

GENERAL ANNOUNCEMENT

Date Announced	: 01/11/2018
Type	: Announcement
Subject	: TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS ATRIUM REAL ESTATE INVESTMENT TRUST ("ATRIUM REIT") (I) PROPOSED ACQUISITION 1; AND (II) PROPOSED ACQUISITION 2
Description	: ATRIUM REAL ESTATE INVESTMENT TRUST ("ATRIUM REIT") (I) PROPOSED ACQUISITION 1; AND (II) PROPOSED ACQUISITION 2
Contents	: On behalf of the Board of Directors of Atrium REIT Managers Sdn Bhd ("Manager"), UOB Kay Hian Securities (M) Sdn Bhd ("UOBKH") wishes to announce that Pacific Trustees Berhad, the trustee for Atrium REIT ("Trustee" or "Purchaser"), had, on 1 November 2018, accepted the letter of offer by Lumileds Malaysia Sdn Bhd ("Lumileds" or "Vendor") dated 11 October 2018 for the following ("Letter of Acceptance"):-

Proposed acquisition and leaseback of a piece of leasehold land known as Lot No. 2027 and Plot No. 203, 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 1") from the Vendor for a cash consideration of RM50.0 million ("Purchase Consideration 1") ("Proposed Acquisition 1"); and

Proposed acquisition of a lease and leaseback in respect of a piece of leasehold land known as Lot No. 70812, Mukim 12, Daerah Barat Daya, Pulau Pinang held under Pajakan Negeri 9036 ("Lease") together with the factory and all buildings erected thereon ("Property 2") from the Vendor for a cash consideration of RM130.0 million ("Purchase Consideration 2") ("Proposed Acquisition 2").

The Proposed Acquisition 1 and Proposed Acquisition 2 are collectively referred to as the "Proposed Acquisitions".

Further details on the Proposed Acquisitions are set out in the attachment below.

This announcement is dated 1 November 2018.

ATRIUM REAL ESTATE INVESTMENT TRUST (“ATRIUM REIT”)

- (I) PROPOSED ACQUISITION AND LEASEBACK OF A PIECE OF LEASEHOLD LAND KNOWN AS LOT NO. 2027 AND PLOT NO. 203, 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 FROM LUMILEDS MALAYSIA SDN BHD (“VENDOR”) FOR A CASH CONSIDERATION OF RM50.0 MILLION (“PROPOSED ACQUISITION 1”); AND
 - (II) PROPOSED ACQUISITION OF LEASE AND SUB-LEASE OF A PIECE OF LEASEHOLD LAND KNOWN AS LOT NO. 70812, MUKIM 12, DAERAH BARAT DAYA, PULAU PINANG HELD UNDER PAJAKAN NEGERI 9036 TOGETHER WITH THE FACTORY AND ALL BUILDINGS ERECTED THEREON FROM THE VENDOR FOR A CASH CONSIDERATION OF RM130.0 MILLION (“PROPOSED ACQUISITION 2”)
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1. INTRODUCTION

On behalf of the Board of Directors of Atrium REIT Managers Sdn Bhd (“**Manager**”), UOB Kay Hian Securities (M) Sdn Bhd (“**UOBKH**”) wishes to announce that Pacific Trustees Berhad, the trustee for Atrium REIT (“**Trustee**” or “**Purchaser**”), had, on 1 November 2018, accepted the letter of offer by Lumileds Malaysia Sdn Bhd (“**Lumileds**” or “**Vendor**”) dated 11 October 2018 for the following (“**Letter of Acceptance**”):-

- (i) Proposed acquisition and leaseback of a piece of leasehold land known as Lot No. 2027 and Plot No. 203, 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 1**”) from the Vendor for a cash consideration of RM50.0 million (“**Purchase Consideration 1**”) (“**Proposed Acquisition 1**”); and
- (ii) Proposed acquisition of lease (“**Lease**”) and sub-lease of a piece of leasehold land known as Lot No. 70812, Mukim 12, Daerah Barat Daya, Pulau Pinang held under Pajakan Negeri 9036 together with the factory and all buildings erected thereon (“**Property 2**”) from the Vendor for a cash consideration of RM130.0 million (“**Purchase Consideration 2**”) (“**Proposed Acquisition 2**”).

