



SABANA INDUSTRIAL REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 29 October 2010 under the laws of the Republic of Singapore)

SABANA INDUSTRIAL REIT'S 1H 2022 TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION UP 9.6% Y-O-Y TO \$17.1 MILLION ; CONTINUES TO DELIVER ON STRATEGY TO GROW VALUE

- **Delivering on strategy with solid performance for 1H 2022**
 - Growth in DPU by 7.4% year-on-year to 1.59 cents
 - Portfolio occupancy increased to 88.2%, the highest level since 3Q 2017
 - Achieved positive rental reversion of 9.1% for 1H 2022 and 17.4% for 2Q 2022, the ninth positive quarterly reversion in the past ten quarters
- **Focused on growing value through proactive leasing management**
 - 25 new and renewed leases concluded in 1H 2022 totalling approximately 500,000 sq ft
 - Secured new healthcare tenant for 30 & 32 Tuas Avenue 8 under 10-year master lease
 - Activated major asset enhancement initiative (“AEI”) at 1 Tuas Avenue 4 to deliver industrial space solutions targeted at third-party logistics companies
- **Strengthens stewardship and diversity with appointment of an Independent Director**

Summary of Results

(\$'m)	1H 2022	1H 2021	Variance (%)
Gross Revenue ^(a)	44.9	39.1	14.7
Net Property Income (“NPI”) ^(a)	27.0	25.7	5.2
Total Amount Available for Distribution ^(b)	17.1	15.6	9.6
Distribution Per Unit (“DPU”) (cents)	1.59	1.48	7.4

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

(b) 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.

Singapore, 20 July 2022 – Sabana Real Estate Investment Management Pte. Ltd., the Manager of Sabana Industrial Real Estate Investment Trust (“**Sabana Industrial REIT**” or “**The REIT**”), today reported financial results for the first half financial year ended 30 June 2022 (“**1H 2022**”).

Delivering on Strategy with Solid Performance

Gross revenue for 1H 2022 rose by 14.7% year-on-year (“**y-o-y**”) to \$44.9 million, mainly due to higher portfolio occupancy of 88.2%, underpinned by a newly secured 10-year master lease for 30 & 32 Tuas Avenue 8. In tandem with the higher gross revenue, NPI increased 5.2% y-o-y to \$27.0 million for 1H 2022.

The total amount available for distribution for 1H 2022 was \$17.1 million, 9.6% higher compared to the previous corresponding period (“**1H 2021**”). DPU rose by 7.4% to 1.59 cents for 1H 2022, as compared to 1.48 cents in 1H 2021.

Mr Donald Han, Chief Executive Officer of the Manager of Sabana Industrial REIT said, “The REIT has stayed resilient and grown from strength to strength, anchored on our Grow VALUE strategy. In the past six months, we have improved on our portfolio value, which translated into higher NAV per unit, and increased our net property income. Together, these enabled us to reward Unitholders with a higher DPU of 1.59 cents.

Equally significant, our proactive leasing efforts have resulted in sustained rental reversions. Of note, the 17.4% reversion in 2Q 2022 is the ninth positive quarterly reversion in the past ten quarters, consistently among the highest within the Singapore industrial REIT sector. It is also noteworthy that we delivered a return on investment of 5.8%¹ for 1H 2022, with our trading price having outperformed benchmark Singapore REIT indices amidst volatile market conditions.

We will continue to deliver on our strategy and focus on proactive AEs as well as acquisition of yield accretive assets. We aim to achieve an upsized portfolio valuation of more than \$1 billion between 2025 and 2027.”

Mr Tan Cheong Hin, Chairman of the Board of Directors commented, “On behalf of the Board, I would also like to welcome Mrs Elaine Lim as Independent Non-Executive Director. A strong, stable and diverse board is imperative as the Manager continues to deliver on the strategy to grow the REIT’s portfolio. The Board and Management remain fully committed to a high level of corporate governance and stakeholder engagement and the appointment of Mrs Elaine Lim is a continuation of our emphasis in these areas.”

