue in the event that they increase their unitholdings in Atrium REIT prior to the Entitlement Date. The Entitlement Undertakings provided by the Undertaking Unitholders reflect their commitment and confidence in growing Atrium REIT's business and driving the financial performance of Atrium REIT further.



Accordingly, each of the Undertaking Unitholders has confirmed vide their respective Entitlement Undertaking that they have sufficient financial resources to subscribe for the Rights Units under the Rights Issue. UOBKH has also verified, to the extent possible, that the Undertaking Unitholders have sufficient financial resources to take up the number of Rights Units as specified in their respective Entitlement Undertakings.

There will be no takeover implications under the Code and the Rules pursuant to the Entitlement Undertakings.

### **3.2 Underwriting arrangement**

The Manager and the Trustee have entered into the Underwriting Agreement with the Underwriter for the underwriting of 40,306,120 Rights Units ("**Underwritten Rights Units**"), representing 68.94% of the total Rights Units, for which no irrevocable undertaking has been obtained from other Unitholders.

The underwriting commission is 2.0% of the value of the Underwritten Rights Units, subject to the terms and conditions of the Underwriting Agreement. The underwriting commission payable to the Underwriter and all other costs in relation to the Underwriting Agreement will be fully borne by Atrium REIT.

Subject to the terms and conditions of the Underwriting Agreement and provided always that no terminating event set out in Clause 9.1 of the Underwriting Agreement has occurred, the Underwriter shall underwrite the Underwritten Rights Units only if:-

- (a) the Underwriter has received a duly completed Underwriting Request Notice substantially in the form as set out in Schedule 1 of the Underwriting Agreement, from the Manager in accordance with the provisions of the Underwriting Agreement; and
- (b) there not having been, on or prior to the date for each Underwriting Request Notice, any material adverse effect and/or the occurrence of any event rendering untrue or incorrect to an extent which is material as aforesaid any of the representations or warranties contained in Clause 6.1 of the Underwriting Agreement as though they had been given or made on such date.

## **4. RATIONALE FOR THE RIGHTS ISSUE**

The Manager intends to finance the Proposed Acquisitions through a combination of funds from the MTN Programme as well as the proceeds of the Private Placement and the Rights Issue. In considering to undertake the Rights Issue, the Manager had taken into consideration the following:-

- (i) The Rights Issue is an appropriate avenue to raise funds without incurring interest cost as compared to bank borrowings to part finance the Proposed Acquisition 2 and its related expenses;
- (ii) The Rights Issue will increase the number of Units in circulation and may in turn lead to an improvement in the trading liquidity of Atrium REIT;
- (iii) The Rights Issue will provide the Entitled Unitholders with the opportunity to increase their equity participation in Atrium REIT via the subscription of the Rights Units without diluting the existing Unitholders' percentage unitholdings assuming all Entitled Unitholders fully subscribe for their respective entitlements;
- (iv) Value creation of the Rights Issue to Atrium REIT and our Unitholders;

The Manager believes that the Proposed Acquisitions, which is part funded by the Rights Issue, will create value to Atrium REIT and our Unitholders given that, amongst others:-

- (a) the Proposed Acquisitions are expected to be yield accretive and will strengthen Atrium REIT's position as a sizeable industrial REIT. The Proposed Acquisitions will enlarge the total NLA of Atrium REIT by 488,501 square feet or 49.12% from the existing size of 994,418 square feet to 1,482,919 square feet; and
- (b) the Properties will provide Atrium REIT with a stable and sustainable income stream through the Leaseback Agreements for a committed triple net lease period of 15 years augmented by a rental escalation of 3% every year.

## 5. USE OF PROCEEDS

Based on the issue price of RM1.02 per Rights Unit, the Rights Issue will raise total gross proceeds of RM59.63 million. The total gross proceeds will be utilised in the manner as set out below:-

Purpose	Amount (RM'000)	Estimated timeframe for use of proceeds from the date of listing of the Rights Units
Part finance Proposed Acquisition 2 and its related expenses <sup>(1)</sup>	58,234	Within 6 months
Defray estimated expenses relating to the Rights Issue <sup>(2)</sup>	1,400	Within 1 month
<b>Total estimated proceeds</b>	<b>59,634</b>	

### Notes:-

- (1) The proceeds has been earmarked to part finance the Proposed Acquisition 2 and its related expenses, an indicative breakdown of which is as illustrated below:-

Purpose	Amount (RM'000)
Part fund Proposed Acquisition 2 <sup>(a)</sup>	42,234
Expenses relating to the extension of the Lease tenure <sup>(b)</sup>	16,000
<b>Total</b>	<b>58,234</b>

### Notes:-

- (a) The earmarked proceeds together with the MTN Programme will be utilised to part fund Proposed Acquisition 2. The breakdown of the composition of the funding will only be determined upon establishment of the MTN Programme. Any difference to the amount allocated after finalisation of composition of funding will be adjusted accordingly to the expenses relating to the extension of the Lease tenure.
- (b) The Manager intends to utilise the earmarked proceeds from the Rights Issue towards the payment of the relevant fees relating to the extension of the Lease tenure. The current Lease has a remaining lease period of less than 22 years, which will expire on 10 February 2041. Under the Principal Lease Agreement, the lessee of the Lease has the option to renew the principal lease for a period of not less than 10 years but not exceeding any such term remaining on the leasehold land at a rental to be agreed by both parties ("Option"). The Manager has submitted the formal application to PDC to exercise the Option and extend the tenure of the Lease for an additional period of 10 years. This will enable the Manager to have the rights to the Lease for a period of 32 years as opposed to the current tenure of 22 years.

Based on the communication with PDC, the Manager has been made to understand that PDC will only process the said application after the completion of Proposed Acquisition 2. As such, the Manager is unable to determine the actual amount to be paid for the Lease tenure extension at this juncture. The Manager hence has earmarked approximately RM16.0 million for the payment of extension of the Lease tenure, after taking into consideration the historical amount paid by Lumileds to PDC of approximately RM16.0 million for the Lease under the Principal Lease Agreement.

*In the event that the actual related expenses relating to the extension of Lease tenure exceeds the budgeted amount, Atrium REIT will fund the payment of such expenses via any surplus from the proceeds earmarked for Proposed Acquisition 2 above or bank borrowings. Conversely, in the event the actual expenses is lower, the remaining balance will be utilised for other future acquisitions of Atrium REIT. The Board is confident that the Manager will be able to identify suitable industrial properties located in the Klang Valley, Penang and Johor. As to-date, the Manager remains active in identifying potential acquisitions to expand Atrium REIT's footprint in the industrial property market.*

*In the event that Proposed Acquisition 2 is terminated, the total net proceeds from the Rights Issue will be utilised for other future acquisitions of Atrium REIT.*

(2) The breakdown of estimated expenses in relation to the Rights Issue is as follows:-

Description	(RM'000)
Professional fees (i.e. Principal Adviser, Underwriter, solicitors, auditors and reporting accountants, company secretaries and share registrar)	1,272
Regulatory fees	50
Contingencies and other incidental expenses in relation to the Rights Issue (i.e. convening of Meeting, printing and advertisement expenses)	78
<b>Total</b>	<b>1,400</b>

*If the actual expenses are higher than budgeted, the deficit will be funded from Atrium REIT's internally generated funds. Conversely, any surplus of funds following the payment of expenses will be utilised for Atrium REIT's working capital purposes.*

Pending utilisation of the proceeds from the Rights Issue for the abovementioned purposes, the proceeds will be placed in deposits with financial institution or short-term money market instruments as our Board may deem fit. The interest to be derived from the deposits with the financial institution or any gain arising from the short-term money market instruments will be used as working capital requirements of Atrium REIT, of which the breakdown for utilisation cannot be determined at this juncture.

## 6. DETAILS OF PROPOSED ACQUISITION 2

The Proposed Acquisition 2 entails the acquisition of the Lease and all such fixtures and fittings attached to Property 2 free from all encumbrances with legal possession for a cash consideration of RM130.0 million.

### 6.1 Information on Property 2 and the Lease

#### 6.1.1 Summary details of Property 2

Details	Property 2
Postal address	Plot 401, Lintang Bayan Lepas 8 Kawasan Perindustrian Bayan Lepas 11900 Bayan Lepas Pulau Pinang
Land title	Lot No. 70812 held under Title No. PN 9036, Mukim 12, Daerah Barat Daya, Pulau Pinang
Land area	Lot No. 70812: 4.782 hectares (514,730 square feet)
Tenure of leasehold land	Lot No. 70812: 60-year leasehold land (expiring on 7 May 2072)
Category of land use	Industrial/Manufacturing
Restrictions-in-interest	<u>Lot No. 70812</u> The land hereby alienated shall not be transferred, charged, leased, sub-leased, rented out or otherwise in any manner dealt with, without the written sanction of the State Authority

Details	Property 2
<b>Encumbrances</b>	Private Caveat lodged by the Trustee, on behalf of Atrium REIT, vide Presentation No. 0799SW2012000315, registered on 25 March 2019
<b>Endorsements</b>	<p><u>Lot No. 70812</u></p> <p>(i) The entire land has been leased to Lumileds (formerly known as Philips Lumileds Lighting Company Sdn Bhd) for a term of 30-year commencing on 11 February 2011 and expiring on 10 February 2041 pursuant to the Principal Lease Agreement vide Presentation No. 0799SC2013006002, registered on 27 February 2013</p> <p>(ii) "Pajakan Kecil Seluruh Tanah ke atas Pajakan Seluruh Tanah" to Tenaga Nasional Berhad for a term of 30-year commencing on 11 February 2011 and expiring on 10 February 2041 vide Presentation No. 0799SC2016025652, registered on 30 August 2016. The land was leased to TNB to construct and for the operation of a TNB substation to supply electricity to Property 2</p>
<b>Registered owner</b>	PDC and leased to the Vendor pursuant to the Principal Lease Agreement, further details of which are set out in <b>Section 6.1.2</b> below
<b>Description of the buildings</b>	An industrial premises accommodating a double-storey factory building and other ancillary buildings
<b>Age of buildings</b>	Approximately 6 years
<b>Existing use</b>	Occupied by Lumileds
<b>Gross floor area</b>	30,493 square metres (328,226 square feet)
<b>NLA</b>	27,738 square metres (298,569 square feet)
<b>Audited net book value as at 31 December 2017 (RM'000)<sup>(1)</sup></b>	124,681
<b>Market value (RM'000)<sup>(2)</sup></b>	120,000
<b>Purchase Consideration 2 (RM'000)</b>	130,000
<b>Tenancy description</b>	Property 2 will be sub-leased to the Vendor for a period of 15 years from the date of completion of Proposed Acquisition 2 on a triple net lease basis pursuant to Leaseback Agreement 2
<b>Rental rate in accordance to the Leaseback Agreements</b>	Year 1 - RM10,748,484 per annum (subject to 3% yearly rental escalation)
<b>Occupancy Rate</b>	100%

**Notes:-**

- (1) Based on the latest audited financial statements of the Vendor for the FYE 31 December 2017.
- (2) As appraised by the Independent Valuer vide its Valuation Report dated 25 February 2019 and the updated Valuation Certificate, whereby the Independent Valuer had adopted the investment method and cost method in appraising the market value of Property 2.

### 6.1.2 Summary details of the Lease in respect of Property 2

On 11 February 2011, PDC (as the lessor) and the Vendor (as the lessee) entered into the Principal Lease Agreement pertaining to the Lease, the salient terms of which are set out below:-

Salient terms	Details
<b>Lease Period</b>	30 years commencing from 11 February 2011 and expiring on 10 February 2041 ("Term"). As at the LPD, the remaining lease period is 22 years
<b>Aggregate rental/lease amount</b>	RM16,731,308 has been fully paid by the lessee as at the date of the Principal Lease Agreement
<b>Lessor's covenants</b>	<ul style="list-style-type: none"> <li>• The lessee shall exclusively, peaceably and quietly possess and enjoy the land during the term without any interruption from and/or disturbance by the lessor or any person claiming through or under the lessor</li> <li>• Save and except for the quit rent and the assessment payable in respect of the land which shall be borne by the lessee, the lessor shall pay all existing and future taxes payable in respect of the land and impositions of like nature by whatsoever name called levied and payable in respect of the land including any increase thereon imposed by any appropriate authority during the term of the lease</li> <li>• The lessor shall comply with all requirement as may be imposed on the lessor by the State Authority with respect to the land, other than those to be complied with by the lessee</li> </ul>
<b>Lease Renewal Option</b>	<ul style="list-style-type: none"> <li>• The lessee has the option to renew the principal lease for a period of not less than 10 years but not exceeding any such remaining tenure on the land of Property 2 (60-year leasehold interest expiring on 7 May 2072) ("Lease Renewal Option") ("Renewed Term") at a rental rate to be agreed by both parties, taking into consideration, amongst others, the prevailing market rental rate</li> <li>• In the event the parties fail to agree on the rental rate for the Renewed Term, an independent and qualified assessor (to be mutually agreed) will be appointed to determine the rental rate for the Renewed Term and such rental rate shall be final and binding</li> <li>• The lessee has the right to withdraw the Lease Renewal Option in the event that the lessee is not agreeable with the Renewed Term determined by the appointed independent and qualified assessor</li> </ul>

Salient terms	Details
<b>Transfer, charge, sub-lease and/or assignment of the Lease</b>	<ul style="list-style-type: none"> <li>• The lessee shall not transfer, charge, assign, sub-let, part with or share possession of the Lease, other than to / with the holding company of the lessee or a wholly-owned subsidiary of the lessee or any other wholly-owned subsidiary of that holding company, without the prior consent of the lessor</li> <li>• Any such transfer, charge, assignment, sub-letting or parting with or sharing of possession:- <ul style="list-style-type: none"> <li>- shall not extend beyond the expiration of the Term or the Renewed Term, as the case may be;</li> <li>- be subject to a consent fee payable by the lessee to the lessor for the transfer or assignment of the Lease or any right title or interest under the Principal Lease Agreement;</li> <li>- shall not cause any deviation to the authorised use or promoted activity for the land, being operations of facilities for the manufacture of LED devices and related activities; and</li> <li>- shall be subject to such other reasonable terms and conditions as the lessor may require and agreed upon by the lessee</li> </ul> </li> <li>• Subject to the above, the lessor shall not unreasonably withhold or delay its consent to, and shall use its best endeavours to assist the lessee in obtaining the relevant approvals from the appropriate authority pertaining to such transfer, charge, sub-lease and/or assignment of the Lease</li> </ul>

Upon completion of Proposed Acquisition 2 and the registration of the transfer of the Lease, the interest of the Vendor in the Principal Lease Agreement shall pass to and vest in the Trustee (acting on behalf of Atrium REIT) pursuant to the National Land Code, 1965. Hence, the Trustee, on behalf of Atrium REIT, is thereby required to adhere to all the existing terms and conditions of the Principal Lease Agreement save for the Fifth Schedule and Section 10.1 of the Third Schedule of the Principal Lease Agreement.

Pursuant to PDC's letter of consent dated 1 July 2019, PDC has consented to the Proposed Acquisition 2 and leaseback of Property 2 to the Vendor subject to the following conditions being agreed by the Trustee (acting on behalf of Atrium REIT):-

- (a) the Trustee shall not transfer, charge or assign the Lease or sub-lease or sub-let any part of Property 2 (to any party including an affiliate company) or in any way create any security or encumbrance over the same without prior written consent of PDC as the lessor, which consent may be granted or refused in its absolute discretion and upon such terms and conditions as PDC may require including a payment by the Trustee of any sum of money (howsoever described) as PDC may in its absolute discretion determine;
- (b) for the purpose of paragraph (a) above, the Fifth Schedule of the Principal Lease Agreement as annexed to the Form 15A dated 31 December 2012 shall be deemed removed and has no force and Section 10.1 of the Third Schedule shall be varied accordingly. All other terms and conditions in the Principal Lease Agreement shall remain unchanged;
- (c) the Vendor and/or the Trustee shall take necessary action to effect such variation upon registration of the transfer of the Lease from the Vendor to the Trustee; and
- (d) to procure a written confirmation from the Trustee agreeing to the conditions as stated in (a), (b) and (c) above.

The Trustee has by way of its letter dated 4 July 2019 to PDC confirmed that they are agreeable to the conditions above.

The Trustee, on behalf of Atrium REIT, will be registered as the lessee to the Lease upon completion of Proposed Acquisition 2. Pursuant thereto, the Trustee, on behalf of Atrium REIT, will proceed to exercise the Lease Renewal Option to further extend the tenure of the Lease for another 10 years from 10 February 2041 and request for an option to renew the lease up to expiry of the tenure of the leasehold land (i.e. 7 May 2072). PDC, vide its letter to Lumileds dated 1 November 2018 had given its confirmation/approval on the Lease extension subject to the submission of lease renewal application not less than 6 months prior to the expiry of the Lease. The Manager undertakes to take all necessary steps to obtain the following for the lease renewal:-

- (a) approval from State Authority; and
- (b) any other approval or consent from any relevant authorities or parties (if required),

and to complete the lease renewal process within 9 months from the date of completion of Proposed Acquisition 2.

## 6.2 Salient terms of SPA 2

The salient terms and conditions of SPA 2, amongst others are as set out below:-

### 6.2.1 Purchase price

The Purchase Consideration 2 shall be satisfied by the Purchaser in the following manner:-

	Proposed Acquisition 2 (RM'000)
Earnest deposit representing 2% of Purchase Consideration 2 which has been paid on 1 November 2018	2,600
Balance deposit representing 8% of Purchase Consideration 2 which has been paid on 12 February 2019	10,400
Balance Purchase Price representing 90% of Purchase Consideration 2, payable within the completion period of SPA 2	117,000
<b>TOTAL</b>	<b>130,000</b>

As at the LPD, the Purchaser has paid the deposit of RM13.0 million to the Vendor pursuant to SPA 2.

The Balance Purchase Price shall be paid within 2 months from the date SPA 2 becomes unconditional ("**Completion Period**"), failing which the Completion Period will be automatically extended for 1 month ("**Extended Completion Period**"). Under such scenario, the Purchaser shall pay Lumileds an interest at the rate of 8% per annum on the unpaid balance sum calculated on daily basis from the next day after the expiry of the Completion Period until the date of full payment. However, Lumileds will grant an interest free period during the Extended Completion Period provided that the delay is not attributable to the fault of the Purchaser and is substantiated by documentary evidence acceptable to Lumileds.

In the event the Balance Purchase Price or any part thereof is not paid within the Extended Completion Period, Lumileds will grant a further extension of 1 month from the Extended Completion Period subject to the Purchaser paying an interest rate of 8% per annum.

### 6.2.2 Conditions precedent

Proposed Acquisition 2 is subject to the following conditions precedent (“SPA CP”) being fulfilled within 3 months from the date of SPA 2:-

- (a) the Vendor obtaining all the necessary approval and written consent from PDC and the State Authority for the sale and transfer of Property 2;
- (b) the Purchaser obtaining all the necessary approval and written consent from PDC and the State Authority for the charge of Property 2 to their financier (if applicable);
- (c) the Vendor procuring the approval of its board of directors and its members, where necessary, for the disposal and transfer of the Lease to the Purchaser;
- (d) the Purchaser obtaining all the necessary approvals and/or waivers from the SC for the purchase of the Lease;
- (e) the Purchaser obtaining all the necessary approvals and/or waivers from the relevant authorities for the purchase and lease including the Valuation Report in respect of Property 2 (where applicable);
- (f) the Purchaser obtaining all the necessary approval and written consent from PDC and the State Authority for the leaseback of Property 2;
- (g) the Vendor procuring the approval of its board of directors and its members, where necessary, for the leaseback of Property 2 and authorising the affixing of its common seal on the Leaseback Agreement 2 and the memorandum of lease (in the Form 15A of the National Land Code, 1965 or such other prescribed statutory form); and
- (h) the satisfactory due diligence review on the following:-
  - (i) measurement of land and buildings area; and
  - (ii) structural stability of the buildings to be conducted by an independent and qualified land surveyor and consultant appointed by the Manager, Purchaser and/or their advisers/consultants and approved by the Vendor.

