

1H 2022

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**RESULTS  
PRESENTATION**

20 July 2022



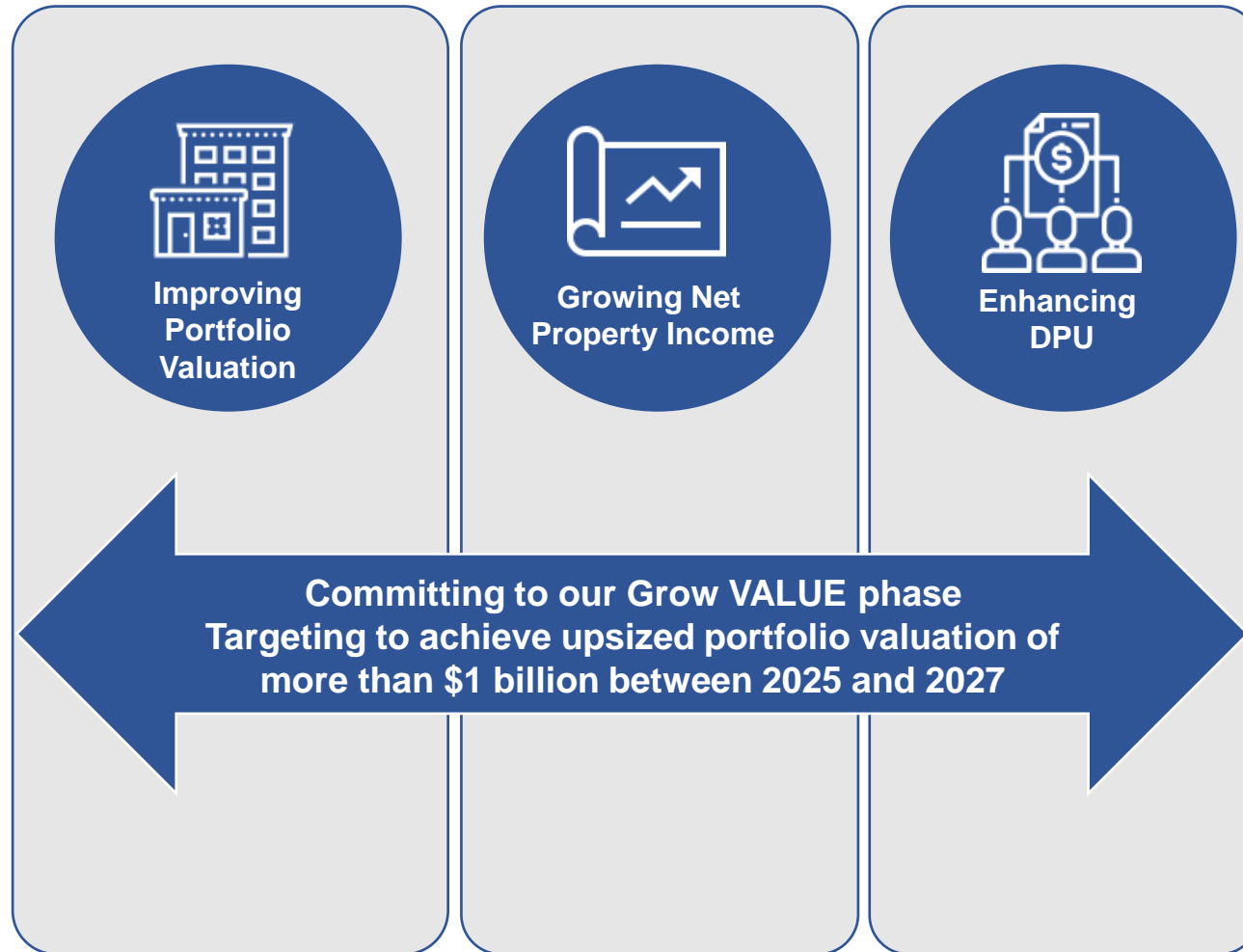
# Agenda

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



01  
**Key  
Highlights**

# DELIVERING ON STRATEGY – EXECUTING OUR GROW VALUE PHASE



- V** Building on **Value**, taking advantage of market opportunities with an eye on macro-economic challenges
- A** Pursuing **Accretive** acquisitions and executing AEs
- L** Optimising **Leverage** and capital structure
- U** **Upsizing** portfolio by retaining and attracting expansionary tenants from growth sectors including e-commerce, logistics, healthcare, electronics and technology
- E** Advancing **ESG** in our goals and investing with sustainability agenda

# KEY HIGHLIGHTS

- Delivering growth with 7.4% y-o-y increase in DPU to 1.59 cents for 1H 2022
- Improvement in net property income as total portfolio occupancy increased to 88.2%
  - Highest portfolio occupancy since 3Q 2017
  - Portfolio occupancy at 91.3% excluding 1 Tuas Avenue 4
  - Uplifted by new, 10-year master lease secured for 30 & 32 Tuas Avenue 8
- Positive 17.4% reversion in 2Q 2022 is the 9<sup>th</sup> positive quarterly reversion in the past 10 quarters
- Activated AEI at 1 Tuas Avenue 4 to deliver industrial space solutions for third-party logistics companies
  - Conversion to high-specification logistics facility
  - In active discussions with prospective tenants
- Advancing ESG in our goals and investing with sustainability agenda
  - Energy audit at 508 Chai Chee Lane to identify and implement potential energy-saving initiatives
  - Incorporating green features at 151 Lorong Chuan (New Tech Park)
- Further strengthening Board stewardship and diversity with appointment of Mrs Elaine Lim as Independent Non-Executive Director

# KEY FINANCIAL HIGHLIGHTS

## Financial Highlights

### Gross Revenue

1H 2022	\$44.9m (+14.7% y-o-y)
1H 2021	\$39.1m

### NPI

1H 2022	\$27.0m (+5.2% y-o-y)
1H 2021	\$25.7m

### DPU

1H 2022	1.59 cents (+7.4% y-o-y)
1H 2021	1.48 cents

### All in borrowing cost/ LTV

As at 30 June 2022	3.35% / 33.4%
As at 31 December 2021	3.14% / 35.0%

### 1H 2022 Results

- Gross revenue increased by 14.7% y-o-y to \$44.9 million, mainly due to higher contribution from New Tech Park, 23 Serangoon North Avenue 5, 8 Commonwealth Lane and 51 Penjuru Road
- NPI increased by 5.2% y-o-y to \$27.0 million
- DPU was 1.59 cents, 7.4% higher y-o-y

### Capital Management

- Average all-in financing cost of 3.35%, with healthy interest coverage ratio at 4.0 times
- Aggregate leverage stood at 33.4%
- Weighted average debt maturity stands at 3.3 years
- Next refinancing requirement in 2024

### Interest Exposure

- 75.3% of borrowings are on fixed rates with an average term of 2.4 years
- Every potential 20 bps increase in interest rates may result in \$0.15m decrease in distributable income or 0.5% reduction (equivalent to 0.01 cents) on DPU<sup>(1)</sup> per annum

Notes:

(1) Based on 1,069,950,268 units as at 31 December 2021.