The Letter of Acceptance is subject to the conditions precedent as specified in **Section 2.2.2** below. The sale and purchase agreements (“**SPA(s)**”) and lease/sub-lease agreement in respect of Property 1 and Property 2 (“**Leaseback Agreements**”) will be executed between the parties within 30 days from the date of the Letter of Acceptance or within such other period, as shall be mutually agreed between the parties.

Proposed Acquisition 1 and Proposed Acquisition 2 shall hereinafter be collectively referred to as the “**Proposed Acquisitions**”. Purchase Consideration 1 and Purchase Consideration 2 shall hereinafter be collectively referred to as the “**Purchase Considerations**”. SPAs and Leaseback Agreements shall hereinafter be collectively referred to as the “**Agreements**”.

Further details of the Proposed Acquisitions will be disclosed and announced upon the execution of the Agreements.

2. DETAILS OF THE PROPOSED ACQUISITIONS

2.1 Summary information on Property 1 and Property 2 (“Properties”)

Summary details of the Properties are set out as follows:-

Details	Property 1	Property 2
Postal address	Lebuh Kampung Jawa Bayan Lepas FIZ Phase 3 11900, Pulau Pinang	No. 3, Lintang Bayan Lepas 8 Kawasan Perindustrian Bayan Lepas Fasa 4, Mukim 12 11900, Pulau Pinang
Land title	Lot No. 2027 and Plot No. 203, Mukim 12, Daerah Barat Daya, Pulau Pinang held under Pajakan Negeri 2850 and H.S.(D) 14852	Lot No. 70812, Mukim 12, Daerah Barat Daya, Pulau Pinang held under Pajakan Negeri 9036
Tenure	Lot No. 2027 : 60 years leasehold (expiring in 2036) Plot No. 203: 60-year leasehold land (expiring in 2042)	60-year leasehold land (expiring in 2072)
Registered owner	Vendor	Penang Development Corporation (“PDC”)
Description/ existing usage	Industrial/ Manufacturing	Industrial/ Manufacturing
Land area	Lot No. 2027 : 4.00 acres (174,353 square feet), Plot No. 203 : 3.62 acres (157,861 square feet)	11.82 acres (514,730 square feet)
Restrictions-in- interest	Transfers of Property 1 is subject to the consent of the state authority	Transfer of Property 2 is subject to the consent of the state authority
Land Lease arrangement	-	Vendor signed a lease arrangement with PDC dated 11 February 2011 to lease Property 2 for a period of 30 years, expiring on 10 February 2041
Tenant	Vendor	Vendor

2.2 Salient terms of the Letter of Acceptance

2.2.1 Payment of earnest deposit

Upon execution of the Letter of Acceptance, the Purchaser has paid RM3.6 million to the Vendor’s solicitors as stakeholders, being the earnest deposit for the Proposed Acquisitions (representing 2% of the Purchase Considerations) (“**Earnest Deposit**”).

