

1H 2021 Financial Results Presentation



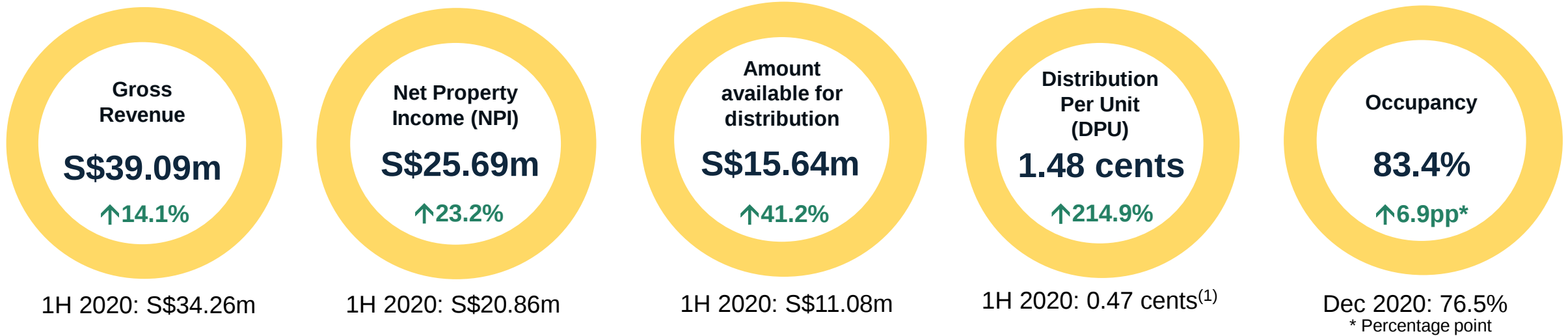
Agenda

- 01** Key Updates and Highlights
- 02** Financial Performance
- 03** Capital Management
- 04** Portfolio Performance
- 05** Market Outlook & Strategy

The background of the slide is a photograph of a modern, multi-story office building with a grey facade and large windows. The building is partially obscured by a dark green semi-transparent overlay on the left side, which contains the title text. Lush green trees are visible in the foreground at the bottom of the frame.

01 Key Updates and Highlights

1H 2021 IMPROVED PERFORMANCE: DELIVERING ON REFRESHED STRATEGY



Robust Financial Results

- Gross revenue increased 14.1% y-o-y to S\$39.09m in 1H 2021
- Net property income (“NPI”) improved by 23.2% y-o-y to S\$25.69m on higher occupancy
- 1H 2021 amount available for distribution rose 41.2% y-o-y to S\$15.64m
- Distribution per unit (“DPU”) of 1.48 cents compared to 0.47 cents ⁽¹⁾ a year ago

Improved Portfolio Performance

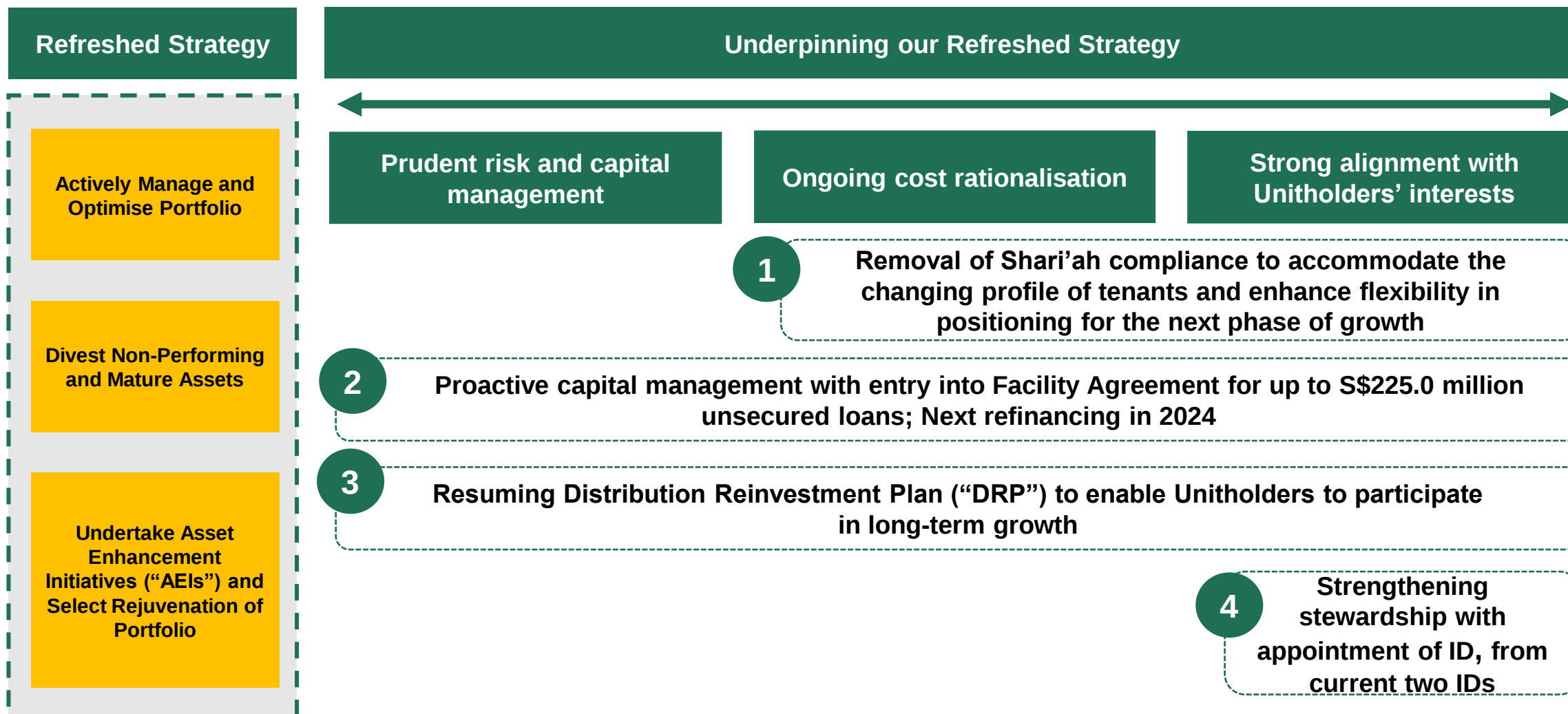
- Occupancy improved to 83.4% in 1H 2021 compared to 76.5% in Dec 2020
- Weighted average lease expiry of 2.8 years
- Executed 57 new and renewal leases, totalling more than > 750,000 sq ft
- 75.8% of leases expiring in 2021 has been renewed or replaced by new leases
- Portfolio value rose to S\$862.2m as at 30 June 2021 compared to S\$840.1m as at 31 Dec 2020
- Rental reversion was a positive 11.8%