In the event that any of the SPA CP cannot be fulfilled within the Conditional Period, and provided that such non-fulfilment is not due to any default or omission on the part of the Purchaser, the Conditional Period shall be automatically extended by 1 month free of interest (“**Extended Conditional Period**”).

If any of the SPA CP is not fulfilled within the extended period and is not due to the fault of either party, the respective party may terminate SPA 2 by giving notice to that effect to the other party. Thereafter, the Vendor shall refund to the Purchaser the deposit amounting to 10% of the Purchase Consideration 2 (“**Deposit**”) free of interest within 10 days upon the Purchaser’s compliance with Clause 8.1 of SPA 2 (**Section 6.2.4** below).



SPA 2 shall also be terminated in the event any of the SPA CPs cannot be fulfilled within the Conditional Period or Extended Conditional Period, and such non-fulfilment is attributable to the fault, act or negligence of a party ("**Defaulting Party**"). In the event the Defaulting Party is the Purchaser, the Deposit shall be forfeited absolutely, to the Vendor as agreed liquidated damages. In the event the Defaulting Party is the Vendor, the Vendor shall refund the Deposit and also pay the out-of-pocket expenses incurred up to the date of termination, to the Purchaser. The out-of-pocket expenses is required to be substantiated by documentary evidence and shall not exceed up to a maximum of RM1.0 million, being the agreed liquidated damages upon the Purchaser's compliance with Clause 8.1 of SPA 2 (**Section 6.2.4** below).

As the Extended Conditional Period had lapsed on 12 June 2019, the Parties have agreed to extend the deadline for the fulfilment of the SPA CP for a further period of 3 months from the expiry of the Extended Conditional Period to 12 September 2019.

As at the LPD, all the conditions precedent of SPA 2 have been fulfilled.

### **6.2.3 Completion**

Completion of SPA 2 shall mean the full payment of the Balance Purchase Price being received by Lumileds or Lumileds' solicitors in the manner set out in **Section 6.2.1** above.

### **6.2.4 Termination procedures**

Upon the lawful termination of SPA 2, the Purchaser shall within a reasonable time and in any event no later than 30 days of the termination notice being given:-

- (a) return or caused to be returned to the Vendor the issue document of title (free from all encumbrances) with the Vendor's interest as registered owner of Property 2 remaining intact, memorandum of transfer (in the Form 14A of the National Land Code, 1965 or such other prescribed statutory form) and all other documents in respect of Property 2;
- (b) re-deliver to the Vendor legal possession of Property 2 in the same state as at the time of delivery of legal possession of Property 2 by the Vendor to the Purchaser; and
- (c) remove and caused to be removed all encumbrances against Property 2 by the Purchaser and/or the Purchaser's financier(s), at the Purchaser's own cost and expenses.

### **6.2.5 Purchaser's default**

- (a) If the Purchaser breaches any of the terms of SPA 2, the Vendor shall be entitled to terminate SPA 2 by notice in writing to the Purchaser ("**Termination Notice**").
- (b) If the Termination Notice is issued, the Deposit shall be forfeited by the Vendor as agreed liquidated damages. Upon the Purchaser's compliance with **Section 6.2.4** above, the Vendor shall refund all other monies paid by the Purchaser (save for the Deposit) towards the account of the purchase consideration to the Purchaser, free of interest within 10 days from the date of the Termination Notice.
- (c) Upon such refund above, SPA 2 shall be terminated and be of no further effect.

### 6.2.6 Vendor's default

- (a) The following shall be an event of default on the part of the Vendor if:-
- (i) the Vendor fails to complete Proposed Acquisition 2 or transfer the Property 1 to the Purchaser free from encumbrances;
  - (ii) the Vendor fails to comply with any of its obligations under SPA 2;
  - (iii) the memorandum of transfer (in the Form 14A of the National Land Code, 1965 or such other prescribed statutory form) cannot be perfected due to the reasons attributable to the Vendor;
  - (iv) the Vendor fails to enter into the Leaseback Agreement 2 or threatens to breach the terms therein;
  - (v) the Vendor is deemed unable to pay its debts within the meaning of Section 466 of the Act or becomes unable to pay its debts as they fall due; or
  - (vi) a resolution is passed or an application or order is made for the winding-up or the dissolution of the Vendor (otherwise than for the purpose of an amalgamation or reconstruction that has been approved by the Purchaser).
- (b) In the event of default by the Vendor pursuant to **Section 6.2.6(a)** above, the Purchaser shall be entitled to:-
- (i) specific performance of SPA 2 against the Vendor (applicable for **Section 6.2.6(a)(i) and (ii)**); or
  - (ii) terminate SPA 2 by serving a notice on the Vendor. Thereafter, upon the Purchaser's compliance with **Section 6.2.4** above, the Vendor is required to fully refund the Deposit and all other monies paid by the Purchaser towards the account of the Purchase Consideration 2 to the Purchaser, free of interest within 10 days from the date of the notice terminating SPA 2.

Upon such refund above, SPA 2 shall be terminated and be of no further effect.

### 6.3 Salient terms of Leaseback Agreement 2

Upon completion of Proposed Acquisition 2, the Trustee (on behalf of Atrium REIT) will leaseback Property 2 to Lumileds pursuant to Leaseback Agreement 2.

#### 6.3.1 The terms of the lease

The salient terms of Leaseback Agreement 2, amongst others are as set out below:-

Terms	Details
Commencement Date	The leaseback will commence on the completion date of SPA 2
Term	15 years from the Commencement Date
Renewal Term	Option to renew for a further term of 5 years in each renewal commencing from the expiry of the Term, until the expiry of the leasehold land tenure as set out in <b>Section 6.1</b> above

Terms	Details								
Rental sum	<table border="1"> <thead> <tr> <th></th> <th>Property 2</th> </tr> </thead> <tbody> <tr> <td>Year 1 Rental rate (based on NLA)</td> <td>RM3.00 per square foot</td> </tr> <tr> <td>Year 1 Annual rental</td> <td>RM10,748,484</td> </tr> <tr> <td>Year 1 Gross rental yield</td> <td>8.23%</td> </tr> </tbody> </table> <p>The above rental sum is subject to yearly increase of 3% during the Term</p> <p>For information purposes, the rental rate for year 1 was derived after taking into consideration, amongst others, the current market rental rates in the Bayan Lepas Industrial Zone, the state and condition of the Property 1 and the tenure of the leaseback as well as the triple net arrangement of the Leaseback Agreement 1. The yearly 3% increment was agreed upon by the parties in view of, amongst others, expected annual inflation rate and the current market increment rate for leaseback arrangements</p>		Property 2	Year 1 Rental rate (based on NLA)	RM3.00 per square foot	Year 1 Annual rental	RM10,748,484	Year 1 Gross rental yield	8.23%
	Property 2								
Year 1 Rental rate (based on NLA)	RM3.00 per square foot								
Year 1 Annual rental	RM10,748,484								
Year 1 Gross rental yield	8.23%								
Deposit	<p>Lumileds shall pay to the Trustee in cash, an amount equivalent to 4 months rental as security deposit and an amount equivalent to 1-month rental as utilities deposit prior to or upon the Commencement Date</p> <p>Each time the monthly rental is increased in accordance with the Leaseback Agreement, the security deposit and utilities deposit shall be increased accordingly and Lumileds shall make the necessary payment in cash towards the security deposit and utilities deposit no less than 30 days prior to the date when the monthly rental is to be increased</p>								

### 6.3.2 Triple net lease

The Leaseback Agreement 2 is on a triple net basis with the effect that, the Trustee shall not have any responsibility of any kind or nature whatsoever to maintain, repair, improve, alter or in any way incur any expenses in connection with Property 2 (including but not limited to the cost for rectification of defects, payment of the supply of utilities, quit rent, assessment, other capital expenditure or the engagement of a facility manager).

### 6.3.3 Greenfield development on Property 2

At any time during the Term, Lumileds may wish to develop the greenfield land ("**Greenfield Land**") for the purpose of expansion. The parties agree that the Greenfield Land shall be developed based on built-to-suit basis to meet the requirements of Lumileds' usage of the building(s) to be constructed in respect of the Greenfield Land ("**Greenfield Development**") and the parties shall negotiate in good faith on the terms and conditions which are to be mutually agreed upon in relation to the Greenfield Development.

In such event, Lumileds shall notify the Trustee of its intention to develop the Greenfield Land and the Trustee, on behalf of Atrium REIT, shall have the option to undertake the Greenfield Development whether solely or jointly with Lumileds at the Trustee' own costs and expenses. The Trustee, on behalf of Atrium REIT, shall at all times consult with Lumileds on all decisions and matters pertaining to the Greenfield Development.

Upon completion of the construction of building(s) in respect of the Greenfield Development ("**Greenfield Building(s)**"):-

- (a) the Greenfield Building(s) shall form part of Property 2 in respect of the sub-lease and Lumileds shall have the right to maintain, occupy and operate in the Greenfield Building(s) during the Term or the renewal term, as the case may be; and
- (b) the monthly rental will be adjusted to account for the additional area of the Greenfield Building(s) at a rate to be mutually agreed upon by the parties.

#### **6.4 Basis and justification for Purchase Consideration 2**

The Purchase Consideration 2 were arrived at on a willing-buyer willing-seller basis after taking into consideration the market value of Property 2.

The Independent Valuer had, in the Valuation Report and the Valuation Certificate, adopted the market value derived from the investment method of valuation as fair representation of the market value of Property 2, taking into consideration that Property 2 will be leased to Lumileds for a period of 15 years on a triple net lease basis pursuant to Leaseback Agreement 2. The valuation is also supported by the market value derived from the cost approach.

The market value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing-seller and a willing-buyer in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The Purchase Consideration 2 of RM130.0 million represents a premium of RM10.0 million or 8.33% to the appraised market value of Property 2 of RM120.0 million derived from both the investment method and the cost method. The premium of RM10.0 million was also determined after taking into consideration, amongst others, bidding process for the acquisition of Property 2, the future rental income to be derived from Property 2 of approximately RM10.75 million per annum on a triple net lease basis pursuant to Leaseback Agreement 2, the scarcity of available industrial properties in Bayan Lepas Industrial Zone and the Greenfield Development disclosed in **Section 6.3.3** above. In the event the Greenfield Development is undertaken by Atrium REIT, additional rental will be charged for the newly leasable area/newly constructed facilities at a rate to be mutually agreed by the parties. This could potentially enhance the earnings and dividend yield of the Atrium REIT in the future.

The valuation certificate prepared by the Independent Valuer in respect of Property 2 (which was disclosed in the circular to the Unitholders dated 17 May 2019) and the updated Valuation Certificate are set out in **Appendix II** of this Abridged Prospectus.

#### **6.5 Liabilities to be assumed**

Save for the obligations and liabilities arising from or in connection with SPA 2 and Leaseback Agreement 2, there are no other liabilities, contingent liabilities and/or guarantees to be assumed by Atrium REIT pursuant to Proposed Acquisition 2.

#### **6.6 Rationale for Proposed Acquisition 2**

Since Atrium REIT's listing on the Main Market of Bursa Securities, the Manager has been primarily focusing on growing Atrium REIT organically through its existing portfolio of assets, all of which are located in Selangor, Malaysia. The Manager has also been actively identifying and pursuing potential acquisition targets to expand Atrium REIT's footprint in the industrial property market.

The Manager believes that Proposed Acquisition 2 represent a good opportunity for Atrium REIT to expand its existing portfolio of investment properties outside of Selangor. Property 2 is located in Bayan Lepas, Pulau Pinang, which is a mature industrial estate, home to various multinational firms with close proximity to the Penang International Airport and the Penang Bridge 2.

It is pertinent to note that the lessee of Property 2 has strong credit standing given that Lumileds is a blue chip multinational company with strong balance sheet and financial standing. Lumileds is one of the world's leading manufacturers of high-power LEDs and a pioneer in the use of solid-state lighting solution for everyday purpose (including automotive lighting, traffic signaling, signage, LED backlighting and general lighting). For the FYE 31 December 2017, Lumileds recorded a profit after tax of approximately RM284.69 million with total assets of RM2.05 billion.

Pursuant to Proposed Acquisition 2, the Property 2 will provide Atrium REIT with a stable and sustainable income stream through the Leaseback Agreement 2 for a committed triple net lease period of 15 years augmented by a rental escalation of 3% every year. Atrium REIT may further enjoy higher rental income once the Greenfield Development as set out in **Section 6.3.3** above is completed. As such, the Manager believes that Property 2 has good prospects given its strategic location, the scarcity of vacant industrial lots in Penang and the quality of the lessee. In the event the Greenfield Development is undertaken, Atrium REIT is expected to charge additional rental for the newly leasable area/newly constructed facilities at a rate to be mutually agreed by the parties. This could potentially enhance the earnings and distribution yield of Atrium REIT in the future.

The Proposed Acquisition 2 together with Proposed Acquisition 1 are expected to be yield accretive and will also strengthen Atrium REIT's position as a sizeable industrial REIT. Both acquisitions will enlarge the NLA of Atrium REIT by 488,501 square feet or 49.12% from the existing size of 994,418 square feet to 1,482,919 square feet. Following the completion of the Proposed Acquisitions, the total asset value of Atrium REIT will also increase from approximately RM310.74 million as at 30 June 2019 to RM487.60 million, representing an increase of approximately 56.92%.

Premised on the above, the Manager believes that Proposed Acquisition 2 meets the investment objectives of Atrium REIT and fits in with Atrium REIT's key objectives of acquiring strategic yield accretive industrial properties to grow its investment portfolio of industrial properties.

## **7. RISK FACTORS**

In addition to other information contained elsewhere in this Abridged Prospectus, you and/or your renounee(s) (if applicable) should carefully consider the following risk factors which may have an impact on our future performance before subscribing for or investing in the Rights Units.

### **7.1 Risks relating to the performance of the business of Atrium REIT**

#### **(i) Competition from other properties**

Being involved in the property rental market, Atrium REIT faces potential competition from new industrial buildings built within the proximity of Atrium REIT's properties which may lure away existing tenants. Whenever competing industrial properties in the vicinity of Atrium REIT's properties are developed or substantially upgraded and refurbished, the attractiveness of Atrium REIT's properties to prospective tenants may be affected. The rental income and market value of Atrium REIT's properties will largely depend on the ability of Atrium REIT's properties to compete against other industrial properties in the relevant localities in attracting and retaining tenants.

There is no assurance that Atrium REIT will be able to successfully compete with these competitors and that competitive pressure will not materially and adversely affect Atrium REIT's business, operations and results and/or financial conditions.

#### **(ii) Atrium REIT's properties may be revalued downwards**

Atrium REIT's properties will be revalued at least once a financial year from the date of last valuation pursuant to Paragraph 10.02(b)(i) of the REIT Guidelines and the Malaysian Financial Reporting Standard ("MFRS") 140. Hence, there is no assurance that Atrium REIT's properties will not be subject to any downward revaluations in the future arising from factors such as decrease in market rental and occupancy rates, and fall in the net property income earned from Atrium REIT's properties. Any downward revaluations could negatively impact Atrium REIT's gearing, which in turn could trigger certain breach of the loan covenants and/or impact Atrium REIT's ability to refinance its existing borrowings or its ability to secure additional borrowings.

Adverse business consequences of this impact on borrowings may include:-

- (a) inability to fund capital expenditure requirements in relation to Atrium REIT's properties; and
- (b) inability to fund acquisitions of properties.

**(iii) Increase in property and operating expenses**

Atrium REIT's ability to make distributions to Unitholders may be adversely affected if operating and other expenses increase without a corresponding increase in revenues or tenant reimbursements of operating and other costs.

Factors which could increase operating and other costs include:-

- (a) increases in contractor/service provider costs;
- (b) increase in insurance premiums;
- (c) increases in land assessment and other statutory charges;
- (d) increases in property management cost and management fees;
- (e) changes in statutory laws, regulations and/or government policies which correspondingly increase the cost of compliance; and
- (f) defects affecting Atrium REIT's properties which need to be rectified, leading to unforeseen major repair and capital expenditure.

**(iv) Dependence on key personnel**

Atrium REIT's performance depends, in part, upon the continued service and performance of key personnel of the Manager, which include the licensed personnel under the CMSA. These key personnel may leave the employment of the Manager. If the above were to occur, the Manager will need to search for a replacement and the duties which key personnel are responsible for may be affected. The loss of any of these individuals could have a temporary adverse effect on Atrium REIT's operations. Any loss involving the Manager's licensed personnel may result in the Manager losing its Capital Market Services Licence ("CMSL"). One of the requirements of the CMSL is to have at least 2 licensed personnel, 1 of which must be a director of the Manager.

## **7.2 Risks relating to Proposed Acquisition 2**

**(i) Non-renewal of the Leaseback Agreements**

Although the Manager expects that Proposed Acquisitions and the undertaken fund raising exercises (comprising the Private Placement and the Rights Issue) to deliver yield improvement to Atrium REIT, there is no assurance that Atrium REIT will achieve or derive the full benefits from the entire exercise.

Further, in the event of non-renewal following the expiry of the lease term or early termination of the Leaseback Agreements by Lumileds following the expiry of the lease term, Atrium REIT may also suffer a loss of rental income over such period until a replacement lessee on terms satisfactory to the Manager and the Trustee has been identified.

However, if the termination of the Leaseback Agreements occurs due to the default by Lumileds, Atrium REIT shall be entitled to terminate the Leaseback Agreement and Lumileds shall compensate and pay to Atrium REIT an amount equal to monthly rental for the remaining unexpired period of the term, as agreed liquidated damages.

Any decrease in the gross rental income arising from lower occupancy rates due to non-renewal of expired leases or termination of leases, or lower rental rates negotiated for new leases would have an adverse effect on Atrium REIT's financial condition and results of operations.

**(ii) Risk of non-renewal of tenure of the Lease**

The current Lease in respect of Property 2 will expire on 10 February 2041 ("**Lease Expiry Date**"). Under the Principal Lease Agreement, the lessee of the Lease has the option to renew the Lease for a period of not less than 10 years but not exceeding any such term remaining on the leasehold land at a rental to be agreed by both the lessee and PDC.

In order to mitigate the risk of non-renewal on the extension of tenure of the Lease, PDC has confirmed vide its letter dated 1 November 2018 that the tenure of the Lease will be extended by PDC ("**Lease Extension**") subject to the submission of the lease extension application being made not less than 6 months prior to the Lease Expiry Date ("**PDC Confirmation**").

The Lease Extension is still subject to the consent from the State Authority ("**State Authority Consent**") and there is no assurance that Atrium REIT will obtain such consent. However, the Manager was made to understand that such consent will not be unreasonably withheld by the State Authority and it is administrative in nature based on the PDC Confirmation and provided that all the procedures and processes in respect of the State Authority Consent application are fully met and complied with.

**(iii) Financing risk**

Atrium REIT will raise debt financing to part finance the Proposed Acquisitions. The total borrowings to total asset value of Atrium REIT based on its latest unaudited financial statements as at 30 June 2019 is 29.87% and is expected to increase to approximately 44.06% upon the completion of the Proposed Acquisitions as Atrium will establish an MTN Programme to part finance the Proposed Acquisitions. The corresponding increase in gearing level may limit Atrium REIT's ability to fund future acquisitions. In addition, any fluctuation in interest rates may have an adverse impact on the cash flows and net property income of Atrium REIT which in turn may affect its ability to make distributions to the Unitholders in the future.

In mitigating such risk, Atrium REIT will actively monitor its debt portfolio including gearing level, interest costs as well as cash flows to ensure that it remains at a sustainable and optimal level. While efforts will be taken to ensure that no significant adverse effect would arise, there is no assurance that the interest rates shall remain the same and that such increase will not have any material impact on the future financial performance of Atrium REIT.

### **7.3 Risks relating to the property industry**

**(i) Political, regulatory and economic risks**

Atrium REIT's operations are closely linked to the economic performance of Malaysia which is susceptible to global economic conditions and trade. Any adverse developments in the political and economic environment and uncertainties in Malaysia which include, amongst others, changes in the general economic, business and credit conditions, government legislations and policies affecting real estate and unfavourable political or social developments could materially and adversely affect the financial performance of Atrium REIT, causing:-

- (a) a negative impact on the ability of tenants of Atrium REIT to pay their rents in a timely manner or to continue their tenancies, thus reducing Atrium REIT's revenue and/or cash flows;
- (b) downward pressure/revision of rental rates;

- (c) depreciation of property value; and
- (d) an increase in the probability that Atrium REIT's lenders do not continue to extend credit facilities to Atrium REIT.

