

AME Elite and AME REIT announce RM119.5 million industrial properties transaction in Iskandar Malaysia

- *AME REIT's pro forma total asset value to reach RM828.8 million post-acquisition of four fully-leased industrial properties in sponsor's industrial parks in Iskandar Malaysia*
- *Divestment of mature assets unlocks capital for AME Elite's growth plans*

Johor Bahru, Malaysia, 24 July 2024 - AME Elite Consortium Berhad (“AME Elite”, 腾宇集团, Bloomberg: AME MK) and I REIT Managers Sdn Bhd, the management company of AME Real Estate Investment Trust (“AME REIT”, “AME产托”, Bloomberg: AMEREIT MK), jointly announced the proposed transaction of four fully-leased industrial properties in Iskandar Malaysia worth RM119.5 million; AME REIT will acquire these properties from its sponsor AME Elite for cash considerations.

The four properties – two located in i-TechValley and two in i-Park@Senai Airport City – have a combined agreed lettable area (“ALA”) of 391,872 square feet (sq. ft.). The properties consist of single-story detached factories with mezzanine offices and ancillary buildings, currently leased to reputable tenants.

“Malaysia’s improving economy and increasing foreign direct investment (“FDI”) in the industrial sector, particularly in Iskandar Malaysia where our industrial parks are strategically located, present significant advantages and growth opportunities.

Our strategic partnership with AME REIT, which includes its right of first refusal for AME Elite-owned properties for five years after AME REIT’s listing in 2022, allows us to capitalise on the favourable market potential created by higher FDI.

Furthermore, divesting properties to AME REIT enables us to optimise our capital allocation towards further expansion of our industrial parks, while our tenants benefit from the expertise of a dedicated industrial REIT team in managing their long-term needs. This mutually beneficial arrangement ensures a steady pipeline of potential assets for AME REIT and aligns our interests for mutual growth.”

*Mr. Dylan Tan Teck Eng (陈帝荣),
Executive Director and Group Chief Executive Officer, AME Elite Consortium Berhad*

The proceeds from AME Elite’s divestment will partially fund the ongoing development of its i-TechValley project in SILC, a 169.8-acre industrial park with an estimated gross development value (GDV) of RM1.5 billion. Remaining proceeds will also be allocated towards future industrial property development and investment projects, including land acquisitions and joint ventures.

The transaction is expected to generate a pro forma gain on disposal of approximately RM22.9 million for AME Elite, net of tax and minority interest, resulting in an illustrative 24.1% increase in earnings per share to 18.08 sen from 14.57 sen for the financial year ended 31 March 2024.

“The acquisitions of industrial properties from our sponsor underscores our continued efforts to expand our portfolio and reward our unitholders with growth in income distribution.

The exercise will further strengthen our position as a prominent industrial-focused REIT, with an expanded portfolio of 41 industrial and industrial-related properties. This acquisition drive, our second since listing, will enhance our financial performance in FY2025 and beyond.

In addition to purchasing properties from our sponsor, our acquisition strategy also encompasses identifying compatible third-party assets in the central and northern regions of Peninsular Malaysia.”

***Mr. Chan Wai Leo (陈威来),
Chief Executive Officer and Executive Director, I REIT Managers Sdn Bhd***

The acquisitions will increase AME REIT’s pro forma total asset value by 16.7% to RM828.8 million from RM710.2 million as at 31 March 2024, and its ALA by 20.9% to 2.3 million sq. ft. from 1.9 million sq. ft. If the proposed acquisitions are fully financed via Islamic financing facilities, AME REIT’s pro forma gearing ratio is estimated to increase to 27.0%.

All properties are fully leased to reputable tenants, namely Ametalin Sdn Bhd, AAC Technologies (Malaysia) Sdn Bhd, Resmed Malaysia Operations Sdn Bhd, and a healthcare-related manufacturer, with long-term leases ranging from 5 to 10 years, with renewal options. The diverse tenant mix of the acquired properties further enhances the stability and resilience of AME REIT’s portfolio, ensuring a steady income flow and potential for increased distributions to unitholders.

The transaction is structured as a sale and purchase agreement between RHB Trustees Berhad, the trustee of AME REIT, and subsidiaries of AME Elite, with the purchase consideration settled entirely in cash. The transaction is expected to be completed in phases between the first and third quarters of 2025.

The acquisitions are subject to approvals from non-interested unitholders of AME REIT and non-interested shareholders of AME Elite at their respective Extraordinary General Meetings, as well as relevant regulatory bodies. The transaction is expected to contribute positively to earnings of AME REIT and AME Elite in the financial year ending 31 March 2025 (“FY2025”) and beyond.

The latest transaction marks AME REIT’s second acquisition from AME Elite, following its initial post-listing purchase of three industrial properties in Iskandar Malaysia from AME Elite for RM69.3 million in October 2023.

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About AME REIT

AME REIT is an industrial REIT with the principal investment policy of investing, directly and indirectly, in a Shariah-compliant portfolio of income producing real estate used primarily for industrial and industrial-related purposes in Malaysia and overseas. The objective of AME REIT is to provide unitholders with a stable and growing distribution of income and to achieve long-term growth in its net asset value. AME REIT's portfolio currently consists of 37 industrial and industrial-related assets across Iskandar Malaysia.

I REIT Managers Sdn Bhd is the management company. RHB Trustees Berhad is the trustee of AME REIT.

About AME Elite Consortium Berhad

Established since 1995, AME is an integrated and comprehensive industrial space solutions provider: encompassing the development of gated and guarded industrial parks, the design and construction of large manufacturing plants, the sale and lease of industrial factory units, as well as rental and management of workers' dormitories.

AME possesses in-house construction and engineering expertise, including mechanical and electrical (M&E) engineering, steel structure fabrication, and solar energy solutions.

AME has completed i-Park@SiLC, i-Park@Indahpura (Phase 1 and 2) and District 6 in Johor and is currently constructing i-Park@Senai Airport City and i-TechValley in Johor.

AME received multiple awards including World Gold Winner in Industrial Category (i-Park@Senai Airport City - Phase 1 & 2) at the FIABCI World Prix excellence Awards, Malaysia Property Award™ 2022 - Industrial Category (i-Park@Senai Airport City) by FIABCI-Malaysia, World Silver Winner in Industrial Category (i-Park@Indahpura) at the 2019 FIABCI World Prix d'Excellence Award, Malaysia Property Award™ 2018 (Industrial Category) by FIABCI-Malaysia, Malaysia's Responsible Developer: Building Sustainable Development Award 2018 by Edge Property and The Iskandar Malaysia Accolades (TIMA) 2016/17: Platinum Winner for "Most Conducive Workplace" (i-Park@Indahpura).

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