

**2H 2023 and  
FY 2023**

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**RESULTS  
PRESENTATION**

23 January 2024



# Disclaimer

**This presentation shall be read in conjunction with the financial information of Sabana Industrial Real Estate Investment Trust (“Sabana Industrial REIT” or the “REIT”) for the six months from 1 January 2023 to 30 June 2023 (“1H 2023”) and the published 1Q and 3Q Interim Business Updates for FY 2023.**

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Any discrepancies in the tables included in this presentation between the listed amounts and total thereof are due to rounding.

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# Agenda

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



01  
**Key Updates  
and  
Highlights**

# FY 2023 at a Glance

For the year ended 31 December 2023

## Financial Performance



Gross Revenue  
\$111.9m  
+17.9% y-o-y

Net Property Income  
\$55.0m  
+3.2% y-o-y

Total Amount Available for Distribution  
\$33.7m  
+1.9% y-o-y

Income Available for Distribution per Unit  
3.05 cents  
unchanged

Distribution per Unit (declared)  
2.76 cents<sup>1</sup>  
-9.5% y-o-y

## Capital Management



Aggregate Leverage<sup>2</sup>  
34.3%  
31 Dec 2022: 32.4%

Average All-In Financing Cost  
3.89%  
31 Dec 2022: 3.86%

## Portfolio Management



Portfolio Occupancy  
91.2%<sup>3</sup>  
31 Dec 2022: 91.2%

Rental Reversion  
16.6%  
31 Dec 2022: 12.9%

1. 10% of the total income available for distribution retained for prudent capital management in view of costs incurred and to be incurred in connection with the internalisation

2. Ratio of total borrowings & deferred payment to deposited property as defined in the Property Funds Appendix of the Code on Collective Investment Schemes

3. Portfolio occupancy includes 33 & 35 Penjuru Lane, which is master-leased and under legal proceedings and excludes 1 Tuas Avenue 4, which is currently undergoing AEI. For more details on the legal proceedings, please refer to Manager's updates on SGXNet on 17 November 2023, 19 December 2023 and 28 December 2023

## Key Performance Highlights



Achieved stable income available for distribution per unit in FY 2023, notwithstanding ongoing internalisation and accounts receivable impairment<sup>1</sup>. Total declared DPU for FY 2023 is 2.76 cents



2H 2023 NPI increased by 5.9% y-o-y to \$27.8 million, uplifted by positive rental reversions across the portfolio as overall occupancy rate remained stable, and partially offset by surge in utilities cost



Maintained positive rental reversion in 4Q 2023, marking 12 consecutive quarters of positive rental reversion since 1Q 2021 and three consecutive years of double-digit rental reversion



Achieved stable portfolio occupancy of 91.2%<sup>2</sup> through renewal of major anchor tenant at 508 Chai Chee Lane in 2H 2023 and successfully secured new tenants to replace anchor tenant at 34 Penjuru Lane prior to the anchor tenant's lease expiry in 2H 2023

1. The accounts receivable impairment is mainly attributable to the receivables from the master tenant at 33 & 35 Penjuru Lane, for which legal proceedings are in progress. For more details, please refer to the Manager's announcements on SGXNet on 17 November 2023, 19 December 2023 and 28 December 2023

2. Portfolio occupancy includes 33 & 35 Penjuru Lane, which is master-leased and under legal proceedings, and excludes 1 Tuas Avenue 4, which is currently undergoing AEI

## Key Performance Highlights



Achieved significant construction progress on 1 Tuas Avenue 4 asset enhancement initiative, on track to obtain Temporary Occupation Permit by 1H 2024



Continued to implement green initiatives across selected portfolio properties during the year; with almost two-thirds of the REIT's existing financing being sustainability-linked



In view of the ongoing legal proceedings against a master lease tenant at 33 & 35 Penjuru Lane<sup>1</sup>, the Manager has taken a prudent stance and recorded a one-off impairment of \$2.0 million. Excluding this, overall rental collectability was recorded at 99.8% as of 31 December 2023

1. For more details on the legal proceedings, please refer to Manager's updates on SGXNet on 17 November 2023, 19 December 2023 and 28 December 2023

## Impact of Internalisation Process on Manager's Business as Usual

- No waiver from a review event for the REIT's existing financing arrangements of totally unsecured loans has since been granted by relevant lenders of the REIT at this juncture<sup>1</sup>
- Emphasis of matter<sup>2</sup> in respect of material uncertainty that may cast significant doubt on the ability of the REIT and its subsidiary to continue as a going concern depending on the outcome of the internalisation exercise highlighted by Ernst & Young LLP, independent auditors on the REIT's FY 2023 financial results. The above-mentioned material uncertainty arises because of the potential financial implication to Sabana Industrial REIT arising from the implementation of the Resolutions which could affect Sabana Industrial REIT's ability to remain as a going concern.
- No assurance that existing staff will continue to stay given the uncertainties during the interim period
  - high attrition rate
  - impacts ability to retain and recruit

Given the lacklustre growth outlook of the Singapore economy, cautious market sentiment and prevailing high interest rate environment, the Manager will endeavour to steer through the unfavourable business climate and optimise the REIT's performance

1. For more details on the review event, please refer to the Manager's announcement on SGXNet on 19 July 2023  
2. Pursuant to Rule 704(5) of the Listing Manual

## Additional Costs Incurred up to 31 December 2023

- **\$1.37 million** of expenses incurred in connection with (and up to) the requisition of the 7 August 2023 Extraordinary General Meeting (“**EGM**”)
- Additional **\$3.27 million** of internalisation expenses incurred in respect of implementation of the resolutions passed on 7 August 2023 and accrued as of 31 December 2023
- **10% of distributable income for FY 2023 retained** for prudent capital management in view of additional costs incurred and to be incurred in connection with the internalisation; further retention of distributable income may be required in FY 2024 and FY 2025

**In view of the ongoing internalisation process, the Trustee will provide further updates as and when there are material developments. All updates from the Trustee will be in the form of announcements via SGXNet. Unitholders may direct their enquiries to [sabana.trustee@hsbc.com.sg](mailto:sabana.trustee@hsbc.com.sg).**

## KEY FINANCIAL HIGHLIGHTS

### Gross Revenue

FY 2023	\$111.9m (+17.9% y-o-y)
2H 2023	\$56.6m (+13.1% y-o-y)

### NPI

FY 2023	\$55.0m (+3.2% y-o-y)
2H 2023	\$27.8m (+5.9% y-o-y)

### Income available for distribution per unit

FY 2023	3.05 cents (+0.0% y-o-y)
2H 2023	1.44 cents (-1.4% y-o-y)

### Distribution per unit (declared)

FY 2023	2.76 cents (-9.5% y-o-y)
2H 2023	1.15 cents (-21.2% y-o-y)