**(ii) Compulsory acquisition**

The Government of Malaysia has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of applicable legislation including the Land Acquisition Act, 1960 for certain purposes. In the event of any compulsory acquisition of property in Malaysia, the amount of compensation to be awarded is based on the fair market value of a property and is assessed on the basis prescribed in the Land Acquisition Act, 1960 and other relevant laws or regulations. If any of the properties are compulsorily acquired by the Malaysian Government at a point in time when the market values of the properties (where applicable) have decreased, the level of compensation paid to Atrium REIT may be less than the purchase price of the properties (where applicable). This may have an adverse effect on the price of the Units.

In the event of any compulsory acquisition, Atrium REIT will seek to minimise any potential losses from such transaction, including invoking the relevant provisions of the Land Acquisition Act 1960 in relation to its rights to submit an objection in respect of the compensation, where necessary.

**7.4 Risks relating to the Rights Issue**

**(i) Failure or delay in the completion of the Rights Issue**

The Rights Issue is exposed to the risk that it may be terminated or delayed in the event of a material adverse change of events or circumstances (such as force majeure events including without limitation, acts of government, natural disasters including without limitation the occurrence of a tsunami and/or earthquakes, acts of terrorism, strikes, national disorder, declaration of a state of war or accidents, or any change in law, regulation, policy or ruling), which is beyond the control of Atrium REIT and UOBKH, arising prior to the completion of the Rights Issue.

Atrium REIT has procured the Entitlement Undertaking from the Undertaking Unitholders to subscribe in full for their respective entitlements. The successful implementation of the Rights Issue is dependent on the fulfilment by the Undertaking Unitholder of their obligations under the Entitlement Undertaking.

There can be no assurance that the abovementioned factors or events will not cause a failure or delay on the completion of the Rights Issue. In the event the Rights Issue are aborted, all monies received from the Rights Issue will be refunded without interest to the Entitled Unitholders and/or their renounee(s) and if such monies are not repaid within 14 days after Atrium REIT becomes liable, Atrium REIT will repay such monies with interest at the rate of 10% per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Units have been allotted to the Entitled Unitholders and/or their renounee(s) and the Rights Issue are subsequently cancelled or terminated, a return of monies to the Unitholders can only be achieved by way of cancellation of our Unitholders' capital as provided under the Act. Such cancellation requires the approval of our Unitholders by way of special resolution in a general meeting, consent of our creditors (where applicable) and may require the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.



**(ii) Investment and capital market risk**

The market price of the Units are traded on Bursa Securities and is subject to fluctuations. Various factors could influence the fluctuations of market price of the Units, which include, the prevailing market sentiment, the liquidity of the Units, the volatility of equity markets, interest rate movements, the outlook of the industries in which Atrium REIT operates in as well as the corporate developments and future financial performance of Atrium REIT.

In view of this, there can be no assurance that the Units will be at a level that meets the investment objectives of the subscriber of the Rights Units.

**(iii) Potential dilution**

Entitled Unitholders who do not or are unable to subscribe fully for their entitlement pursuant to the Rights Issue will have their proportionate percentage of unitholdings and voting interest in Atrium REIT reduced accordingly following the completion of the Rights Issue. Consequently, their proportionate entitlement to any future distribution, rights and/or, allotment that Atrium REIT may make after completion of the Rights Issue will correspondingly be diluted.

The price of the Rights Units when traded on Bursa Securities may fluctuate due to factors such as, amongst others, the prevailing market sentiment, the volatility of the stock market, the outlook of the industry which we operate in and our financial performance. In view of this, there can be no assurance that the Rights Units will trade at or above the issue price of the Rights Units after the listing of and quotation for the Rights Units on the Main Market of Bursa Securities.

**(iv) Delay in or abortion of the implementation of the Rights Issue**

The Rights Issue may be aborted or delayed on the occurrence of any material adverse change of events or circumstances, unfavourable changes in government policies as well as other force majeure events, which is beyond our control, arising prior to or during the implementation of the Rights Issue.

There is no assurance that the abovementioned events will not occur or cause a delay in or abortion of the Rights Issue.

**7.5 Other risk**

**(i) Forward-looking statements**

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, whilst others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this Abridged Prospectus are based on assumptions made by Atrium REIT, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, 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. Such factors include, *inter alia*, the risk factors as set out in this section. In view of these uncertainties, the inclusion of any forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by Atrium REIT that the plans and objectives of Atrium REIT will be achieved.

## **8. INDUSTRY OVERVIEW AND PROSPECTS**

### **8.1 Overview and outlook of the Malaysian economy**

GDP registered a higher growth of 4.9% in the second quarter of 2019 (first quarter "1Q" 2019: 4.5%), supported by continued expansion in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.0% (1Q 2019: 1.1%).

Domestic demand expanded by 4.6% in the second quarter (1Q 2019: 4.4%), supported by firm household spending and slightly higher private investment. Private consumption expanded by 7.8% (1Q 2019: 7.6%), supported by continued income growth and festive spending during the quarter. Selected Government measures, such as the special Aidilfitri assistance and Bantuan Sara Hidup, also provided some lift to overall household spending.

Growth in the manufacturing sector registered a marginal improvement at 4.3% (1Q 2019: 4.2%) amid better performance in the domestic-oriented industries. Higher production of motor vehicles mainly reflected strong sales during the festive season. Demand for metal related materials for existing transport and infrastructure projects supported the higher production within the construction-related cluster. Meanwhile, within the export-oriented industries, the production of electronic components continued to be weighed by weaker global demand, with negative spill overs across the global semiconductor value chain.

*(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2019, Quarterly Bulletin, Bank Negara Malaysia)*

The outlook for the Malaysian economy remains resilient in the near term despite considerable external and domestic headwinds. Real GDP is projected to expand 4.8% and 4.9% in 2018 and 2019, respectively, supported mainly by domestic demand. Private sector expenditure, in particular, household spending will remain as the anchor of growth following a continuous increase in employment and wage amid benign inflation. Meanwhile, private investment will be supported by new and ongoing projects in the services and manufacturing sectors. On the contrary, public expenditure is expected to grow marginally in 2018 and contract in 2019 following the lower capital outlays by public corporations.

From the supply side, the services sector is expected to remain as the largest contributor, namely wholesale and retail trade, finance and insurance as well as information and communication subsectors, benefitting from steady consumer spending. The manufacturing sector is projected to register a firm growth primarily driven by continuous demand for E&E. Agriculture and mining sectors are expected to rebound in 2019 after recording a marginal contraction in 2018 following an increase in the production of crude palm oil (CPO) and liquefied natural gas (LNG). Meanwhile, the construction sector is expected to moderate following the near completion of infrastructure projects as well as property overhang, particularly in the non-residential segment.

*(Source: Economic Outlook 2019, Ministry of Finance Malaysia)*

### **8.2 Overview and prospects of the property sector in Malaysia**

Market activity recorded a total of 149,889 transactions valued at RM67.74 billion, down by 2.4% in the number and 0.1% in value compared to the first half ("H1") 2017. The residential sub-sector continued to lead the overall market, with a contribution of 62.8% and 46.7% in volume and value respectively. However, this sub-sector recorded a slight decrease of 0.8% and 3.6% in the number and value respectively. Commercial and industrial sub-sectors recorded upward movements in the volume, increased by 3.5% and 3.8% respectively.

The industrial sub-sector recorded 2,514 transactions worth RM7.41 billion, an increase of 3.8% and 37.4% in volume and value respectively. Selangor continued to dominate the market, with 33.4% of total, followed by Johor and Perak, with 12.7% and 11.9% market share respectively.

The industrial overhang continued to increase, recording a total of 1,021 units with a value of RM1.68 billion (Second half (“H2”) 2017: 999 units worth RM1.51 billion). The unsold under construction units decreased by 10.3% to 822 units compared to H2 2017. Johor continued to dominate most of the overhang units (50.6%; 517 units). Terraced units formed the bulk of the unsold completed units (40.1%; 409 units). Semi-detached units dominated the unsold under construction (41.8%; 344 units) and unsold not constructed categories (100%; 100 units).

The industrial sub-sector recorded more starts, up 54.4% to 403 units while the new planned supply recorded an increase of 34.4% to 301 units. Completed units showed a decrease of 50.9% to 573 units compared to the same period of the previous year. As at end-June 2018, there were 114,393 existing industrial units with another 5,410 units in incoming supply and 7,096 units in planned supply.

Prices of industrial property showed a mixed performance. One and a-half storey semi-detached factory located in prominent areas of Johor remained firm. On a different note, one and a-half storey terrace factory in Perindustrian Gembira and Perindustrian Tampoi Jaya saw prices softening, declined by 15.8% and 13.0% respectively. In Pulau Pinang, prices of one and a-half storey terrace factories in Diamond Valley, Barat Daya were transacted ranging from RM1.72 million to RM1.84 million per unit, increased by 12.6% due to limited supply for the property type.

*(Source: Property Market Report First Half 2018, Valuation and Property Services Department, Ministry of Finance Malaysia)*

### **8.3 Prospects of the Properties**

The industrial parks in Penang, especially the Bayan Lepas Industrial Park as well as the Prai and Bukit Tengah Industrial Parks are much sought after due to several factors i.e. their proximity to air and sea ports as well as matured infrastructure and the availability of educated and trained human resource. The Multimedia Super Corridor Cyber City status accorded to Penang in January 2005, the first outside Cyberjaya, with the aim of it becoming a high-technology industrial park that conducts cutting-edge research has also enhanced the popularity of the Bayan Lepas Industrial Park.

PSDC (Penang Skills Development Centre), the first skills industry-led training centre in Malaysia with resources pooled in from the many industrial establishments is also an added advantage as it allows PSDC to provide invaluable advice and guidance on the latest industrial technological progress, along with up-to-date training and educational programs.

Industrial land prices in Penang have increased significantly due to higher demand and increasing interest in Penang as well as scarcity of industrial lands. With limited new supply coming on-stream, demand for industrial space in Penang Island is expected to remain strong. This strong demand had also spilled over onto Seberang Perai and Batu Kawan and over the past 20 years the major industrial parks on the mainland have been performing well.

To compete with new emerging economies fast becoming major competitors to Malaysia such as Vietnam and India, Penang will have to embark on developing a positive environment that will attract the investments for sustaining growth and revitalizing the state’s economy to its fullest potential.

*(Source: The Manager)*

## 9. EFFECTS OF THE RIGHTS ISSUE

### 9.1 Unitholders' capital

The proforma effects of the Rights Issue on our Unitholders' capital as at the LPD are set out below:-

	No. of Units	RM
As at the LPD	146,161,200	145,373,146
To be issued pursuant to the Rights Issue	58,464,480	<sup>(1)</sup> <sup>(2)</sup> 58,773,576
<b>Enlarged Unitholders' capital</b>	<b>204,625,680</b>	<b>204,146,722</b>

**Notes:-**

(1) Part of the listing expenses relating to the Rights Issue will be capitalised. Please refer to **Section 9.3** below for further details.

(2) Based on the issue price of RM1.02 per Rights Unit.

Atrium REIT does not have any convertible units as at the LPD.

### 9.2 Earnings and distributable income

The Proposed Acquisition 2 is expected to complete in the third quarter of 2019 whilst the Proposed Acquisition 1 is expected to complete by the first half of 2020. Upon commencement of the Leaseback Agreements, the Proposed Acquisition 2 is expected to contribute positively to the earnings and distributable income of Atrium REIT for FYE 31 December 2019 with Proposed Acquisition 1 expected to contribute positively for FYE 31 December 2020 (on the assumption the that call or put option is exercised).

In this regard, Atrium REIT will benefit from rental payments of approximately RM15.31 million in the first 12 months of the leaseback arrangement with subsequent yearly increment of 3% in rental payments in accordance with the terms and conditions of the Leaseback Agreements.

The issuance of new Units pursuant to the Rights Issue will initially dilute the EPU and DPU of Atrium REIT, given the enlarged number of Units in circulation. However, after taking into consideration the additional rental from the Properties, the Proposals are expected to increase the EPU and DPU of Atrium REIT moving forward.

For illustrative purposes only, based on the latest audited financial statement of Atrium REIT for the FYE 31 December 2018 and on the assumption that the Proposals had been effected at the beginning of FYE 31 December 2018, the pro forma effect of the Proposals on the earnings of Atrium REIT is as follows:-

	Audited for the FYE 31 December 2018	Pro forma I After adjustments for subsequent events	Pro forma II After Pro forma I and the Rights Issue	Pro forma III After Pro forma II and the Proposed Acquisitions
PAT (RM'000)	11,597	11,597	<sup>(5)</sup> 11,057	<sup>(6)</sup> 19,811
Realised profit (RM'000)	9,874	9,874	<sup>(5)</sup> 9,334	<sup>(6)</sup> 18,088
Unrealised profit (RM'000)	1,723	1,723	1,723	1,723
Number of Units ('000)	121,801	<sup>(1)</sup> 146,161	204,626	204,626
EPU (sen)	9.52	7.93	5.40	9.68
EPU (realised)(sen) <sup>(2)</sup>	8.11	6.76	4.56	8.84
DPU (sen) <sup>(3)</sup>	8.10	6.74	4.55	8.82
Distribution yield (%) <sup>(4)</sup>	6.81	5.67	3.83	7.41

**Notes:-**

- (1) Being adjustments for the Private Placement of 24,360,200 new units in Atrium REIT completed on 5 April 2019.
- (2) Computed based on the realised profit of Atrium REIT divided by the total number of Units.
- (3) Assuming 99.8% of the net income before tax of Atrium REIT is distributed.
- (4) Being the DPU divided against the 5-day VWAP up to and including the LPD of the Units of RM1.19 each.
- (5) After deducting the estimated expenses relating to the Rights Issue of approximately RM0.54 million which will be charged to undistributed income.
- (6) Includes the indicative net rental income from the Properties on a straight line basis in accordance with the Malaysian Financial Reporting Standards (MFRS 16) (i.e. Atrium REIT will recognise the annual rental income from the Properties based on the average annual rental income over the 15-year lease period as set out in the Leaseback Agreements), after deducting the following:-
  - Indicative trust expenses computed based on the management expenses ratio of 1.44% recorded in FYE 31 December 2018 over the pro forma NAV after the Proposed Acquisitions as set out in Section 9.3 below;
  - Indicative coupon rate relating to the MTN Programme of 4.9% per annum; and
  - the estimated expenses relating to the Proposed Acquisitions which will be charged to undistributed income ("**Chargeable Expenses**").

The abovementioned computation is illustrated below:-

	<b>Amount (RM'000)</b>
<b>Adjusted PAT after Proforma II</b>	<b>11,057</b>
(+) Average annual income rental income over the 15-year lease period	18,979
(-) Indicative trust expenses	(3,799)
(-) Indicative coupon payment	(5,978)
(-) Chargeable Expenses	(448)
<b>Adjusted PAT pursuant to Proforma III</b>	<b>19,811</b>

### 9.3 NAV per Unit and gearing

The pro forma effects of the Proposals on the NAV per Unit and gearing of Atrium REIT based on the unaudited statement of financial position of Atrium REIT as at 30 June 2019 and on the assumption that the Proposals had been effected on that date are as follows:-

	Unaudited as at 30 June 2019 RM'000	Pro forma I (1) After adjustments for subsequent events RM'000	Pro forma II After Pro forma I and the Rights Issue RM'000	Pro forma III After Pro forma II and Proposed Acquisitions RM'000
Unitholders' capital	145,373	145,373	(2) 204,147	(3) 204,147
Undistributed income	63,582	60,659	(2) 60,119	(3) 59,671
<b>Total Unitholders' Fund/ NAV</b>	<b>208,955</b>	<b>206,032</b>	<b>264,266</b>	<b>263,818</b>
No. of Units in circulation ('000)	146,161	146,161	204,626	204,626
<b>NAV per Unit (RM)</b>	<b>1.43</b>	<b>1.41</b>	<b>1.29</b>	<b>1.29</b>
Total borrowings (RM'000)	92,831	92,831	92,831	(4) 214,831
Total asset value (RM'000)	310,739	307,816	366,050	487,602
<b>Gearing (%) (5)</b>	<b>29.87</b>	<b>30.16</b>	<b>25.36</b>	<b>44.06</b>

**Notes:-**

- (1) Being adjustments for the second interim income distribution of 2.0 sen per Unit in respect of the financial period from 1 March 2019 to 30 June 2019 which was declared on 3 July 2019 and will be paid on 8 August 2019.
- (2) After deducting estimated expenses amounting to RM1.40 million in relation to the Rights Issue, of which the expenses directly attributable to the issuance of the Rights Units of RM0.86 million will be capitalised and the balance RM0.54 million will be charged to undistributed income.
- (3) After deducting estimated expenses amounting to RM0.80 million in relation to the Proposed Acquisitions, of which the expenses directly attributable to the acquisition of the Properties of RM0.35 million will be capitalised into investment properties and the balance RM0.45 million will be charged to undistributed income.
- (4) After adjusting for the MTN Programme to part fund the Proposed Acquisitions of RM122.0 million.
- (5) Gearing is computed as total borrowings divided by total asset value.

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## 10. WORKING CAPITAL, CONTINGENT LIABILITIES, BORROWINGS, MATERIAL COMMITMENTS AND MATERIAL TRANSACTION

### 10.1 Working capital and sources of liquidity

Atrium REIT has been financed by a combination of internal and external sources of funds. Our internal sources of funds are generated from our operating activities, as well as our existing cash and bank balances, whereas our external sources of funds are derived from credit facilities from financial institutions. The credit term granted to Atrium REIT is 30 days.

As at the LPD, Atrium REIT held bank balances of approximately RM1.01 million and short term deposits of RM12.10 million.

Our Board is of the opinion that, after taking into consideration the funds generated from Atrium REIT's operations, the banking facilities available to Atrium REIT as well as the proceeds to be raised from the Rights Issue, Atrium REIT will have sufficient working capital for the next 12 months from the date of this Abridged Prospectus.

### 10.2 Contingent liabilities

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the financial results or position of Atrium REIT.

### 10.3 Borrowings

As at the LPD, Atrium REIT had total outstanding borrowings of approximately RM92.83 million, all of which are denominated in RM, interest-bearing, obtained from local financial institutions and comprise the following:-

<b>Borrowings</b>	<b>Interest rate (%)</b>	<b>Amount (RM'000)</b>
<b>Short term borrowings:-</b>		
Secured		
- Short Term Revolving Credit	Cost of funds ("COF") + 0.75%	39,600
<b>Long term borrowing:-</b>		
Secured		
- Term loans	COF + 0.725%	33,231
- Term loans	COF + 0.8%	20,000
<b>Total borrowings</b>		<b>92,831</b>

As at the LPD, Atrium REIT does not have any non-interest bearing borrowings from local and foreign financial institutions.

There has not been any default on payments of either interest and/or principal sums in respect of any borrowings during the FYE 31 December 2018 and the subsequent financial period up to the LPD.

### 10.4 Material commitments

Save for the MTN Programme to be secured to part finance the Proposed Acquisitions, as at the LPD, the Board, after making all reasonable enquiries, is not aware of any material commitments for capital expenditure, incurred or known to be incurred by Atrium REIT which, upon becoming enforceable, may have a material impact on the financial results or position of Atrium REIT.

## 10.5 Material transaction

Since 31 December 2018, being the date of our latest available audited financial statement and up to the LPD, save as disclosed below, we have not entered into any transaction which may have a material effect on our operations, financial position and results:-

- (i) Proposed Acquisitions;
- (ii) Rights Issue; and
- (iii) On 2 July 2019, the Trustees, on behalf of Atrium REIT, had accepted the letter of offer dated 20 June 2019 from Permodalan Nasional Berhad in relation to the proposed acquisition of the following properties for a total cash consideration of RM45,000,000 (“**Letter of Offer**”):-
  - (a) A parcel of land with building(s) erected thereon held under Geran H.S.(D) 172494, Town of Shah Alam, Mukim of Damansara, District of Petaling and State of Selangor Darul Ehsan; and
  - (b) A parcel of land with building(s) erected thereon held under Geran H.S.(D) 167421, Town of Shah Alam, Mukim of Damansara, in the District of Petaling and State of Selangor Darul Ehsan.