Prudent Capital Management

- Average all-in financing cost at 3.4%
- Profit coverage at 4.8 times
- Aggregate leverage at 34.9%
- Entered into new Facility Agreement for unsecured loans of up to S\$225.0 million to refinance majority of secured loans ahead of expiry
- Next refinancing in 2024

(1) Approximately S\$6.1 million (DPU: 0.58 cents) was withheld from 1H 2020

STRATEGY UPDATE: PROGRESSING ON NEXT PHASE OF GROWTH



REMOVAL OF SHARI'AH COMPLIANCE REQUIREMENT

1

Removal of Shari'ah compliance requirement to accommodate the changing profile of tenants and enhance flexibility in positioning for the next phase of growth*

Why now?

- Decision taken based on feedback from Unitholders, feasibility studies and strategic analysis of growth opportunities

What are the changes?

- Investment Mandate:** Removal⁽¹⁾ of requirement that the investments comply with Shari'ah principles
- REIT's Name:** To rename as Sabana Industrial Real Estate Investment Trust
- When?** Effective date of change is intended on or around 21 October 2021
- Having said this, we are exploring options to remain a viable investment for Shari'ah investors and to potentially remain on relevant indices



Enhanced balance sheet resilience

- Access to more diversified funding sources and provide further resilience for balance sheet and financial flexibility
- Better position Sabana REIT to drive value-accretive acquisitions and organic growth for Unitholders



Diversification of investor base

- Decrease in percentage of unitholdings by Shari'ah investors from approx. 12.3% as at 31 Dec 2011 to approx. 2.0% as at 31 Mar 2021, based on information available to Manager
- More flexibility in our investments beyond Shari'ah compliant industrial properties so that we can appeal to a wider pool of investors



Greater flexibility in capturing growth opportunities and delivering on Refreshed Strategy

- Facilitate execution of our Refreshed Strategy through exposure to a larger pool of diversified and potentially higher-rental paying tenants for Sabana REIT's properties
- NTP+ has and is expected to continue attracting a new, diverse tenant mix including from F&B and retail sectors



Potential cost savings in the long-run

- Shari'ah-related compliance costs will no longer be incurred

(1) In accordance to relevant clauses under the Trust Deed and subject to compliance with the Listing Manual

*Unitholders with any queries on the removal of Shari'ah compliance may email us at Enquiry_Shariah@sabana.com.sg

2 Entered into Facility Agreement for up to S\$225.0 million in unsecured loans

What?

- Entered into a Facility Agreement with UOB for up to S\$225.0 million on an **unsecured basis**
- Facility comprises the following unsecured loans:
 - Three-year term loan facility of up to S\$100.0 million
 - Four-year term loan facility of up to S\$75.0 million
 - Three-year revolving credit facility of up to S\$25.0 million
 - Four-year revolving credit facility of up to S\$25.0 million

Why this is significant?

- Refinances majority of existing secured indebtedness and for general corporate and working capital needs
- Expected to lengthen the weighted average debt expiry (“**WADE**”) with majority of the borrowings turning unencumbered
- Next refinancing in 2024

BUILDING CAPITAL RESERVES

3

Resuming DRP to enable Unitholders to participate in long-term growth

What is the DRP ⁽¹⁾?

- Applies to the Distribution as declared for 1H 2021
- Unitholders can elect to receive their Distribution in the form of Units or cash or both:
 1. Cash distribution on existing Units held
 2. Allotment of Units credited as fully paid in lieu of the cash amount
 3. Allotment of Units credited as fully paid in lieu of part of the cash amount of the distribution entitlement + remaining distribution entitlement in cash

Why is DRP being re-introduced?

- This will strengthen Sabana REIT's working capital reserves, conserve cash from operations, financial flexibility (with more cash retained)

Timeline

22 Jul 2021	Announcement of implementation of DRP
30 Jul 2021	Announcement of DRP issue price
27 Aug 2021	Closing Date for submission by 5pm
20 Sep 2021	Payment of cash distribution / Issuance of new units

What does the DRP offer Unitholders?

Opportunity for Unitholders to increase unitholdings and participate in Sabana REIT's growth at a discount to the weighted average traded price per Unit ("VWAP") without brokerage or other transaction costs and stamp duty

4

Appointment of Independent Director

- Effective 2 June 2021, Mr Chan Wai Kheong appointed as Independent Non-Executive Director
- Member of the Audit and Risk Committee, and the Nominating and Remuneration Committee
- The Board believes he possesses the right skillsets and experience, from his extensive capital markets and investment experience of over 35 years

KEY PROPERTY HIGHLIGHTS

Improved portfolio occupancy from continued focus on Refreshed Strategy

- Portfolio occupancy improved to 83.4%; Excluding 1 Tuas Avenue 4 (“**1TA4**”) which is held for divestment, occupancy would have been 86.4%
- Weighted average lease term to expiry of 2.8 years
- Executed 57 new and renewal leases, totalling more than 750,000 sq ft
- 75.8% of leases expiring in 2021 has been renewed or replaced by new leases
- Portfolio value improved to S\$862.2m as at 30 June 2021 from S\$840.1m as at 31 Dec 2020
- Rental reversion was a positive 11.8%

