

1Q 2022

---

**INTERIM  
BUSINESS  
UPDATE**

21 April 2022





## CEO's Message



### Market outlook amid ongoing uncertainty...

*Rising interest rates, continuing geopolitical uncertainties and inflationary pressures mean that Singapore's growth outlook for the year will be uncertain.*

### Committed to Grow VALUE ...

*We delivered steady performance for 1Q 2022 despite the challenges posed by continuing geopolitical and macroeconomic uncertainty, as we execute on the **Grow VALUE** phase of our strategy. To date, we have renewed 44.1% of leases expiring this year and did so at positive rental reversion, while keeping portfolio occupancy steady at 85.2%. Moving ahead, we will kickstart asset enhancement initiative ("**AEI**") at 1 Tuas Avenue 4 and expand our rejuvenation efforts and longer-term Phase 3 maximisation of plot ratio AEI at our crown jewel New Tech Park with an eye to upsize our portfolio value.*

*One pillar of our **Grow VALUE** phase is to make the REIT more ESG-focused. To that end, we have engaged consultants to work with us to relook and reimagine our portfolio to be more environmentally efficient and future-proof. As a small REIT navigating through the current inflationary environment, we are keeping a close watch on rising costs. For this reason, we are proactively taking measures to reduce overall utility consumption across our portfolio and are initiating this process at 508 Chai Chee Lane. This will allow us to mitigate the impact from rising energy prices in the medium term and better future-proof the REIT over the longer run to deliver value for our Unitholders.*

*At our upcoming Annual General Meeting, we are seeking a firm mandate from Unitholders for this next phase of our growth journey.*

**~ Donald Han, CEO of Sabana Industrial REIT Manager**



## Key Quarterly Highlights

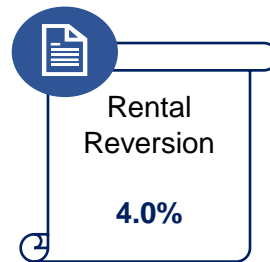
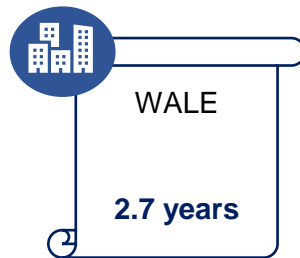
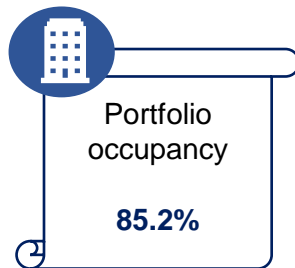
### Portfolio Management

- Portfolio occupancy sits at a healthy 85.2%. Excluding 1 Tuas Avenue 4, which is marked for redevelopment, occupancy would have been 88.2%
- Signed 11,786 sq ft of new leases
- Renewed 208,633 sq ft of leases with a positive rental reversion of 4.0%; this is the 8<sup>th</sup> quarter in the past 9 quarters where positive reversion was achieved
- Of the 2022 lease expiries, 44.1% has been renewed. No master lease expiring until 2023
- Proactively engaging key tenants with leases expiring in 2023 to secure their medium and long-term leasing solutions within our portfolio
- 30 & 32 Tuas Avenue 8 is under advance lease negotiation/lease documentation with a new master tenant

### Capital Management

- Secured \$150 million sustainability-linked loan to support the REIT's focus on environmental, social and governance (“**ESG**”) as part of its next phase of growth; Interest rates on the loan will be reduced should the REIT meet pre-determined energy and water intensity targets
- With above facility in place and prior multiple major refinancing exercises to convert all loans to unsecured, current portfolio is 100% unencumbered
- Application of the REIT's Distribution Reinvestment Plan for 2H 2021 gave Unitholders the opportunity to participate in the longer-term growth of the REIT, and strengthened the REIT's working capital reserves, conserved cash from operations, and increased its financial flexibility

