

General Announcement

Date Announced	: 08/01/2016
Type	: Announcement
Subject	: PROPOSED ASSET ENHANCEMENT INITIATIVES AT ATRIUM SHAH ALAM 2
Contents	: <u>INTRODUCTION</u>

The Board of Directors of Atrium REIT Managers Sdn Bhd (Company No. : 710526-V), the Manager of Atrium Real Estate Investment Trust ("Atrium REIT") wishes to announce that Atrium REIT has proposed to undertake an Asset Enhancement Initiative ("AEI") on the property located at Lot 7A, Persiaran Jubli Perak, Seksyen 22, 40300 Shah Alam, Selangor Darul Ehsan, known as Atrium Shah Alam 2 ("the Property").

The AEI mainly involves the upgrading and refurbishment of the whole warehouse floor slab, the whole warehouse roof, replacement of the lighting system for the whole warehouse, replacement of the rain water goods, external wall and facade repainting and sheet piling works at the rear boundary of the property. The sheet piling works are necessary to prevent the soil/earth beneath the warehouse floor slab to be drawn out gradually causing the said floor slab to undulate and the rear driveway to settle. The total contract sum for the AEI is approximately RM15.4 million, excluding Goods and Services Tax.

The AEI is targeted to commence in January 2016 and to be completed by October 2016 in phases. The cost of the AEI will be financed via bank borrowings and internal funds.

1. FINANCIAL IMPACT OF THE AEI

The earnings of Atrium REIT are expected to be affected during the period of the AEI. Upon completion of the AEI, the Property is expected to contribute positively to the earnings of Atrium REIT and also enhances the commercial value of the Property. The major AEI cost will be capitalised as part of the cost of the Property.

2. GEARING

As the cost of refurbishment will be partly financed via bank borrowings, the AEI is expected to increase Atrium REIT's bank borrowings from RM59.6million to RM72.4million and the gearing

ratio will increase from 25.06% to 30.45% based on the total assets as at 30 September 2015 which is still below the gearing limit of 50% prescribed under the Guideline on Real Estate Investment Trust issued by the Securities Commission Malaysia.

3. DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTERESTS

None of the directors, major shareholders and/or persons connected to them has any interest, direct or indirect, in the AEI.

This announcement is dated 8 January 2016.