



## **GENERAL ANNOUNCEMENT**

Date Announced : 04/11/2014  
Type : Announcement  
Subject : OTHERS  
Description : DISPOSAL OF PROPERTY KNOWN AS ATRIUM RAWANG BY ATRIUM REIT HELD UNDER GERAN 205542, LOT 19007, SECTION 20, BANDAR RAWANG, DISTRICT OF GOMBAK, STATE OF SELANGOR DARUL EHSAN COMPRISING A DOUBLE STOREY OFFICE AND FACTORY BUILDING TOGETHER WITH AN ENGINEERING BUILDING AND A GUARD HOUSE ERECTED THEREON ("PROPERTY") FOR A CASH CONSIDERATION OF RINGGIT MALAYSIA THIRTEEN MILLION AND FIVE HUNDRED THOUSAND (RM13.5 MILLION) ONLY ("SALE CONSIDERATION") TO CHIP LOONG SHARK'S FIN SEAFOOD SDN BHD (COMPANY NO: 485507-U) ("PURCHASER" OR "CLSFS") ("DISPOSAL OF PROPERTY")

The Board of Directors ("Board") of Atrium REIT Managers Sdn Bhd ("the Manager"), the Manager of Atrium REIT, wishes to announce that the Trustee of Atrium REIT, CIMB Commerce Trustee Berhad ("CCTB" or "Vendor"), has today, entered into a Sale and Purchase Agreement ("SPA") in respect of the Disposal of Property on behalf of Atrium REIT.

Further information on the Disposal of Property is disclosed in the attachment herein

**DISPOSAL OF PROPERTY KNOWN AS ATRIUM RAWANG BY ATRIUM REIT HELD UNDER GERAN 205542, LOT 19007, SECTION 20, BANDAR RAWANG, DISTRICT OF GOMBAK, STATE OF SELANGOR DARUL EHSAN COMPRISING A DOUBLE STOREY OFFICE AND FACTORY BUILDING TOGETHER WITH AN ENGINEERING BUILDING AND A GUARD HOUSE ERECTED THEREON ("PROPERTY") FOR A CASH CONSIDERATION OF RINGGIT MALAYSIA THIRTEEN MILLION AND FIVE HUNDRED THOUSAND (RM13.5 MILLION) ONLY ("SALE CONSIDERATION") TO CHIP LOONG SHARK'S FIN SEAFOOD SDN BHD (COMPANY NO: 485507-U) ("PURCHASER" OR "CLSFS") ("DISPOSAL OF PROPERTY")**

## **INTRODUCTION**

The Board of Directors ("Board") of Atrium REIT Managers Sdn Bhd ("the Manager"), the Manager of Atrium REIT, wishes to announce that the Trustee of Atrium REIT, CIMB Commerce Trustee Berhad ("CCTB" or "Vendor"), has today, entered into a Sale and Purchase Agreement ("SPA") in respect of the Disposal of Property on behalf of Atrium REIT.

### **1. DETAILS OF THE DISPOSAL OF PROPERTY**

#### **1.1 Information on the Purchaser**

The Purchaser is a private limited company incorporated in Malaysia registered under the Companies Act, 1965 on 9 June 1999 and having its place of business at 10, Jalan 5/37A, SPK Industrial Estate, Taman Bukit Maluri, Kepong, 52100 Kuala Lumpur. CLSFS's principal activity is retailing in all kinds of seafood products.

CLSFS has an authorised share capital of Ringgit Malaysia Five Hundred Thousand (RM500,000) comprising 500,000 ordinary shares of RM1.00 each of which 500,000 ordinary shares have been issued and credited as fully paid-up.

## 1.2 Description of the Property

The details of the Property are as follows:-

Property type	:	Double storey office and factory building together with an engineering building and a guard house
Postal address	:	Lot No. 23, Rawang Integrated Industrial Park Jalan Batu Arang, 48000 Rawang, Selangor Darul Ehsan
Year of completion / Age	:	2001 / 13 years old
Tenure	:	Freehold
Land area	:	Approximately 87,112 sq. ft
Net lettable area	:	Approximately 35,236 sq. ft
Date of Acquisition	:	2 April 2007
Cost of Acquisition	:	RM10.0 million
Category of land use	:	Industrial
Existing Use	:	Tenanted by Unilever Foods (Malaysia) Sdn. Bhd
Latest valuation	:	RM8.9 million by First Pacific Valuers Property Consultants as at 7 October 2014
Encumbrances	:	1 <sup>st</sup> legal charge over the property for RM45 million Short Term Revolving Credit facilities from Malayan Banking Bhd ("the Bank")
Net Book Value based on the latest Audited Financial Statements	:	RM8.6 million as at 31 December 2013.

### **1.3 Basis and justification of arriving at the Sale Consideration**

The Sale Consideration for the Property is derived on a “willing buyer-willing seller” on an “as is where is” basis after taking into account the prevailing market values of industrial buildings in the Rawang Integrated Industrial Park and the market value of the Property of RM8,900,000 (Ringgit Malaysia Eight Million and Nine Hundred Thousand) only as appraised by First Pacific Valuers Property Consultants, an independent firm of registered valuers in its Valuation Report dated 7 October 2014. The valuation is derived using a combination of comparison method/cost approach and investment methods of valuation.