Proactive Leasing Management and Portfolio Rejuvenation

Overall occupancy rate as at 30 June 2022 was 88.2%, 4.8 percentage points higher than the occupancy rate of 83.4% as at 30 June 2021. This is also the highest level since 3Q 2017. Excluding 1 Tuas Avenue 4 which is being activated for a major AEI, the overall occupancy would have been 91.3% as at 30 June 2022. The improvement in occupancy rate was underpinned by a newly secured 10-year master lease with a new tenant in the healthcare sector for 30 & 32 Tuas Avenue 8 which will strengthen the REIT’s long-term income stability.

The major AEI at 1 Tuas Avenue 4 builds on the REIT’s commitment to invest with sustainability agenda in mind. To this end, the REIT will incorporate some green initiatives that will enhance resource efficiency in the new facility. This upcoming development, which will offer approximately 165,000 sq ft of industrial space on higher-than-average warehouse specifications in terms of ceiling height and floor loading, is set to appeal to third party logistics tenants. The project is targeted for completion in 2H 2023.

Sabana Industrial REIT also achieved positive rental reversion of 9.1% in 1H 2022, reflecting proactive lease management. For 2Q 2022, the REIT recorded positive reversion of 17.4%, its ninth positive quarterly reversion in the past ten quarters.

Sabana Industrial REIT has also strengthened its tenant mix, which now includes a higher proportion of tenants from more resilient sectors such as electronics and healthcare. The REIT’s tenant base is well-diversified, with 151 tenants across 14 sectors, thereby ensuring cash flow resilience.

The Manager continues to proactively engage existing tenants ahead of lease expiries and has successfully renewed 55% of leases expiring in FY2022.

Prudent Capital Management

As at 30 June 2022, aggregate leverage remained healthy at 33.4% and weighted average all-in cost of borrowing was 3.35%. The debt maturity profile remains well-spread out with weighted average debt maturity at 3.3 years with no outstanding loans maturing in 2022 and 2023.

Sabana Industrial REIT remains well-positioned to service its loans, with a healthy interest coverage of 4.0 times as at 30 June 2022. About 75.3% of Sabana Industrial REIT’s total borrowings are on fixed rates for an average term of 2.4 years.

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

Strengthening Stewardship and Diversity

To further strengthen stewardship and diversity, Mrs Elaine Lim has been appointed to the Board as Independent Non-Executive Director on 6 July 2022. She is an advocate on corporate governance, having provided thought-leadership and training to advance corporate governance practices.

Sustainable Growth

Looking ahead, Sabana Industrial REIT will continue to build on its value enhancing strategy. The Manager will continue to ensure active execution of asset enhancement initiatives and pursue acquisition opportunities. Leveraging on strategic investments and business partnerships, Sabana Industrial REIT will continue to capitalise on industrial market trends for sustainable growth.

Sabana Industrial REIT remains committed to advancing ESG in its goals and improving the environmental sustainability across its property portfolio. Going into 2H 2022, the Manager will be executing various initiatives including the replacement of the chiller systems at 508 Chai Chee Lane and installation of electric vehicle charging stations at New Tech Park in support of EV adoption, alongside the green initiatives planned for 1 Tuas Avenue 4.

Outlook

Singapore's Ministry of Trade and Industry ("MTI") reported that based on advance estimates, Singapore's economy grew by 4.8% y-o-y in 2Q 2022, extending the 4.0% growth in the previous quarter². MTI also maintained Singapore's Gross Domestic Product ("GDP") forecast at "3.0 to 5.0 per cent" for 2022, with growth likely to come in at the lower half of the forecast range³.

The Monetary Authority of Singapore ("MAS") announced on 14 July 2022 that it will take a further calibrated step to tighten monetary policy, which should help slow the momentum of inflation and ensure medium-term price stability⁴. Overall inflation forecast is now expected to come in at 5.0% to 6.0%, higher than the earlier forecast range of 4.5% to 5.5%.