### All-in borrowing cost/ LTV

FY 2023	3.89% / 34.3%
FY 2022	3.86% / 32.4%

### 2H 2023 Results

- Gross revenue increased by 13.1% y-o-y to \$56.6 million, uplifted by positive rental reversions across the portfolio as overall occupancy rate remained stable
- NPI increased by 5.9% y-o-y to \$27.8 million, as the improvement in gross revenue was partially offset by the surge in utilities cost
- Income available for distribution per unit of 1.44 cents, 1.4% lower y-o-y, compared to 1.46 cents in 2H 2022, mainly due to a one-off impairment loss relating to 33 & 35 Penjuru Lane, partially offset by the increase in NPI
- Declared DPU of 1.15 cents, down 21.2% y-o-y from 1.46 cents after 10% of the total income available for distribution was retained for prudent capital management in view of additional cost incurred and to be incurred in connection with the internalisation

### FY 2023 Results

- Gross revenue increased by 17.9% y-o-y to record high of \$111.9 million, on the back of positive three consecutive years of double-digit rental reversions and stable overall occupancy rate
- NPI was \$55.0 million, up 3.2% y-o-y, compared to \$53.3 million in FY 2022
- Income available for distribution per unit of 3.05 cents, consistent with the prior period
- Declared DPU of 2.76 cents, down 9.5% y-o-y from 3.05 cents after 10% of the total income available for distribution was retained

### Capital Management

- Average all-in financing cost of 3.89%, with an interest coverage ratio of 3.5 times
- Aggregate leverage at 34.3%
- Weighted average debt maturity at 2.9 years
- 76.3% of borrowings on fixed rates with an average term of 1.0 year(s)

# KEY PORTFOLIO HIGHLIGHTS

## Occupancy<sup>1</sup>

FY 2023	91.2% (unchanged)
FY 2022	91.2%

## Rental Reversion

FY 2023	+16.6% (+3.7 pp)
FY 2022	+12.9%

## Valuation

FY 2023	\$903.9m (+2.1% y-o-y)
FY 2022	\$885.7m

## WALE

FY 2023	3.0 years (unchanged)
FY 2022	3.0 years

### Portfolio Occupancy

- Overall portfolio occupancy at 91.2% as at 31 December 2023, surpassing JTC's 3Q 2023 industrial average of 88.9%<sup>2</sup>
- 85.8% of the portfolio by gross rental income contributed by multi-tenanted properties

### 2H 2023 and FY 2023 New and Renewed Leases

- 40 new and renewed leases concluded in 2H 2023 totaling circa 421,000 sq ft
- 80 new and renewed leases concluded in FY 2023 totaling circa 955,000 sq ft
- Of the expired leases in FY 2023, 87.5% were renewed and/or replaced

### Rental Reversion

- Achieved positive rental reversion of 16.6% in FY 2023, reflecting proactive leasing efforts
- Positive reversion of 6.2% in 4Q 2023, marking consecutive quarterly positive reversions over the past three years

### Portfolio Valuation

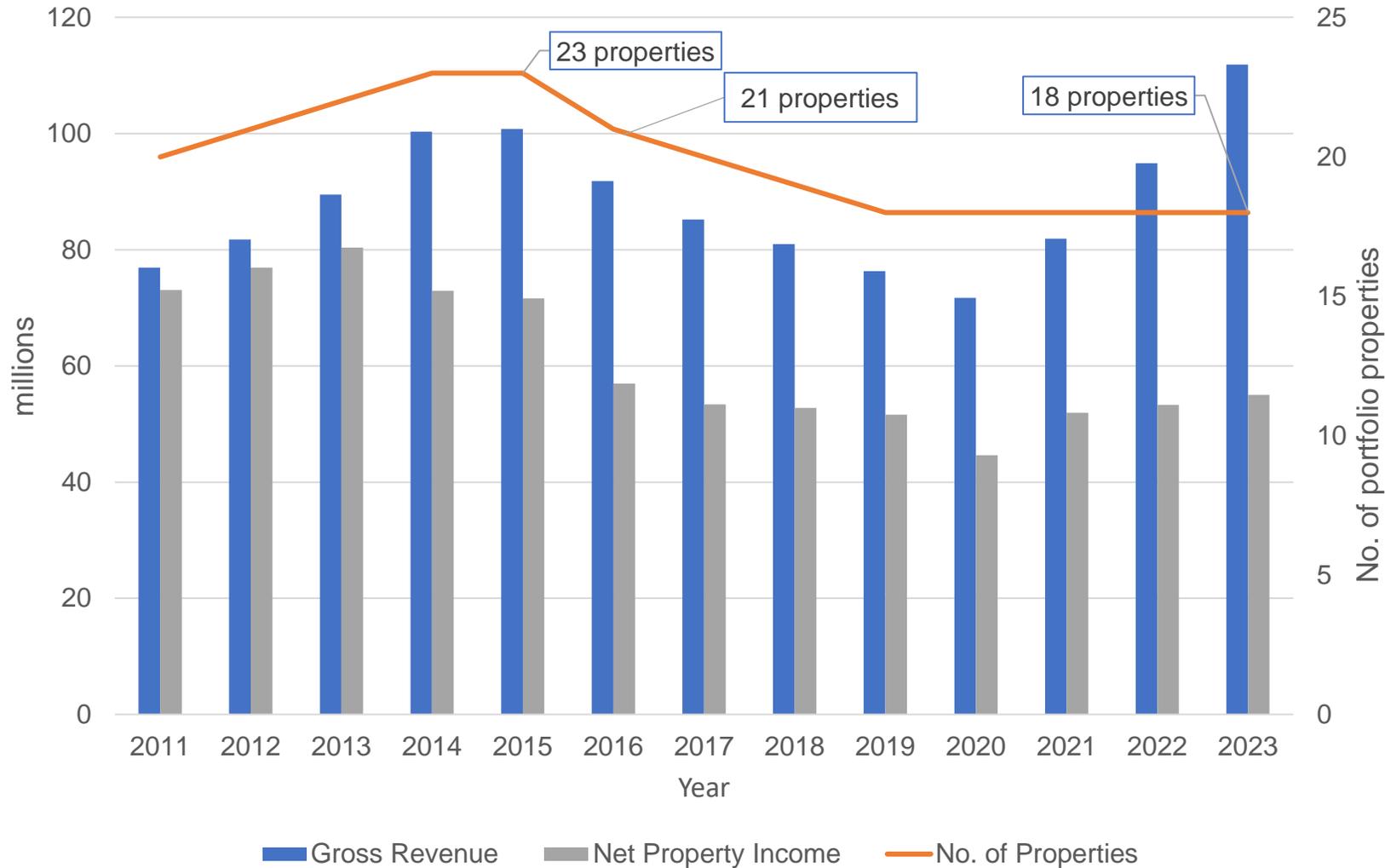
- Higher portfolio valuation of \$903.9 million as at 31 December 2023 from \$885.7 million a year ago
- Valuation uplift mainly due to ongoing asset enhancement initiative, asset rejuvenation and higher signing rents for both new and renewed leases across the portfolio