Proactive Rejuvenations/ AEIs/Lease Management across portfolio

Asset Rejuvenations to attract tenants, including those from expansionary sectors

- 151 Lorong Chuan (“**151LC**”) (rejuvenation of passenger lifts and toilets underway)
- 8 Commonwealth Lane (“**8CL**”) (Phase 1 completed; Phase 2 underway)
- 23 Serangoon North Avenue 5 (“**23SNA5**”) (completed)
- 10 Changi South Street 2 (“**10CSS2**”) (completed)

Proactive lease management

- 30 & 32 Tuas Avenue 8 (“**30&32TA8**”) (in advanced negotiations with potential master tenant)

Preliminary studies ongoing; any material updates will be announced

- 1TA4 (divestment and/or potential redevelopment or build-to-suit)
- 10CSS2 (engaging stakeholders in vicinity)
- 151LC (Phase 3, engaging authorities)



1 Tuas Avenue 4



30 & 32 Tuas Avenue 8



10 Changi South Street 2



8 Commonwealth Lane

HIGHER VALUATION FROM AEI AND REJUVENATION WORKS

Portfolio value ⁽¹⁾ improved to S\$862.2m as at 30 June 2021 from S\$840.1m as at 31 December 2020



151LC

- **Up 5.0%** to \$350.0m following completion of NTP+ lifestyle mall
- NTP now represents slightly over 40% of total portfolio value



23SNA5

- **Up 10.2%** to \$40.1m, the highest % increase in terms of asset value
- Onboarded major electronics tenants and completion of asset rejuvenation in early 2021



10CCS2

- **Up 8.0%** to \$36.4m
- Improved occupancy rate in last six months since completion of rejuvenation works in 2020



8CL

- **Up 2.8%** to \$55.0m
- First phase of rejuvenation completed in end-2019, second phase now underway

Conversely, the highest drop in values is collectively found within the three properties located in Penjuru precinct, mainly due to over capacity and higher demand for newer, modern ramp up logistic facilities

(1) Desktop valuations as at 30 June 2021 were carried out by independent valuers from CBRE Pte. Ltd. and Jones Lang LaSalle Property Consultants Pte Ltd

NTP+ MALL: A POSITIVE CATALYST

Completed AEI of NTP+ Lifestyle Mall at flagship property

- Completion of AEI in 1Q 2021 with new NTP+ lifestyle mall
- Occupancy stood at 97.4% as at 30 June 2021 after attracting a new, diverse tenant mix including from the F&B and retail sectors
- Proactive efforts during heightened alert measures to support business continuity of tenants while focusing on health and well-being of all stakeholders including mall patrons
 - Daily car park redemptions and extended carpark grace period to encourage takeaways and food deliveries
 - Provided month-long complimentary digital panel displays for tenants to promote products and services, awareness, visitation for increased sales performance
 - Optimise fresh indoor air circulation for the mall
 - Intensified cleaning especially at high touch point areas



NTP+ facade



Ace Signature



Kopi Clan, SF Group



Wine Connection

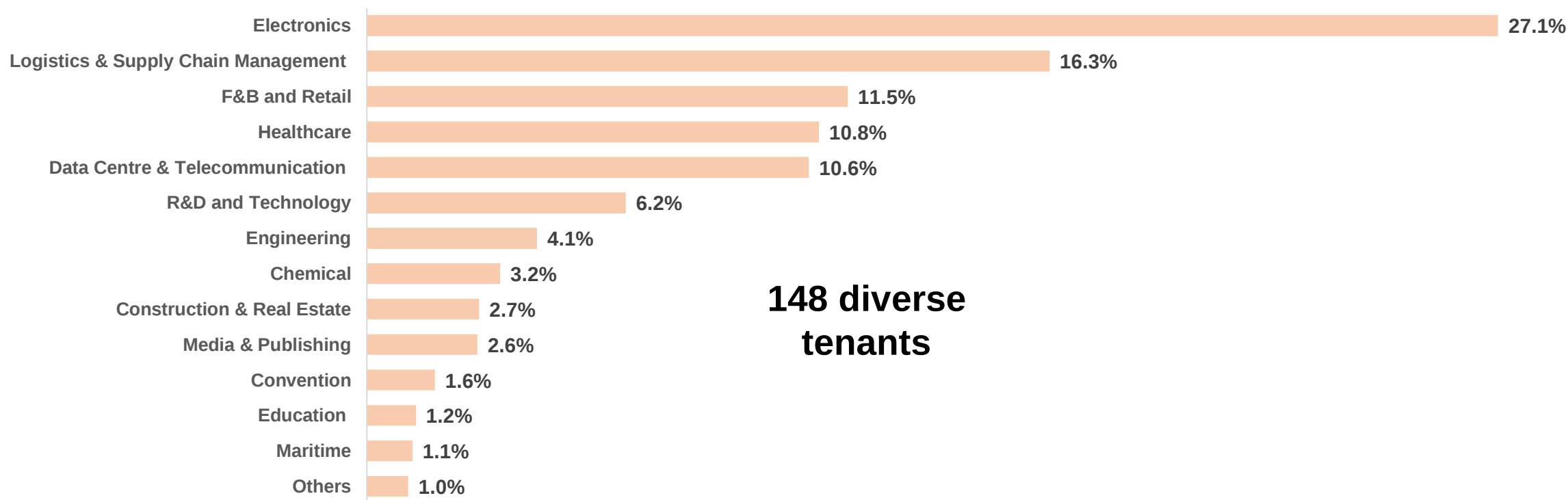
FOCUSING ON EXPANSIONARY SECTORS

Strengthening Base With Tenants in Defensive, Growth Clusters

 Electronics	 Healthcare	 Data Centre & Telecommunication	 Logistics & Supply Chain Management
AEM Singapore Pte. Ltd. (23SNA5)	Thermo Fisher Scientific (3AJKC)	Qala Singapore (151LC)	Kerry Logistics Centre (Tampines) Pte. Ltd (10CSS2)
KLA Corporation (23SNA5)			
Veeco Asia Pte. Ltd. (151LC)			
ASML Singapore (151LC)			

STRENGTHENING BASE OF TENANTS IN DEFENSIVE AND GROWTH SECTORS

Trade Sectors By Gross Rental Income
as at 30 June 2021⁽¹⁾



(1) Reclassification of trade sectors based on latest updated tenants' survey as at 30 June 2021.