## Portfolio and Operational Updates as at 31 March 2022

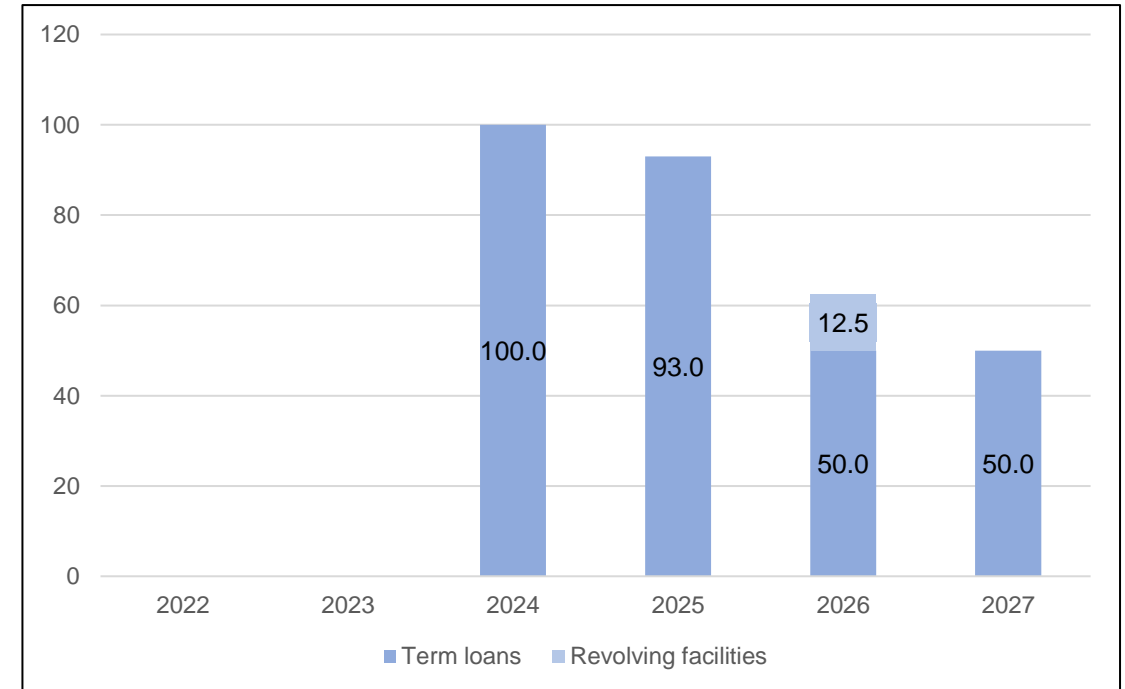


# Capital Management

## Key Credit Metrics

	As at 31 March 2022	As at 31 December 2021
Total borrowings	\$305.5m <sup>(1)</sup>	\$315.5m
- Term loans	\$293.0m	\$315.5m
- Revolving Facilities	\$12.5m	-
<b>Aggregate leverage<sup>(2)</sup></b>	<b>34.8%</b>	<b>35.0%</b>
Proportion of total borrowings on fixed rates	72.8%	66.6%
Weighted average fixed debt expiry	2.7 years	2.4 years
<b>Average all-in financing cost</b>	<b>3.07%</b>	<b>3.14%</b>
Interest coverage ratio <sup>(3)</sup>	4.1x	4.4x
Weighted average tenor of borrowings	3.5 years	2.9 years
<b>Debt Headroom<sup>(4)</sup></b>	<b>\$133.4m</b>	<b>\$107.7m</b>
Unencumbered assets	100%	63%