### Weighted Average Lease Expiry (WALE)

- Portfolio WALE by gross rental income remained steady at 3.0 years as at 31 December 2023, underpinned by proactive leasing efforts

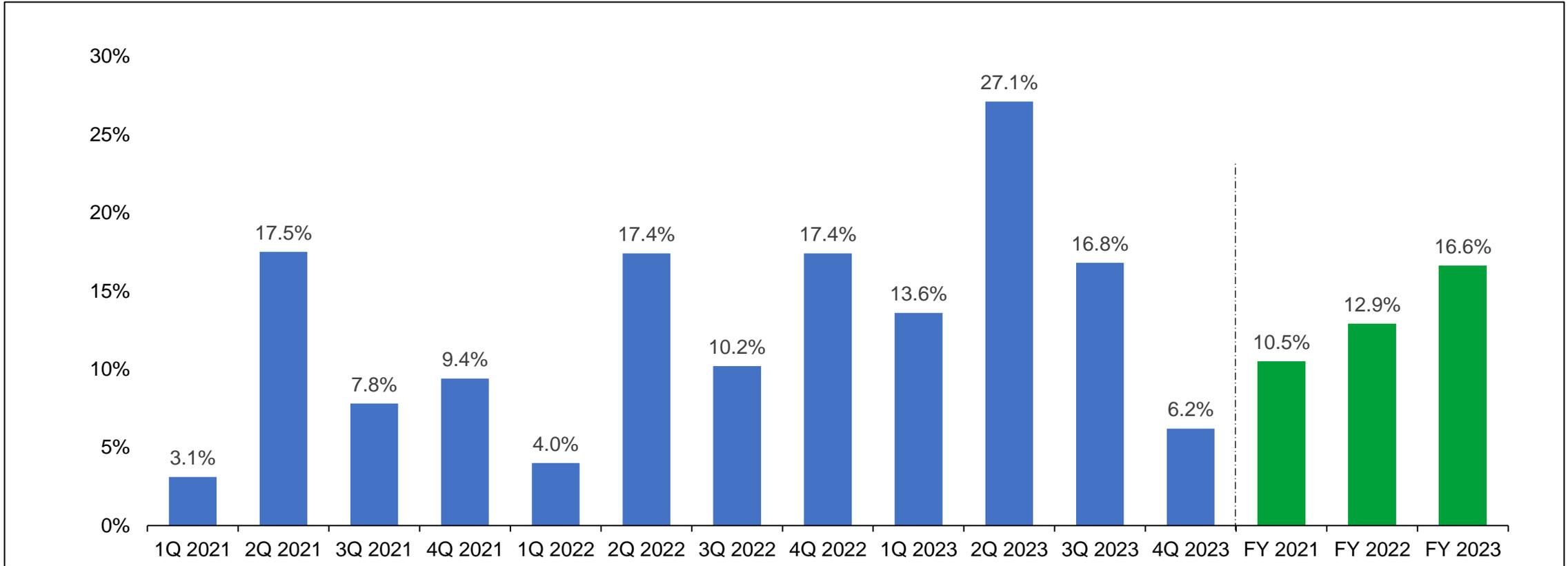
1. Portfolio occupancy includes 33 & 35 Penjuru Lane, which is master-leased and under legal proceedings and excludes 1 Tuas Avenue 4, which is currently undergoing AEI  
 2. "JTC Quarterly Market Report for 3Q 2023". JTC. 26 October 2023

# GROSS REVENUE AT ALL-TIME HIGH



- Gross Revenue reached a high of \$111.9m since initial public offering
- Highest Net Property Income since 2016 at \$55.0m, despite the divestment of three properties since

# SUSTAINED POSITIVE RENTAL REVERSIONS



Achieved 12 straight quarters of positive rental reversion, resulting in three consecutive years of positive double digit rental reversion

# KEY PROPERTY HIGHLIGHTS

## Rejuvenation of New Tech Park to Future Proof and Enhance Asset Quality

### Future-proofing New Tech Park

- Upgrading electricity capacity to cater to tenants from expansionary trade sectors
- Onboarding of new tenants which are amongst the world's largest in their respective trade sectors during the year. These tenants include Daikin Holdings Singapore Pte. Ltd. and MD (Singapore) Consumer Product Co. Pte. Ltd.
- Remain in discussions with multi-governmental and statutory boards on plan to increase gross floor area for New Tech Park Phase 3 AEI



151 Lorong Chuan ("New Tech Park")

## Progress of 1 Tuas Avenue 4 AEI



Pictured above are the second and third storeys of the warehouse

### Significant progress of 1 Tuas Avenue 4 AEI project

- Approx. 76% completion as at 31 Dec 2023, on track to obtain TOP by 1H 2024
- Key project progress milestones include installation of louvre windows and doors, new mechanical & electrical installations, removal and installation of new roof, and construction of new reinforced concrete slabs
- Estimated development cost of \$18m is \$2m lower than initially projected<sup>1</sup>, due to disciplined project execution
- Installation of photovoltaic solar panels ("Solar PVs"), scheduled after TOP, will have the potential capacity to generate more than 1,000 megawatt hours of energy per year upon project completion
- Ongoing marketing efforts that target third party logistics tenants and/or other users

1. For more details, please refer to the Manager's announcement on SGXNet on 4 April 2023

# UPDATES ON ESG INITIATIVES AND RECOGNITION



Solar PV system at 10 Changi South Street 2

## Completion of installation Solar PVs at three of the four properties under first phase

- Solar PV system at 10 Changi South Street 2 was turned-on in December 2023; installations completed at 34 Penjuru Lane, 3A Joo Koon Circle, with expected turn-on in 1Q 2024, subject to authority's approval
- Further expanding solar power generation capacity with installation at five additional properties, with total installed capacity of 2.4 Megawatt peak which will generate more than 2,700 Megawatt-hours per year, with target completion by 4Q 2024
- Upon completion, majority of the REIT's multi-tenanted properties will be covered by renewable energy

## Continuing with target to convert all financing to either sustainability-linked or green loans

- Second sustainability-linked term loan and revolving credit facilities of up to \$100m received in June 2023; continuing with target to convert all financing facilities into sustainability-linked or green loans by 2025



3A Joo Koon Circle



Investor Day on 1 Aug 2023

## Improvement in Corporate Governance ranking as REIT climbed five positions

- Ranked 30th of 43 Singapore-listed REITs and Business Trusts in the SGTI in 2023, with an overall achievement score of 84.2.
- The 2023 ranking reflects a marked improvement of five positions and 9.8 points compared to 2022 performance



CEO Donald Han (left) receiving award

## Highest Total Unitholder Returns over three years

- Recognised by The Edge Singapore for the second year running for the 'Highest Returns to Shareholders Over Three (3) Years' award in the REITS sector for the Centurion Club<sup>1</sup>
- The Centurion Club includes REITS with a market capitalisation of under \$1 billion.