A low-angle photograph of a modern, multi-story commercial building. The building has a white facade with blue vertical accents and horizontal bands. Large glass windows are visible on the upper floors. A dark green semi-transparent rectangular overlay is positioned on the left side of the image, containing the section header text.

02 Financial Performance

1H 2021 FINANCIAL PERFORMANCE

(S\$'000)	1H 2021	1H 2020	Variance (%)
Gross Revenue ⁽¹⁾	39,092	34,263	+14.1
NPI ⁽¹⁾	25,698	20,862	+23.2
Total Amount Available for Distribution	15,642	11,077	+41.2
Amount Available for Distribution per Unit (“DPU”) (cents)	1.48	1.05	+40.9
DPU (cents) ⁽³⁾	1.48	0.47 ⁽²⁾	+214.9
NAV	\$ 0.52	\$ 0.51	+2.0

(1) Gross revenue and NPI increased by 14.1% and 23.2% respectively, mainly due to:

- (i) higher contribution from 151 Lorong Chuan, 23 Serangoon North Avenue 5 and 10 Changi South Street 2 due to higher occupancy rates;
- (ii) one-time provision of rental waiver on revenue and allowances for impairment loss on trade receivables were made in 1H 2020;
- (iii) writeback of prior year impairment loss on trade receivables in 1H 2021; and
- (iv) partially offset by lower contribution from 30 & 32 Tuas Avenue 8 and 51 Penjuru Road whose master lease expired in 4Q 2020.

(2) This includes 55% of distributable amount retained in 1H 2020 in view of Covid-19 uncertainties.

(3) The REIT's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders. For 1H2021, the Manager has resolved to distribute 100.0% of the total amount available for distribution to Unitholders.

BALANCE SHEET

(S\$'000)	As at 30 June 2021	As at 31 December 2020
Investment properties ⁽¹⁾	926,130	904,565
Investment property held for divestment ⁽¹⁾	13,563	13,794
Other assets	19,203	12,358
Total assets	958,896	930,717
Borrowings, at amortised cost ⁽²⁾	304,314	284,019
Other liabilities	104,429	106,951
Total liabilities	408,743	390,970
Net assets attributable to Unitholders	550,153	539,747
Units in issue (units)	1,053,083,530	1,053,083,530
NAV per unit (S\$)	0.52	0.51

(1) Movement in investment properties mainly due to the revaluation of investment properties based on the independent valuations of the properties undertaken by independent valuers.

(2) Increase in borrowings mainly due to loan drawdown relating to general working capital purposes and AEI work progress at NTP.

03 Capital Management



CAPITAL MANAGEMENT

	As at 30 June 2021	As at 31 December 2020
Total Borrowings (S\$ m)	306.1	284.8
- <i>Term loans</i>	283.6	226.3
- <i>Revolving Facilities</i>	22.5	58.5
Aggregate leverage⁽¹⁾ (%)	34.9	33.5
Proportion of total borrowings on fixed rates (%)	60.4	50.0
Average all-in financing cost (%)	3.4	3.1
Profit cover ⁽²⁾ (times)	4.8	4.2
Weighted average debt expire (years)	2.0	1.2
Undrawn committed facilities available (S\$ m)	62.5	59.2
Unencumbered assets (S\$ m) ⁽³⁾	9.0	51.7

(1) Ratio of total borrowings & deferred payment over deposited property as defined in the Property Funds Appendix of the Code on Collective Investment Schemes.

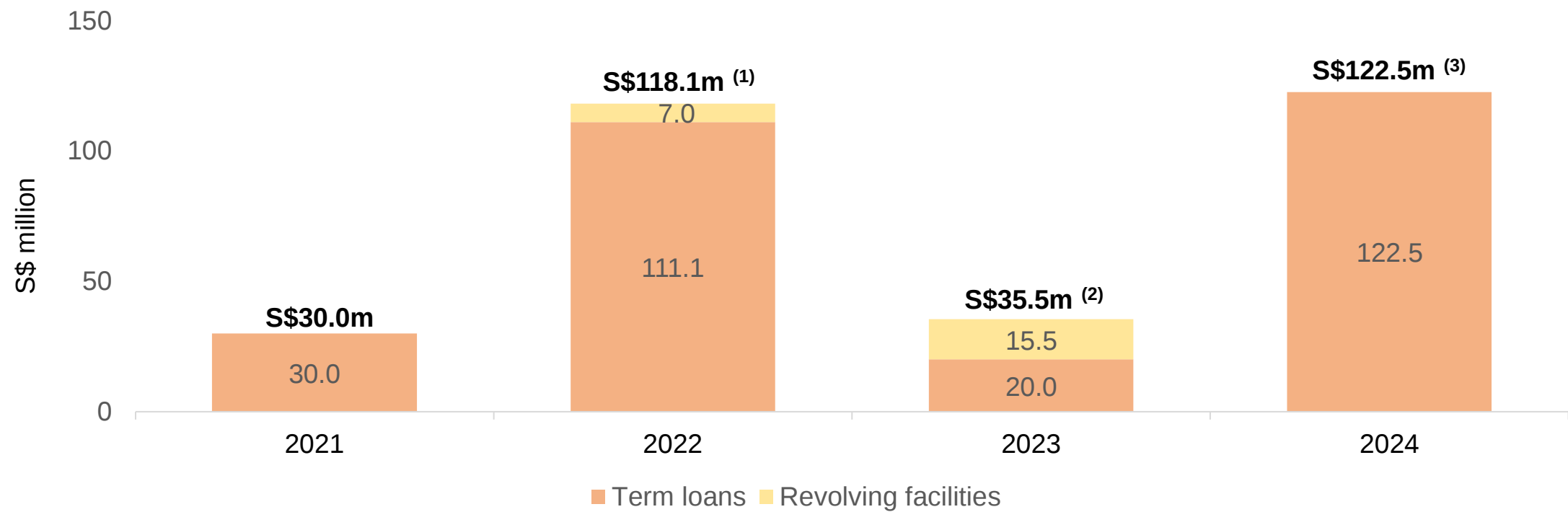
(2) Ratio of net property income over profit expense (excluding effects of FRS 116, amortisation of transaction costs, finance costs relating to lease liabilities & other fees).