## Maturities of total outstanding borrowings of \$305.5 million

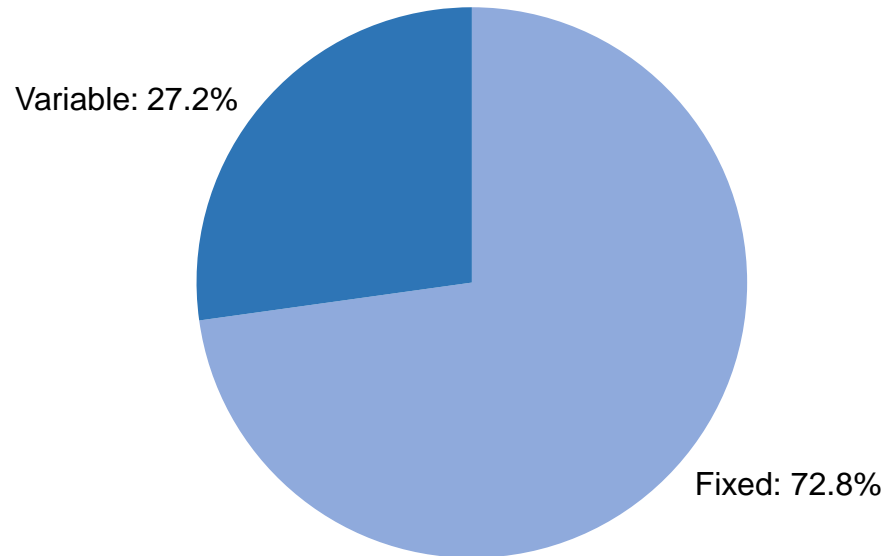


Notes:

- (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 \$107.5m (31 December 2021: \$95.9m).

# Prudent Interest Rate Risk Management

- 72.8% of borrowings are on fixed rates with an average term of 2.7 years
- Every potential 20 bps increase in interest rates may result in \$0.16m decrease in distributable income or 0.02 cents on DPU<sup>(1)</sup> per annum



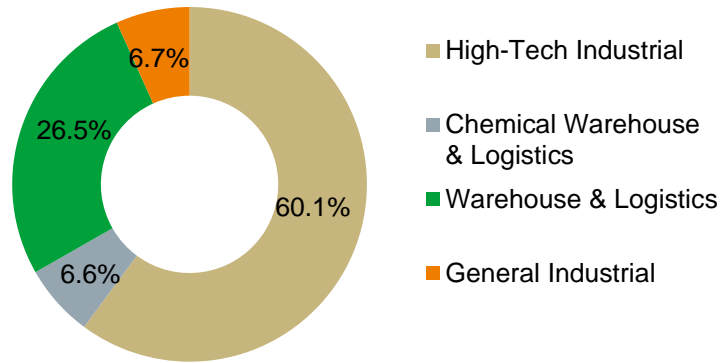
Change in interest rates	Impact on Distribution (\$m)	Impact on DPU (cents) <sup>(1)</sup>	Impact on DPU %
+ 20 bps	(0.16)	(0.02)	(0.5%)
+ 40 bps	(0.33)	(0.03)	(1.0%)
+ 60 bps	(0.50)	(0.05)	(1.5%)
+ 80 bps	(0.66)	(0.06)	(2.0%)
+ 100 bps	(0.83)	(0.08)	(2.5%)

Notes:

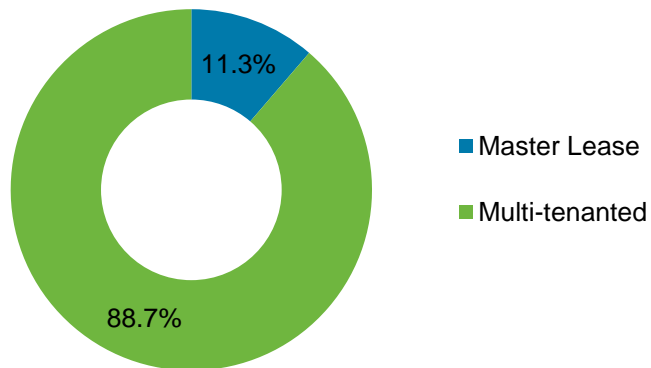
(1) Based on 1,069,950,268 units as at 31 December 2021.