1. Data according to The Edge Singapore, 13 November 2023, over the period of 31 March 2020 to 31 March 2023; audited by Ernst and Young

# 02 Financial Performance



# Distribution Statement

(\$'000)	2H 2023	2H 2022	Variance (%)	FY 2023	FY 2022	Variance (%)
<b>Gross Revenue</b> <sup>(1)</sup>	56,598	50,057	13.1	111,875	94,907	17.9
<b>NPI</b> <sup>(1)</sup>	27,806	26,254	5.9	54,974	53,283	3.2
<b>Finance Costs</b> <sup>(1) (2)</sup>	(6,216)	(5,730)	(8.5)	(12,315)	(10,848)	(13.4)
<b>Total Income Available for Distribution</b>	15,895	15,923	(0.2)	33,714	33,070	1.9
<b>Income Available for Distribution per Unit (cents)</b>	1.44	1.46	(1.4)	3.05	3.05	-
<b>Total Distribution Amount Declared</b>	12,786	15,923	(19.7)	30,530	33,070	(7.7)
<b>Distribution Amount Declared per Unit (cents)</b>	1.15	1.46	(21.2)	2.76	3.05	(9.5)

(1) Please refer to the other information section of the Interim Financial Information for explanation of the variances.

(2) Excluding amortisation of transaction costs, please refer to note 10 of the interim financial information for detailed breakdown.

In FY 2022, 100.0% of income available for distribution was distributed to unitholders. On a like-for-like basis, FY 2023 DPU of 3.05 cents remains unchanged from FY 2022.

The REIT's policy is to distribute at least 90.0% of its distributable income to Unitholders. 10% of distributable income for FY 2023 was retained for prudent capital management in view of additional costs incurred and to be incurred in connection with the internalisation; further retention of distributable income may be required for FY 2024 and FY 2025. In view of the ongoing internalisation process, the Trustee will provide further updates as and when there are material developments. All updates from the Trustee will be in the form of announcements via SGXNet. Unitholders may direct their enquiries to [sabana.trustee@hsbc.com.sg](mailto:sabana.trustee@hsbc.com.sg)

# BALANCE SHEET

(\$'000)	As at 31 December 2023	As at 31 December 2022
Investment properties <sup>(1)</sup>	979,987	962,179
Other assets	24,894	21,013
<b>Total assets</b>	<b>1,006,091</b>	<b>983,192</b>
Borrowings, at amortised cost <sup>(2)</sup>	315,370	288,921
Other liabilities	114,183	108,484
<b>Total liabilities</b>	<b>429,553</b>	<b>397,405</b>
Net assets attributable to Unitholders	576,538	585,787
Units in issue (units)	1,111,788,330	1,096,121,325
<b>NAV per unit (S\$)</b>	<b>0.52</b>	<b>0.53</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) Increase in borrowing mainly due to additional drawdowns for 1TA4 asset enhancement initiatives, capital expenditure and for working capital purposes

03  
Capital  
Management



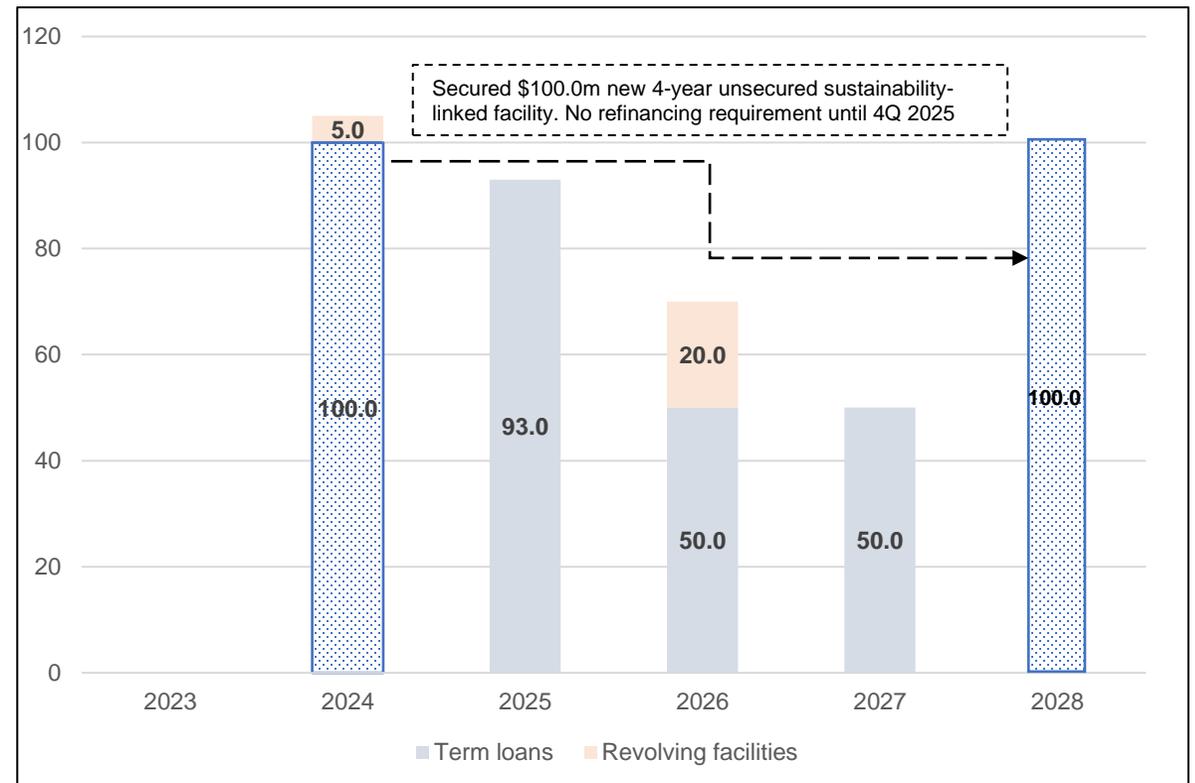
# CAPITAL MANAGEMENT

Every potential 50 bps increase in interest rates may result in a \$0.38m decrease in distributable income or 1.1% reduction (equivalent to 0.03 cents) on DPU<sup>(1)</sup> per annum

## Key Credit Metrics

	As at 31 December 2023	As at 31 December 2022
Total borrowings	\$318.0m <sup>(1)</sup>	\$293.0m
- Term loans	\$293.0m	\$293.0m
- Revolving Facilities	\$25.0m	-
<b>Aggregate leverage<sup>(2)</sup></b>	<b>34.3%</b>	<b>32.4%</b>
Interest coverage ratio <sup>(3)</sup>	3.5x	3.8x
Weighted average tenor of borrowings	2.9 years	2.8 years
<b>Average all-in financing cost</b>	<b>3.89%</b>	<b>3.86%</b>
Proportion of total borrowings on fixed rates	76.3%	82.8%
Weighted average fixed debt expiry	1.0 year(s)	2.0 years
<b>Debt Headroom<sup>(4)</sup></b>	<b>\$145.7m</b>	<b>\$156.1m</b>
Unencumbered assets	100%	100%

## Debt Maturity Profile



Notes:

- (1) Based on 1,111,788,330 units as at 31 December 2023.
- (2) Borrowings have increased due to the working capital required for capital expenditure for further information please refer to the cashflow statement in our Interim Financial Information
- (3) Ratio of total borrowings & deferred payment over deposited property as defined in the Property Funds Appendix of the Code on Collective Investment Schemes.
- (4) Based on the interest coverage ratio definition in Appendix 6 of the Code on Collective Investment Schemes.
- (5) On the basis of an aggregate leverage limit of 50.0% pursuant to the Property Funds Appendix, inclusive of committed and undrawn facilities of \$95.0m.