(3) Based on valuations by independent valuers.

BORROWINGS MATURITY PROFILE

Maturities of total outstanding borrowings of S\$306.1 million

As at 30 June 2021



(1) Excludes S\$2.9 million of undrawn term loan facilities maturing in November 2022.
 (2) Excludes S\$13.7 million and S\$20.0 million of undrawn facilities maturing in April 2023 and November 2023 respectively.
 (3) Excludes S\$25.9 million of undrawn facilities maturing in March 2024.

DISTRIBUTION DETAILS

Sabana REIT Code: M1GU

Distribution period		DPU (cents)
1 January 2021 to 30 June 2021		1.48
Distribution Timetable		
Last date that the Units are quoted on a “cum”- distribution basis		Wednesday, 28 July 2021
Ex-date		Thursday, 29 July 2021
Books closure date		Friday, 30 July 2021, 5pm
Distribution payment date		Monday, 20 September 2021

04 Portfolio Performance



PORTFOLIO OVERVIEW

Our properties are diversified into **four industrial segments** across **Singapore**, close to expressways and public transportation.



Portfolio Value
S\$862.2 million

Tenant Base
148 tenants

Total GFA (sq ft)
4.2 million

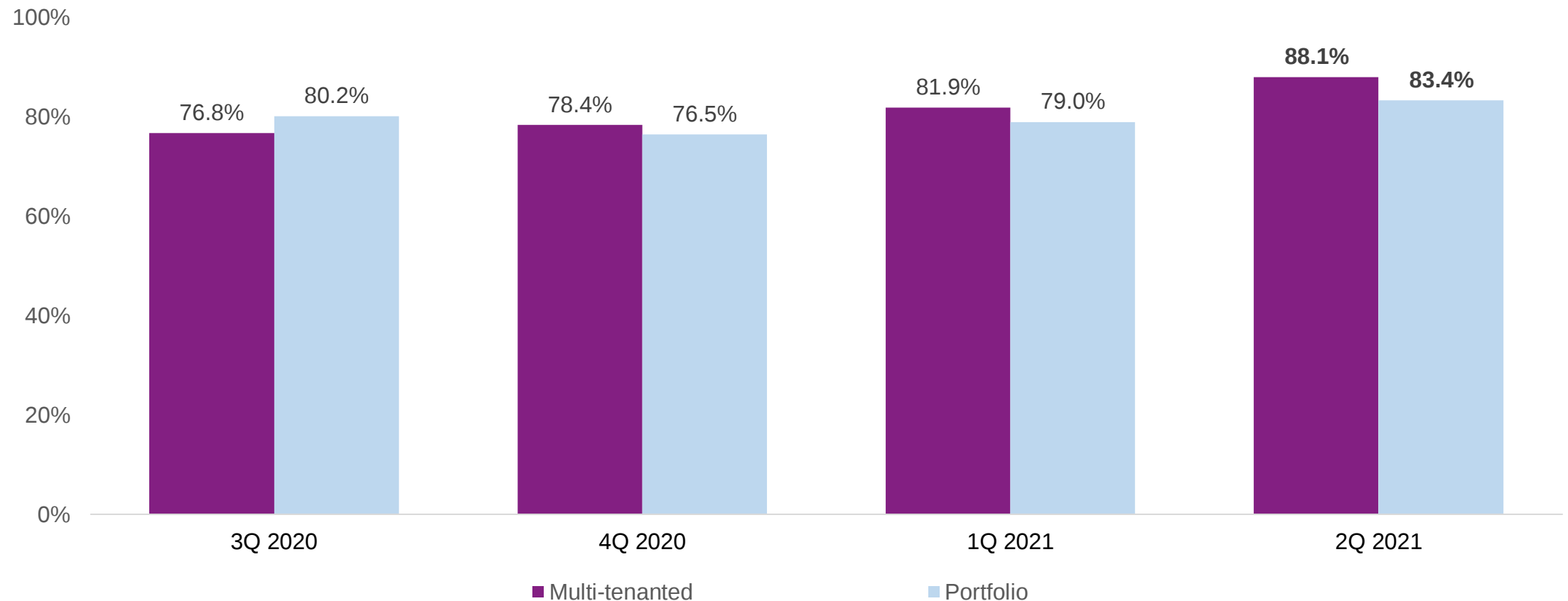
Portfolio Occupancy
83.4%

Total NLA (sq ft)
3.5 million

Portfolio WALE
2.8 years

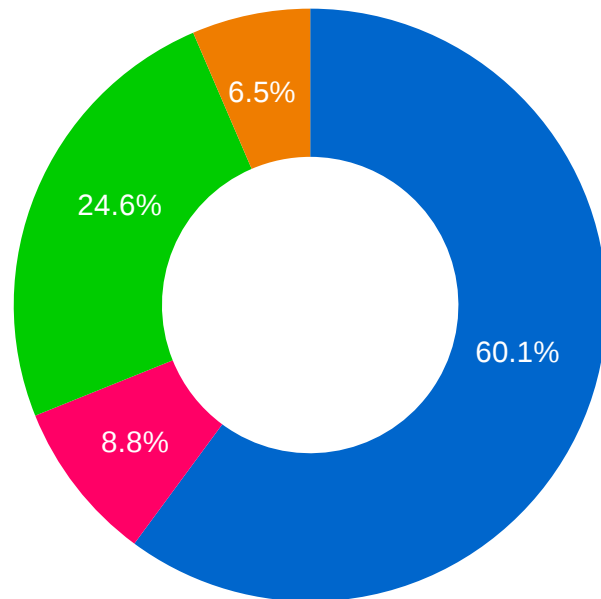
OVERVIEW OF PORTFOLIO OCCUPANCY

Occupancy rates as at 30 June 2021