# Portfolio Performance as at 31 March 2022

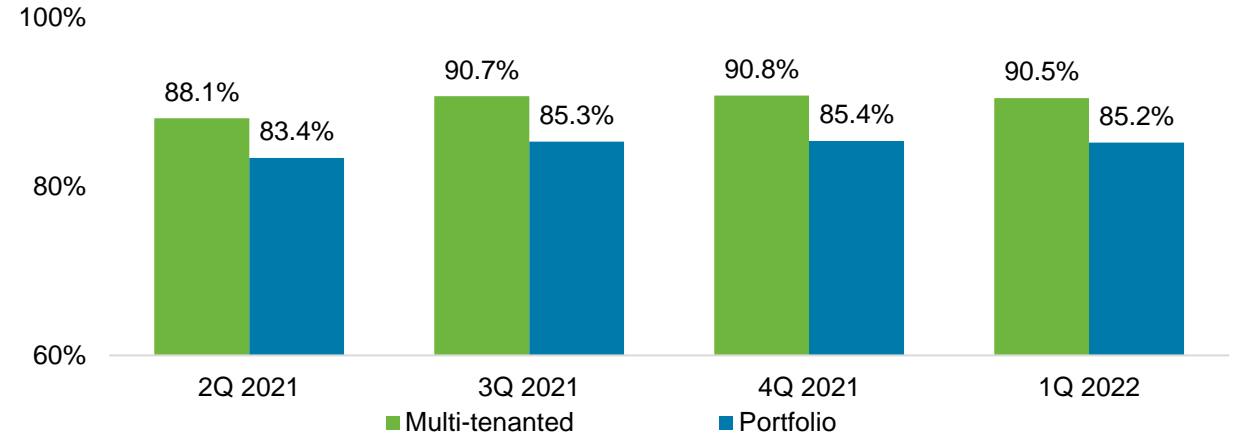
**Breakdown of Asset Types**  
By Gross Rental Income



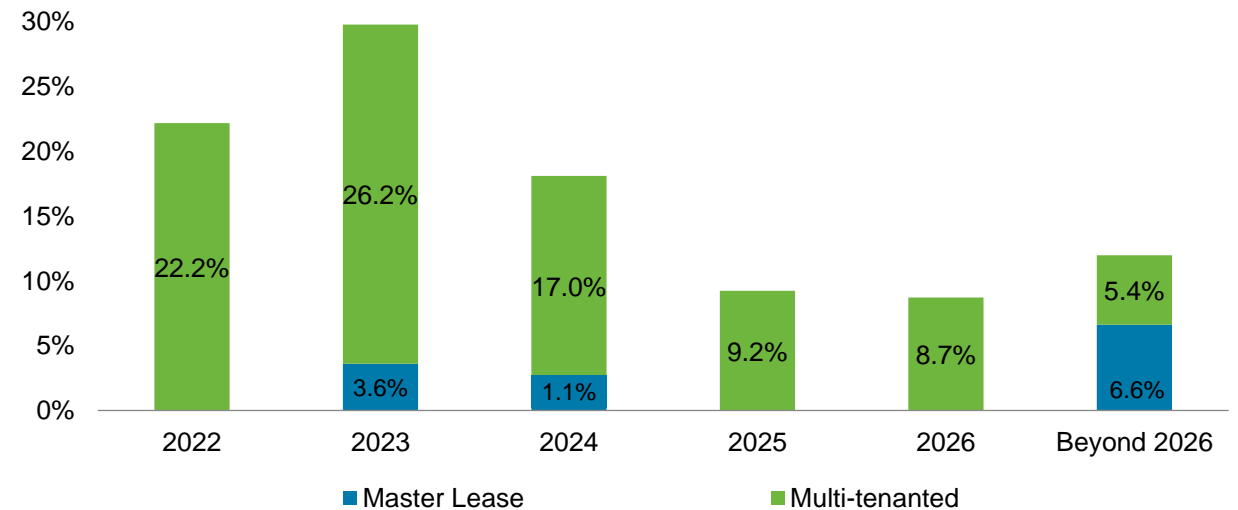
**Breakdown of Master-leased and Multi-tenanted Properties**  
By Gross Rental Income