## 11. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE

### 11.1 General

As an Entitled Unitholder, your CDS Account will be duly credited with the number of Provisional Rights Units which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue. You will find enclosed with this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for such Provisional Rights Units, as well as to apply for Excess Rights Units if you choose to do so.

### 11.2 NPA

The Provisional Rights Units are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Provisional Rights Units will be by book entries through the CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Unitholder, you and/or your renounee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications for the Rights Units.

### 11.3 Last date and time for acceptance and payment

The last date and time for acceptance of and payment for the Provisional Rights Units is **5.00 p.m. on Thursday, 19 September 2019**.

### 11.4 Methods of acceptance and application

You may subscribe for the Provisional Rights Units as well as apply for Excess Rights Units, if you choose to do so, using either of the following methods:-

<b>Method</b>	<b>Category of Entitled Unitholders</b>
RSF	All Entitled Unitholders
e-Subscription	All Individual Entitled Unitholders



## 11.5 Procedures for acceptance and payment

### 11.5.1 By way of RSF

Acceptance and payment for the Provisional Rights Units to you as an Entitled Unitholder or your renounee(s) (if applicable) must be made on the RSF enclosed together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not strictly conform to the terms of this Abridged Prospectus, the NPA or RSF or the notes and instructions contained therein or which are illegible may not be accepted at the absolute discretion of our Board.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS UNITS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.**

**YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS PRINTED THEREIN CAREFULLY.**

If you or your renounee(s) (if applicable) wish to accept either in full or in part of the Provisional Rights Units of your entitlement, please complete Part I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF together with the relevant payment must be sent to our Share Registrar by **ORDINARY POST, COURIER or DELIVERED BY HAND**, at the following address:-

**Tricor Investor & Issuing House Services Sdn Bhd**

Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel: (03) 2783 9299  
Fax: (03) 2783 9222

OR

**Customer Service Centre**

Unit G-3, Ground Floor  
Vertical Podium, Avenue 3  
Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

so as to arrive not later than **5.00 p.m. on Thursday, 19 September 2019**, being the last date and time for acceptance of and payment for the Provisional Rights Units.

If you and/or your renounee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you and/or your renounee(s) (if applicable) may obtain additional copies from your stockbroker, our Share Registrar at the address stated above, our Registered Office or the website of Bursa Securities (<http://www.bursamalaysia.com>).

1 RSF can only be used for acceptance of Provisional Rights Units standing to the credit of 1 CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Rights Units standing to the credit of more than 1 CDS Account(s). If successful, the Rights Units subscribed for will be credited into your CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed in this Abridged Prospectus. To facilitate the processing of the RSF(s) by our Share Registrar, you are advised to use 1 reply envelope for each completed RSF.

The minimum number of Rights Units that can be subscribed for or accepted is 1 Right Unit. However, you and/or your renounee(s) (if applicable) should take note that a trading board lot comprises of 100 Units. Fractions of Rights Units, if any, shall be dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of Atrium REIT.

If acceptance of and payment for the Provisional Rights Units allotted to you and/or your renounee(s) (if applicable) is not received by our Share Registrar by **5.00 p.m. on Thursday, 19 September 2019**, being the last date and time for acceptance of and payment for the Provisional Rights Units, you and/or your renounee(s) (if applicable) will be deemed to have declined the provisional entitlement made to you and it will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

In the event that the Rights Units are not fully taken up by such applicants, our Board will then have the right to allot such Rights Units to the applicants who have applied for the Excess Rights Units in the manner as set out in **Section 11.9** of this Abridged Prospectus. Our Board reserves the right to accept any application in full or in part only without assigning any reasons.

**EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE PROVISIONAL RIGHTS UNITS ACCEPTED IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "ACCOUNT PAYEE ONLY" AND MADE PAYABLE TO "ATRIUM REIT RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS SET OUT ON THE COVER PAGE OF THIS ABRIDGED PROSPECTUS.**

**APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.**

**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY ATRIUM REIT OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

**APPLICANTS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.**

**APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.**

**WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

#### **11.5.2 By way of e-Subscription**

Subsequent to the Entitlement Date, Atrium REIT will, at its discretion, authorise the Share Registrar to send an electronic notification to the Registered Entitled Unitholders. If you are a Registered Entitled Unitholder, you will be notified on the availability of e-Subscription for the Rights Issue on TIIH Online website.

The e-NPA and the e-RSF are available to you upon your login to TIIH Online. You are advised to read the instructions as well as the terms and conditions of the e-Subscription.

The e-Subscription is only available to Entitled Unitholders who are individuals. Corporation or institutional Unitholders will have to complete the RSF for the application to the Rights Issue as set out in **Section 11.5.1** above.

Individual Registered Entitled Unitholders who wish to subscribe for the Provisional Rights Units and apply for Excess Rights Units by way of e-Subscription shall take note of the following:-

- (a) any e-Subscription received by the Share Registrar after the Closing Date for Acceptance, Excess Rights Units Application and Payment shall be regarded as null and void and of no legal effect unless the Board in its absolute discretion determines otherwise. Any e-Subscription, once received by the Share Registrar from you, is irrevocable and shall be binding on you;
- (b) you will receive notification to login to TIIH Online in respect of your unitholding in your CDS Account(s). Accordingly, for each CDS Account, you can choose to subscribe the Rights Units which you are entitled to in whole or part thereof as stipulated in this Abridged Prospectus;
- (c) the e-Subscription made must be in accordance with the procedures of submitting e-Subscription using TIIH Online, the terms and conditions of e-Subscription, this Abridged Prospectus and the e-RSF. Any e-Subscription submitted that does not conform to the terms and conditions of TIIH Online, this Abridged Prospectus and the e-RSF may not be accepted at the sole discretion of Atrium REIT. Atrium REIT reserves the right at its absolute discretion to reject any e-Subscription which are incomplete or incorrectly completed;
- (d) the number of Rights Units you are entitled to under the Rights Issue is set out in the e-RSF. You are required to indicate the number of Rights Units you wish to accept and number of Excess Rights Units you wish to apply in the e-RSF;
- (e) the e-Subscription must be accompanied by remittance in RM which is to be made through online payment gateway;

- (f) a handling fee of **RM5.00 per e-RSF** is payable should you make e-Subscription. You will also need to pay a stamp duty of RM10.00 for each e-RSF; and
- (g) the new Units arising from the Rights Units accepted and Excess Rights Units applied (if successful pursuant to Procedure for Excess Rights Units Application as stated in this Abridged Prospectus) will be issued and credited into your CDS Account as stated in the Record of Depositors as at the last date for transfer of Provisional Rights Units.

All Entitled Unitholders who wish to opt for e-Subscription, either in full or in part of your Provisional Rights Units, please read and follow the procedures set below:-

**(i) Sign up as a user of TIIH Online**

- (a) Access TIIH Online at <https://tiih.online>.
- (b) Sign up a user of TIIH Online under "e-Services". You may refer to the tutorial guide posted on the homepage for assistance.
- (c) Registration will be approved within one working day by email.
- (d) Proceed to activate your account by re-setting your password.

Note: An email address is allowed to be used once to register as a new user account, and the same email address cannot be used to register another user account. If you are already a user of TIIH Online, you are not required to sign up again.

**(ii) Procedures to make e-Subscription**

- (a) Login to TIIH Online at <https://tiih.online> with your user name (i.e. your registered e-mail address) and password.
- (b) Select the corporate exercise name: Atrium REIT Rights Issue.
- (c) Read and agree to the Terms & Conditions and confirm the Declaration.
- (d) Preview your CDS Account details and your Provisional Rights Units.
- (e) Select the relevant CDS Account and insert the number of Rights Units to subscribe and the number of Excess Rights Units to apply (if applicable) in the e-RSF.
- (f) Review and confirm the number of Rights Units which you are subscribing and the number of Excess Rights Units you are applying (if applicable) and the total amount payable for the Rights Units and Excess Rights Units (if applicable).
- (g) Payment of stamp duty at RM10 for each e-RSF and handling fee of RM5 for each e-RSF will be included in the total amount payable.
- (h) Proceed for payment via online payment gateway either through Maybank2U or any FPX participating bank which you have an internet banking account.
- (i) As soon as the online payment is completed, a confirmation message with details of your subscription and payment from TIIH Online and the relevant payment gateway will be sent to your registered e-mail address.

- (j) Print the payment receipt and your e-RSF for your reference and record.

**(iii) Terms and conditions for e-Subscription**

The e-Subscription of Rights Units and Excess Rights Units (if successful), shall be made on and subject to the terms and conditions appearing herein:-

- (a) After login to TIH Online, you are required to confirm and declare the following information given are true and correct:-
  - (i) you have attained 18 years of age as at the last day for subscription and payment;
  - (ii) you have, prior to making the e-Subscription, received a printed copy of this Abridged Prospectus and/or have had access to this Abridged Prospectus from Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com), the contents of which you have read and understood;
  - (iii) you agree to all the terms and conditions for the e-Subscription as set out in this Abridged Prospectus and have carefully considered the risk factors as set out in this Abridged Prospectus, in addition to all other information contained in this Abridged Prospectus, before making the e-Subscription application;
- (b) you agree and undertake to subscribe for and to accept the number of Rights Units and Excess Rights Units applied (if applicable) for as stated in the e-RSF. Your confirmation of your subscription will signify, and will be treated as, your subscription of the number of Rights Units that may be allotted to you.
- (c) by making and completing your e-Subscription, you, if successful, request and authorise Share Registrar or Atrium REIT to credit the Rights Units allotted to you into your CDS Account;
- (d) you acknowledge that your e-Subscription is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of Atrium REIT or the Share Registrar and irrevocably agree that if:-
  - (i) Atrium REIT or the Share Registrar does not receive your e-Subscription; or
  - (ii) data relating to your e-Subscription application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to the Share Registrar,

you will be deemed not to have made an e-Subscription and you may not make any claim whatsoever against Atrium REIT or the Share Registrar for the Rights Units accepted and/or Excess Rights Units applied for or for any compensation, loss or damage relating to the e-Subscription.

- (e) you will ensure that your personal particulars recorded with TIH Online and Bursa Depository are correct. Otherwise, your e-Subscription may be rejected; you must inform Bursa Depository promptly of any change in address failing which the notification on the outcome of your e-Subscription will be sent to your address last maintained with Bursa Depository.

- (f) by making and completing an e-Subscription, you agree that:-
  - (i) in consideration of Atrium REIT agreeing to allow and accept your e-Subscription for the Rights Units accepted and Excess Rights Units applied (if applicable), your e-Subscription is irrevocable and cannot be subsequently withdrawn; and
  - (ii) the Share Registrar will not be liable for any delays, failures or inaccuracies in the processing of data relating to your e-Subscription due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control.
- (g) the Share Registrar, on the authority of Atrium REIT, reserves the right to reject applications which do not conform to these instructions.
- (h) notification on the outcome of your e-Subscription for the Rights Units and Excess Right Units will be despatched to you by ordinary post to the address as shown in the Record of Depositors of Atrium REIT at your own risk within the timelines as follows:-
  - (i) successful application - a notice of allotment will be despatched within 8 Market Days from the last day for application and payment for the Rights Units; or
  - (ii) unsuccessful/partially successful application - the full amount or the surplus application monies, as the case may be, will be refunded without interest within 15 Market Days from the last day of application and payment for the Rights Units.

The refund will be credited directly into your bank account if you have provided such bank account information to Bursa Depository for the purposes of cash dividend/distribution. If you have not provided such bank account information to Bursa Depository the refund will be by issuance of cheque and sent by ordinary mail to your last address maintained with Bursa Depository at your own risk.

#### **11.6 Procedures for part acceptance by Entitled Unitholders**

You are entitled to accept part of your entitlement to the Provisional Rights Units provided always that the minimum number of Rights Units that can be subscribed for or accepted is 1 Rights Unit.

You may refer to the procedures set out in **Sections 11.5.1** and **11.5.2** of this Abridged Prospectus.

**YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.**

The portion of the Provisional Rights Units that have not been accepted will be made available to applicants for excess applications.

## 11.7 Procedures for sale/transfer of Provisional Rights Units

As the Provisional Rights Units are prescribed securities, you may sell or transfer all or part of your entitlement to the Provisional Rights Units to 1 or more person(s) through your stockbroker for the period up to the last date and time for sale/transfer of such Provisional Rights Units, without first having to request for a split of the Provisional Rights Units standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Rights Units, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository. If you have sold or transferred only part of the Provisional Rights Units, you may still accept the balance of the Provisional Rights Units. Please refer to **Sections 11.5.1** and **11.5.2** of this Abridged Prospectus for the procedures of acceptance and payment by way of RSF and e-Subscription.

In selling or transferring all or part of your Provisional Rights Units, you need not deliver any document including the RSF, to your stockbroker. However, you must ensure that there is sufficient Provisional Rights Units standing to the credit of your CDS Account that is available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the Provisional Rights Units may obtain a copy of this Abridged Prospectus and the RSF from his/her/their stockbrokers, our Share Registrar, our Registered Office or the website of Bursa Securities (<http://www.bursamalaysia.com>).

## 11.8 Procedure for acceptance by renounee(s)

Renounee(s) who wish to accept the Provisional Rights Units by way of RSF must obtain a copy of the RSF from their stockbrokers, our Share Registrar, our Registered Office or the website of Bursa Securities (<http://www.bursamalaysia.com>), complete the RSF and submit the same together with the remittance to our Share Registrar at the above-stated address in accordance with the notes and instructions printed therein.

Alternatively, you may login to <https://tiih.online> to subscribe for the Provisional Rights Units by way of e-Subscription.

The procedure for acceptance and payment applicable to the Entitled Unitholders as set out in **Sections 11.5.1** and **11.5.2** of this Abridged Prospectus also applies to renounee(s) who wish to accept the Provisional Rights Units.

## 11.9 Procedure for application of Excess Rights Units

### 11.9.1 By way of RSF

You and/or your renounee(s) (if applicable) may apply for additional Rights Units in excess of your entitlement by completing Part I(B) of the RSF (in addition to Parts I(A) and II and forwarding it with a **separate remittance made in RM** for the full amount payable for the Excess Rights Units applied for, to our Share Registrar **not later than 5.00 p.m. on Thursday, 19 September 2019**, being the last date and time for application of and payment for Excess Rights Units.

**PAYMENT FOR THE EXCESS RIGHTS UNITS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 11.5.1 OF THIS ABRIDGED PROSPECTUS, AND IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "ACCOUNT PAYEE ONLY", MADE PAYABLE TO "ATRIUM REIT EXCESS RIGHTS UNITS ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR FOR THE RIGHTS UNITS.**

**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR EXCESS APPLICATION MONIES WILL BE MADE BY ATRIUM REIT OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS UNITS. HOWEVER, IF YOUR EXCESS APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPACHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE LAST DATE FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS UNITS.**

**WHERE AN APPLICATION FOR THE EXCESS RIGHTS UNITS IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPACHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR APPLICATION OF AND PAYMENT FOR THE EXCESS RIGHTS UNITS.**

#### **11.9.2 By way of e-Subscription**

If you are an Entitled Unitholder and/or a renounee/transferee who is an individual, you may apply for the Excess Rights Units via e-Subscription in addition to your Provisional Rights Units. If you wish to do so, you may apply for the Excess Rights Units by following the same steps as set out in **Section 11.5.2** of this Abridged Prospectus.

The e-Subscription for Excess Rights Units will be made on, and subject to, the same terms and conditions appearing in **Section 11.5.2** of this Abridged Prospectus.

It is the intention of our Board to allot the Excess Rights Units, if any, on a fair and equitable basis and in the following priority:-

- (i) Firstly, to minimise the incidence of odd lots;
- (ii) Secondly, for allocation to Entitled Unitholders who have applied for Excess Rights Units, on a pro-rata basis and in board lots, calculated based on their respective unitholdings in Atrium REIT as at the Entitlement Date;
- (iii) Thirdly, for allocation to Entitled Unitholders who have applied for Excess Rights Units, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Application; and
- (iv) Fourthly, for allocation to renounee(s) or transferee(s) who have applied for Excess Rights Units, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Application.

In the event there is any remaining balance of the Excess Rights Units applied for by the Entitled Unitholders and/or renounee(s) who have applied for the Excess Rights Units after carrying out steps (i) to (iv) as set out above, steps (ii) to (iv) will be repeated in the same sequence to allocate the remaining balance of the Excess Rights Units to the Entitled Unitholders and/or renounee(s) who have applied for the Excess Rights Units until such balance is fully allocated.

Nevertheless, our Board reserves the right to allot any Excess Rights Units applied for in such manner as our Board deems fit and expedient in the best interest of Atrium REIT subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in steps (i) to (iv) above are achieved. Our Board also reserves the right at its absolute discretion to accept in full or in part any application for the Excess Rights Units without assigning any reason thereof.



**WHERE AN APPLICATION FOR THE EXCESS RIGHTS UNITS IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST VIA ISSUANCE OF CHEQUE FOR APPLICATION BY WAY OF RSF OR BY CREDITING INTO THE BANK ACCOUNT NUMBER REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSES OF CASH DIVIDEND/DISTRIBUTION FOR APPLICATION BY WAY OF E-SUBSCRIPTION. THE REFUND CHEQUE AND NOTICE OF CREDITING SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR APPLICATION OF AND PAYMENT FOR THE EXCESS RIGHTS UNITS.**

#### **11.10 Form of issuance**

Bursa Securities has prescribed our Units listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Units are prescribed securities and as such, all dealings in the Rights Units will be subject to the SICDA and the Rules of Bursa Depository.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical unit certificate will be issued to you under the Rights Issue. The Rights Units which you have successfully subscribed for will be credited directly into your CDS account.

A notice of allotment will be despatched to you and/or your renounee(s) (if applicable) by ordinary post to the address shown in our Record of Depositors provided by Bursa Depository at your own risk within 8 Market Days from the last date for acceptance of and payment for the Rights Units.

##### **11.10.1 Subscription for the Rights Units by Entitled Unitholders**

Where the Rights Units are provisionally allotted to you as an Entitled Unitholder in respect of your existing Atrium REIT units standing to the credit to your CDS Account on the Entitlement Date, the acceptance by you of the Provisional Rights Units shall mean that you consent to receive such Provisional Rights Units as prescribed or deposited securities which will be credited directly into your CDS Account.

##### **11.10.2 Subscription for the Rights Units by renounee(s)**

Any person who has purchased the Provisional Rights Units or whom the Provisional Rights Units has been transferred and intends to subscribe for the Rights Units must state his/her CDS Account number in the space provided in the RSF. The Rights Units will be credited directly as prescribed or deposited securities into his/her CDS Account upon allotment and issuance.

##### **11.10.3 Application for the Excess Rights Units by Entitled Unitholders and/or renounee(s)**

The Excess Rights Units, if allotted to the successful applicant who applies for the Excess Rights Units, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the Excess Rights Units will be made on a fair and equitable basis as disclosed in **Section 11.9** of this Abridged Prospectus.

#### **11.11 Laws of foreign jurisdictions**

This Abridged Prospectus, and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign country or jurisdiction. The Rights Issue will not be made or offered for subscription in any foreign country or jurisdiction.

Accordingly, this Abridged Prospectus, the accompanying NPA and RSF and electronic notification of e-Subscription will not be sent to the Foreign Entitled Unitholders and Foreign Registered Entitled Unitholders and/or their renouncee(s) (if applicable) who do not have a registered address in Malaysia. However, the Foreign Entitled Unitholders and/or their renouncee(s) (if applicable) may collect this Abridged Prospectus, and the accompanying NPA and RSF from our Share Registrar for the Rights Issue, in which event our Share Registrar for the Rights Issue shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting these documents relating to the Rights Issue.