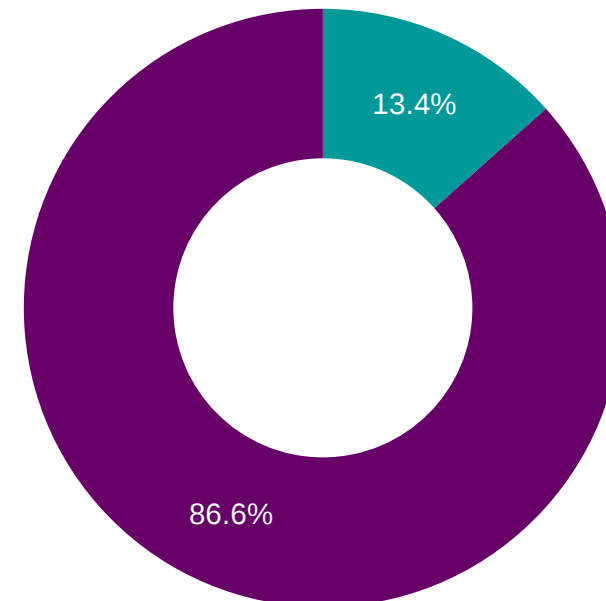
WELL-DIVERSIFIED PORTFOLIO

Breakdown of Asset Types
By Gross Rental Income⁽¹⁾



■ High-Tech Industrial ■ Chemical Warehouse & Logistics
■ Warehouse & Logistics ■ General Industrial

Breakdown of Master-leased and Multi-tenanted Properties
By Gross Rental Income⁽¹⁾



■ Master Lease ■ Multi-tenanted

(1) As at 30 June 2021.

BREAKDOWN OF OCCUPANCY RATES

	As at 30 June 2021	As at 31 Dec 2020
Portfolio GFA	4.2m sq ft	4.1m sq ft
Portfolio occupancy		
4 properties, master leases ⁽¹⁾	100.0%	100.0%
12 properties, multi-tenanted ⁽²⁾	88.1%	78.4%
18 properties, total portfolio ⁽³⁾	83.4%	76.5%
Weighted average master lease term to expiry ⁽⁴⁾	3.5 years	3.6 years
Weighted average portfolio lease term to expiry ⁽⁵⁾	2.8 years	3.1 years
Weighted average unexpired lease term for the underlying land ⁽⁶⁾	29.9 years	30.4 years

(1) 2 triple net & 2 single net master leases.

(2) 151 Lorong Chuan, 8 Commonwealth Lane, 15 Jalan Kilang Barat, 23 Serangoon North Avenue 5, 508 Chai Chee Lane, 34 Penjuru Lane, 51 Penjuru Road, 3A Joo Koon Circle, 2 Toh Tuck Link, 10 Changi South Street 2, 123 Genting Lane and 39 Ubi Road 1.

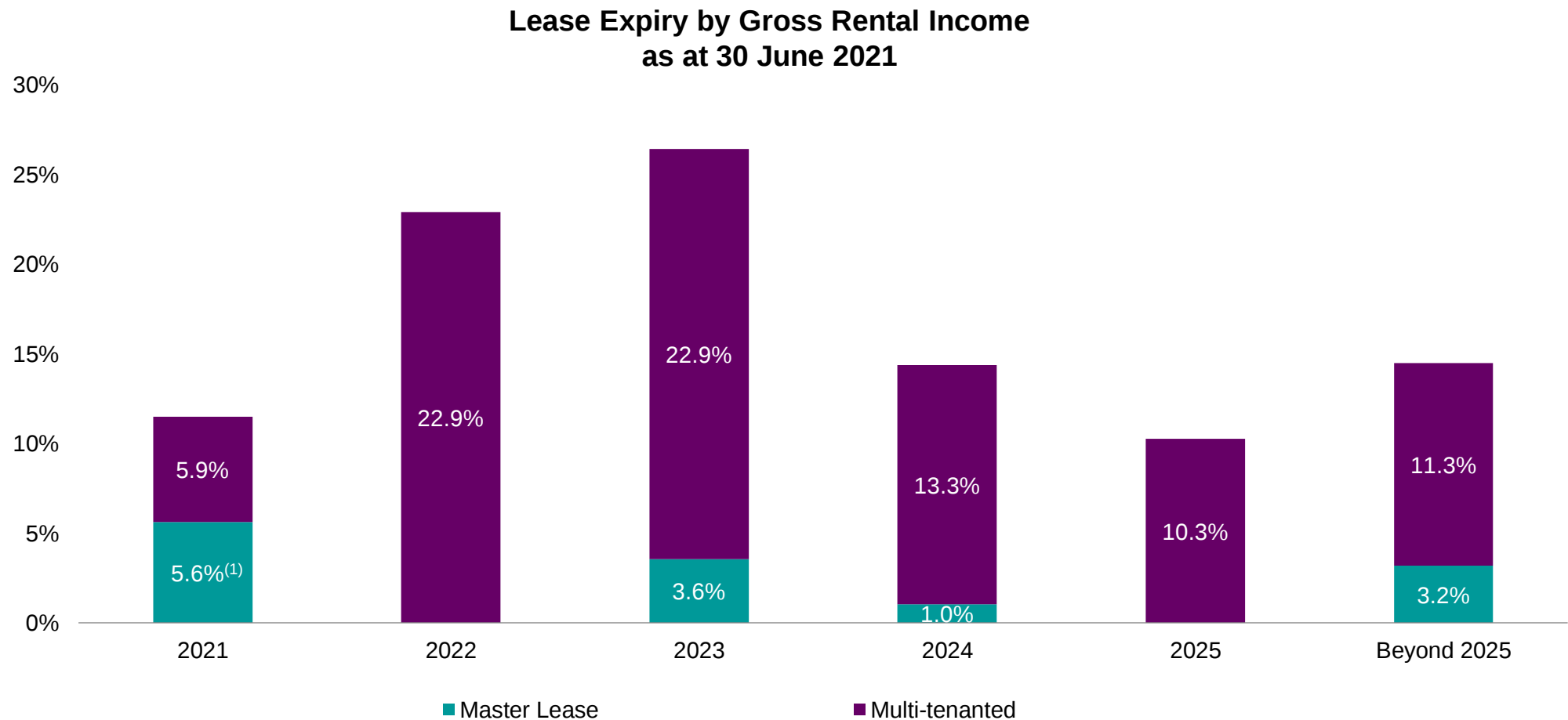
(3) By Net Lettable Area ("NLA"). 1 Tuas Avenue 4 and 30 & 32 Tuas Avenue 8 are currently vacant.