# DISTRIBUTION DETAILS

## Sabana Industrial REIT Code: M1GU

Distribution Period	DPU (cents)
1 July 2023 to 31 December 2023	1.15
Distribution Timetable	
Last date that the Units are quoted on a “cum”- distribution basis	Monday, 29 January 2024
Ex-date	Tuesday, 30 January 2024
Books closure date	Wednesday, 31 January 2024, 5pm
Distribution payment date	Wednesday, 20 March 2024
Distribution Reinvestment Plan (“DRP”) Timetable	
Announcement of DRP issue price	Wednesday, 31 January 2024
Closing Date for submission of Notice of Election	Tuesday, 27 February 2024, 5pm
Listing of new units issued	Wednesday, 20 March 2024

In FY 2022, 100.0% of income available for distribution was distributed to unitholders. On a like-for-like basis, FY 2023 DPU of 3.05 cents remains unchanged from FY 2022.

The REIT’s policy is to distribute at least 90.0% of its distributable income to Unitholders. 10% of distributable income for FY 2023 was retained for prudent capital management in view of additional costs incurred and to be incurred in connection with the internalisation; further retention of distributable income may be required for FY 2024 and FY 2025. In view of the ongoing internalisation process, the Trustee will provide further updates as and when there are material developments. All updates from the Trustee will be in the form of announcements via SGXNet. Unitholders may direct their enquiries to [sabana.trustee@hsbc.com.sg](mailto:sabana.trustee@hsbc.com.sg)

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, commercial nodes and public transportation nodes including MRT stations and bus stops

**Portfolio Value**  
**\$903.9 million**

**Tenant Base**  
**174 tenants**

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

**Portfolio Occupancy**  
**91.2%<sup>1</sup>**

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

**Portfolio WALE**  
**3.0 years**



**High-Tech Industrial**

- 1 151 Lorong Chuan  
*Lorong Chuan (CC14)*
- 2 8 Commonwealth Lane  
*Commonwealth (EW20)*
- 3 15 Jalan Kilang Barat  
*Redhill (EW18)*
- 4 1 Tuas Avenue 4  
*Tuas Crescent (EW31)*
- 5 23 Serangoon North Avenue 5
- 6 508 Chai Chee Lane



**Chemical Warehouse & Logistics**

- 7 33 & 35 Penjuru Lane
- 8 18 Gul Drive  
*Gul Circle (EW30)*



**Warehouse & Logistics**

- 9 34 Penjuru Lane
- 10 51 Penjuru Road
- 11 26 Loyang Drive
- 12 3A Joo Koon Circle  
*Joo Koon (EW29)*
- 13 2 Toh Tuck Link
- 14 10 Changi South Street 2  
*Expo (CG1/DT35)*



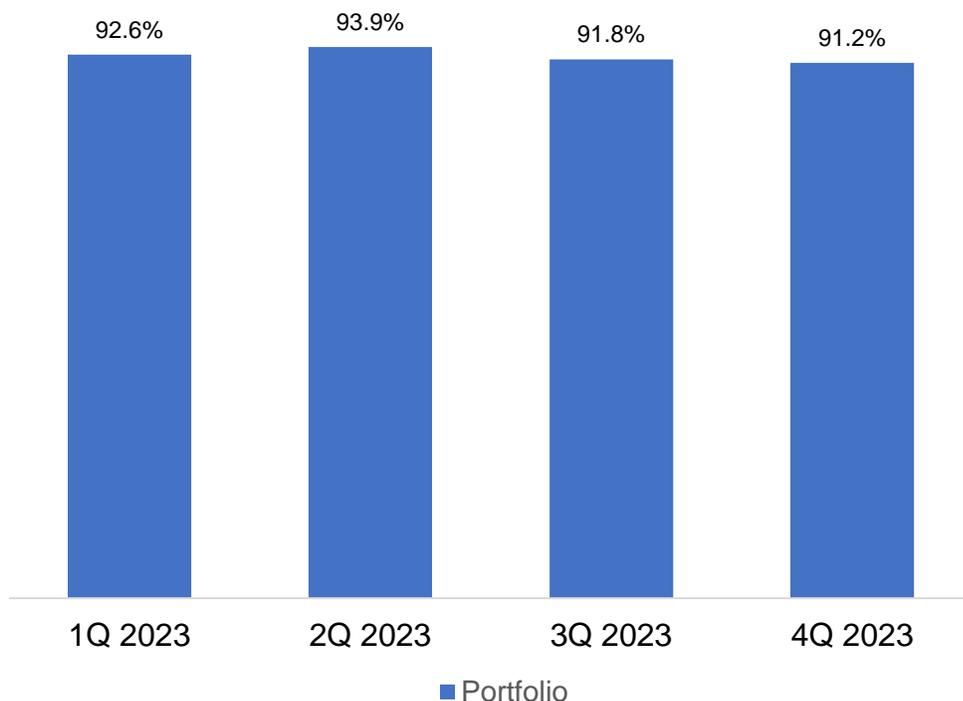
**General Industrial**

- 15 123 Genting Lane  
*Mattar (DT25)*
- 16 30 & 32 Tuas Avenue 8  
*Tuas Crescent (EW31)*
- 17 39 Ubi Road 1  
*MacPherson (DT26/CC10)*
- 18 21 Joo Koon Crescent  
*Joo Koon (EW29)*

1. Portfolio occupancy includes 33 & 35 Penjuru Lane, which is master-leased and under legal proceedings, and excludes 1 Tuas Avenue 4, which is currently undergoing AEI

# PORTFOLIO OVERVIEW

## Portfolio Occupancy



## Key Portfolio Attributes

	As at 31 December 2023	As at 31 December 2022
Portfolio GFA	4.2m sq ft	4.2m sq ft
Total portfolio occupancy <sup>(1)</sup>	91.2%	91.2%
Weighted average master lease term to expiry <sup>(2)</sup>	5.1 years	6.0 years
Weighted average portfolio lease term to expiry <sup>(3)</sup>	3.0 years	3.0 years
Weighted average unexpired lease term for the underlying land <sup>(4)</sup>	27.4 years	28.4 years

(1) By Net Lettable Area (“NLA”), and computation of total portfolio occupancy includes 33 & 35 Penjuru Lane, which is master-leased and under legal proceedings and excludes 1 Tuas Avenue 4, which is currently undergoing AEI