**Occupancy Rates**



**Lease Expiry by Gross Rental Income**



## Future-proofing our portfolio to Grow VALUE

### Selected AEI to enhance assets



1 Tuas Avenue 4

- Targeting second major AEI at **1 Tuas Ave 4** to be carried out in phases for up to approximately 350,000 sq ft in gross floor area; An Expression of Interest for a Build-to-Suit project was conducted in early 2022 and architects have since been invited to present design concepts, floor efficiency plan and costs; Concurrently holding discussions with prospective tenants, including building for a multi-tenancy concept



New Tech Park

- Activation of Phase 3 AEI at **New Tech Park** to maximise plot ratio of 2.5 (additional Business 1 space circa 200,000 sq ft of gross floor area). Outline Planning Application was submitted in February 2022

### Sustained progress in portfolio rejuvenation



39 Ubi Road 1

- Started phased upgrading of remaining seven ground floor passenger lift lobbies (B to H) at **New Tech Park**, scheduled for completion in 3Q 2022; phased refurbishment of restrooms
- Refreshing the external façades at **39 Ubi Road 1** and **2 Toh Tuck Link**
- Lift modernisation works at **2 Toh Tuck Link**

### Explore acquisitions if accretive opportunities arise

- Explore yield accretive opportunities should they arise; to focus on Singapore over the near term
- Longer term, could access overseas opportunities
- All acquisitions will be managed prudently

### Delivering on our ESG focus



508 Chai Chee Lane

- Commencing energy audit for buildings with high power consumption trend; Starting with **508 Chai Chee Lane** with the objective of improving its energy efficiency. Similar initiatives will be rolled out to **New Tech Park**
- Engaging consultants to **review entire portfolio** to identify forward-looking options such as deployment of solar energy and electric vehicle charging stations

### Continued proactive lease management



30 & 32 Tuas Avenue 8

- Progressing with lease documentation with prospective master tenant at **30 & 32 Tuas Avenue 8**

# Contact Us



## **Sabana Real Estate Investment Management Pte. Ltd.**

(Company registration no: 201005493K, Capital markets services licence no: CMS100169)

151 Lorong Chuan #02-03 New Tech Park Singapore 556741

Tel: +65 6580 7750

Fax: +65 6280 4700

[www.sabana-reit.com](http://www.sabana-reit.com)



For enquiries, please contact:

### **Ms Low Hooi Hoon**

Sabana Real Estate Investment Management Pte. Ltd.

Tel: +65 6580 7857

Email: [hooihoon.low@sabana.com.sg](mailto:hooihoon.low@sabana.com.sg)

### **Mr Ong Chor Hao**

WATATAWA Consulting

Tel: +65 9627 2674

Email: [chorhao@we-watatawa.com](mailto:chorhao@we-watatawa.com)

## **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.



# ANNEX: Entering the Grow VALUE phase of our Refreshed Strategy



- All underpinned by
- Prudent Capital and Risk Management
  - Ongoing Cost Rationalisation

## ANNEX: Our strategic priorities for 2022 and beyond



### VALUE

Building on **Value**, taking advantage of market opportunities with an eye on macro-economic challenges



### ACCRETIVE

Pursuing **Accretive** acquisitions and executing AEs



### LEVERAGE

Optimising **Leverage** and capital structure



### UPSIZED PORTFOLIO

**Upsizing** portfolio by retaining and attracting expansionary tenants from growth sectors including e-commerce, logistics, healthcare, electronics and technology



### ESG

Advancing **ESG** in our goals and investing with sustainability agenda

**Targeting to achieve upsized portfolio valuation of more than \$1 billion in three to five years**