(4) Weighted by gross rental income (master leases of 4 properties).

(5) Weighted by gross rental income (4 master leases and 12 multi-tenanted properties).

(6) Weighted by Gross Floor Area ("GFA").

PROACTIVE LEASE MANAGEMENT

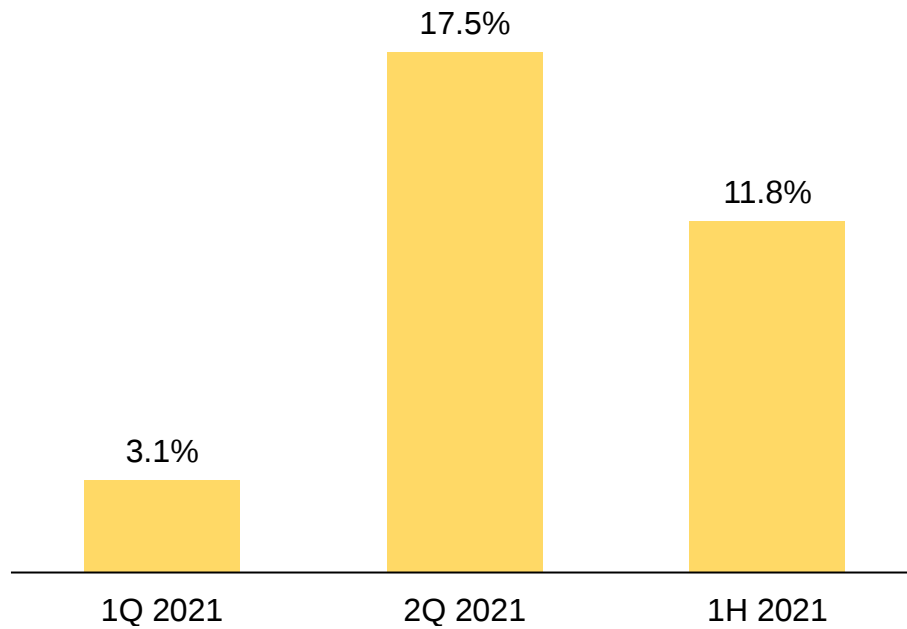


(1) Existing master lease at 33 & 35 Penjuru Lane will not be renewed. A new master lease, expiring beyond 2025 has been signed and announced in 1Q 2021.

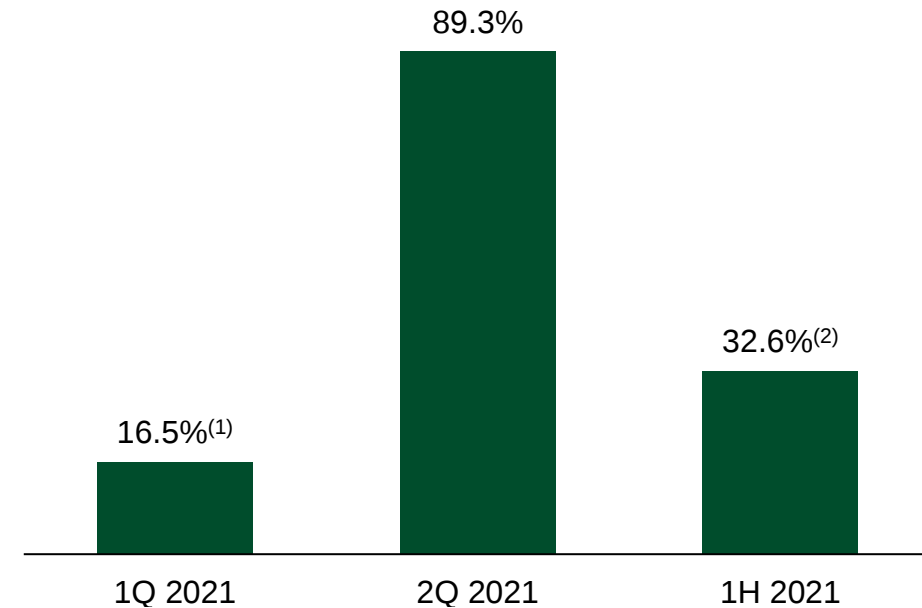
LEASING UPDATE

	1Q 2021	2Q 2021	1H 2021
Renewal (sq ft) (No. of Leases)	66,233 (12)	102,549 (11)	168,782 (23)
New Leases (sq ft) (No. of Leases)	400,862 (25)	181,532 (9)	582,394 (34)