# KEY PORTFOLIO HIGHLIGHTS

## Proactive Asset Management

### Occupancy

1H 2022	88.2% (+4.8 pp)
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1H 2021	83.4%
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### Rental Reversion

1H 2022	+9.1%
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1H 2021	+11.8%
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### Valuation

1H 2022	\$871.7m (+1.1% y-o-y)
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1H 2021	\$862.2m
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### WALE

As at 30 June 2022	2.8
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As at 31 December 2021	2.7
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### Portfolio Occupancy

- Total portfolio occupancy at 88.2% (1H 2021: 83.4%), the highest level since 3Q 2017
- Excluding 1 Tuas Avenue 4 which has activated a major asset enhancement initiative, total occupancy is at 91.3%, surpassing JTC's 1Q 2022 industrial average of 89.8%
- 85.6% of portfolio by gross rental income contributed by multi-tenanted properties

### 1H 2022 New and Renewed Leases

- 25 new and renewed leases concluded in 1H 2022 totaling circa 500,000 sq ft
- 56% of leases expiring in 2022 has been renewed or replaced by new leases

### Rental Reversion

- Achieved positive rental reversion of 9.1% in 1H 2022, reflecting proactive leasing efforts
- The positive 17.4% reversion in 2Q 2022 is the 9<sup>th</sup> positive quarterly reversion in the past 10 quarters, consistently among the highest within the Singapore industrial REIT sector

### Portfolio Valuation

- Achieved overall higher portfolio valuation of \$871.7 million as at 30 June 2022 from \$866.2 million as at 31 December 2021
- Uplift driven mainly by New Tech Park and 30 & 32 Tuas Avenue 8

### Weighted Average Lease Expiry (WALE)

- Portfolio WALE by gross rental income stood at 2.8 years as at 30 June 2022

# KEY PORTFOLIO HIGHLIGHTS

## Proactive Leasing Efforts Across Portfolio



### Secured 10-year master lease with new healthcare tenant

- Fully leased to tenant from expansionary healthcare sector
- Master lease further strengthens long-term income stability and trade sector diversification

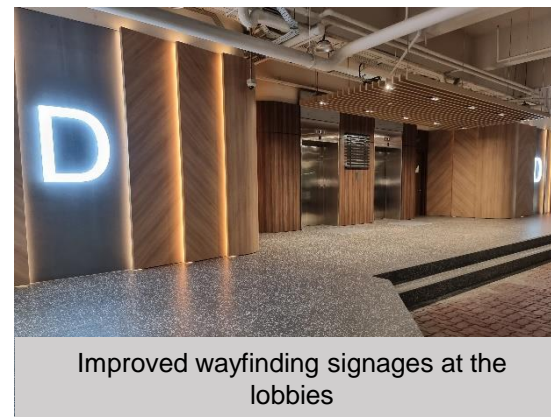
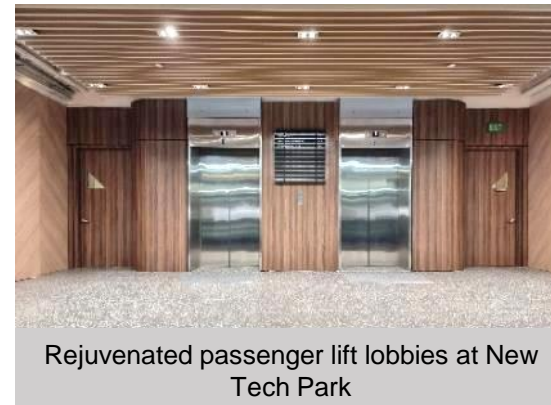


### Strengthened mix of tenancy profile at New Tech Park

- Improved tenancy mix in 1H 2022 following leases secured from tenants in defensive, growth sectors such as electronics and R&D and technology
- In discussion with existing tenants to explore expansion space in the building

## Rejuvenation of Selected Assets to Attract and Retain Quality Tenants

Ongoing upgrading and upkeep of common areas of selected assets, including the rejuvenation of passenger lift lobbies, upgrading of cargo lifts, and installation of energy- and water-efficient equipment and fittings





# KEY PORTFOLIO HIGHLIGHTS

## Commitment to Grow VALUE by Enhancing Potential of Portfolio Asset

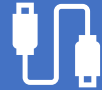


**Activated major asset enhancement at 1 Tuas Avenue 4 to deliver industrial space solutions targeted at third-party logistics companies**

- **Conversion to high-specification logistics facility**
  - Existing structure has higher-than-average warehouse specifications in terms of ceiling height and floor loading
  - Gross floor area of approx. 165,000 sq ft, comprising 61,000 sq ft with 25 metre ceiling height where tenant/s can incorporate an Automated Storage and Retrieval System (ASRS)
  - Has a three-storey annex block for warehouse, storage and ancillary space
  - Can be converted to a multi-temperature controlled warehouse, depending on tenant/s' demand specification
  - Project targeted for completion in 2H 2023
- **Currently in active discussions with prospective tenants**
  - Ongoing marketing efforts and in talks with potential logistics tenants to lease on a multi-tenanted or master lease basis
- **Reducing carbon footprint**
  - AEI via additions and alterations of existing structure, instead of redevelopment, builds on REIT's sustainability commitment to reduce carbon footprint
  - New facility will incorporate some green initiatives

# KEY PORTFOLIO HIGHLIGHTS

## Selected New Leases Secured During 1H 2022



### Electronics

Bang & Olufsen Asia Pte Ltd

Black Box Network Services Singapore Pte Ltd



### Healthcare

The Hearing Solution Company Pte Ltd  
Starkey Hearing Technologies Singapore Pte Ltd  
(a subsidiary of Starkey Hearing Technologies)

# OUR ESG COMMITMENT

## Advancing ESG in Our Goals and Investing with Sustainability Agenda

Our approach to sustainability is built upon our considerations for environmental sustainability across our properties and our operational activities



508 Chai Chee Lane

### **Energy audit at 508 Chai Chee Lane to identify and implement potential energy-saving initiatives**

- Initiative is consistent with environmental, social and governance (ESG) commitment, which includes improving energy efficiency across portfolio
- Focus will be on building's chiller plant to reduce power and water consumption and improve system reliability
- Scope includes replacement of chiller systems and pumping system, integration with air handling units, re-design of monitoring and control system and upgrade of energy management system to monitor and maintain targeted system performance
- Completion target in 2H 2023
- Similar energy review will be rolled out to New Tech Park