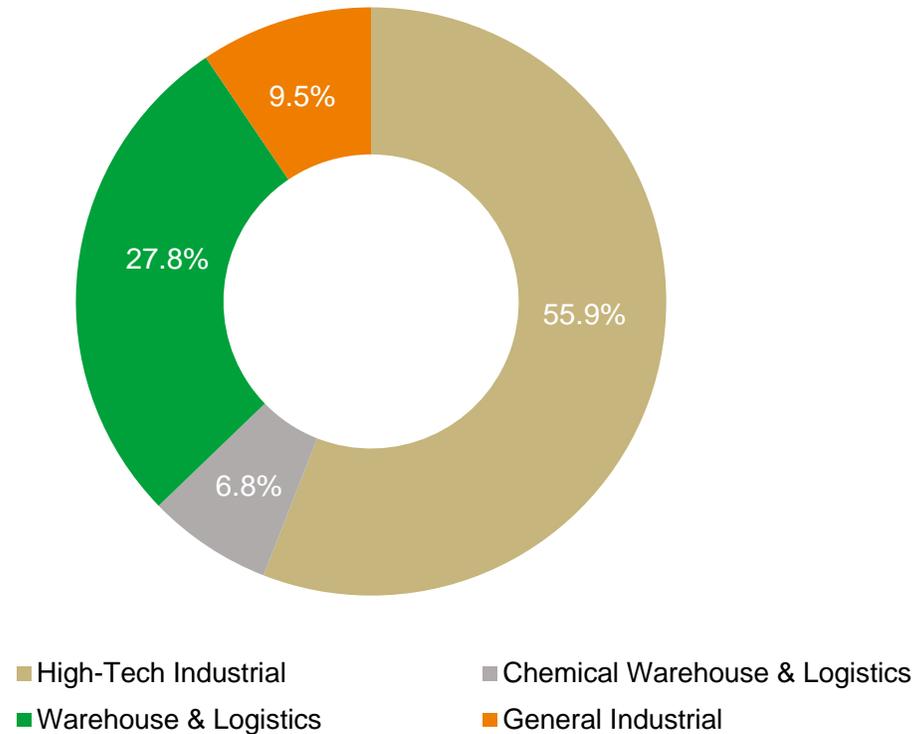
(2) Weighted by gross rental income (master leases of 5 properties).

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

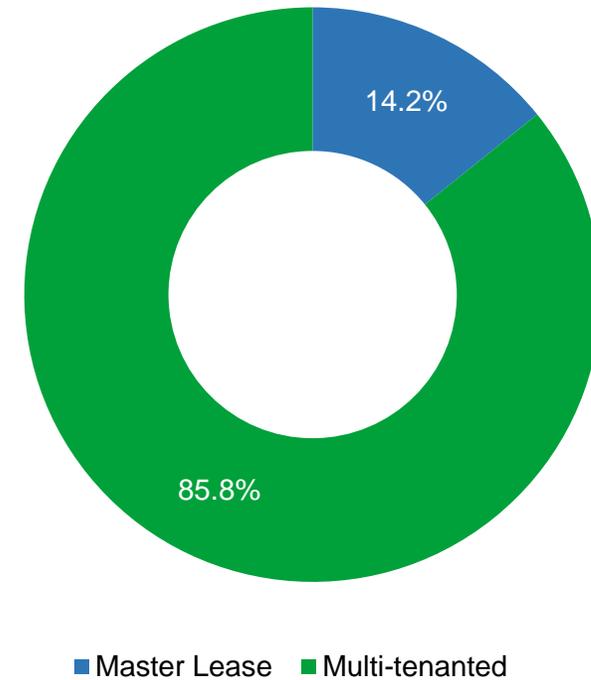
(4) Weighted by Gross Floor Area (“GFA”).

# WELL-DIVERSIFIED PORTFOLIO

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



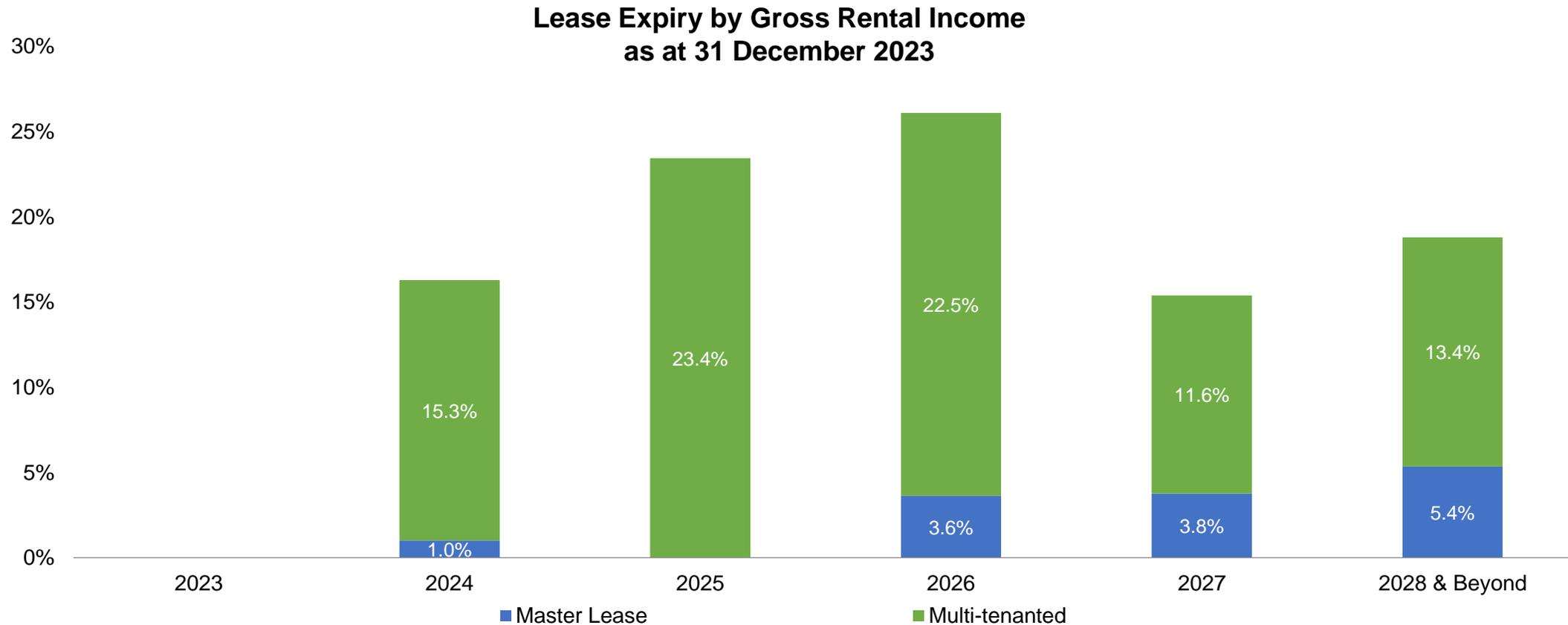
**Breakdown of Master-leased and Multi-tenanted Properties**  
By Gross Rental Income<sup>(1)</sup>