Rental Reversion (%)



Retention Rate (%)



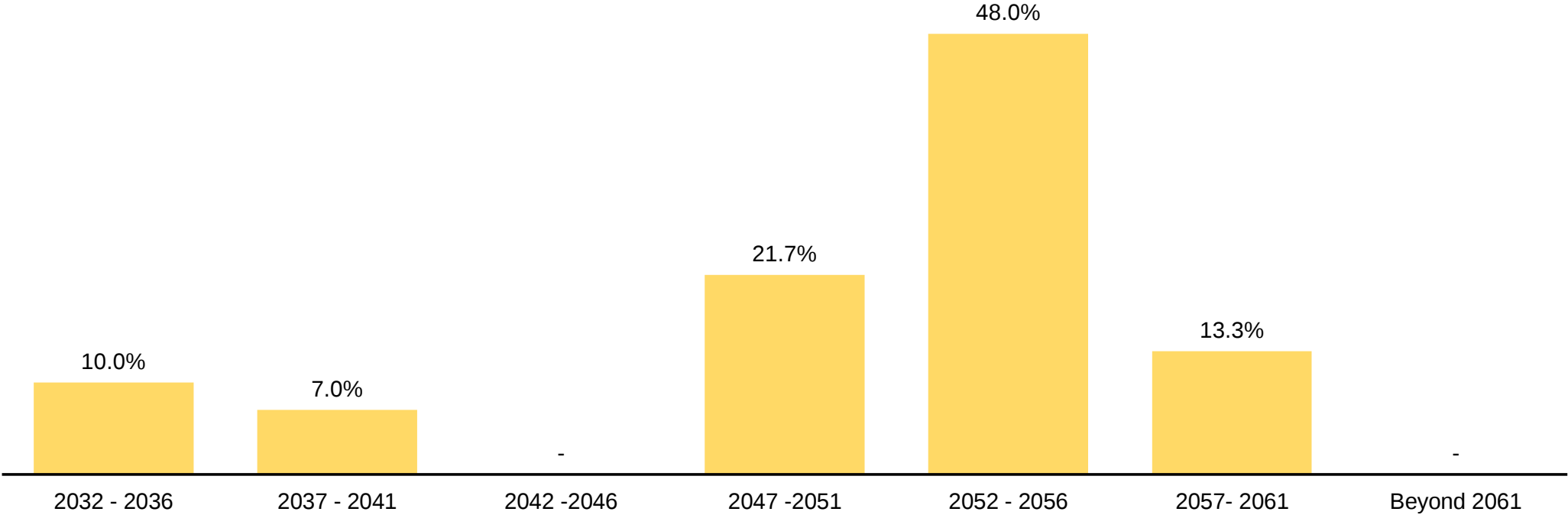
(1) Existing master lease at 33 & 35 Penjuru Lane will not be renewed. A new master lease, expiring beyond 2025 has been signed and announced in 1Q 2021. Excluding non-renewal of master lease, 1Q 2021 retention rate would be 57.1%

(2) Includes non-renewal and replacement master lease at 33 & 35 Penjuru Lane. Excluding non-renewal of master lease, 1H 2021 retention rate would be 73.1%

LONG WEIGHTED AVERAGE LEASEHOLD

FOR UNDERLYING LAND

Long underlying land leases, with an average of 29.9 years by GFA



Percentage of unexpired land lease term by GFA⁽¹⁾

(1) As at 30 June 2021.

05 Market Outlook & Strategy



MARKET OUTLOOK & STRATEGY

Singapore Economic Outlook

- Singapore's economy grew by 14.3% y-o-y in 2Q 2021, largely due to the low base in 2020 when Gross Domestic Product ("GDP") fell by 13.3% due to Circuit Breaker measures. In absolute terms, GDP in 2Q 2021 remained 0.9% below pre-pandemic level in 2Q 2019.⁽¹⁾
- The economy contracted 2.0% quarter-on-quarter, a reversal of the 3.1% expansion in 1Q 2021.⁽¹⁾

Industrial Property Outlook

- Although the considerable supply of new industrial space in the pipeline would likely keep industrial rent growth in check, output expansions in electronics, precision engineering and chemical clusters will continue to drive demand for industrial space with Knight Frank suggesting an improvement in both rents and rental activity in 2Q 2021.⁽²⁾
- The recovery of the manufacturing sector is expected to be mixed across locations and buildings, due to COVID-19-related reasons.⁽³⁾
- Older industrial buildings will also likely see a decline in demand, due to a preference for modern specifications coming from the rise in e-commerce, food logistics, and medical manufacturing.⁽⁴⁾

Sabana REIT

- While Singapore's economy is expected to recover, the Manager remains cautious as the macroeconomic landscape remains challenging with various unknowns in living with COVID-19, especially with new variants emerging globally.
- The strategic update is timely in balancing the navigation of near-term risks with longer-term growth opportunities, with the REIT now able to draw on a wider potential pool of tenant partners and lenders.
- Remains committed to the key pillars of its Refreshed Strategy
- Continue to entrench alignment with Unitholders' interests to deliver long-term sustainable value for all unitholders.

Sources:

- (1) "Singapore's GDP Grew by 14.3 Per Cent in the Second Quarter of 2021". Ministry of Trade and Industry Singapore. 14 July 2021.
- (2) "Singapore Research Industrial Q2 2021". Knight Frank. Retrieved on 6 July 2021.
- (3) "Singapore Industrial Briefing Q1 2021". Savills. 12 May 2021.
- (4) "Singapore 1Q 2021". Edmund Tie. April 2021.

Contact Us



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We have set up a dedicated email to answer any queries Unitholders may have on the removal of Shari'ah compliance. Please contact us at Enquiry_Shariah@sabana.com.sg