151 Lorong Chuan (New Tech Park)

### **Incorporation of green features at New Tech Park**

- Replacement of existing lighting with LED lights at level 1 carpark which is approx. 100,000 sq ft in gross floor area. Target completion by end-2022
- Installation of electric vehicle (EV) charging stations to support EV adoption. Stations will be accessible to both tenants and the public. Scheduled completion by end 2022/early 2023

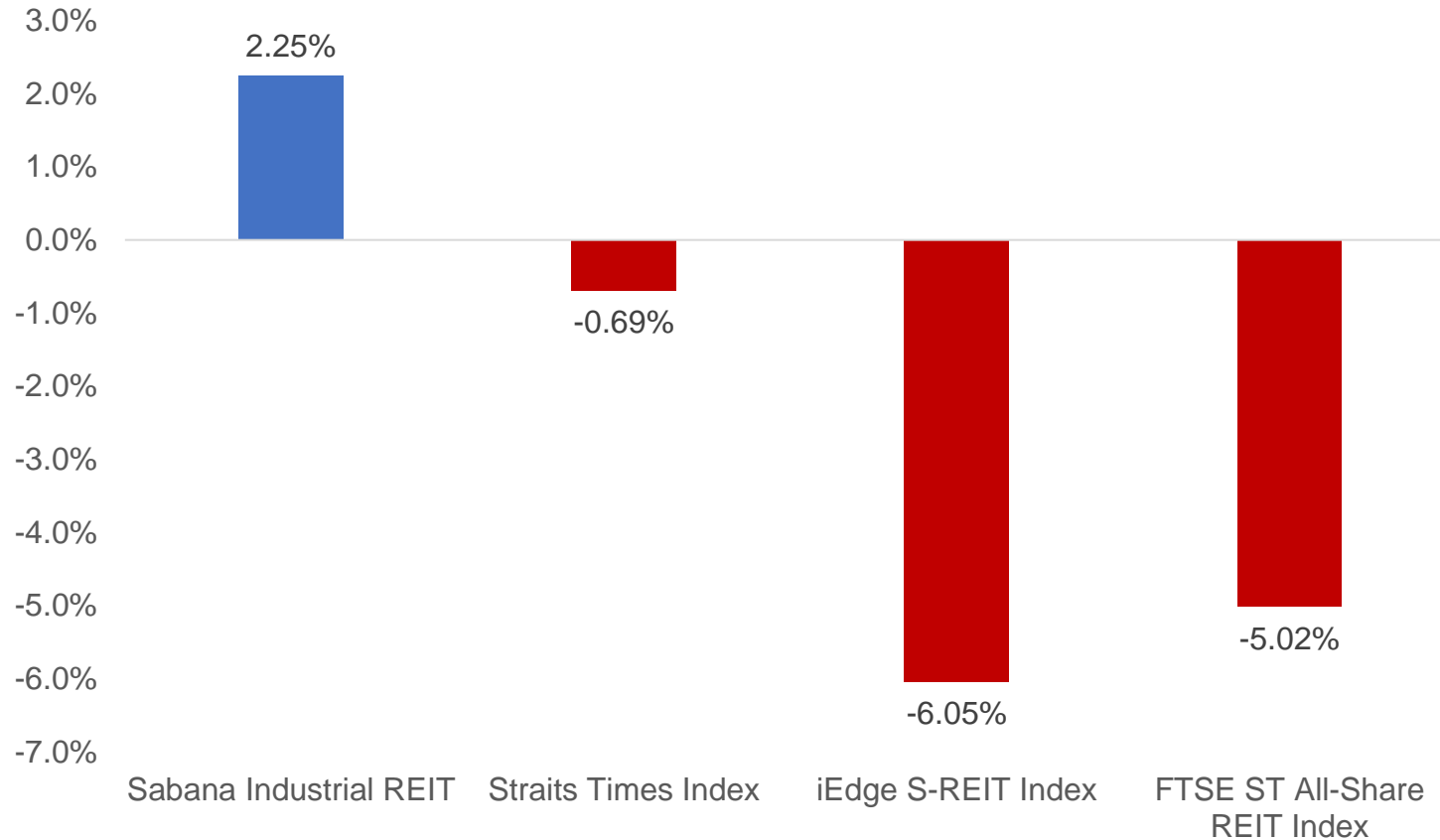
# STRENGTHENING STEWARDSHIP AND DIVERSITY

## Appointment of New Independent Non-Executive Director

- Appointed Mrs Elaine Lim as an Independent Non-Executive Director on 6 July 2022
  - Member of the Audit and Risk Committee and Nominating and Remuneration Committee
  - Strong advocate for best practices in corporate governance, providing thought-leadership and training to companies and directors to help achieve board excellence
  - Track record in capital markets transactions, stakeholder relations, crisis management and financial restructuring
  - Experience and knowledge provide a greater balance and diversity to the Board

# TRADING PRICE PERFORMANCE

## Price/Index Change for 1H 2022



- **Sabana Industrial REIT** outperformed key indices during 1H 2022 amid a volatile market
- Total Return for the REIT is 5.8% <sup>(1)</sup> for 1H 2022

Chart data extracted from Bloomberg

(1) Total return based on capital appreciation and distribution yield from January to June 2022

# 02 Financial Performance



# DISTRIBUTION STATEMENT

(\$'000)	1H 2022	1H 2021	Variance (%)
<b>Gross Revenue</b> <sup>(1)</sup>	44,850	39,092	14.7
<b>NPI</b> <sup>(1)</sup>	27,029	25,698	5.2
<b>Total Amount Available For Distribution</b> <sup>(2)</sup>	17,147	15,642	9.6
<b>Total DPU (cents)</b>	1.59	1.48	7.4

(1) Please refer to the other information section of the interim financial information for explanation of the variances.

(2) The REIT's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders. For FY2021 and FY2022, the Manager has resolved to distribute 100.0% of the total amount available for distribution to Unitholders.

# BALANCE SHEET

(\$'000)	As at 30 June 2022	As at 31 December 2021
Investment properties <sup>(1)</sup>	948,181	942,913
Other assets	17,729	28,735
<b>Total assets</b>	<b>965,910</b>	<b>971,648</b>
Borrowings, at amortised cost <sup>(2)</sup>	290,705	311,589
Other liabilities	106,199	104,092
<b>Total liabilities</b>	<b>396,904</b>	<b>415,681</b>
Net assets attributable to Unitholders	569,006	555,967
Units in issue (units)	1,082,142,707	1,069,950,268
<b>NAV per unit (S\$)</b>	<b>0.53</b>	<b>0.52</b>

(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 and the capital expenditure spent.