(1) As at 31 December 2023

# PROACTIVE LEASE MANAGEMENT

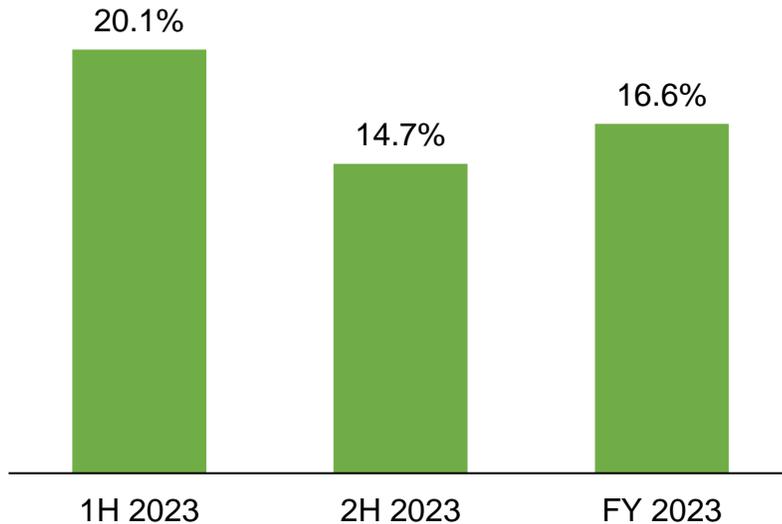
Out of approx. 430,000 sq ft of leases expiring in FY 2024, 42.7% have either been renewed or are under lease documentation



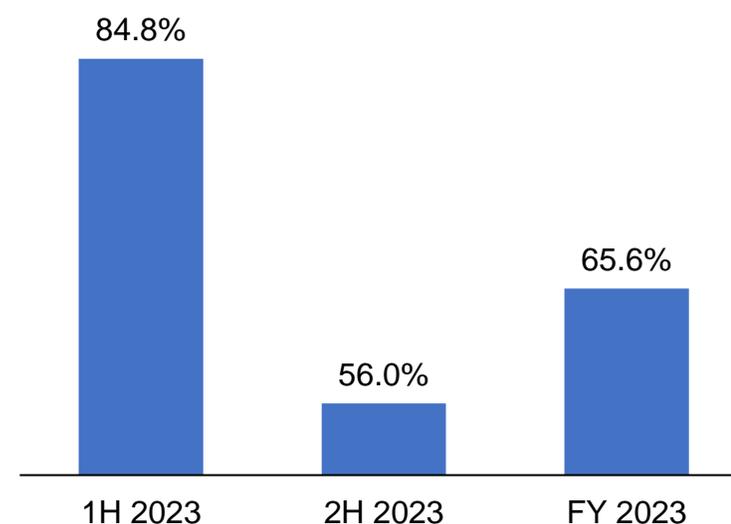
# LEASING UPDATE

	1H 2023	2H 2023	FY 2023
<b>Renewal (sq ft) (No. of Leases)</b>	290,797 (19)	256,243 (19)	547,040 (38)
<b>New Leases (sq ft) (No. of Leases)</b>	242,859 (21)	164,830 (21)	407,689 (42)

**Rental Reversion (%)**



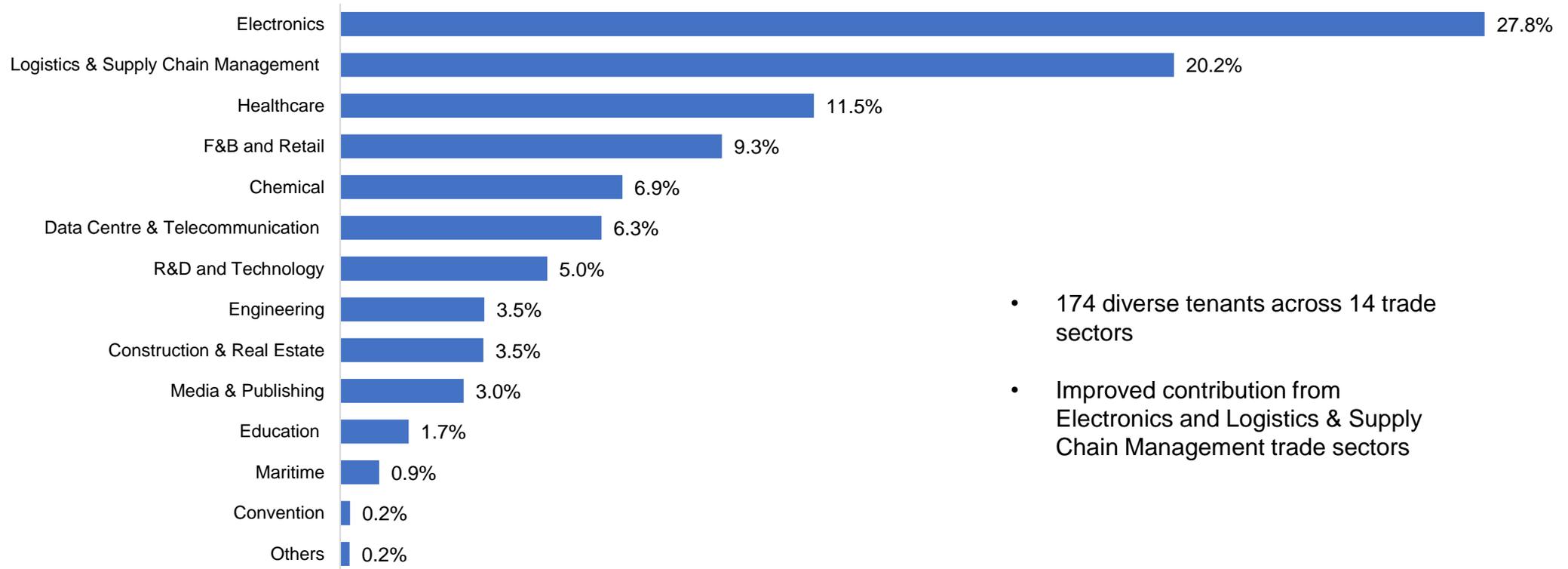
**Retention Rate (%)**



In 2H 2023, successfully secured new tenants to replace major anchor tenant at 34 Penjuru Lane, occupying 143,901 sq ft prior to anchor tenant’s lease expiry; also renewed major anchor tenant in 508 Chai Chee Lane