2.2.2 Salient terms of the Letter of Acceptance

- (a) Upon execution of the Agreements, the Purchaser is required to pay 8% of the Purchase Consideration amounting to RM14.4 million to the Vendor ("**Balance Deposit**").
- (b) The Earnest Deposit and Balance Deposit (collectively referred to as "**Deposit**") shall be fully refunded to Atrium REIT, free of interest, in the event the Manager and/or the Trustee, is unable to obtain the following:-
 - (i) the approval of the unitholders at a unitholders' meeting in respect of the Proposed Acquisitions ("**Unitholders' Consent**");
 - (ii) the consent/waiver from Securities Commission Malaysia ("**SC**") in relation to Proposed Acquisition 2; or
 - (iii) the consent of PDC and state authority ("**Authority**"), which is necessary for the Proposed Acquisitions.
- (c) The refund of the Deposit, free of interest, is subject to the following:-
 - (i) in the event that the Authority's consent and all other conditions precedent to be stipulated in the Agreements which is necessary for the Proposed Acquisitions ("**Conditions Precedent**") cannot be fulfilled within the conditional period which is 3 months from the date of the Agreements ("**Conditional Period**"), and provided always 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 ("**Extended Conditional Period**").
 - (ii) If:-
 - (a) any approval of the relevant authority for the sale and transfer is refused; or
 - (b) any Conditions Precedent is not fulfilled within the Extended Conditional Period not at the fault of either party; or
 - (c) any condition imposed by the relevant authority is not acceptable by the Vendor; or
 - (d) any condition imposed by the relevant authority which in the absolute discretion of the Vendor is not customarily imposed by PDC and/or Authority and are not commercially viable to be fulfilled by the Purchaser; or
 - (e) the relevant authority refuses to modify and/or withdraw an unacceptable condition contained in any approval despite the request by the Vendor on behalf of the party affected; or
 - (f) an appeal is rejected by the relevant authority or not completed within the Conditional Period or the Extended Conditional Period, as the case may be;

then the Deposit shall be fully refunded.

- (d) The Vendor shall refund the Deposit to the Purchaser free of interest within 14 days of the notification of the non-fulfilment of the Unitholders' Consent or any of the Conditions Precedent.
- (e) Upon refund of the Deposit, the Letter of Acceptance and the Agreements shall be terminated and rendered null and void. Following thereto, neither party shall have any claims whatsoever against the other or in respect of the Letter of Acceptance and the Agreements.

3. SOURCE OF FUNDING

The Proposed Acquisitions are expected to be funded through a combination of bank borrowings and proceeds raised from fund raising exercises to be undertaken by Atrium REIT, the proportion of which will be determined at a later date. Further details on the sources of funding will be announced in due course pursuant to the execution of the Agreements.

4. RATIONALE

The Manager believes that the Proposed Acquisitions represent a good opportunity for Atrium REIT to expand its existing portfolio of investment properties. Pursuant to the Proposed Acquisitions, the Properties will provide Atrium REIT with a stable and sustainable income stream for a committed lease period of 15 years augmented by a rental escalation every year. The Proposed Acquisitions are expected to be earning per unit and distribution per unit accretive.

Further, details of the Properties and Leaseback Agreements will be disclosed in the announcement to be released upon signing of the Agreements.

5. DETAILS OF THE VENDOR

Lumileds was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 25 November 1999. Lumileds is a wholly-owned subsidiary of Lumileds International B.V.

Lumileds is principally involved in the manufacturing and sale of light emitting diodes (LED) based lighting products.

6. APPROVALS REQUIRED

The Proposed Acquisitions are subject to the parties entering into the Agreements and are conditional upon, amongst others, the following:-

- (i) the approval of the unitholders of Atrium REIT at an extraordinary general meeting to be convened; and
- (ii) all such other consents and regulatory and/or governmental approvals required to be obtained by the Purchaser in order to effect the completion of the Proposed Acquisitions.

7. PERCENTAGE RATIO

Based on Atrium REIT's audited financial statements for the financial year ended 31 December 2017 and pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the highest percentage ratio applicable to the Proposed Acquisitions is 64.41% of the Total Asset Value as at 31 December 2017.

8. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS OF THE MANAGER, MAJOR UNITHOLDERS OF ATRIUM REIT AND/OR PERSONS CONNECTED TO THEM

None of the Directors the Manager, major shareholders of the Manager, major unitholders and persons connected to them have any interest, whether direct or indirect, in the Proposed Acquisitions.

9. ADVISER

UOBKH has been appointed as the Adviser for the Proposed Acquisitions.

10. DOCUMENTS AVAILABLE FOR INSPECTION

The Letter of Acceptance is 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 Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 1 November 2018.