(2) Decrease in borrowings mainly due to the repayment using the cash flow generated from operations and Distribution Reinvestment Plan.



03  
Capital  
Management

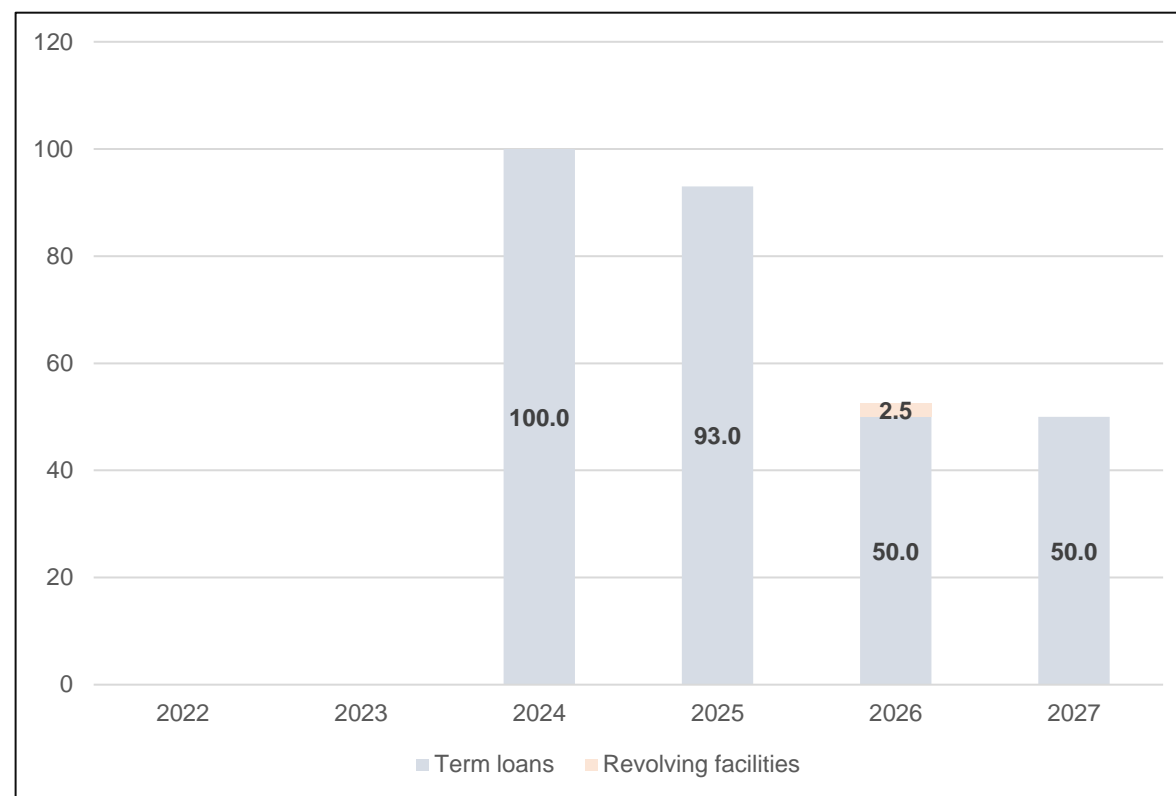


# CAPITAL MANAGEMENT

## Key Credit Metrics

	As at 30 June 2022	As at 31 December 2021
Total borrowings	\$295.5m <sup>(1)</sup>	\$315.5m
- Term loans	\$293.0m	\$315.5m
- Revolving Facilities	\$2.5m	-
<b>Aggregate leverage<sup>(2)</sup></b>	<b>33.4%</b>	<b>35.0%</b>
Interest coverage ratio <sup>(3)</sup>	4.0x	4.4x
Weighted average tenor of borrowings	3.3 years	2.9 years
<b>Average all-in financing cost</b>	<b>3.35%</b>	<b>3.14%</b>
Proportion of total borrowings on fixed rates	75.3%	66.6%
Weighted average fixed debt expiry	2.4 years	2.4 years
<b>Debt Headroom<sup>(4)</sup></b>	<b>\$146.1m</b>	<b>\$130.8m</b>
Unencumbered assets	100%	63%

## No Debt Maturing in 2022 and 2023



### Notes:

- (1) Borrowings have reduced due to the repayment using the cash flow generated from operations and Distribution Reinvestment Plan.
- (2) Ratio of total borrowings & deferred payment over deposited property as defined in the Property Funds Appendix of the Code on Collective Investment Schemes.
- (3) Based on the interest coverage ratio definition in Appendix 6 of the Code on Collective Investment Schemes (last revised on 28 December 2021).
- (4) On the basis of an aggregate leverage limit of 50.0% pursuant to the Property Funds Appendix, inclusive of undrawn facilities of \$117.5m.

# DISTRIBUTION DETAILS

## Sabana Industrial REIT Code: M1GU

Distribution Period	DPU (cents)
1 January 2022 to 30 June 2022	1.59
Distribution Timetable	
Last date that the Units are quoted on a “cum”- distribution basis	Tuesday, 26 July 2022
Ex-date	Wednesday, 27 July 2022
Books closure date	Thursday, 28 July 2022, 5pm
Distribution payment date	Thursday, 15 September 2022
Distribution Reinvestment Plan (“DRP”) Timetable	
Announcement of DRP issue price	Thursday, 28 July 2022
Closing Date for submission of Notice of Election	Wednesday, 24 August 2022, 5pm
Listing of new units issued	Thursday, 15 September 2022

**Application of the REIT’s Distribution Reinvestment Plan (DRP) to the 1H 2022 Distribution to allow Unitholders to participate in longer-term growth of the REIT**

04  
Portfolio  
Performance



# PORTFOLIO OVERVIEW



- Diversified portfolio of 18 industrial properties across four industrial segments in Singapore. We have a wide tenant base of both local and international companies
- Most of our buildings enjoy strong connectivity being in close proximity to expressways, MRT stations and other modes of public transport

**Portfolio Value**  
**\$871.7 million**

**Tenant Base**  
**151 tenants**

**Total GFA (sq ft)**  
**4.2 million**

**Portfolio Occupancy**  
**88.2%**

**Total NLA (sq ft)**  
**3.5 million**

**Portfolio WALE**  
**2.8 years**



## High-Tech Industrial

- 151 Lorong Chuan  
*Lorong Chuan (CC14)*
- 8 Commonwealth Lane  
*Commonwealth (EW20)*
- 15 Jalan Kilang Barat  
*Redhill (EW18)*
- 1 Tuas Avenue 4  
*Tuas Crescent (EW31)*
- 23 Serangoon North Avenue 5
- 508 Chai Chee Lane