### **1.4 Liabilities to be assumed by the Purchaser**

The Purchaser will not assume any liabilities pursuant to the Disposal of Property, save and except for liabilities arising from the said Tenancy, if any, novated and assigned by the Vendor to the Purchaser after completion of the SPA.

### **1.5 Salient terms of the SPA**

The salient terms and conditions of the SPA in relation to the Disposal of Property include, amongst others, the following:-

- (a) The Purchaser agrees to purchase the Property on an “as is where is” basis free from encumbrances with legal possession at the Sale Consideration.
- (b) The Sale Consideration shall be paid by the Purchaser in the manner set out below:-
  - (i) 2% of Sale Consideration as earnest deposit has been paid to Atrium REIT upon acceptance of Letter of Intent to Purchase (“LOI”);
  - (ii) 8% of Sale Consideration shall be payable to Atrium REIT upon signing of the SPA.
  - (iii) Balance 90% of the Sale Consideration shall be payable to Atrium REIT within 3 months from the date of the SPA (“Completion Date”). An automatic extension of 1 month

from expiry of Completion Date shall be granted to the Purchaser subject to a late payment interest of 8% p.a.

- (c) The Disposal of Property is subject to the tenancy agreement entered into between the Vendor and Unilever Foods (Malaysia) Sdn Bhd dated 30 November 2011 and the Tenancy Renewal Letter dated 9 May 2014 (collectively referred to as "said Tenancy") and novation and assignment of all the rights and obligations of the Vendor under the said Tenancy to the Purchaser.

## **2. RATIONALE FOR THE DISPOSAL OF PROPERTY**

The Manager believed that it is the right time to undertake the Disposal of Property as its optimal potential has been achieved after taking into consideration the current as well as future market conditions.

The Sale Consideration is considered a good price as it will give a gross gain of RM3.5 million over the acquisition cost, which may be partly distributed to the unitholders of Atrium REIT after deducting the incidental costs and Real Property Gains Tax on the Disposal of Property. This would improve the investment yield to the unitholders of Atrium REIT and also enhances the attractiveness of Atrium REIT to the investing public.

The balance undistributed disposal proceeds may be invested in yield accretive property(s) or property(s) that gives comparable yield to the current yield over the medium to long term period.

## **3. EFFECTS OF THE DISPOSAL OF PROPERTY**

### **3.1 Unit Capital and Substantial Unitholders' Unitholding**

The Disposal of Property will not have any effect on the unit capital and substantial unitholders' unitholding of Atrium REIT.

### **3.2 Net Assets Value ("NAV")**

The Disposal of Property is expected to have only marginal impact and changes to the unaudited NAV of Atrium REIT as at the Completion Date arising from the profit on the Disposal of Property.

### **3.3 Earnings**

The profit from the Disposal of Property is expected to contribute positively to the earnings of the fund for the financial year in which the Disposal of Property is completed.

### **3.4 Gearing**

The Disposal of Property is expected to reduce the gearing ratio slightly as a result of the partial repayment of the STRC facilities in order to redeem the Property from the Bank.

### **3.5 Proposed Utilisation of Proceeds**

The Manager intends to distribute part of the net gains on the Disposal of Property as additional income distribution and also to repay part of the

## **4. APPROVALS REQUIRED FOR THE DISPOSAL OF PROPERTY**

- a) The Disposal of Property does not require the approval of unitholders of Atrium REIT pursuant to the Securities Commission's Guidelines on Real Estate Investment Trusts; and
- b) The approval of CCTB, the Trustee of Atrium REIT in accordance with the provisions of the Trust Deed constituting Atrium REIT dated 20 November 2006 and amended by the Supplementary Deed dated 25 November 2008, was obtained vide their letter dated 8 August 2014.

## **5. INTEREST OF DIRECTORS AND/OR MAJOR UNITHOLDERS AND/OR PERSONS CONNECTED WITH ATRIUM REIT**

None of the Directors of the Manager and/or substantial unitholders of Atrium REIT and/or persons connected with them, has any interest, direct or indirect, in the Disposal of Property.

## **6. ESTIMATED TIME-FRAME FOR THE COMPLETION OF THE DISPOSAL OF PROPERTY**

Barring any unforeseen circumstances, the Disposal of Property is expected to be completed by February 2015.

## **7. STATEMENT BY DIRECTORS**

The Board of Directors of the Manager, after careful deliberations on the Disposal of Property, is of the opinion that the terms of the Disposal of Property are fair and reasonable and that the Disposal of Property is in the best interests of Atrium REIT.

## **8. DOCUMENTS FOR INSPECTION**

The following documents are available for inspection at the Registered Office of the Manager at Level 18, The Gardens North Tower, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal office hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

- (i) The SPA; and
- (ii) The Valuation Report on the Property prepared by First Pacific Valuers Property Consultants dated 7 October 2014.