# DIVERSE BASE OF TENANTS

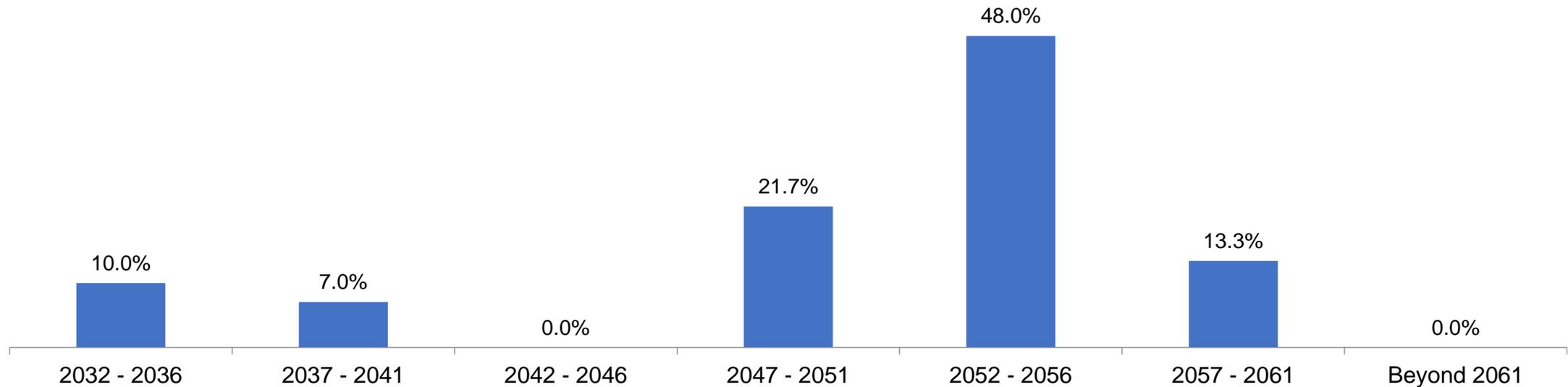
### Trade Sectors By Gross Rental Income as at 31 December 2023



- 174 diverse tenants across 14 trade sectors
- Improved contribution from Electronics and Logistics & Supply Chain Management trade sectors

# LONG WEIGHTED AVERAGE LEASEHOLD FOR UNDERLYING LAND

Long Underlying Land Leases, with an Average of 27.4 Years by GFA



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

(1) As at 31 December 2023.

05  
Market  
Outlook &  
Strategy



# Market Outlook & Strategy

## Singapore Economic Outlook

- Singapore's GDP growth was 1.2% in 2023 and is projected to grow 1.0 to 3.0% in 2024<sup>(1)</sup>, according to the Ministry of Trade and Industry
- Singapore's non-oil domestic exports ("Nodx") contracted 1.5% in December 2023, mainly due to electronics which fell by 11.7% in December from a year ago<sup>(2)</sup>. For the full year 2023, Singapore's Nodx in 2023 is 13.1% lower than a year ago and marks the worst performance since 2001
- While Singapore's GDP growth is expected to improve gradually over 2024, the global economic outlook remains uncertain. As a result, domestic recovery could be weaker than expected, according to the Monetary Authority of Singapore<sup>(3)</sup>

## Industrial Property Outlook

- Based on a CBRE research report, new logistics supply will average 2.3m sq ft per year, and 34% below the 6-year historical supply. With demand expected to outpace supply over the next few years, this will keep occupancy stable<sup>(4)</sup>
- According to Savills Singapore Real Estate Outlook 2024, logistics space remains in demand, as businesses aim to harden themselves to supply chain disruption, while demand for industrial space will be muted, but rents will be supported by low levels of new supply<sup>(5)</sup>
- Prime logistics and warehouse are expected to outperform, with full-year rental growth of 4-5%<sup>(6)</sup>
- After three consecutive quarters of negative net demand, the business park segment recorded positive net absorption in Q4 2023. Despite this, island-wide vacancy rates increased to 20.7% by the end of 2023 from 17.1% as of end-2022<sup>(7)</sup>

## Sabana Industrial REIT

- The REIT's performance in 2024 is expected to be challenging in an environment where interest rates are likely to stay elevated and operating costs are high; performance also expected to be impacted by additional costs incurred and to be incurred in connection with the internalisation
- Despite these challenges, the Manager will endeavour to steer through the unfavourable business climate and optimise the REIT's performance
- The Manager will continue to target to convert all financing facilities into sustainability-linked or green loans by 2025. Alongside the planned solar panel installations across five additional portfolio properties targeted for completion in 4Q 2024, the REIT is on track with its goal of becoming one of Singapore's first carbon-neutral industrial REITs by 2040

### Sources:

- (1) "MTI Forecasts GDP Growth of "Around 1.0 Per Cent" in 2023 and "1.0 to 3.0 Per Cent" in 2024 ". Ministry of Trade and Industry Singapore - 22 November 2023
- (2) "Singapore's External Trade – December 2023". Enterprise Singapore - 17 January 2024
- (3) "MAS Monetary Policy Statement - October 2023". Monetary Authority of Singapore - 13 October 2023
- (4) "The Evolution of E-commerce and its Impact on Singapore Logistics Real Estate ". CBRE Research - 1 November 2023
- (5) "Asia Pacific real estate outlook 2024: mature market prospects" Savills - 21 December 2023
- (6) "Marketbeat Singapore Industrial Q4 2023" Cushman and Wakefield - 4 January 2024
- (7) "Singapore Figures Q4 2023" CBRE Research – 11 January 2023

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## **Important Notice**

### **Disclaimer**

You are cautioned not to place undue reliance on the information contained in this document as it is for your information only and does not have regard to your specific investment objectives, financial situation or your particular needs. Nothing herein shall be construed as investment or financial advice nor constitute an offer or invitation to invest in Sabana Industrial REIT or any investment or product of or to subscribe to any services offered by the Manager, the Trustee or any of their affiliates.

## EXTRAORDINARY GENERAL MEETING

- The Manager refers to its announcement of 12 January 2024 in relation to the requisition by Quarz Capital ASIA (Singapore) Pte. Ltd. of an extraordinary general meeting of Sabana Industrial REIT (the “**Requisition**”)

Date	Key Updates
12 January 2024	Announcement of Receipt of Requisition Notice dated 10 January 2024

**Further material developments will be announced via SGXNet and the REIT’s website**

## UPDATE ON LITIGATION IN RELATION TO 33 & 35 PENJURU LANE

Date	Key Updates
<b>17 November 2023</b>	Announcement on application to court in relation to the filing of Originating Claim (“OC”) against Kleio One-Solution Pte. Ltd.
<b>19 December 2023</b>	Announcement on Kleio One-Solution Pte. Ltd. (the “Defendant”) serving of a Defence and Counterclaim in response to the OC
<b>28 December 2023</b>	Announcement on filing of Trustee’s Defence to the Defendant’s Counterclaim

The Premises comprise three buildings with a gross floor area of 286,192 square feet, including a single storey warehouse with mezzanine floor, a four-storey warehouse and a part single-storey/part three-storey warehouse.

The Manager is actively marketing the Premises and is currently in discussions with prospective tenants for the leasing of the Premises once the Manager is in possession of the same, subject to approval from relevant authorities.

**Further material developments will be announced via SGXNet and the REIT’s website**