The Foreign Entitled Unitholders and/or their renouncee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so. UOBKH, Atrium REIT, Atrium REIT's Directors and officers and other professional advisers would not, in connection with the Rights Issue, be in breach of the laws of any country or jurisdiction to which the Foreign Entitled Unitholders and/or their renouncee(s) (if applicable) are or may be subject to. The Foreign Entitled Unitholders and/or their renouncee(s) (if applicable) shall solely be responsible to seek advice from their legal advisers and/or other professional advisers as to the laws of the countries or jurisdictions to which they are or may be subject to. UOBKH, Atrium REIT, our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Entitled Unitholders and/or their renouncee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

The Foreign Entitled Unitholders and/or their renouncee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such country or jurisdiction and we shall be entitled to be fully indemnified and held harmless by such Foreign Entitled Unitholders and/or their renouncee(s) (if applicable) for any issue, transfer or other taxes or other requisite payments that such person may be required to pay in any country or jurisdiction. They will have no claims whatsoever against us and/or UOBKH in respect of their rights and entitlements under the Rights Issue. Such Foreign Entitled Unitholders and/or their renouncee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue.

By signing the RSF, the Foreign Entitled Unitholders and/or their renouncee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) UOBKH, Atrium REIT, Atrium REIT's Directors and officers and other professional advisers that:-

- (i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which that Foreign Entitled Unitholders and/or their renouncee(s) (if applicable) are or may be subject to;
- (ii) the Foreign Entitled Unitholders and/or their renouncee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Rights Units;
- (iii) the Foreign Entitled Unitholders and/or their renouncee(s) (if applicable) are not nominees or agents of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Rights Units, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the Foreign Entitled Unitholders and/or their renouncee(s) (if applicable) are aware that the Rights Units can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the Foreign Entitled Unitholders and/or their renouncee(s) (if applicable) have received a copy of this Abridged Prospectus, had access to such financial and other information and have been provided the opportunity to ask such questions to our representatives and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Units; and

- (vi) the Foreign Entitled Unitholders and/or their renounee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Units, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Units.

Persons receiving this Abridged Prospectus, and the accompanying NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any country or jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, and the accompanying NPA and RSF are received by any persons in such country or jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant country or jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, and the accompanying NPA and RSF to any foreign country or jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Units from any such application by Foreign Entitled Unitholders and/or their renounee(s) (if applicable) in any jurisdiction other than Malaysia.

We reserve the right, in our absolute discretion, to treat any acceptance of the Rights Units as invalid if it is believed that such acceptance may violate any applicable legal or regulatory requirements.

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**12. TERMS AND CONDITIONS**

The issuance of the Rights Units pursuant to the Rights Issue is governed by the terms and conditions as set out in this Abridged Prospectus, NPA and RSF.

**13. FURTHER INFORMATION**

You are advised to refer to the attached appendices for further information.

Yours faithfully,  
For and on behalf of the Board of  
**ATRIUM REIT MANAGERS SDN BHD**



**WONG SUI EE**  
Executive Director

## INFORMATION ON ATRIUM REIT

### 1. BOARD OF DIRECTORS

The details of the Board as at the LPD are set out in the table below:-

Name (Designation)	Age	Address	Nationality
Dato' Dr. Ir. Mohamad Khir Bin Harun (Chairman/Non-Independent Non-Executive Director)	69	27 Jalan 2, Taman Sri Ukay 68000 Ampang Selangor Darul Ehsan	Malaysian
Wong Sui Ee (Executive Director)	50	234 Block 2, Meadow Park 1 Jalan 1/130 Jalan Klang Lama 58200 Kuala Lumpur	Malaysian
How Hu Son (Independent Non-Executive Director)	70	32 Lorong Abang Haji Openg 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur	Malaysian
Tor Peng Sie (Independent Non-Executive Director)	61	No 22, Jalan Perdana 2/12 Pandan Perdana 55300 Kuala Lumpur	Malaysian
Soong Kwong Heng (Independent Non-Executive Director)	70	90 Jalan Terasek Dua Bangsar Baru 59100 Kuala Lumpur	Malaysian
Chan Wan Seong (Independent Non-Executive Director)	65	48, Jalan SS2/41 47300 Petaling Jaya, Selangor Darul Ehsan	Malaysian
Chng Boon Huat (Independent Non-Executive Director)	59	22A, Jalan PJU 1A/29B Ara Damansara 47301 Petaling Jaya Selangor Darul Ehsan	Malaysian

### 2. UNIT CAPITAL

As at the LPD, the issued unit capital of Atrium REIT is as follows:-

Type	No. of Atrium REIT Units	Total (RM)
Issued unit capital	146,161,200	145,373,146

### 3. OPTION TO SUBSCRIBE FOR UNITS

As at the LPD, save for the Provisional Allotments and Excess Rights Units, no option to subscribe for the Units has been granted or is entitled to be granted to any person.

## INFORMATION ON ATRIUM REIT (Cont'd)

**4. HISTORICAL UNIT PRICES**

The monthly highest and lowest transacted market prices for the Units as traded on the Main Market of Bursa Securities for the past 12 months from August 2018 to July 2019 are as follows:-

	High RM	Low RM
<b>2018</b>		
August	1.05	1.02
September	1.07	1.02
October	1.07	1.03
November	1.09	1.03
December	1.07	1.05
<b>2019</b>		
January	1.11	1.07
February	1.12	1.07
March	1.10	1.08
April	1.15	1.09
May	1.15	1.13
June	1.25	1.14
July	1.20	1.15
Last transacted market price on 11 February 2019 <i>(being the Market Day prior to the announcement on the Rights Issue)</i>		1.15
Last transacted market price on 28 August 2019 <i>(being the Market Day immediately prior to the ex-date for the Rights Issue)</i>		1.11
Last transacted market price on the LPD		1.19

*(Source: Bloomberg)*

**5. MATERIALS CONTRACTS**

Save for the Option Agreement, the SPA 2 and the Letter of Offer, the Trustee, on behalf of Atrium REIT, has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within 2 years preceding the date of this Abridged Prospectus.

**6. MATERIAL LITIGATION****6.1 Atrium REIT**

Save as disclosed below, as at the LPD, there are no material litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or the business of Atrium REIT, and the Board does not have any knowledge of any proceeding pending or threatened against Atrium REIT, or of any fact likely to give rise to any proceeding, which may materially or adversely affect the financial position or business of Atrium REIT:-

## INFORMATION ON ATRIUM REIT (Cont'd)

**Kuala Lumpur High Court Civil Suit No.: WA-22NCC-780-11/2018**

The Trustee, on behalf of Atrium REIT (as plaintiff), had filed an amended writ of summons and an amended statement of claim dated 9 January 2019 against Biforst Logistics Sdn Bhd ("**Biforst**") (as defendant), claiming for rent arrears and loss of rental from Biforst, the previous tenant of a property owned by the Trustee, on behalf of Atrium REIT, for the amount of RM1,808,396.50.

The Board is of the view that the Trustee, on behalf of Atrium REIT, has a reasonably good prospect of success in its claim against Biforst. However, the parties were negotiating for an out of court settlement.

On 9 August 2019, the Court had fixed a case management on 9 August 2019 and was updated that the parties were unable to reach a settlement. The Judge thereafter directed the following:-

- (a) Both parties are to file the following on or before 26 September 2019:-
  - (i) Statement of Agreed Facts;
  - (ii) Summary of the cases of the respective parties;
  - (iii) Common Issues to be Tried; and
  - (iv) Common Bundle of Documents.
- (b) The matter to be fixed for next case management on 26 September 2019 and for full trial on 24 August 2020 until 27 August 2020.

**6.2 The Manager**

As at the LPD, there are no material litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or the business of the Manager, and the Board does not have any knowledge of any proceeding pending or threatened against the Manager, or of any fact likely to give rise to any proceeding, which may materially or adversely affect the financial position or business of the Manager.

**6.3 The Trustee**

As at the LPD, there are no material litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or the business of the Trustee, and the Board does not have any knowledge of any proceeding pending or threatened against the Trustee, or of any fact likely to give rise to any proceeding, which may materially or adversely affect the financial position or business of the Trustee.

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INFORMATION ON ATRIUM REIT (Cont'd)

7. UNITHOLDINGS OF SUBSTANTIAL UNITHOLDERS OF ATRIUM REIT AS WELL AS SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT OF THE MANAGER

7.1 Substantial Unitholders' unitholdings

The Proposed Acquisitions will not have any effect on the unitholdings of the substantial Unitholders as the purchase considerations are fully satisfied via cash. The pro forma effect of the Rights Issue on the unitholdings of the substantial Unitholders as at the LPD is as follows:-

**Scenario A: Assuming all the substantial Unitholders subscribe in full for their respective entitlements under the Rights Issue**

Substantial Unitholders	As at the LPD			Pro forma After the Rights Issue			
	Direct		Indirect	Direct		Indirect	
	No. of Units	%		No. of Units	%		No. of Units
Chan Kam Tuck <sup>^</sup>	30,281,400	20.72	-	-	42,393,960	20.72	-
Hong Leong Assurance Berhad	10,980,200	7.51	-	-	15,372,280	7.51	-
HLA Holdings Sdn Bhd	-	-	(1)10,980,200	7.51	-	-	(1)15,372,280
Mitsui Sumitomo Insurance Company, Limited	-	-	(1)10,980,200	7.51	-	-	(1)15,372,280
Hong Leong Financial Group Berhad	-	-	(2)10,980,200	7.51	-	-	(2)15,372,280
Guoco Group Limited	-	-	(3)10,980,200	7.51	-	-	(3)15,372,280
GuoLine Overseas Limited	-	-	(3)10,980,200	7.51	-	-	(3)15,372,280
GuoLine Capital Assets Limited	-	-	(3)10,980,200	7.51	-	-	(3)15,372,280
Hong Leong Company (Malaysia) Berhad	-	-	(3)10,980,200	7.51	-	-	(3)15,372,280
Tan Sri Quek Leng Chan	-	-	(4)10,980,200	7.51	-	-	(4)15,372,280
HL Holdings Sdn Bhd	-	-	(4)10,980,200	7.51	-	-	(4)15,372,280
Hong Leong Investment Holdings Pte. Ltd.	-	-	(4)10,980,200	7.51	-	-	(4)15,372,280
Hong Realty (Private) Limited	-	-	(4)10,980,200	7.51	-	-	(4)15,372,280
Kwek Holdings Pte Ltd	-	-	(4)10,980,200	7.51	-	-	(4)15,372,280
Kwek Leng Beng	-	-	(4)10,980,200	7.51	-	-	(4)15,372,280
Davos Investment Holdings Private Limited	-	-	(4)10,980,200	7.51	-	-	(4)15,372,280
Kwek Leng Kee	-	-	(4)10,980,200	7.51	-	-	(4)15,372,280
Glory Blitz Industries Sdn Bhd <sup>^</sup>	10,104,800	6.91	-	-	14,146,720	6.91	-



## INFORMATION ON ATRIUM REIT (Cont'd)

**Scenario B: Assuming only the Undertaking Unitholders subscribe in full for their respective entitlements under the Rights Issue and the balance are underwritten**

Substantial Unitholders	As at the LPD				Pro forma   After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Units	%	No. of Units	%	No. of Units	%	No. of Units	%
Chan Kam Tuck <sup>^</sup>	30,281,400	20.72	-	-	42,393,960	20.72	-	-
Hong Leong Assurance Berhad	10,980,200	7.51	-	-	10,980,200	5.37	-	-
HLA Holdings Sdn Bhd	-	-	(1)10,980,200	7.51	-	-	(1)10,980,200	5.37
Mitsui Sumitomo Insurance Company, Limited	-	-	(1)10,980,200	7.51	-	-	(1)10,980,200	5.37
Hong Leong Financial Group Berhad	-	-	(2)10,980,200	7.51	-	-	(2)10,980,200	5.37
Guoco Group Limited	-	-	(3)10,980,200	7.51	-	-	(3)10,980,200	5.37
GuoLine Overseas Limited	-	-	(3)10,980,200	7.51	-	-	(3)10,980,200	5.37
GuoLine Capital Assets Limited	-	-	(3)10,980,200	7.51	-	-	(3)10,980,200	5.37
Hong Leong Company (Malaysia) Berhad	-	-	(3)10,980,200	7.51	-	-	(3)10,980,200	5.37
Tan Sri Quek Leng Chan	-	-	(4)10,980,200	7.51	-	-	(4)10,980,200	5.37
HL Holdings Sdn Bhd	-	-	(4)10,980,200	7.51	-	-	(4)10,980,200	5.37
Hong Leong Investment Holdings Pte. Ltd.	-	-	(4)10,980,200	7.51	-	-	(4)10,980,200	5.37
Hong Realty (Private) Limited	-	-	(4)10,980,200	7.51	-	-	(4)10,980,200	5.37
Kwek Holdings Pte Ltd	-	-	(4)10,980,200	7.51	-	-	(4)10,980,200	5.37
Kwek Leng Beng	-	-	(4)10,980,200	7.51	-	-	(4)10,980,200	5.37
Davos Investment Holdings Private Limited	-	-	(4)10,980,200	7.51	-	-	(4)10,980,200	5.37
Kwek Leng Kee	-	-	(4)10,980,200	7.51	-	-	(4)10,980,200	5.37
Glory Blitz Industries Sdn Bhd <sup>^</sup>	10,104,800	6.91	-	-	14,146,720	6.91	-	-
Sparkle Skyline Sdn Bhd <sup>^</sup>	4,258,900	2.91	-	-	5,962,460	2.91	-	-
Manager <sup>^</sup>	750,800	0.51	-	-	1,051,120	0.51	-	-

**Notes:-**

<sup>^</sup> Chan Kam Tuck, Glory Blitz Industries Sdn Bhd, Sparkle Skyline Sdn Bhd and the Manager have provided irrevocable unconditional undertakings to subscribe in full for their respective entitlements under the Rights Issue as set out in Section 3.1 of this Abridged Prospectus.

(1) Deemed interest by virtue of their interest in Hong Leong Assurance Berhad.

(2) Deemed interest by virtue of their interest in HLA Holdings Sdn Bhd.

(3) Deemed interest by virtue of their interest in Hong Leong Financial Group Berhad.

(4) Deemed interest by virtue of their interest in Hong Leong Company (Malaysia) Berhad.

## INFORMATION ON ATRIUM REIT (Cont'd)

## 7.2 Unitholdings of the substantial shareholders, Directors and key personnel of the Manager

Save as disclosed below, none of the substantial shareholders, Directors and key personnel of the Manager have any direct and/or indirect unitholdings in Atrium REIT as at the LPD. The pro forma effects of the Rights Issue on the unitholdings of the substantial shareholders, Directors and key personnel of the Manager in Atrium REIT assuming they subscribe in full for their respective entitlements under the Rights Issue are as follows:-

	As at the LPD				After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Units	%	No. of Units	%	^No. of Units	%	No. of Units	%
<b>Substantial shareholders:-</b>								
Glory Blitz Industries Sdn Bhd <sup>^</sup>	10,104,800	6.91	-	-	14,146,720	6.91	-	-
Virgo Gallery Sdn Bhd	-	-	-	-	-	-	-	-
Capital Trend Asia Sdn Bhd	-	-	-	-	-	-	-	-
<b>Directors:-</b>								
Wong Sui Ee	373,000	0.26	-	-	522,200	0.26	-	-
Tor Peng Sie	100,000	0.07	-	-	140,000	0.07	-	-
How Hu Son	100,000	0.07	-	-	140,000	0.07	-	-
Soong Kwong Heng	55,000	0.04	-	-	77,000	0.04	-	-
<b>Key personnel:-</b>								
Chan Kum Chong	70,000	0.05	-	-	98,000	0.05	-	-
Lee Hooi Hoong	5,000	*	-	-	7,000	*	-	-
Chan Kum Cheong	400,000	0.27	-	-	560,000	0.27	-	-

**Notes:-**

<sup>^</sup> Glory Blitz Industries Sdn Bhd has provided irrevocable unconditional undertakings to subscribe in full for its respective entitlements under the Rights Issue as set out in Section 3.1 of this Abridged Prospectus.

\* Negligible.

## INFORMATION ON ATRIUM REIT (Cont'd)

## 8. HISTORICAL FINANCIAL INFORMATION

Our audited consolidated financial information for the past 3 FYEs 31 December 2016, 2017 and 2018 and our unaudited consolidated financial information for the 6-month FPE 30 June 2019 together with the relevant notes are disclosed in the following documents which have been published on the website of Bursa Securities ([www.bursamalaysia.com](http://www.bursamalaysia.com)):-

	<b>Pages</b>
<b>Our annual report for the FYE 30 December 2016:-</b>	
Statements of financial position	43
Statements of profit or loss and other comprehensive income	44 to 45
Statements of changes in net asset value	46
Statements of cash flows	47
Notes to the financial statements	48 to 64
<b>Our annual report for the FYE 30 December 2017:-</b>	
Statements of financial position	56
Statements of profit or loss and other comprehensive income	57 to 58
Statements of changes in net asset value	59 to 60
Statements of cash flows	61
Notes to the financial statements	62 to 81
<b>Our annual report for the FYE 30 December 2018:-</b>	
Statements of financial position	63
Statements of profit or loss and other comprehensive income	64 to 65
Statements of changes in net asset value	66
Statements of cash flows	67
Notes to the financial statements	68 to 92
<b>Our quarterly report on consolidated results for second quarter ended 30 June 2019:-</b>	
Condensed statements of financial position	1
Condensed statements of profit or loss and other comprehensive income	2
Condensed statements changes in net asset value	3 to 4
Condensed statements of cash flows	5
Notes to the financial statements	6 to 14

Each of the said consolidated financial statements is incorporated by reference to this Abridged Prospectus and forms part of this Abridged Prospectus.

**Financial commentaries****Audited FYE 31 December 2016 (“FY2016”)**

Atrium REIT's gross revenue for FY2016 of RM14.52 million and net rental income of RM12.34 million were 12.86% and 12.84% higher year-on-year respectively. This was mainly due to higher rental income from its industrial property in Puchong, which was partly rented to a local logistics company since 1 October 2015. However, the increase in rental income was moderated by the loss of rental at Atrium Shah Alam 2 for the first quarter of FY2016 due to the implementation of Atrium REIT's Asset Enhancement Initiative. The net income was lower due mainly to the absence of the one-off gain on disposal of Atrium Rawang recorded in FY2015, the increase in property expenses and lower interest and other income in FY2016.

**INFORMATION ON ATRIUM REIT (Cont'd)**

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As at 31 December 2016, Atrium REIT's NAV decreased to RM171.14 million, representing a marginal decrease of 1.23% year-on-year as a result of the net fair value loss on revaluation.

**Audited FYE 31 December 2017 ("FY2017")**

Atrium REIT achieved a gross revenue and net rental income of RM17.30 million and RM15.30 million in FY2017, which were 19.15% and 23.99% higher year-on-year respectively. The improvement was mainly attributable to the rental income from Atrium Shah Alam 2 and Atrium Puchong, both of which were fully rented out in FY2017 as compared to rental void and partial tenancies in FY2016.

As the result of the increase in gross revenue and other income, the net income of Atrium REIT was higher year-on-year despite the increase in the trust expenses.

As at 31 December 2017, Atrium REIT's NAV increased to RM180.57 million, representing a marginal increase of 5.51% year-on-year as a result of the net fair value gain on revaluation.

**Audited FYE 31 December 2018 ("FY2018")**

Atrium REIT recorded a net rental income of RM17.26 million in FY2018 which is approximately 12.8% higher year-on-year. This was mainly due to the rental income from Atrium Shah Alam 3 and positive rental reversion for the tenancy at Atrium Puchong which commenced in January 2018. The lower property operating expenses also contributed to the higher net rental income.

Despite the increase in revenue in FY2018, Atrium REIT recorded a lower net income of RM11.62 million as compared to the net income of RM18.14 million in the previous financial year. The lower net income was mainly attributable to the lower other income, lower net fair value gain on revaluation and the increase in trust expenses.

As at 31 December 2018, Atrium REIT's NAV increased to RM182.63 million, representing a growth of 11.4% year-on-year as a result of the net fair value gain on revaluation.