## Chemical Warehouse & Logistics

- 33 & 35 Penjuru Lane
- 18 Gul Drive  
*Gul Circle (EW30)*



## Warehouse & Logistics

- 34 Penjuru Lane
- 51 Penjuru Road
- 26 Loyang Drive
- 3A Joo Koon Circle  
*Joo Koon (EW29)*
- 2 Toh Tuck Link
- 10 Changi South Street 2  
*Expo (CG1/DT35)*

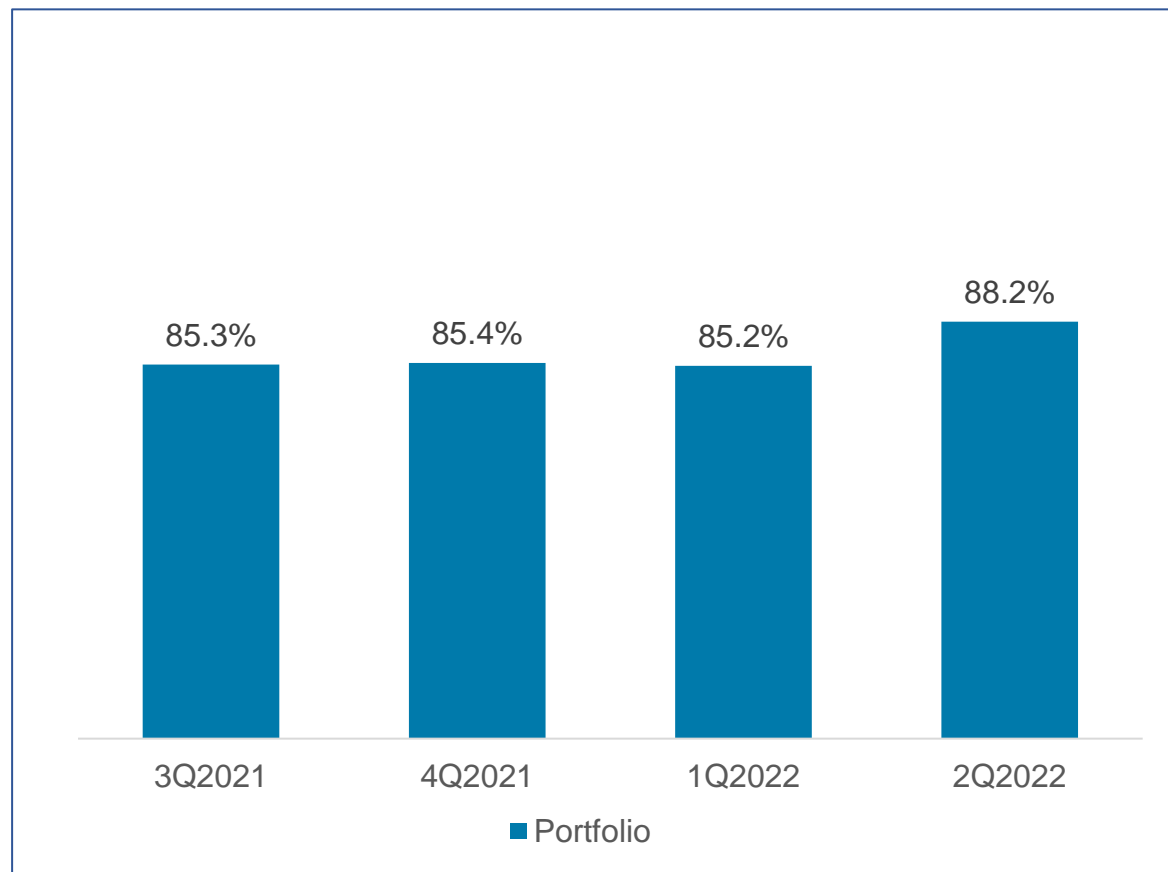


## General Industrial

- 123 Genting Lane  
*Mattar (DT25)*
- 30 & 32 Tuas Avenue 8  
*Tuas Crescent (EW31)*
- 39 Ubi Road 1  
*MacPherson (DT26/CC10)*
- 21 Joo Koon Crescent  
*Joo Koon (EW29)*

# PORTFOLIO OVERVIEW

## Portfolio Occupancy



## Key Portfolio Attributes

	As at 30 June 2022	As at 31 Dec 2021
Portfolio GFA	4.2m sq ft	4.2m sq ft
Total portfolio occupancy <sup>(1)</sup>	88.2%	85.4%
Weighted average master lease term to expiry <sup>(2)</sup>	5.3 years	4.7 years
Weighted average portfolio lease term to expiry <sup>(3)</sup>	2.8 years	2.7 years
Weighted average unexpired lease term for the underlying land <sup>(4)</sup>	28.9 years	29.4 years

(1) By Net Lettable Area (“NLA”). 1 Tuas Avenue 4 is currently vacant.

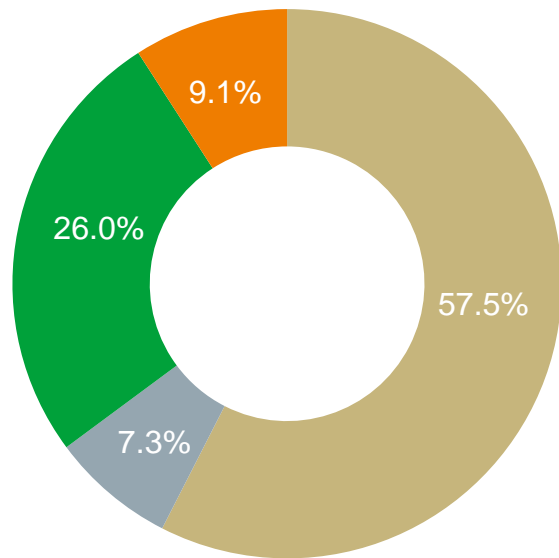
(2) Weighted by gross rental income (master leases of 5 properties).

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

(4) Weighted by Gross Floor Area (“GFA”).

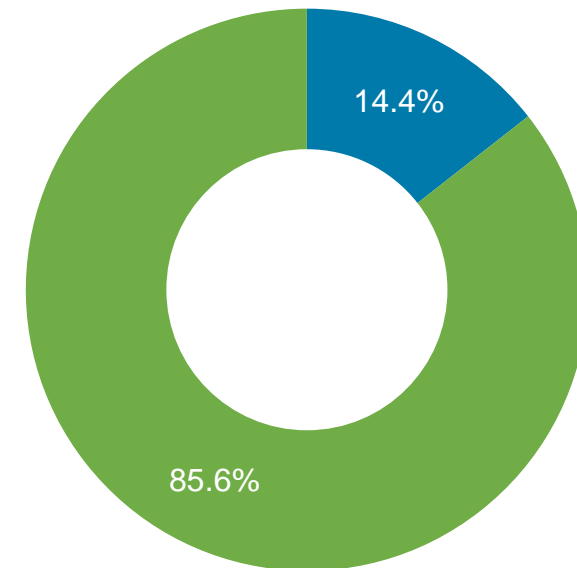
# WELL-DIVERSIFIED PORTFOLIO

## Breakdown of Asset Types By Gross Rental Income<sup>(1)</sup>



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

## Breakdown of Master-leased and Multi-tenanted Properties By Gross Rental Income<sup>(1)</sup>

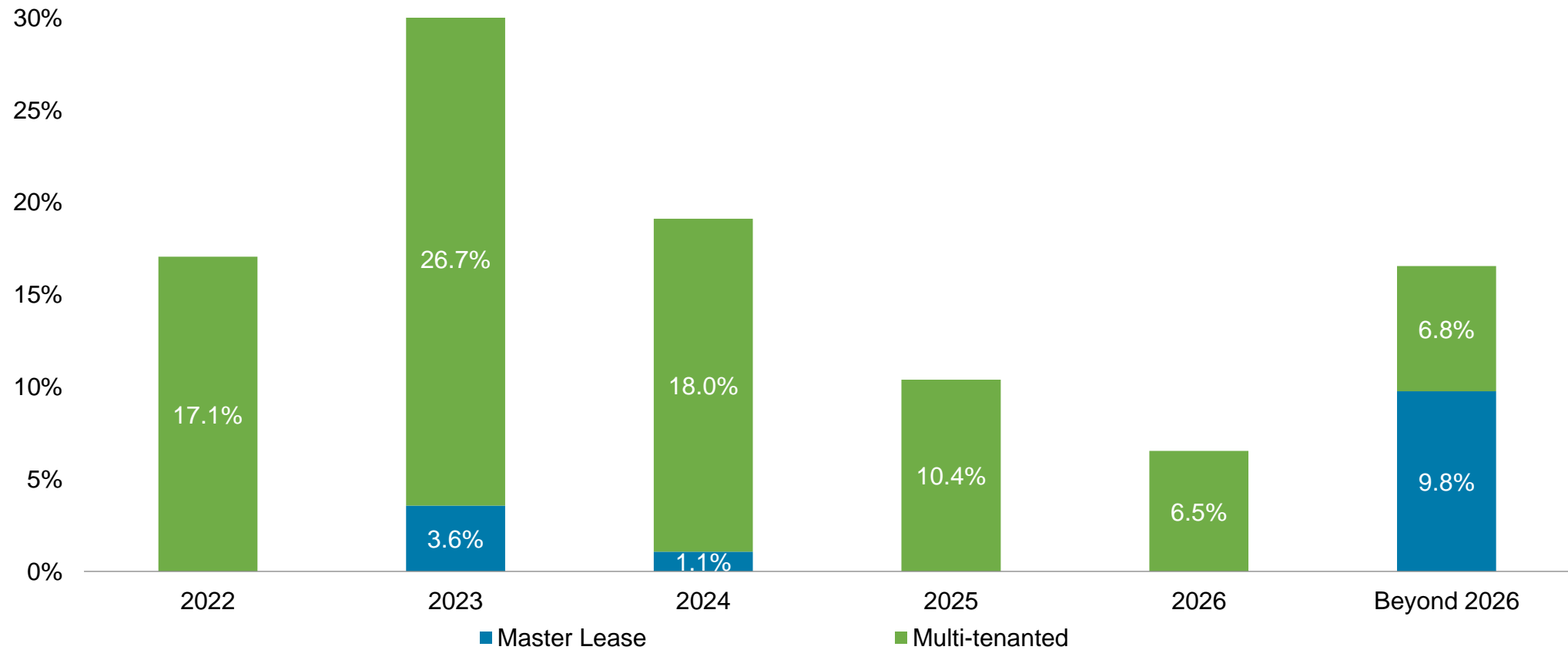


- Master Lease
- Multi-tenanted

(1) As at 30 June 2022.

# PROACTIVE LEASE MANAGEMENT

## Lease Expiry by Gross Rental Income as at 30 June 2022

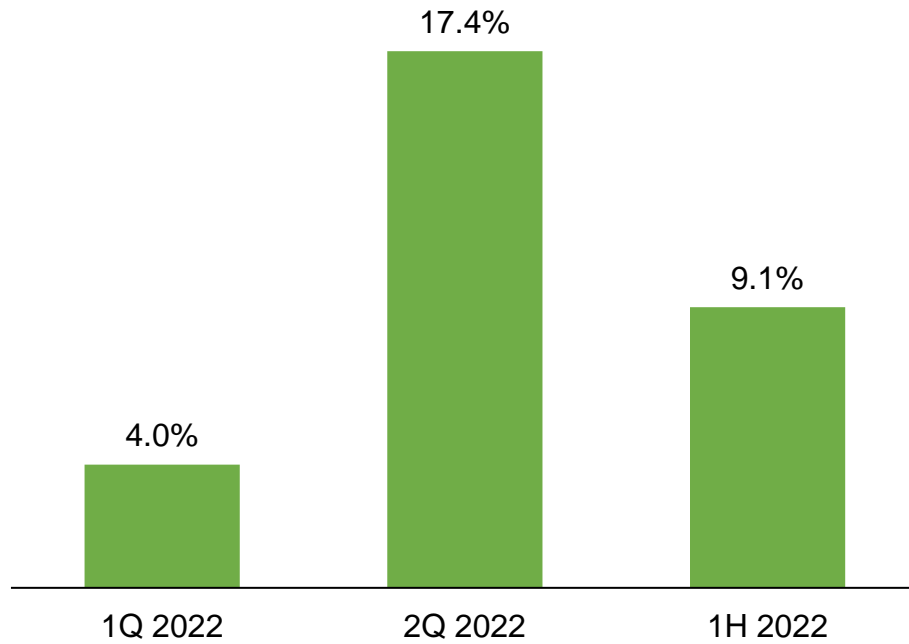




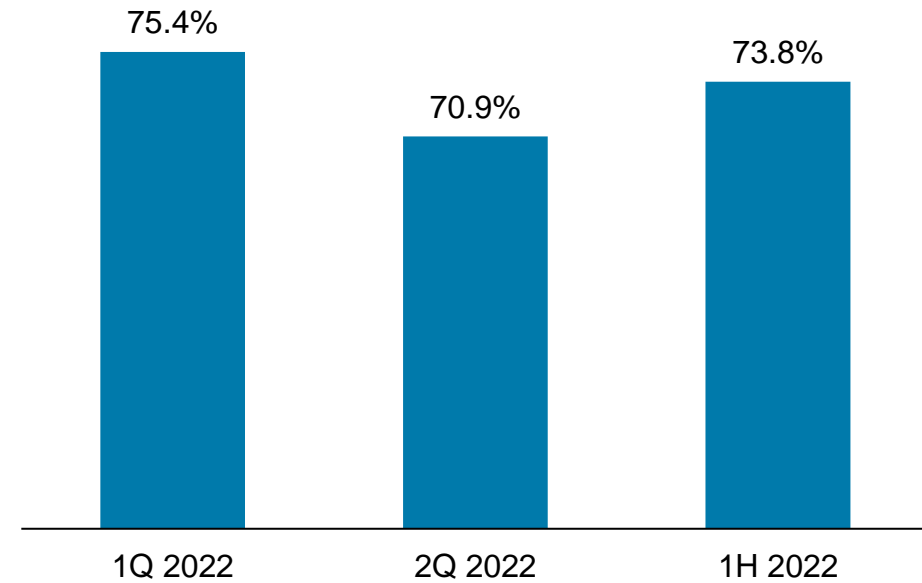
# LEASING UPDATE

	1Q 2022	2Q 2022	1H 2022
<b>Renewal (sq ft) (No. of Leases)</b>	208,633 (8)	85,886 (7)	294,519 (15)
<b>New Leases (sq ft) (No. of Leases)</b>	11,786 (2)	195,615 (8)	207,401 (10)

**Rental Reversion (%)**

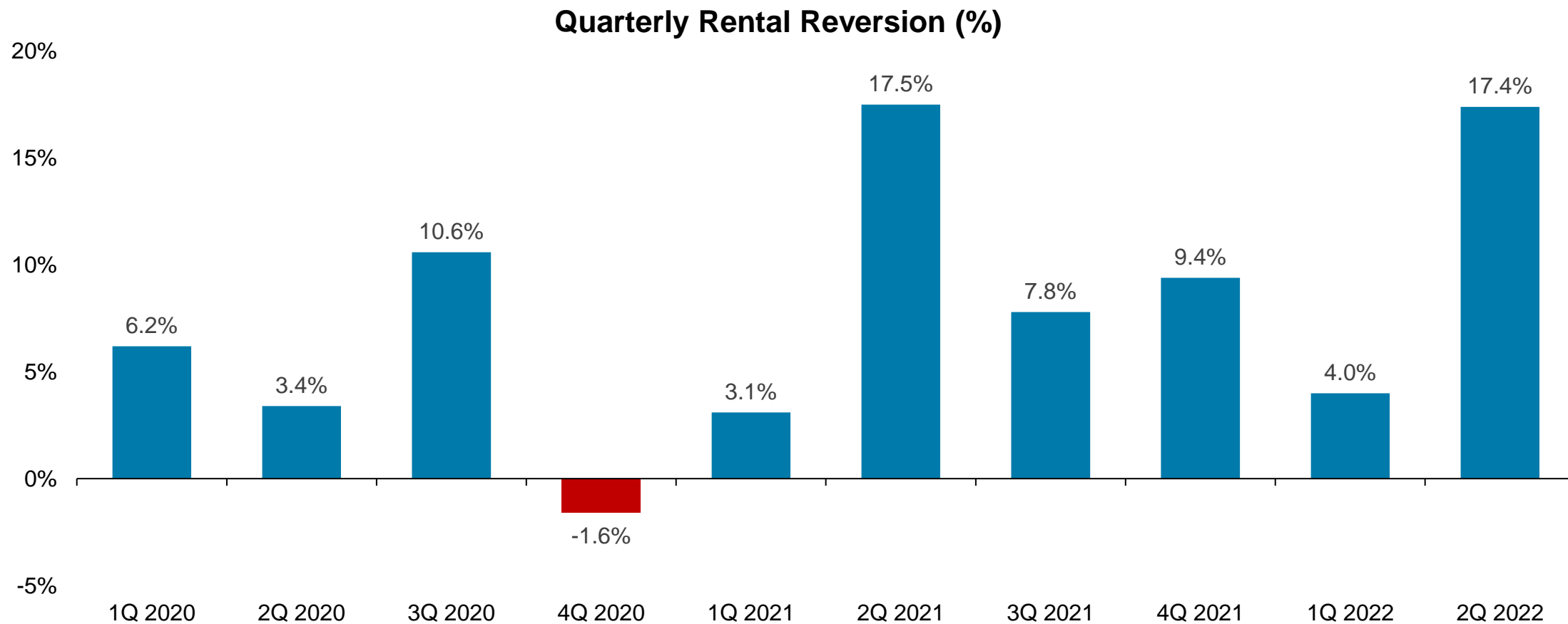


**Retention Rate (%)**



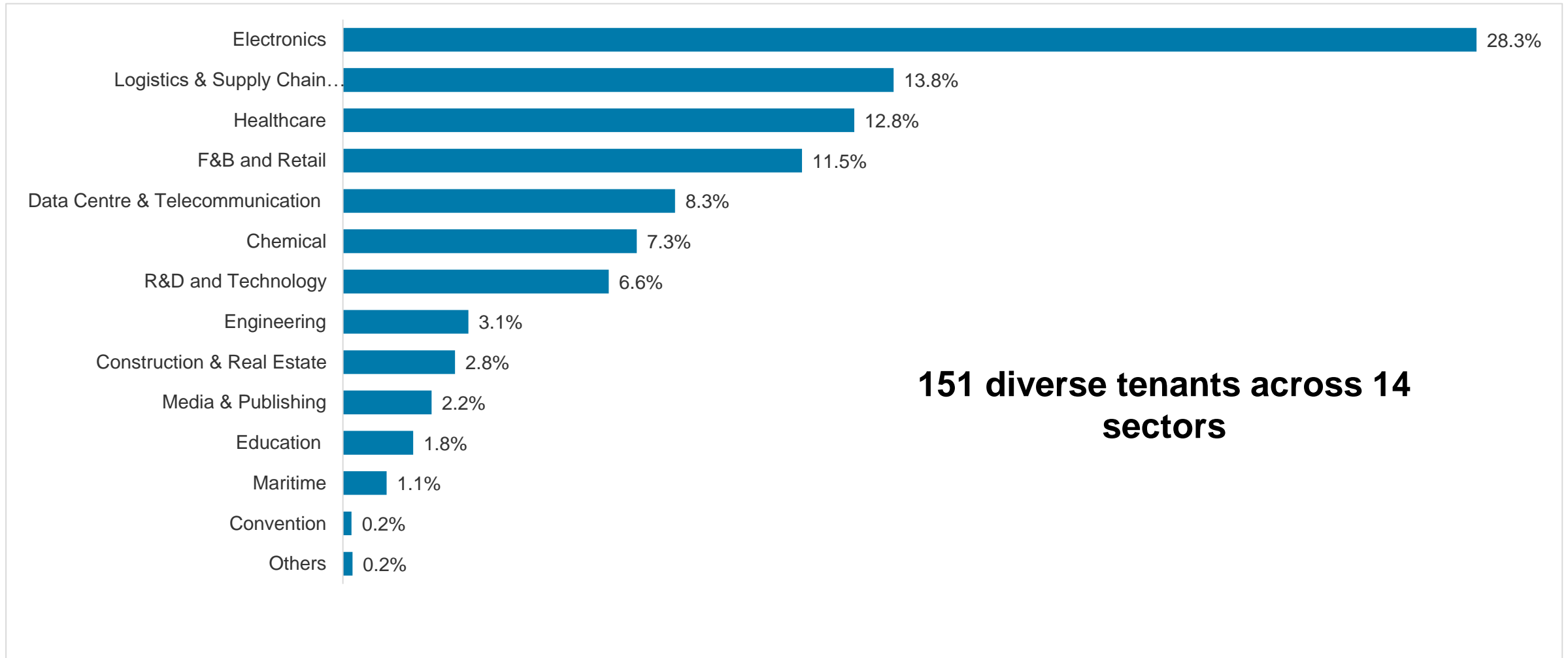
# SUSTAINED RENTAL REVERSIONS

9<sup>th</sup> Quarter in the Past 10 Quarters Where Positive Reversion was Achieved



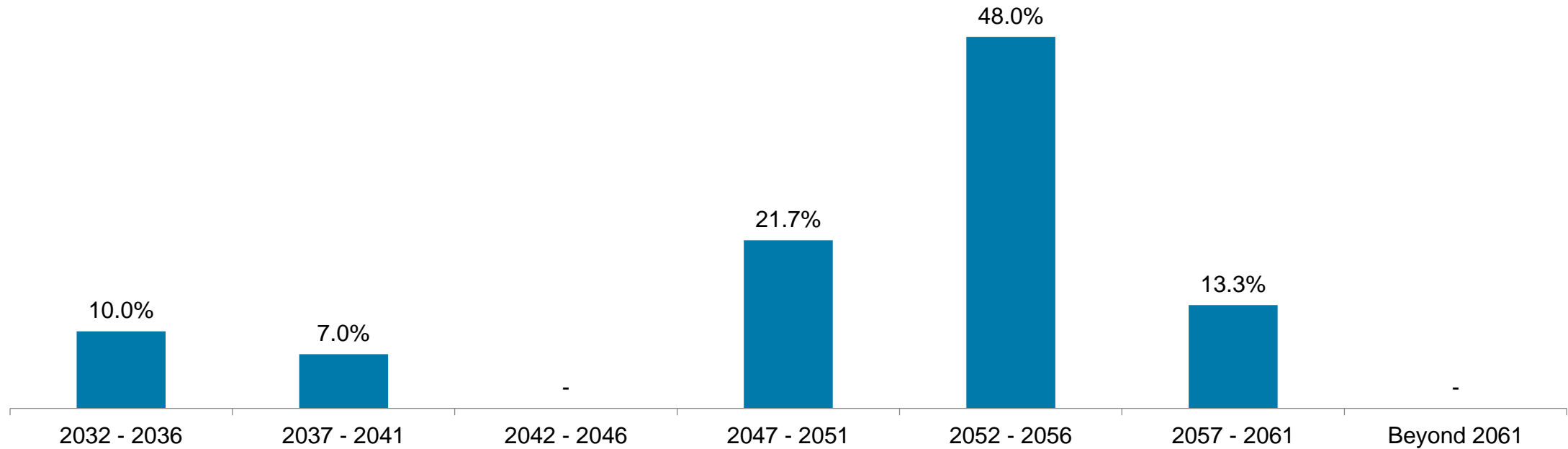
# DIVERSE BASE OF TENANTS

## Trade Sectors By Gross Rental Income as at 30 June 2022



# LONG WEIGHTED AVERAGE LEASEHOLD FOR UNDERLYING LAND

Long Underlying Land Leases, with an Average of 28.9 Years by GFA



Percentage of unexpired land lease term by GFA<sup>(1)</sup>

(1) As at 30 June 2022.

05  
Market  
Outlook &  
Strategy



# MARKET OUTLOOK & STRATEGY

## Singapore Economic Outlook

- Singapore's economy grew by 4.8% y-o-y in 2Q 2022, extending the 4.0% growth recorded in the previous quarter <sup>(1)</sup>
- Gross Domestic Product forecast has been maintained at "3.0 to 5.0 per cent" for 2022, with growth likely to come in at the lower half of the forecast range <sup>(2)</sup>
- MAS has assessed that it is appropriate to further tighten its monetary policy stance so as to lean against price pressures becoming more persistent <sup>(3)</sup>
- Rents in 1Q 2022 for all industrial space rose by 1.0% q-o-q. Occupancy rate fell to 89.8%, down 0.4 percentage point from the previous quarter due to new completions picking up significantly and an increase in supply exceeding new demand <sup>(4)</sup>

## Industrial Property Outlook

- Singapore's Ministry of Trade and Industry has launched 6.36 hectares of industrial land for tender in the Industrial Government Land Sales programme for the second half of 2022 <sup>(5)</sup>
- Cushman & Wakefield expects healthy demand for high-tech, prime logistics and warehouse properties amid ongoing expansion from the biomedical, technology, manufacturing and logistics sector, fueled by the exponential growth in e-commerce and business digitalization. However, it cautioned that ample supply of factory space coming onstream this year could add downward pressure on occupancy rates <sup>(6)</sup>

## Sabana Industrial REIT

- While Singapore's economy is expanding, the rising inflationary pressures led mainly by high energy prices and the prevailing uncertainties in the external environment could dampen outlook
- With its commitment deliver on strategy and ensure long-term sustainable value for all Unitholders, the Manager will stay focused on proactive lease management to attract expansionary tenants, grow VALUE by enhancing asset potential and pursue yield-accretive acquisitions to expand portfolio growth

### Sources:

- (1) "Singapore's GDP Grew by 4.8 Per Cent in the Second Quarter of 2022". Ministry of Trade and Industry Singapore. 14 July 2022
- (2) "MTI Maintains 2022 GDP Growth Forecast at "3.0 to 5.0 Per Cent". Ministry of Trade and Industry Singapore. 25 May 2022
- (3) MAS monetary policy statement – July 2022. MAS. 14 July 2022
- (4) "JTC Quarterly Market Report for 1Q 2022". JTC. 28 April 2022
- (5) "Launch of second half 2022 industrial government land sales programme". Ministry of Trade and Industry. 30 June 2022
- (6) "Industrial Marketbeat Report". Cushman & Wakefield. 5 April 2022

# Contact Us



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