According to JTC, overall occupancy rate for the industrial property market fell to 89.8% in 1Q 2022⁵, a drop of 0.4 percentage points compared to the previous quarter, due to new completions picking up significantly, and an increase in supply exceeding new demand. Notwithstanding the drop in occupancy, the all-industrial rental index rose 1.0% compared to the previous quarter. The all-industrial price index also increased by 2.1% as compared to the first quarter.

As for the Singapore industrial property segment, MTI has launched 6.36 hectares of industrial land for tender in the Industrial Government Land Sales programme for the second half of 2022⁶, compared to 4.48 hectares offered in the first half 2022 programme.

Cushman & Wakefield expects healthy demand for high-tech, prime logistics and warehouse properties amid ongoing expansion from the biomedical, technology, manufacturing and logistics sectors, fuelled by the exponential growth in e-commerce and business digitalisation. However, it cautioned that ample supply of factory space coming onstream this year could add downward pressure on occupancy rates⁷.

While Singapore's economy continues to expand, the rising inflationary pressures led mainly by high energy prices, rising interest rates and the prevailing uncertainties in the external environment could dampen outlook. Sabana Industrial REIT continues to see expansionary demand in the Singapore industrial sector and remains cautiously

² "Singapore's GDP Grew by 4.8 Per Cent in the Second Quarter of 2022". Ministry of Trade and Industry Singapore. 14 July 2022.

³ "MTI Maintains 2022 GDP Growth Forecast at "3.0 to 5.0 Per Cent". Ministry of Trade and Industry Singapore. 25 May 2022.

⁴ "MAS Monetary Policy Statement - July 2022". Monetary Authority of Singapore. 14 July 2022.

⁵ "JTC Quarterly Market Report for 1Q 2022". JTC. 28 April 2022 (to be updated).

⁶ "Launch of Second Half 2022 Industrial Government Land Sales programme". Ministry of Trade and Industry Singapore. 30 June 2022.

⁷ "Industrial Marketbeat Report". Cushman & Wakefield. 5 April 2022.

optimistic in its mid-term outlook. The Manager will stay focused on proactive lease management to attract expansionary tenants, create value by enhancing asset potential and pursue yield-accretive acquisitions to expand portfolio growth, in order to deliver long-term sustainable value for all its Unitholders.

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For enquiries, please contact:

Sabana Real Estate Investment Management Pte. Ltd.

Ms Low Hooi Hoon

Tel: +65 6580 7857

Email: hooihoon.low@sabana.com.sg

Citigate Dewe Rogerson

Ms Chia Hui Kheng/ Ms Dolores Phua/ Ms Jass Lim

Tel: +65 6534 5122

Email: sabana@citigatedewerogerson.com

Sabana Industrial REIT

Sabana Industrial REIT was listed on the SGX-ST on 26 November 2010. As at 31 December 2021, Sabana Industrial REIT has a diversified portfolio of 18 quality properties in Singapore, in the high-tech industrial, warehouse and logistics, chemical warehouse and logistics, as well as general industrial sectors. The total assets of the Group amount to more than S\$0.9 billion as at 31 December 2021. Sabana Industrial REIT is a constituent of the SGX S-REIT Index, MSCI Singapore Micro Cap Index, and FTSE ST Singapore Shariah Index.

Sabana Industrial REIT is managed by Sabana Real Estate Investment Management Pte. Ltd. (in its capacity as the Manager of Sabana Industrial REIT) in accordance with the terms of the trust deed dated 29 October 2010 (as amended, varied or supplemented from time to time). Sabana Industrial REIT is a real estate investment trust constituted on 29 October 2010 under the laws of Singapore.

For further information on Sabana REIT, please visit www.sabana-reit.com.

Important Notice

The value of units in Sabana Industrial REIT (“**Units**”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, HSBC Institutional Trust Services (Singapore) Limited, as trustee of Sabana Industrial REIT, or any of their respective affiliates.

An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.