**Unaudited FPE 30 June 2019 ("FP2019")**

Atrium REIT recorded revenue of RM9.83 million in the 6-month ended 30 June 2019, which represented an increase of 10.7% from RM8.88 million recorded in the previous corresponding period. However, income before taxation (realised) for the quarter decreased by 8.3% as compared to the last corresponding period due to higher trust expenses.

Gross revenue increased mainly due to the rental income from Atrium Shah Alam 3. The trust expenses were higher as compared to the last corresponding period due to the higher finance costs, administrative and other expenses. The higher finance cost was due to the additional bank borrowings utilised for the upgrading works at Atrium Shah Alam 3 and working capital requirements. The administrative expenses increased substantially mainly due to increase in professional fees, regulatory fees and service taxes incurred for the corporate exercise and the Proposed Acquisitions.

## VALUATION CERTIFICATES ON PROPERTY 2



PRIVATE &amp; CONFIDENTIAL

**The Board of Directors****Pacific Trustees Berhad (On behalf of Atrium Real Estate Investment Trust)**

Unit A-9-8, 9th Floor, Megan Avenue 1

No 189, Jalan Tun Razak

Off Persiaran Hampshire

50400 Kuala Lumpur

Date: 25<sup>th</sup> February 2019

Reference: V/PG/18/183(A)&amp;(B)/ma

Dear Sir / Madam,

**VALUATION CERTIFICATE OF THE FOLLOWING PREMISES:**

1. PLANT 1 – NO. 150F, BLOCK A, JALAN KAMPUNG JAWA, TAMAN PERINDUSTRIAN BAYAN LEPAS, 11900 BAYAN LEPAS, PULAU PINANG.
2. PLANT 2 – PLOT 401, LINTANG BAYAN LEPAS 8, KAWASAN PERINDUSTRIAN BAYAN LEPAS, 11900 BAYAN LEPAS, PULAU PINANG.

**(COLLECTIVELY REFERRED TO AS THE "SUBJECT PROPERTIES")**

We were instructed by Pacific Trustees Berhad on behalf of Atrium Real Estate Investment Trust (hereinafter referred to as the Client) to ascertain the Market Value of the respective legal interests in the properties listed herein.

This Valuation Certificate is prepared for the Submission to Bursa Malaysia Securities Berhad for inclusion in the Circular to unitholders of Atrium Real Estate Investment Trust in conjunction with the proposed acquisition of the Subject Properties by Pacific Trustees Berhad, acting on behalf of Atrium Real Estate Investment Trust from Lumileds Malaysia Sdn. Bhd. for a total cash consideration of RM180,000,000.

The Valuation was prepared in conformity with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards published by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

This Valuation Certificate is prepared in accordance with the general principles adopted and limiting conditions as enclosed at the end of our formal Valuation Reports. For all intents and purposes, this Valuation Certificate should be read in conjunction with our Valuation Reports.

The basis of valuation adopted is the **Market Value** which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Accordingly, we have inspected the Subject Properties on 9<sup>th</sup> November 2018 and 12<sup>th</sup> November 2018 and adopted 12<sup>th</sup> November 2018 as the material date of valuation.

For the purpose of this valuation, we have adopted the Income Approach by Investment Method as the primary approach and supported by the Cost Approach.

Knight Frank Malaysia Sdn Bhd (Co. No.585479-A)

Suite 3.02 Menara Boustead Penang 39 Jalan Sultan Ahmad Shah 10050 Penang Malaysia

T + 604 229 3296 F + 604 229 3216 www.knightfrank.com



## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



**a) Income Approach by Investment Method**

This approach involves capitalization of the net annual income stream that is expected to be received from the property after deducting the annual outgoings and other operating expenses incidental to the property with allowance for void by using an appropriate market derived capitalization rate.

In undertaking our assessment of value by the Income Approach, we have adopted the concluded rental in their existing committed lease as a means of deriving the income and value under the current term, whilst in undertaking our assessment of the market rent upon reversion, we have generally made reference to the concluded rental of the Subject Properties and other factory buildings + current asking rental located within the vicinity after having considered and made diligent adjustment for differences but not limited to the location, building design, building specification, building condition and size of the buildings.

Under the reversionary term, we have generally allocated a 10% to reflect rental for voids, vacancy periods between rent reviews which include the rent free and fitting out periods.

**b) Cost Approach**

This comparative approach considers the possibility that, as a substitute for the purchase of a given property, one could construct another property that is either a replica of the original or one that could furnish equal utility. In real estate context, one would normally not be justified in paying more for a given property than the cost of acquiring equivalent land and constructing an alternative structure, unless undue time, inconvenience, and risks are involved. In practice, the approach also involves an estimate of depreciation for older and / or less functional properties where an estimate of cost new unreasonably exceeds the likely price that would be paid for the appraised property.

The estimate of the land value component in the Cost Approach is arrived at principally by Comparison Approach; whereby it considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. In general, a property being valued is compared with sales of similar properties that have been transacted in the open market. Listings and offerings may also be considered.

The building value component is arrived at by Depreciated Replacement Cost Method; whereby an estimate is made of the replacement cost new and then allowing for depreciation. In arriving at the replacement cost new, we have referred to the total awarded contract sum as well as the industry average costing as derived from analysis of other awarded contracts of similar development and the average building costs of similar type of properties published by JUBM and Arcadis Construction Cost Handbook Malaysia 2018.

**c) Reconciliation**

Taking into consideration that the Subject Properties are income generating properties, we have thus adopted the Market Value as derived from the Income Approach by Investment Method as a fair representation of the Subject Properties supported by the Market Value derived from the Cost Approach.

In a valuation of a homogeneous real estate such as residential homes, the Cost Approach is the appropriate method of valuation as there are less adjustments and analysis on comparables. However, in the case of more complex real estate such as industrial premises and other income generating or investment properties, qualitative and quantitative adjustments are more difficult to be computed or gauged to reflect the differences of the comparables and the property being valued. Therefore, we have considered the Income Approach by Investment Method as the preferred method of valuation in our opinion of Market Value of Subject Properties.

In this particular case the values derived at using the two methods stated above happens to be the same.

## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



Summary of the Subject Properties are as attached below.

No.	Reference No.	Plant	Identification of Property	Market Value
1.	V/PG/18/183(A)ma	Plant 1	60-year leasehold interests (with unexpired term of about 23 years for Plot No. 203 and 17 years for Lot No. 2027) of an industrial premises accommodating a double-storey office building annexed with a single-storey factory building, a single-storey warehouse with a mezzanine floor and other ancillary buildings held under Title Nos. HSD 14852 and PN 2850, Plot No. 203 and Lot No. 2027 respectively, both within Mukim 12, Daerah Barat Daya, Pulau Pinang bearing postal address No. 150F, Block A, Jalan Kampung Jawa, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang.	RM51,000,000
2.	V/PG/18/183(B)ma	Plant 2	30-year lease interest (with unexpired term of about 22 years) of an industrial premises accommodating a double-storey factory building and other ancillary buildings held under Title No. PN 9036, Lot No. 70812, Mukim 12, Daerah Barat Daya, Pulau Pinang bearing postal address Plot 401, Lintang Bayan Lepas 8, Kawasan Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang.	RM120,000,000
<b>Total Market Value</b>				<b>RM171,000,000</b>

For and of behalf of  
KNIGHT FRANK MALAYSIA SDN BHD

**TAY TAM**  
Registered Valuer, V-219  
FRSM, MRICS



Date: 25<sup>th</sup> February 2019

Notes:-

- i) Please note that this certificate shall only be valid provided always that a signature of our authorised signatory and an official seal have been affixed hereto.
- ii) The above valuation is peer reviewed by Knight Frank Malaysia Sdn Bhd (Head Office), Mr. Chong Teck Seng (Registered Valuer, V-331).

## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



1.0 PLANT 1 – NO. 150F, BLOCK A, JALAN KAMPUNG JAWA, TAMAN PERINDUSTRIAN BAYAN LEPAS, 11900 BAYAN LEPAS, PULAI PINANG

## 1.1 IDENTIFICATION OF PROPERTY

**Address** No. 150F, Block A, Jalan Kampung Jawa, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang.

**Type of Property** An industrial premises accommodating a double-storey office building annexed with a single-storey factory building, a single-storey warehouse with a mezzanine floor and other ancillary buildings.

**Legal Description / Title Particulars** The following table outlines the title particulars of the Subject Property.

## Summary of Title Particulars

Plot No. / Lot No.:	Plot No. 203 and Lot No. 2027 held under Title Nos. HSD 14852 and PN 2850 respectively, both within Mukim 12, Daerah Barat Daya, Pulau Pinang.
Titled Land Area:	Plot No. 203 – 14,665.8061 square metres (157,861 square feet). Lot No. 2027 – 16,198 square metres (174,354 square feet).
Tenure:	Plot No. 203 – 60-year leasehold interest expiring on 3 <sup>rd</sup> March 2042 (with unexpired term of about 23 years).  Lot No. 2027 – 60-year leasehold interest expiring on 7 <sup>th</sup> March 2036 (with unexpired term of about 17 years).
Registered Proprietor:	Lumileds Malaysia Sdn. Bhd. – full share, in respect of both titles.
Category of Land Use:	"Perusahaan/Perindustrian", in respect of both titles.
Endorsements:	<u>Plot No. 203</u> Nil.  <u>Lot No. 2027</u> Part of the land has been leased to Tenaga Nasional Berhad for a term of 25 years, commencing on 1st November 2010 and expiring on 31 <sup>st</sup> October 2035 vide Presentation No. 0799SC2016023657, registered on 11 <sup>th</sup> August 2016.

**Terms of Reference** WE WISH TO DRAW ATTENTION THAT OUR VALUATION OF THE SUBJECT PROPERTY IS BASED ON THE PUT & CALL OPTION AGREEMENT ("PUT & CALL OPTION") DATED 12<sup>TH</sup> FEBRUARY 2019 MADE BETWEEN LUMILEDS MALAYSIA SDN BHD ("LUMILEDS") AND PACIFIC TRUSTESS BERHAD AS TRUSTEE FOR ATRIUM REAL ESTATE INVESTMENT TRUST AND/OR NOMINEE(S) ("ATRIUM REIT") WHEREBY IT WAS STATED THAT LUMILEDS IS IN THE PROCESS OF OBTAINING A COPY OF THE CERTIFICATE OF COMPLETION AND COMPLIANCE ("CCC") / CERTIFICATE OF



## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



## 1.1 IDENTIFICATION OF PROPERTY (CONT'D)

**Terms of Reference (cont'd)** FITNESS FOR OCCUPATION ("CFO") FOR THE SUBJECT BUILDINGS FROM THE RELEVANT AUTHORITY. THE PUT & CALL OPTION SHALL ONLY BE EXERCISABLE BY THE PARTIES UPON FULLFILMENT OF ALL THE CONDITIONS AS STATED IN THE ABOVEMENTIONED AGREEMENT INCLUDING, BUT NOT LIMITED TO, THE CCC/CFO HAVING BEEN OBTAINED BY LUMILEDS BEFORE THE PARTIES SHALL BE BOUND TO ENTER INTO THE SALE AND PURCHASE AGREEMENT ("SPA") AND LEASE AGREEMENT AND COMPLETE THE SALE AND PURCHASE OF THE PROPERTY.

HENCE, OUR VALUATION OF THE SUBJECT PROPERTY IS ON THE BASES AND ASSUMPTIONS THAT:-

- I) THE SUBJECT BUILDINGS HAVE BEEN CONSTRUCTED IN ACCORDANCE WITH THE APPROVED BULDING PLANS;
- II) THE CCC/CFO HAS BEEN OBTAINED AS REQUIRED UNDER THE PUT & CALL OPTION;
- III) THE SALE OF THE SUBJECT PROPERTY IS COMPLETED IN ACCORDANCE TO THE TERMS OF THE SALE AND PURCHASE AGREEMENT; AND
- IV) THE LEASE AGREEMENT IS EFFECTED.

IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ASSUMPTIONS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON THE ABOVE ASSUMPTIONS THAT ARE NOT YET MATERIALISE OR FULLY REALISED.

FOR THE PURPOSE OF THIS VALUATION, WE HAVE RELIED ON THE FACTS AND INFORMATION PROVIDED BY THE CLIENT WITH REGARDS TO THE SUBJECT PROPERTY WHICH ARE ALL DEEMED TO BE CORRECT, WE SHALL NOT BE HELD LIABLE IN THE EVENT ANY OF THESE FACTS AND INFORMATION PROVIDED TO US ARE PROVEN TO BE ERRONEOUS.

## 1.2 PROPERTY DESCRIPTION

<b>Location</b>	The Subject Property is located along LebuK Kampung Jawa, within the Free Industrial Zone of Bayan Lepas Industrial Park, Bayan Lepas, Pulau Pinang. It is approximately 13 kilometres due south-west of KOMTAR, 5 kilometres due south-west of the Penang Bridge, 4 kilometres due north-west of the Second Penang Bridge and 6 kilometres due north-east of the Penang International Airport.
<b>Property Description</b>	<p>The subject site consists of two contiguous lots. Together, they form a rectangular-shaped site with a combined title land area of about 30,863.8061 square metres (332,215 square feet). The subject site faces south-east and enjoys a direct frontage onto LebuK Kampung Jawa. The side boundaries generally abut onto other neighbouring lots except for the rear boundary which abuts onto Lorong Bahagia.</p> <p>Presently, the subject site accommodates a double-storey office building annexed with a single-storey factory building, a single-storey warehouse with a mezzanine floor and other ancillary buildings which is known as Plant 1.</p> <p>The operation activity of the factory is developing and manufacturing of light emitting diodes (LEDs), lightbulbs and related products for automotive lighting, general lighting and specialty lighting.</p>

## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



## 1.2 PROPERTY DESCRIPTION (CONT'D)

<b>Property Description (Cont'd)</b>	<p>1) <u>The Double-Storey Office Building</u> The double-storey office building is generally constructed of reinforced concrete frameworks with brick infills rendered externally and plastered internally supporting a steel portal roof laid over with metal deck roofing sheets.</p> <p>It has a gross floor area of about 3,356.68 square metres (36,131 square feet).</p> <p>2) <u>The Annexed Single-Storey Factory Building</u> The annexed single-storey factory building is generally constructed of reinforced concrete framework with brick infills rendered externally and plastered internally, supporting steel roof trusses with purlins laid over with metal deck roofing sheets. The height-to-eaves is approximately 3.96 metres (13 feet). Generally the production area is fitted with 100K class clean room facilities.</p> <p>It has a gross floor area of about 12,443.39 square metres (133,940 square feet).</p> <p>3) <u>Single-Storey Warehouse with Mezzanine Floor</u> The single-storey warehouse is generally constructed of reinforced concrete framework with brick infills rendered externally and plastered internally, supporting steel roof trusses with purlins laid over with metal deck roofing sheets. The height-to-eaves is approximately 5.40 metres (18 feet).</p> <p>It has a gross floor area of about 1,303.89 square metres (14,035 square feet).</p> <p>4) <u>Ancillary Buildings</u> The ancillary buildings comprises a guard house, pump house and storage area, refuse bin shed, generator shed, motorcycle parking shed and walkway shed and have a total gross floor area of about 853.04 square metres (9,182 square feet).</p>
<b>Gross Floor Area</b>	17,957.00 square metres (193,288 square feet).
<b>Lettable Area</b>	Based on the draft Lease Agreement as attach as <i>Appendix 5</i> in the Put & Call Option, we noted that lettable area of the Subject Property is about 17,645.26 square metres (189,932 square feet).
<b>Occupancy Status</b>	The Subject Property is currently owner occupied.
<b>Age of Building</b>	The CCC/CFO was not made available to us. We were informed by Lumileds that the age of the subject buildings are more than 40 years. Major refurbishment and renovation works have been done in 2004.
<b>State of Repair</b>	The Subject Property is in good state of decorative repair.
<b>Planning</b>	Designated for industrial use; we wish to draw attention that Lumileds was unable to retrieve the CCC/CFO from the Building Department because the record cannot be found and as such, we were not provided with the Approved Building Plan and the CCC/CFO for the original buildings. Hence, we were unable to determine the approval status of the subject buildings. However, we were informed by Lumileds that their consultant is currently preparing the building plan to resubmit to the

## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



## 12 PROPERTY DESCRIPTION (CONT'D)

**Planning (cont'd)**

local authority for approval and reissuance of the CCC/CFO. Our valuation is based on the condition in the Put & Call Option that the CCC/CFO have to be obtained by Lumileds before the parties shall be bound to enter into the Sale and Purchase Agreement and Lease Agreement and complete the sale and purchase of the property.

In spite of the above, the Subject Property have been issued with two "Sijil Siap Kerja" bearing reference Nos. PB No. 28847(LB) & 37828(LB) and P.B.No. 42460(LB) dated 28<sup>th</sup> July 1998 and 15<sup>th</sup> November 2006 respectively for the extension of the double-storey office building annexed with single-storey factory.

**Draft Lease Agreement**

Pursuant to a draft Lease Agreement made between Pacific Trustees Berhad as trustee for Atrium Real Estate Investment Trust and/or Nominee(s) ("Lessor") and Lumileds Malaysia Sdn Bhd ("Lessee") as attached as *Appendix 5* in the Put & Call Option, we note that the key salient terms and conditions of the Agreement are stated as below:-

**Demised Property:** 60-year leasehold interests (with unexpired term of about 17 years and 23 years) of an industrial premises accommodating a double-storey office building annexed with a single-storey factory building, a single-storey warehouse with a mezzanine floor and other ancillary buildings held under Title Nos. HSD 14852 and PN 2850, Plot No. 203 and Lot No. 2027 respectively, both within Mukim 12, Daerah Barat Daya, Pulau Pinang bearing postal address No. 150F, Block A, Jalan Kampung Jawa, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang.

**Agreement to Lease** This agreement is on a triple net basis with the effect that save as herein otherwise stated, the Lessor shall not have any responsibility of any kind or nature whatsoever to maintain, repair, improve, alter or in any way incur any expenses in connection with the demised premises (including but not limited to the cost for rectification of defects, payment of the supply of utilities, quit rent, assessment, other capital expenditure or the engagement of a facilities manager) and the management, maintenance, repair and improvement.

**Grant of Lease** The Lessor hereby agrees to grant to the Lessee a lease of the demised premises for a term of 15 years from the commencement date. The Monthly Rental shall be subject to a yearly increase of three percent (3%) during the Term of the Lease.

The rental rate for the first year is RM2.00 per square foot per month and year 15<sup>th</sup> is RM3.03 per square foot per month which translates to RM4,558,368.00 per annum and RM6,894,941.00 per annum respectively.

## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



## 1.3 MARKET VALUE

**Date of Valuation** 12<sup>th</sup> November 2018.

**Valuation Methodology** In arriving at our opinion of the Market Value of the Subject Property, we have adopted the **Income Approach by Investment Method** as the primary approach and supported by the **Cost Approach**.

**Reconciliation of Values**

Valuation Methodology	Market Value (RM)
Income Approach by Investment Method	51,000,000
Cost Approach	51,000,000

**Market Value** RM51,000,000 (Ringgit Malaysia: Fifty One Million Only).

**Income Approach by Investment Method** A summary of parameters adopted in undertaking our assessment is scheduled below .

**Summary of Parameters**

<b>Term</b>	Initial period of 15 years lease (on triple net basis) with escalate at 3% per annum basis until year 15. Option to renew every 5 years until the term of the leasehold land expires.
<b>Net Rental:</b>	<p><b>Year 1: RM379,864.00 per month to Year 15: RM574,578.40 per month.</b></p> <p><b>(Year 1: RM2.00 per square foot per month to Year 15: RM3.03 per square foot per month).</b></p> <p>This is based on the concluded rental receivable by Pacific Trustees Berhad as Trustee for Atrium Real Estate Investment Trust on contractual basis.</p>
<b>Allowance of Outgoings:</b>	<p><b>Nil.</b></p> <p>Based on the draft Lease Agreement made between Pacific Trustees Berhad as trustee for Atrium Real Estate Investment Trust and/or Nominee(s) ("Lessor") and Lumileds Malaysia Sdn Bhd ("Lessee") as attached as <i>Appendix 5</i> in <i>Annexure 3</i> of the Put &amp; Call Option, we noted that the rental payable to the Lessor is based on triple net basis and the Lessee will be responsible for all costs and expenses related to the operation, repair and maintenance, quit rent, assessments, taxes, utilities and insurance of the Subject Property.</p>
<b>Capitalisation Rate:</b>	<b>7.50% to 8.50%</b> adopted for current and future terms (a range of yields adopted under Term are benchmarked against prevailing market rate and adjusted +/-0.25% basis point for every 15% differences to reflect whether committed rental rates are under, over or at market rent).

## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



## 13 MARKET VALUE (CONT'D)

## Summary of Parameters (cont'd)

Reversionary	<p><b>Net Rental:</b> <b>RM2.40 per square foot per month over total lettable area.</b></p> <p>The reversionary rentals are based on concluded rental of the Subject Property + current asking rentals of the other comparative industrial premises located within the vicinity (net rental in ranging from RM1.97 per square foot to RM2.80 per square foot over lettable area). In our assessment, we have adopted an adjusted net rental of RM2.40 per square foot after having considered and made diligent adjustment for differences including but not limited to the building design, building specification, building services, building condition and size of the buildings.</p>
	<p><b>Allowance of Outgoings:</b> <b>Nil.</b></p> <p>The rental payable to the Lessor is based on triple net basis and the Lessee will be responsible for all costs and expenses related to the operation, repair and maintenance, quit rent, assessments, taxes, utilities and insurance of the Subject Property.</p>
	<p><b>Void Allowance:</b> <b>10 %</b></p> <p>We have adopted 10% to reflect rental for voids, vacancy periods between rent reviews which include the rent free and fitting out periods.</p>
	<p><b>Capitalisation Rate:</b> <b>8.00% adopted for the Subject Property.</b></p> <p>We have benchmarked against existing yields of industrial premises (in the region of about 7.10% to 8.58%) after having taken into consideration of the location, size of the building, tenure, building condition, rental structure and lessor's obligations.</p>
On the basis that after the lease expiry of Lot No. 2027, Plot No. 203 on its own will rent as car park for the remaining term until expiry	<p>The lease of Lot No. 2027 will be expiring 7<sup>th</sup> March 2036 whilst Plot No. 203 will be expiring on 3<sup>rd</sup> March 2042. Hence, after the expiry of Lot No. 2027, Plot No. 203 still has a remaining unexpired period of about 6 years. We have that after the expiring of the lease of Lot No. 2027, Plot No. 203 will be rented out as a car park to reflect the income receivable for the remaining 6 years unexpired period.</p>
	<p><b>Gross Rental:</b> <b>RM0.50 per square foot per month over land area.</b></p> <p>This is based on current asking rentals of vacant land located within the larger vicinity after having considered (ranging from about RM0.35 per square foot per month to RM0.54 per square foot per month); and made diligent adjustment for differences including but not limited to the location and size.</p>

## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



## 1.3 MARKET VALUE (CONT'D)

## Summary of Parameters (cont'd)

On the basis that after the lease expiry of Lot No. 2027, Plot No. 203 on its own will rent as car park for the remaining term until expiry (cont'd)	Allowance of Outgoings:	<b>RM0.05 per square foot per month over land area.</b>  We have allocated a <b>10.00%</b> of gross income as the projected allocation for expenses relating to land tax (quit rent) and repair and maintenance of the car parking area as fair and adequate after having considered the current quit rent payable levied Plot No. 203 and repair and maintenance of the car parking area.
	Void Allowance:	<b>10 %</b>  We have adopted 10% to reflect rental for voids, vacancy periods between rent reviews which include the rent free and fitting out periods.
	Net Rental After Void:	<b>RM0.40 per square foot per month.</b>
	Capitalisation Rate:	<b>4.00%</b> adopted for the Plot No. 203 on vacant land basis.  The lack of land transactions (as investment asset) in the market has resulted in continued difficulties in assessing a benchmark for yields. From our investigation, the most probable expected return would be in the region of 3.00% - 4.00%; and thus we have adopted <b>4.00%</b> as fair representation.

## Cost Approach

There is a dearth of recent recorded transactions of similar land transactions within the immediate locality. As such, we have resorted to use selected Comparable(s) in our analysis of computation for land value after making the necessary adjustments. We have identified and analyzed the selected land sales transactions and summarized the details in the table attached below and overleaf.

	Comparable 1	Comparable 2	Comparable 3
Legal Description	Lot 17322 heled under Title No. PN 7791, Mukim 12, Daerah Barat Daya, Pulau Pinang.	Part of Plot 2 [Lot Nos. 1806 and 1807 (resurveyed as Lot No. 5841), held under Title Nos. PN 625 and PN 470 respectively], Mukim 12, Daerah Barat Daya, Pulau Pinang.	Lot 15926 held under Title No. PN 6754, Mukim 12, Daerah Barat Daya, Pulau Pinang.
Location	Located along Hilir Sungai Keluang 5, Bayan Lepas Industrial Park.	Located along Jalan Sultan Azlan Shah, Bayan Lepas Industrial Park.	Located along Lintang Bayan Lepas 10, Bayan Lepas Industrial Park.
Type of Property	A parcel of vacant industrial land.	A parcel of vacant industrial land.	A parcel of vacant industrial land.

## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



1.3 MARKET VALUE (CONT'D)			
	Comparable 1 (cont'd)	Comparable 2 (cont'd)	Comparable 3 (cont'd)
Tenure	60-year leasehold interest expiring on 24 <sup>th</sup> June 2069.	Yet to be alienated at the date of transaction (subject to the forthcoming tenure of 60-years leasehold interest).	60-year leasehold interest expiring on 16 <sup>th</sup> May 2067.
Land Area	18,358.00 square metres (197,604 square feet).	6,589.50 square metres (70,929 square feet).	3,238.00 square metres (34,854 square feet).
Consideration	RM27,700,000.	RM9,930,025.	RM2,540,000.
Analysis	RM140.18 per square foot.	RM140.00 per square foot.	RM72.88 per square foot.
Date of Transaction	17 <sup>th</sup> July 2018.	23 <sup>rd</sup> January 2017.	14 <sup>th</sup> July 2011.
Vendor	"Perbadanan Pembangunan Pulau Pinang."	"Perbadanan Pembangunan Pulau Pinang."	Kowana Sdn Bhd.
Purchaser	CPI (Penang) Sdn Bhd.	Aemulus Corporation Sdn Bhd.	ADF Technologies Sdn Bhd.
Source	Press Release by "Kumpulan Perangsang Selangor Berhad."	Bursa Securities Malaysia Berhad.	"Jabatan Penilaian dan Perkhidmatan Harta (JPPH)."
Planning	Located within an area zoned for Industrial use.	Located within an area zoned for Industrial use.	Located within an area zoned for Industrial use.
Adjustments	General adjustments are made for tenure, corner allowance and size.	General adjustments are made for main road exposure, tenure and size.	General adjustments are made for prevailing market condition, tenure and size.
Adjustment Analysis	RM70.09 per square foot.	RM56.00 per square foot.	RM60.12 per square foot.

## Valuation Rationale

From our analysis of the data obtained from the sources listed herein before, we note that the land value derived ranged from **RM56.00 per square foot** to **RM70.09 per square foot**.

In view of limited recorded transactions of similar land transactions in the immediate and surrounding localities, we have resorted to adopt the selected comparable(s) in our assessment by Comparison Approach; as it is not possible to identify exactly alike properties to make reference to, hence appropriate adjustments are made to reflect the differences of the comparable(s) and the property being valued. Although total adjustments (in excess of 50%) were considered and made in our assessment, we are of the view that the selected comparable(s) adopted are considered relevant by virtue of the fact that most of the selected Comparable(s) are considered to have relatively similar attributes (in terms of location, accessibility, shape, land area, tenure, terrain, and category of land use / limited use etc) as compared to the Subject Property. With total effective adjustments made for all Comparable(s); we have placed greater reliance on Comparable 1 after having considered and made diligent adjustments for various dissimilarities including but not limited to corner allowance, land area and tenure. Having considered all relevant factors, we are of the opinion that the base land value of the Subject Property should be **RM70.00 per square foot + site improvement of about RM7.00 per square foot** (allocation

## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



## 1.3 MARKET VALUE (CONT'D)

**Valuation Rationale (cont'd)** for site preparation + landscape + roads + infrastructure) within the site as far after having considered costing as derived from analysis of the other awarded contracts (typically ranging from RM5.00 per square foot to RM 8.00 per square foot).

In assessing the depreciated building value of the property constructed thereon, we have made reference to the industry average costing as derived from analysis of other awarded contracts of industrial development without cleanroom facilities are ranging from RM120.00 per square foot to RM200.00 per square foot depending on the type, design, building specification and finishes of the respective buildings.

The average building costs of similar type of properties published by JUBM and Langdon Seah Construction Cost Handbook Malaysia 2018 for Penang State are as follow:-

- i) Single storey conventional factory of structural steelwork are ranging from RM119.00 per square foot to RM141.00 per square foot.
- ii) Owner operated factories, low rise are ranging from RM142.00 per square foot to RM174.00 per square foot.

We have verbally check with contractors on the cleanroom facilities costing and noted that the cost of a 100K class cleanroom ranges from RM300.00 per square foot to RM500.00 per square foot depending of the type, design, size, ceiling height, specifications and finishes of the respective cleanroom.

In our assessment, we have adopted the building values for the main buildings ranging from RM130.00 per square foot to RM150.00 per square foot, cleanroom facilities of about RM340.00 per square foot and ancillary buildings ranging from RM30.00 per square foot to RM60.00 per square foot depending on the type, design, building specifications and finishes of the respective buildings to be fair after having taken into consideration of analysis of other awarded contract cost of similar property, queries with the contractors and the average cost estimates extracted from JUBM and Langdon Seah Construction Cost Handbook Malaysia 2018.

Generally, the depreciation rate adopted is based on a 50 – 60 years building lifespan. Despite the age of the subject buildings are more than 40 years, however a major refurbishment and renovation works have been done in 2004. We have thus adopted a lower depreciation rate of about 1% per annum in view of the subject buildings are well maintained and in good condition.



## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



2.0 PLANT 2 – PLOT 401, LINTANG BAYAN LEPAS 8, KAWASAN PERINDUSTRIAN BAYAN LEPAS, 11900 BAYAN LEPAS, PULAI PINANG

## 2.1 IDENTIFICATION OF PROPERTY

<b>Address</b>	Plot 401, Lintang Bayan Lepas 8, Kawasan Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang.
<b>Type of Property</b>	An industrial premises accommodating a double-storey factory building and other ancillary buildings.
<b>Legal Description / Title Particulars</b>	The following table outlines the title particulars of the Subject Property.

## Summary of Title Particulars

<b>Lot No.:</b>	Lot No. 70812 held under Title No. PN 9036, Mukim 12, Daerah Barat Daya, Pulau Pinang.
<b>Titled Land Area:</b>	4.782 hectares (514,730 square feet).
<b>Tenure:</b>	60-year leasehold interest expiring on 7 <sup>th</sup> May 2072.  <i>Note:- Lot No. 70812 has been leased to Lumileds Malaysia Sdn. Bhd. by Perbadanan Pembangunan Pulau Pinang for a term of 30 years expiring on 10<sup>th</sup> February 2041, with a further option for renewal which shall not be less than 10 years but shall not exceed the term remaining on the State Lease of the land.</i>
<b>Interest Valued:</b>	30-year lease interest expiring on 10 <sup>th</sup> February 2041 (with an unexpired term of about 22 years).
<b>Registered Proprietor:</b>	"Perbadanan Pembangunan Pulau Pinang" – full share.  <i>Note:- Lot No. 70812 has been leased to Lumileds Malaysia Sdn. Bhd. by Perbadanan Pembangunan Pulau Pinang.</i>
<b>Registered Lease Holder:</b>	Lumileds Malaysia Sdn. Bhd.
<b>Beneficial Owner (As per the Sale and Purchase Agreement dated 12th February 2019:</b>	Pacific Trustees Berhad as trustee for Atrium Real Estate Investment Trust and/or Nominee(s).
<b>Category of Land Use:</b>	"Perusahaan/Perindustrian."

## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



## 2.1 IDENTIFICATION OF PROPERTY (CONT'D)

## Endorsements:

- i) The entire land has been leased to Philips Lumileds Lighting Company Sdn. Bhd. and Lumileds Malaysia Sdn. Bhd. for a term of 30 years commencing on 11<sup>th</sup> February 2011 and expiring on 10<sup>th</sup> February 2041 vide Presentation No. 0799SC2013006002, registered on 27<sup>th</sup> February 2013.
- ii) "Pajakan Kecil Seluruh Tanah ke atas Pajakan Seluruh Tanah" to Tenaga Nasional Berhad for a term of 30 years commencing on 11<sup>th</sup> February 2011 and expiring on 10<sup>th</sup> February 2041 vide Presentation No. 0799SC2016025652, registered on 30<sup>th</sup> August 2016.

## Terms of Reference

WE WISH TO DRAW ATTENTION THAT OUR VALUATION OF THE SUBJECT PROPERTY IS BASED ON CLAUSE 16 OF THE SALE AND PURCHASE AGREEMENT ("SPA") DATED 12<sup>TH</sup> FEBRUARY 2019 MADE BETWEEN LUMILEDS MALAYSIA SDN BHD ("VENDOR") AND PACIFIC TRUSTESS BERHAD AS TRUSTEE FOR ATRIUM REAL ESTATE INVESTMENT TRUST AND/OR NOMINEE(S) ("PURCHASER") WHEREBY IT WAS STATED THAT AS SOON AS REASONABLY PRACTICABLE AFTER THE COMPLETION DATE, THE VENDOR SHALL OBTAIN THE REQUIRED CERTIFICATE OF COMPLETION AND COMPLIANCE ("CCC") FOR THE DEIONISED ("DI") WATER PLANT EXTENSION AND DELIVER A COPY OF THE CCC TO THE PURCHASER WITHIN FIVE (5) BUSINESS DAYS UPON RECEIPT OF THE SAME.

OUR ENQUIRIES WITH THE BUILDING DEPARTMENT OF THE PENANG ISLAND CITY COUNCIL REVEALED THAT THE ABOVEMENTIONED EXTENSION IS PERMISSIBLE UNDER THE EXISTING BUILDING GUIDELINES, AS SUCH, FOR THE PURPOSE OF THIS VALUATION, WE HAVE ASSUMED THAT THE APPROVAL OF THE EXTENSION HAS BEEN OBTAINED AND THE CCC IS ISSUED.

IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ASSUMPTION STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTION THAT IS NOT YET MATERIALISE OR FULLY REALISED.

FOR THE PURPOSE OF THIS VALUATION, WE HAVE RELIED ON THE FACTS AND INFORMATION PROVIDED BY THE CLIENT WITH REGARDS TO THE SUBJECT PROPERTY WHICH ARE ALL DEEMED TO BE CORRECT, WE SHALL NOT BE HELD LIABLE IN THE EVENT ANY OF THESE FACTS AND INFORMATION PROVIDED TO US ARE PROVEN TO BE ERRONEOUS.

## 2.2 PROPERTY DESCRIPTION

## Location

The Subject Property is located along Lintang Bayan Lepas 8, within the Non-Free Industrial Zone of Bayan Lepas Industrial Park, Bayan Lepas, Pulau Pinang. It is approximately 17 kilometres due south-west of KOMTAR, 9 kilometres due south-west of the Penang Bridge, 3 kilometres due north-west of the Second Penang Bridge and 8 kilometres due east of the Penang International Airport.

## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



## 2.2 PROPERTY DESCRIPTION (CONT'D)

<b>Property Description</b>	<p>The subject site is a detached industrial lot. It is nearly trapezoidal in shape and has a titled land area of 4.782 hectares (514,730 square feet). The subject site faces south-east and enjoys a direct frontage onto Lintang Bayan Lepas 8. The side boundaries generally abut onto other neighbouring lots except for the rear boundary which abuts onto a drain reserve.</p> <p>Presently, the subject site accommodates a double-storey factory and other ancillary buildings which is known as Plant 2.</p> <p>The operation activity of the factory is developing and manufacturing of light emitting diodes (LEDs), lightbulbs and related products for automotive lighting, general lighting and specialty lighting.</p> <p>1) <u>The Double-Storey Factory Building</u> This building is generally constructed of reinforced concrete frameworks with brick infills rendered externally and plastered internally supporting a steel portal roof partly laid over with metal deck roofing sheets whilst another part is a reinforced concrete flat roof. The height-to-eaves is approximately 13.00 metres (43 feet). Generally the production areas are fitted with 100K and 10K class clean room facilities.</p> <p>It has a gross floor area of about 28,931.96 square metres (311,421 square feet).</p> <p>2) <u>Ancillary Buildings</u> The ancillary buildings comprises a guard house, pump house, scrap yard, refuse chamber, motorcycle parking shed and walkway shed and have a total gross floor area of about 1,561.22 square metres (16,805 square feet).</p>
<b>Gross Floor Area</b>	30,493.18 square metres (328,226 square feet).
<b>Lettable Area</b>	Based on the draft Sub-Lease Agreement as attached as <i>Appendix 6</i> in the SPA, we noted that lettable area of the Subject Property is about 27,737.97 square metres (298,569 square feet).
<b>Occupancy Status</b>	The Subject Property is currently owner occupied.
<b>Age of Building</b>	Approximately 6 years from the date of issuance of the CCC dated 11 <sup>th</sup> May 2012.
<b>State of Repair</b>	The Subject Property is in good state of decorative repair.
<b>Planning</b>	Designated for industrial use; and issued with the Certificate of Completion and Compliance (CCC) bearing Certificate No. LAM/PP/No. 1965 dated 11 <sup>th</sup> May 2012.
<b>Draft Sub-Lease Agreement</b>	Pursuant to a draft Sub-Lease Agreement made between Pacific Trustees Berhad as trustee for Atrium Real Estate Investment Trust and/or Nominee(s) ("Lessee") and Lumileds Malaysia Sdn Bhd ("Sub-Lessee") as attached as <i>Appendix 6</i> in the SPA, we note that the key salient terms and conditions of the agreement are stated overleaf:-

## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



## 2.2 PROPERTY DESCRIPTION (CONT'D)

<b>Draft Sub-Lease Agreement (cont'd)</b>	<b>Demised Property:</b>	30-year lease interest (with unexpired term of about 22 years) of an industrial premises accommodating a double-storey factory building and other ancillary buildings held under Title No. PN 9036, Lot No. 70812, Mukim 12, Daerah Barat Daya, Pulau Pinang bearing postal address Plot 401, Lintang Bayan Lepas 8, Kawasan Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang.
	<b>Agreement to Sub-Lease:</b>	This agreement is on a triple net basis with the effect that save as herein otherwise stated, the Lessee shall not have any responsibility of any kind or nature whatsoever to maintain, repair, improve, alter or in any way incur any expenses in connection with the demised premises (including but not limited to the cost for rectification of defects, payment of the supply of utilities, quit rent, assessment, other capital expenditure or the engagement of a facilities manager) and the management, maintenance, repair and improvement.
	<b>Grant of Lease:</b>	The Lessee hereby agrees to grant to the Sub-Lessee a sub-lease of the demised premises for a term of 15 years from the commencement date. The monthly rental shall be subject to a yearly increase of three percent (3%) during the Term of the Sub-Lease.  The rental rate for the first year is RM3.00 per square foot per month and year 15 <sup>th</sup> is RM4.54 per square foot per month which translates to RM10,748,484.00 per annum and RM16,258,046.00 per annum respectively.

## 2.3 MARKET VALUE

<b>Date of Valuation</b>	12 <sup>th</sup> November 2018.						
<b>Valuation Methodology</b>	In arriving at our opinion of the Market Value of the Subject Property, we have adopted the <b>Income Approach by Investment Method</b> as the primary approach and supported by the <b>Cost Approach</b> .						
<b>Reconciliation of Values</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Valuation Methodology</th> <th style="text-align: center;">Market Value (RM)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Income Approach by Investment Method</td> <td style="text-align: right;">120,000,000</td> </tr> <tr> <td style="text-align: center;">Cost Approach</td> <td style="text-align: right;">120,000,000</td> </tr> </tbody> </table>	Valuation Methodology	Market Value (RM)	Income Approach by Investment Method	120,000,000	Cost Approach	120,000,000
Valuation Methodology	Market Value (RM)						
Income Approach by Investment Method	120,000,000						
Cost Approach	120,000,000						
<b>Market Value</b>	RM120,000,000 (Ringgit Malaysia: One Hundred And Twenty Million Only).						

## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



## 2.3 MARKET VALUE (CONT'D)

Income Approach by  
Investment Method

A summary of parameters adopted in undertaking our assessment is scheduled below .

## Summary of Parameters

Term	<p>Initial period of 15 years lease (on triple net basis) with escalate at 3% per annum basis until year 15. Option to renew every 5 years until the term of the leasehold land expires.</p> <p><b>Net Rental:</b>            <b>Year 1: RM895,707.00 per month to Year 15: RM1,354,837.17 per month.</b></p> <p>(Year 1: RM3.00 per square foot per month to Year 15: RM4.54 per square foot per month).</p> <p>This is based on the concluded rental receivable by Pacific Trustees Berhad as Trustee for Atrium Real Estate Investment Trust on contractual basis.</p>
Allowance of Outgoings	<p><b>Nil.</b></p> <p>Based on the draft Sub-Lease Agreement made between Pacific Trustees Berhad as trustee for Atrium Real Estate Investment Trust and/or Nominee(s) ("Lessee") and Lumileds Malaysia Sdn Bhd ("Sub-Lessee") as attached as <i>Appendix 6</i> in the SPA, we noted that the rental payable to the Lessor is based on triple net basis and the Lessee will be responsible for all costs and expenses related to the operation, repair and maintenance, quit rent, assessments, taxes, utilities and insurance of the Subject Property.</p>
Capitalisation Rate:	<p><b>8.25% to 9.00%</b> adopted for current and future terms (a range of yields adopted under Term are benchmarked against prevailing market rate and adjusted +/-0.25% basis point for every 15% differences to reflect whether committed rental rates are under, over or at market rent).</p>
Reversionary	<p><b>Net Rental:            RM2.80 per square foot per month over total lettable area.</b></p> <p>The revisionary rentals are based on concluded rental of the Subject Property + current asking rentals of the other comparative industrial premises located within the vicinity (net rental in ranging from RM1.97 per square foot to RM2.80 per square foot over lettable area). In our assessment, we have adopted an adjusted net rental of RM2.80 per square foot after having considered and made diligent adjustment for differences including but not limited to the building design, building specification, building services, building condition and size of the buildings.</p>

## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



## 2.3 MARKET VALUE (CONT'D)

## Summary of Parameters (cont'd)

Reversionary (cont'd)	Allowance of Outgoings	NIL.  The rental payable to the Lessor is based on triple net basis and the Lessee will be responsible for all costs and expenses related to the operation, repair and maintenance, quit rent, assessments, taxes, utilities and insurance of the Subject Property.
	Void Allowance:	10 %  We have adopted 10% to reflect rental for voids, vacancy periods between rent reviews which include the rent free and fitting out periods.
	Capitalisation Rate:	8.00% adopted for the Subject Property.  We have benchmarked against existing yields of industrial premises (in the region of about 7.10% to 8.58%) after having taken into consideration of the location, size of the building, tenure, building condition, rental structure and lessor's obligations.

## Cost Approach

There is a dearth of recent recorded transactions of similar land transactions within the immediate locality. As such, we have resorted to use selected Comparable(s) in our analysis of computation for land value after making the necessary adjustments. We have identified and analyzed the selected land sales transactions and summarized the details in the table attached below and overleaf.

	Comparable 1	Comparable 2	Comparable 3
Legal Description	Lot 17322 held under Title No. PN 7791, Mukim 12, Daerah Barat Daya, Pulau Pinang.	Part of Plot 2 [Lot Nos. 1806 and 1807 (resurveyed as Lot No. 5841), held under Title Nos. PN 625 and PN 470 respectively], Mukim 12, Daerah Barat Daya, Pulau Pinang.	Lot 15926 held under Title No. PN 6754, Mukim 12, Daerah Barat Daya, Pulau Pinang.
Location	Located along Hilir Sungai Keluang 5, Bayan Lepas Industrial Park.	Located along Jalan Sultan Azlan Shah, Bayan Lepas Industrial Park.	Located along Lintang Bayan Lepas 10, Bayan Lepas Industrial Park.
Type of Property	A parcel of vacant industrial land.	A parcel of vacant industrial land.	A parcel of vacant industrial land.
Tenure	60-year leasehold interest expiring on 24 <sup>th</sup> June 2069.	Yet to be alienated at the date of transaction (subject to the forthcoming tenure of 60-years leasehold interest).	60-year leasehold interest expiring on 16 <sup>th</sup> May 2067.

## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



## 2.3 MARKET VALUE (CONT'D)

	Comparable 1 (cont'd)	Comparable 2 (cont'd)	Comparable 3 (cont'd)
Land Area	18,358.00 square metres (197,604 square feet).	6,589.50 square metres (70,929 square feet).	3,238.00 square metres (34,854 square feet).
Consideration	RM27,700,000.	RM9,930,025.	RM2,540,000.
Analysis	RM140.18 per square foot.	RM140.00 per square foot.	RM72.88 per square foot.
Date of Transaction	17 <sup>th</sup> July 2018.	23 <sup>rd</sup> January 2017.	14 <sup>th</sup> July 2011.
Vendor	"Perbadanan Pembangunan Pulau Pinang."	"Perbadanan Pembangunan Pulau Pinang."	Kowana Sdn Bhd.
Purchaser	CPI (Penang) Sdn Bhd.	Aemulus Corporation Sdn Bhd.	ADF Technologies Sdn Bhd.
Source	Press Release by "Kumpulan Perangsang Selangor Berhad."	Bursa Securities Malaysia Berhad.	"Jabatan Penilaian dan Perkhidmatan Harta (JPPH)."
Planning	Located within an area zoned for Industrial use.	Located within an area zoned for Industrial use.	Located within an area zoned for Industrial use.
Adjustments	General adjustments are made for tenure, lease renewal potential, corner allowance and size.	General adjustments are made for main road exposure, tenure, lease renewal potential and size.	General adjustments are made for prevailing market condition, tenure, lease renewal potential and size.
Adjustment Analysis	RM77.10 per square foot.	RM63.00 per square foot.	RM65.59 per square foot.

**Valuation Rationale**

From the adjusted values, we note that the values derived ranged from RM63.00 per square foot to RM77.10 per square foot.

In view of limited recorded transactions of similar land transactions in the immediate and surrounding localities, we have resorted to adopt the selected comparable(s) in our assessment by Comparison Approach; as it is not possible to identify exactly alike properties to make reference to, hence appropriate adjustments are made to reflect the differences of the comparable(s) and the property being valued. Although total adjustments (in excess of 55%) were considered and made in our assessment, we are of the view that the selected comparable(s) adopted are considered relevant by virtue of the fact that most of the selected Comparable(s) are considered to have relatively similar attributes (in terms of location, accessibility, shape, land area, tenure, terrain, and category of land use / limited use etc) as compared to the Subject Property. With total effective adjustments made for all Comparable(s); we have placed greater reliance on Comparable 1 after having considered and made diligent adjustments for various dissimilarities including but not limited to corner allowance, lease renewal potential, land area and tenure. Having considered all relevant factors, we are of the opinion that the base land value of the Subject Property should be RM77.00 per square foot + site improvement of about RM7.00 per square foot (allocation for site preparation + landscape + roads + infrastructure) within the site as far after having considered costing as derived from analysis of the other awarded contracts (typically ranging from RM5.00 per square foot to RM 8.00 per square foot).

## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



## 2.3 MARKET VALUE (CONT'D)

In assessing the depreciated building value of the property constructed thereon, we have made reference to the awarded contract sum as well as the industry average costing as derived from analysis of other awarded contracts of industrial development. We noted that the awarded contract sum of the Subject Property is analysed to about RM300 per square foot whilst the analysis of other awarded contract of industrial development without cleanroom facilities are ranging from RM120.00 per square foot to RM200.00 per square foot depending on the type, design, building specification and finishes of the respective buildings.

The average building costs of similar type of properties published by JUBM and Langdon Seah Construction Cost Handbook Malaysia 2018 for Penang State are as follow:-

- i) Single storey conventional factory of structural steelwork are ranging from RM119.00 per square foot to RM141.00 per square foot.
- ii) Owner operated factories, low rise are ranging from RM142.00 per square foot to RM174.00 per square foot.

We have verbally check with contractors on the cleanroom facilities costing and noted that the cost of a 100K class cleanroom ranges from RM300.00 per square foot to RM500.00 per square foot and for a 10K class cleanroom, it ranges from RM450.00 per square foot to RM600.00 per square foot depending of the type, design, size, ceiling height, specifications and finishes of the respective cleanroom.

In our assessment, we have adopted the building value for the main building ranging from RM130.00 per square foot to RM240.00 per square foot, cleanroom facilities ranging from RM340.00 per square foot to RM500.00 per square foot and ancillary buildings ranging from RM30.00 per square foot to RM80.00 per square foot depending on the type, design, building specifications and finishes of the respective buildings to be fair after having taken into consideration of analysis of other awarded contract cost of similar property, queries with the contractors and the average cost estimates extracted from JUBM and Langdon Seah Construction Cost Handbook Malaysia 2018.

We have adopted the depreciation rate of about 2% per annum based on the estimated building lifespan of about 50 – 60 years.



## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



## PRIVATE &amp; CONFIDENTIAL

## The Board of Directors

## Pacific Trustees Berhad (On behalf of Atrium Real Estate Investment Trust)

Unit A-11-8, 11th Floor, Megan Avenue 1  
No 189, Jalan Tun Razak  
Off Persiaran Hampshire  
50400 Kuala Lumpur

Date: 8<sup>th</sup> August 2019

Reference: V/PG/19/120(UD)/ma

Dear Sir / Madam,

**UPDATE VALUATION CERTIFICATE OF PLANT 2 – PLOT 401, LINTANG BAYAN LEPAS 8, KAWASAN PERINDUSTRIAN BAYAN LEPAS, 11900 BAYAN LEPAS, PULAU PINANG (“SUBJECT PROPERTY”)**

We were instructed by Pacific Trustees Berhad on behalf of Atrium Real Estate Investment Trust (hereinafter referred to as the Client) to provide an update valuation of the Subject Property (“Updated Valuation”) for the inclusion in the abridged prospectus to unitholders of Atrium Real Estate Investment Trust (“Atrium REIT”) in relation to the rights issue to be undertaken by Atrium REIT to part finance the proposed acquisition of the Subject Property by Pacific Trustees Berhad, acting on behalf of Atrium REIT from Lumileds Malaysia Sdn Bhd for a cash consideration of RM130,000,000.

A report and valuation of the Subject Property was previously prepared by us bearing Reference Nos. V/PG/18/183(B)/ma dated 25<sup>th</sup> February 2019 (“Valuation Report”) and the relevant date of valuation stipulated therein was 12<sup>th</sup> November 2018. For all intents and purposes, this Update Valuation Certificate should be read in conjunction with the formal Valuation Report. For the purposes of this Updated Valuation, we have re-inspected the Subject Property on 5<sup>th</sup> August 2019. The date of inspection has been taken as the material date of valuation.

We have prepared and provided this Update Valuation Certificate which outlines factors that have been considered in arriving at our opinion of Market Value and reflects all updated information known by us based on present market condition.

The Update Valuation Certificate was prepared in conformity with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards published by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia; and is in accordance with the general principles adopted and limiting conditions as enclosed at the end of our formal Valuation Report.

The basis of valuation adopted is the Market Value which is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

For the purpose of this Update Valuation Certificate, we have adopted the same valuation approaches as per our previous Valuation Report (i.e. Income Approach by Investment Method and Cost Approach); and we have adopted the Market Value as derived from the Income Approach by Investment Method as primary approach and supported by Cost Approach after taking into consideration that the Subject Property is income generating or investment property.

In this particular case the values derived at using the two methods stated above happens to be the same.

Knight Frank Malaysia Sdn Bhd (Co. No.585479-A)

Suite 3.02 Menara Boustead Penang 39 Jalan Sultan Ahmad Shah 10050 Penang Malaysia

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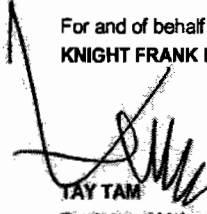
## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



Summary of the Subject Property is as attached below and overleaf.

Identification of Subject Property	Market Value	
	Valuation (12 <sup>th</sup> November 2018)	Update Valuation (5 <sup>th</sup> August 2019)
30-year lease interest (with unexpired term of about 21.52 years) of an industrial premises accommodating a double-storey factory building and other ancillary buildings held under Title No. PN 9036, Lot No. 70812, Mukim 12, Daerah Barat Daya, Pulau Pinang bearing postal address Plot 401, Lintang Bayan Lepas 8, Kawasan Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang.	RM120,000,000	RM120,000,000

For and of behalf of  
KNIGHT FRANK MALAYSIA SDN BHD

  
**JAY TAM**  
 Registered Valuer, V-219  
 FRISM, MRICS



Date: 8<sup>th</sup> August 2019

Notes:-

- i) Please note that this certificate shall only be valid provided always that a signature of our authorised signatory and an official seal have been affixed hereto.
- ii) The above valuation is peer reviewed by Knight Frank Malaysia Sdn Bhd (Head Office), Mr. Chong Teck Seng (Registered Valuer, V-331).

## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



1.0 UPDATE VALUATION : PLANT 2 – PLOT 401, LINTANG BAYAN LEPAS 8, KAWASAN PERINDUSTRIAN BAYAN LEPAS, 11900 BAYAN LEPAS, PULAU PINANG

## 1.1 IDENTIFICATION OF PROPERTY

<b>Address</b>	Plot 401, Lintang Bayan Lepas 8, Kawasan Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang.
<b>Type of Property</b>	An industrial premises accommodating a double-storey factory building and other ancillary buildings.
<b>Legal Description / Title Particulars</b>	Private searches conducted on 5 <sup>th</sup> August 2019 revealed that the title particulars and legal status of the Subject Property remains unchanged as per our previous Valuation Report; save for an endorsement relating to a private caveat has been lodged in favour of Pacific Trustees Berhad vide Presentation No. 0799B2019003031, registered on 25 <sup>th</sup> March 2019.
<b>Terms of Reference</b>	The terms of reference of the Subject Property remained unchanged as per our previous Valuation Report.

## 1.2 PROPERTY DESCRIPTION

<b>Property Description</b>	As at the date of inspection, the physical state of the Subject Property remained unchanged as per our previous Valuation Report.
<b>Gross Floor Area ("GFA") / Lettable Area ("LA") / Occupancy Status / Draft Sub-Lease Agreement</b>	There is no change in terms of GFA, LA, occupancy status and draft Sub-Lease Agreement since our last valuation.
<b>Market Condition</b>	<p>For first quarter 2019, Pulau Pinang recorded RM8.85 billion of total approved manufacturing investment which surpassed the state's RM5.78 billion achieved for the entire 2018. Pulau Pinang garnered 41 projects which contributed to the RM8.85 billion, representing 35% of Malaysia's total proposed capital investment and is expected to create about 10,000 new job opportunities. Foreign direct investments (FDIs) in manufacturing recorded at RM8.47 million improved 1,360% year-on-year and represents 42% of Malaysia's total FDI with two notable investments from the United States of America with Micron Technology Inc. and Jabil Circuit Sdn. Bhd. expanding their respective operations in Pulau Pinang.</p> <p>As of first quarter 2019 (preliminary) the total existing supply of industrial units in Pulau Pinang stood at 9,176 units, incoming supply of 288 units and planned supply of 314 units.</p> <p>With the higher demand and increasing interest of industrial space in Pulau Pinang as well as scarcity of industrial lands and limited new supply, demand for industrial space in Penang Island is expected to remain strong. This strong demand had also spilled over onto Seberang Perai. The major industrial parks on the Seberang Perai have been performing well.</p> <p>The proposed Penang South Reclamation Project is the next growth area to cater for demand for industrial space in Penang Island.</p> <p>The outlook for the industrial sector in Pulau Pinang is expected to be good.</p>

## VALUATION CERTIFICATES ON PROPERTY 2 (Cont'd)



## 1.3 MARKET VALUE

<b>Date of Inspection</b>	5 <sup>th</sup> August 2019.
<b>Date of Valuation</b>	5 <sup>th</sup> August 2019.
<b>Valuation Methodology</b>	Similar to our previous Valuation Report, we have adopted the <b>Income Approach by Investment Method</b> as primary approach and supported by <b>Cost Approach</b> in arriving at our opinion of the Market Value of the Subject Property.

<b>Reconciliation of Values</b>	Valuation Methodology	Derivation of Values
	Income Approach by Investment Method	RM120,000,000
	Cost Approach	RM120,000,000

**Market Value** RM120,000,000 (Ringgit Malaysia: One Hundred And Twenty Million Only).

**Income Approach by Investment Method** We have reassessed the Market Value of the Subject Property with the updated details and have adopted the same parameters as per our previous Valuation Report as there is no change in the draft Sub-Lease Arrangement entered between Pacific Trustees Berhad as trustee for Atrium REIT ("Lessee") and Lumileds Malaysia Sdn Bhd ("Sub-Lessee").

**Cost Approach** We have adopted the same comparable transactions of vacant industrial lands as per our previous Valuation Report as there was no new comparable transactions during the review period.

In assessing the depreciated building value of the property constructed thereon, we have made reference to the awarded contract sum as well as the industry average costing as derived from analysis of other awarded contracts of industrial development. We noted that the awarded contract sum of the Subject Property is analysed to about RM300 per square foot whilst the analysis of other awarded contract of industrial development without cleanroom facilities are ranging from RM120.00 per square foot to RM200.00 per square foot depending on the type, design, building specification and finishes of the respective buildings.

The average building costs of similar type of properties published by JUBM and Langdon Seah Construction Cost Handbook Malaysia 2019 for Penang State are as follow:-

- i) Single storey conventional factory of structural steelwork are ranging from RM119.00 per square foot to RM141.00 per square foot.
- ii) Owner operated factories, low rise are ranging from RM142.00 per square foot to RM174.00 per square foot.

We have verbally check with contractors on the cleanroom facilities costing and noted that the cost of a 100K class cleanroom ranges from RM300.00 per square foot to RM500.00 per square foot and for a 10K class cleanroom, it ranges from RM450.00 per square foot to RM600.00 per square foot depending of the type, design, size, ceiling height, specifications and finishes of the respective cleanroom.

In our assessment, we have adopted the building value for the main building ranging from RM130.00 per square foot to RM240.00 per square foot, cleanroom facilities ranging from RM340.00 per square foot to RM500.00 per square foot and ancillary buildings ranging from RM30.00 per square foot to RM80.00 per square foot depending on the type, design, building specifications and finishes of the respective buildings to be fair after having taken into consideration of analysis of other awarded contract cost of similar property, queries with the contractors and the average cost estimates extracted from JUBM and Langdon Seah Construction Cost Handbook Malaysia 2019.

We have adopted the depreciation rate same as per our previous Valuation Report.

**ADDITIONAL INFORMATION**

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**1. CONSENTS**

Our Principal Adviser, Company Secretary, Share Registrar, Solicitors for the Rights Issue, Independent Valuer and Bloomberg Finance LP have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names and all references thereto, in the form and context in which they appear in this Abridged Prospectus.

**2. DOCUMENTS AVAILABLE FOR INSPECTION**

The copies of the following documents are available for inspection at the registered office of the Manager at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:-

- (i) the undertaking letters from the Undertaking Unitholders as referred to in **Section 3** of this Abridged Prospectus;
- (ii) the letters of consent as set out in **Section 1** of this **Appendix III**;
- (iii) the Valuation Report by Knight Frank together with the Valuation Certificate as set out in **Appendix II** of this Abridged Prospectus;
- (iv) the material contracts as set out in **Section 5** of **Appendix I**; and
- (v) the relevant cause papers in respect of the material litigation as set out in **Section 6** of **Appendix I**.

**3. RESPONSIBILITY STATEMENT**

This Abridged Prospectus together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

UOBKH, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue.