



Sabana REIT

27 April 2021

Annual General Meeting 2021



# 10<sup>th</sup> Annual General Meeting

FOCUSED  
ON OUR  
COMMITMENTS



# Disclaimer

**This presentation shall be read in conjunction with the financial information of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust (“Sabana REIT” or the “REIT”) for the full financial year from 1 January 2020 to 31 December 2020 (“FY 2020”).**

This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions.

Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

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

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An aerial photograph of the New Tech Park building at night. The building features a modern design with a glass facade and a rooftop terrace illuminated with warm lights. Several satellite dishes are visible on the roof. A semi-transparent white box is overlaid on the left side of the image, containing the text 'FY 2020 Key Highlights & Financial Performance'.

# **FY 2020 Key Highlights & Financial Performance**

**NEW TECH PARK**



# Looking back and ahead

## **FY 2020: Continued focus on Refreshed Strategy amid COVID-19**

- Maintained resilient performance by driving strategy even as other options were concurrently explored
  - Maintained 100.0% distribution income payout despite COVID-19
  - Strong progress on AEI despite the pandemic
  - Continued refresh and upgrading of portfolio; positive rental reversion on the year

## **FY 2021: Delivering growth catalysts as Standalone REIT**

- 1Q 2021 performance:
  - Portfolio occupancy is at 79.0%
  - Signed 400,862 sq ft of new leases - equivalent to ~74.0% of last year's total new leases signed. Renewed 66,233 sq ft of leases, with a positive rental reversion of 3.1%
  - Of the 2021 lease expiries, 57.0% have either been renewed or signed a new lease. No master lease expiries for 2021 and 2022
- Focusing on maximising long-term value amid uncertainty
  - New Tech Park, Sabana's crown jewel
    - ✓ On track for NTP+, new lifestyle mall, to open in 2Q 2021
    - ✓ Continued upgrading works for the rest of larger New Tech Park
    - ✓ Will start engagement process with authorities to explore options to maximise plot ratio from 2.02 to 2.50
  - Rest of portfolio: Proactive lease management including exploring viable options for 30 & 32 Tuas Avenue 8 ("30/32TA8") through divestment, lease or build-to-suit

# FY 2020 Key Highlights

## Continued delivering Refreshed Strategy; resilient performance in FY2020 as standalone REIT

- Progress on AEI: Opening of new NTP+ lifestyle mall in 2Q 2021. As at end-March 2021, occupancy was 96.7%
- Continued refreshing and upgrading of portfolio
- Positive rental reversion on the year

## Financial Highlights

No. of Properties	Gross Revenue	Net Property Income	Amount for Distribution	Distribution per Unit
<b>18</b>	<b>\$71.70 m</b>	<b>\$44.64 m</b>	<b>\$29.11 m</b>	<b>2.76 cents</b>
	FY 2019: \$76.34 m	FY 2019: \$51.61 m	FY 2019: \$30.74 m	FY 2019: 2.92 cents

\*NOTE: All fees and costs related to the merger amounted to \$2.1 million, negotiated down from the initial \$2.7 million. These fees do not have any impact on DPU.

## Portfolio Management

Portfolio Valuation	Portfolio Occupancy	Weighted Average Lease Expiry	Rental Reversion (portfolio)	New & Renewed Leases (68)
<b>840.1 m</b>	<b>76.5 %</b>	<b>3.1 years</b>	<b>0.9 %</b>	<b>1.3 m sq ft</b>
FY 2019: 884.4 m	FY 2019: 75.4 %	FY 2019: 2.8 years	FY 2019: -0.7 %	FY 2019: 1.0 m sq ft

# Key Capital Management Indicators

	As at 31 December 2020	As at 31 December 2019
Aggregate leverage <sup>(1)</sup> (%)	33.5	31.1
Total borrowings (\$ m)	284.8	276.5
Proportion of borrowings on fixed rates (%)	50.0	36.2
Average all-in financing costs (%)	3.1	3.9
Weighted average tenor of borrowings (years)	1.2	2.3
Profit cover ratio <sup>(2)</sup> (times)	3.5	3.7
Unencumbered assets <sup>(3)</sup> (\$ m)	51.7	133.7
Undrawn committed facilities available (\$ m)	59.2	37.5

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

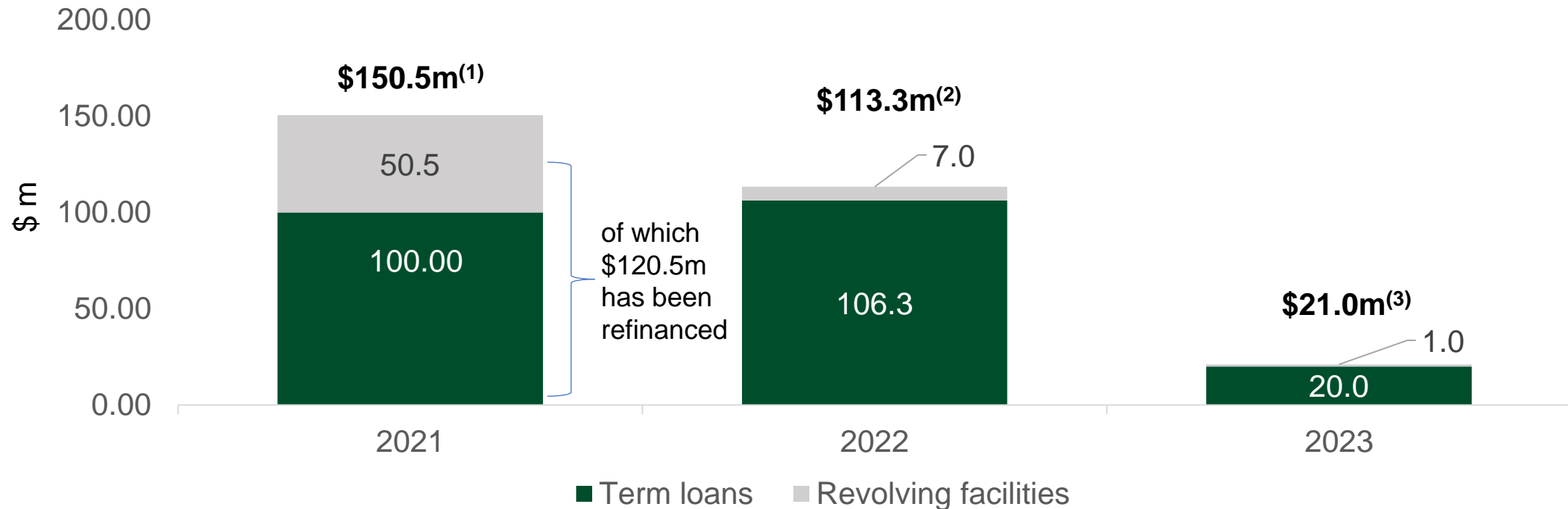
(2) Based on the interest coverage ratio definition in Appendix 6 of the Code on Collective Investment Schemes (last revised on 16 April 2020).

(3) Based on valuations by independent valuers

# Borrowings Maturity Profile (as at 31 Dec 2020)

**Maturities of total outstanding borrowings of \$284.8 million**

**As at 31 December 2020**



(1) Excludes \$2.5 million of undrawn revolving credit facility that matured in March 2021.

(2) Excludes \$7.7 million of undrawn Term loans facility maturing in November 2022.

(3) Excludes \$20.0 million and \$29.0 million undrawn facilities maturing in November 2023 and April 2023 respectively.



A photograph of a modern building at night, featuring a large glass facade and a prominent logo. In the foreground, a fountain with multiple water jets is illuminated with blue light. The water jets are arranged in a circular pattern, and the water is captured in mid-air, creating a dynamic and artistic effect. The building's interior lights are visible through the glass, and the overall scene is a blend of urban architecture and modern landscaping.

# Recent Developments



# Progressing on AEI despite COVID-19: NTP+

- Obtained Temporary Occupation Permit (TOP) for NTP+
- Occupancy for NTP+ of 96.7% as at end-March 2021
- Rental contributions expected to start from 2Q 2021, with first few tenants commencing business in April, and the majority expected to start operating from May.



- Tenants include SF Group (Collin's and Savor Thai), Wine Connection, Dutch Colony Coffee, D'Penyetz and other 'new to the market' concepts, run by established operators



**COLLIN'S®**



# Continued refresh and upgrading of portfolio

## 1Q 2021: Kickstarted upgrading works for rest New Tech Park, Sabana's crown jewel

- Completing electrical infrastructure upgrading in 2Q 2021
- Replacing passenger lifts by 4Q 2021
- Other common areas will be upgraded progressively
- Achieved higher portfolio valuation of \$333.4 million as at 31 Dec 2020 for New Tech Park (FY 2019: \$323.0 million, up 3.2% y-o-y)



## 2H 2020: Rejuvenation works at 23 Serangoon North Avenue 5 ("23SNA5")

- Property valuation increased by 17.4% to \$36.4 million as at 31 Dec 2020, from \$31.0 million as at 30 June 2020, following completion of rejuvenation works, upgrading of building amenities, selected common toilets and ground floor lobby area.



## 1H 2020: Secured new anchor tenant at 3A Joo Koon Circle

- Secured new anchor tenant for approximately 56.0% of total net lettable space at 3AJKC, with an additional 39.0% of space leased out on a short-term basis



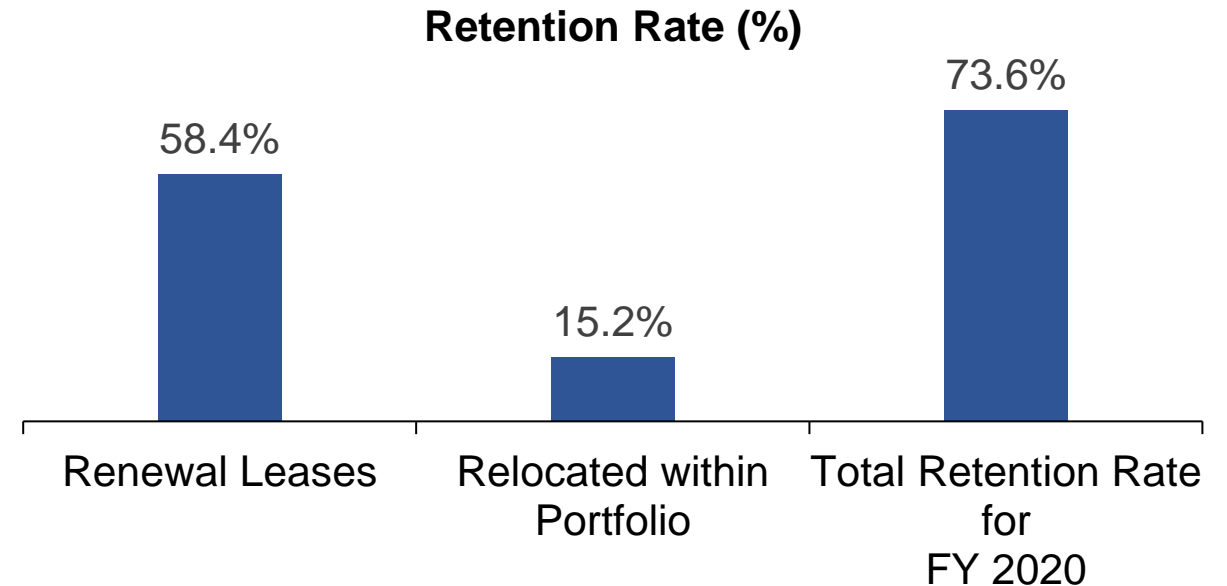
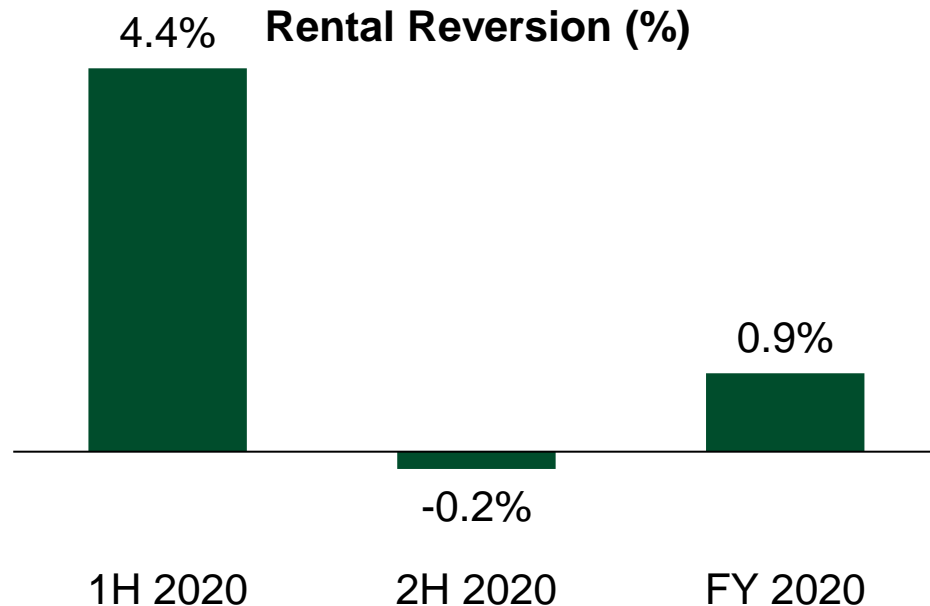


# Portfolio Performance

# Proactive Lease Management

**68 new and renewed leases secured for FY 2020, totalling >1.3 million sq ft;  
Positive rental reversion for the year**

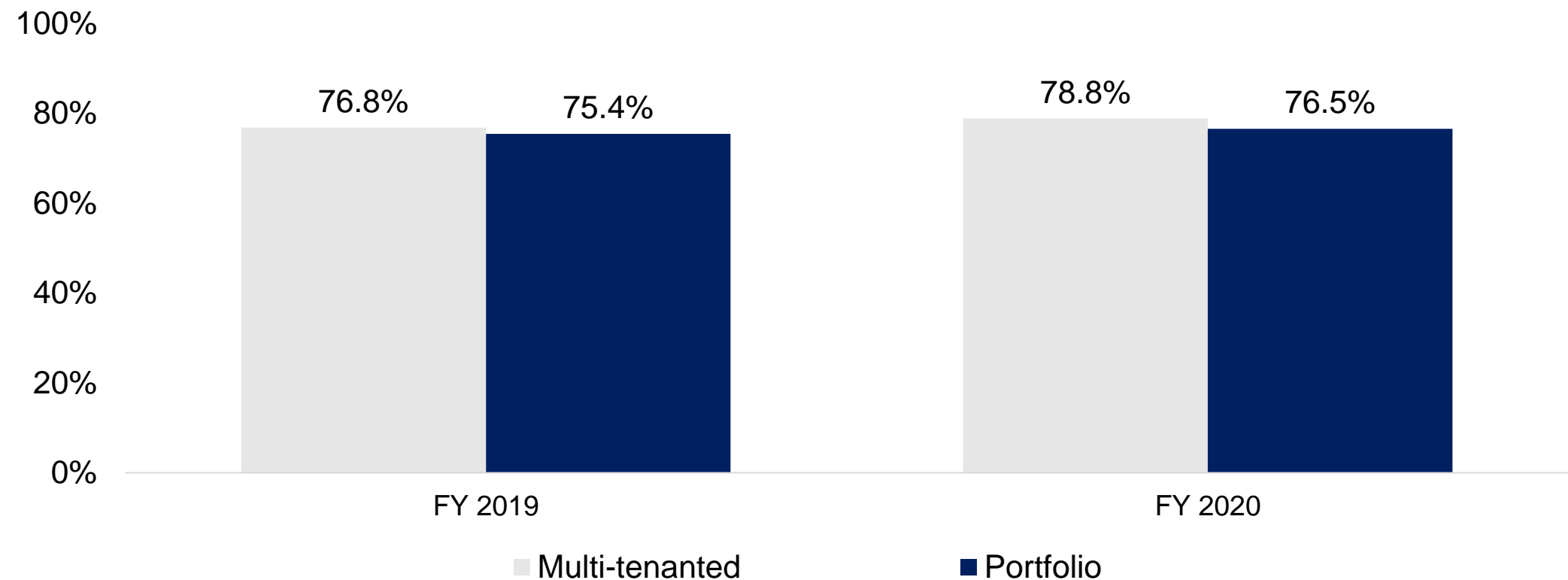
	1H 2020	2H 2020	FY 2020
<b>Renewal (sq ft)</b> <b>(No. of Leases)</b>	161,437 (10)	634,795 (20)	796,232 (30)
<b>New Leases (sq ft)</b> <b>(No. of Leases)</b>	176,009 (15)	368,708 (23)	544,717 (38)



# Overview of Portfolio Occupancy

- Higher year-on-year occupancy due to active portfolio optimisation.

Occupancy rates as at 31 December 2020

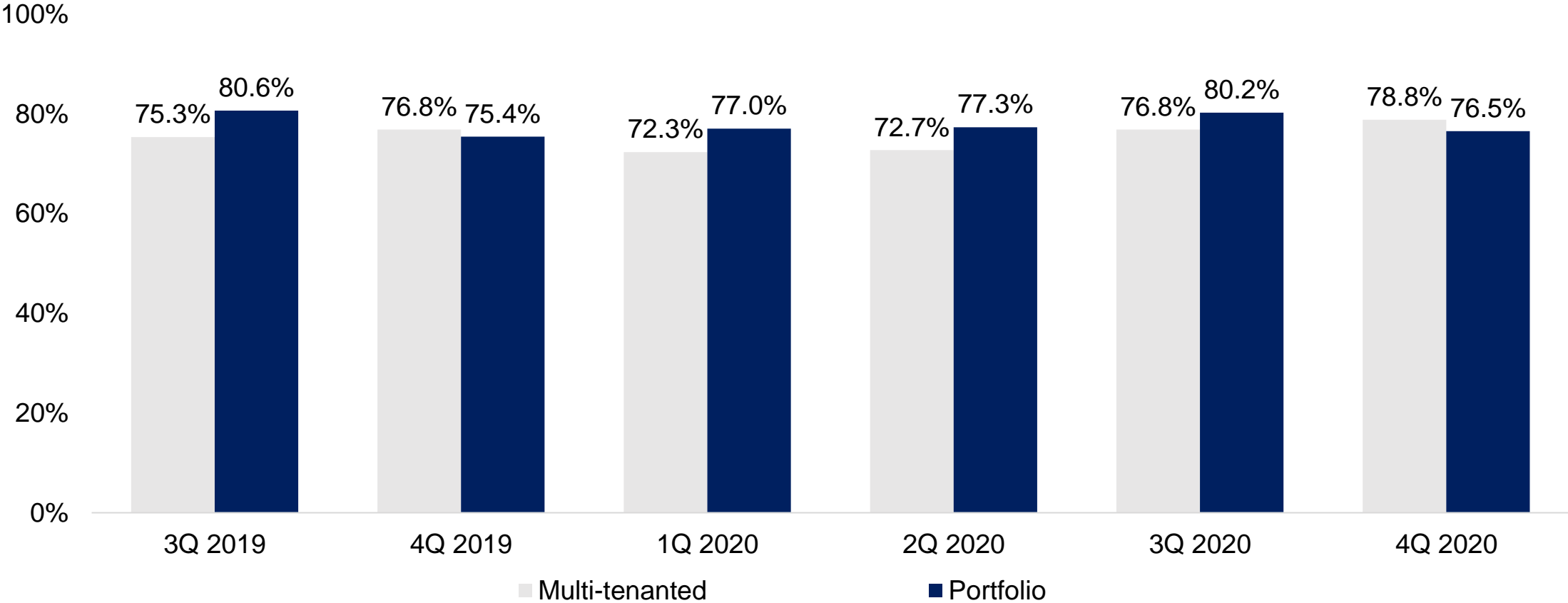




# Overview of Portfolio Occupancy

- Higher year-on-year occupancy due to active portfolio optimisation.

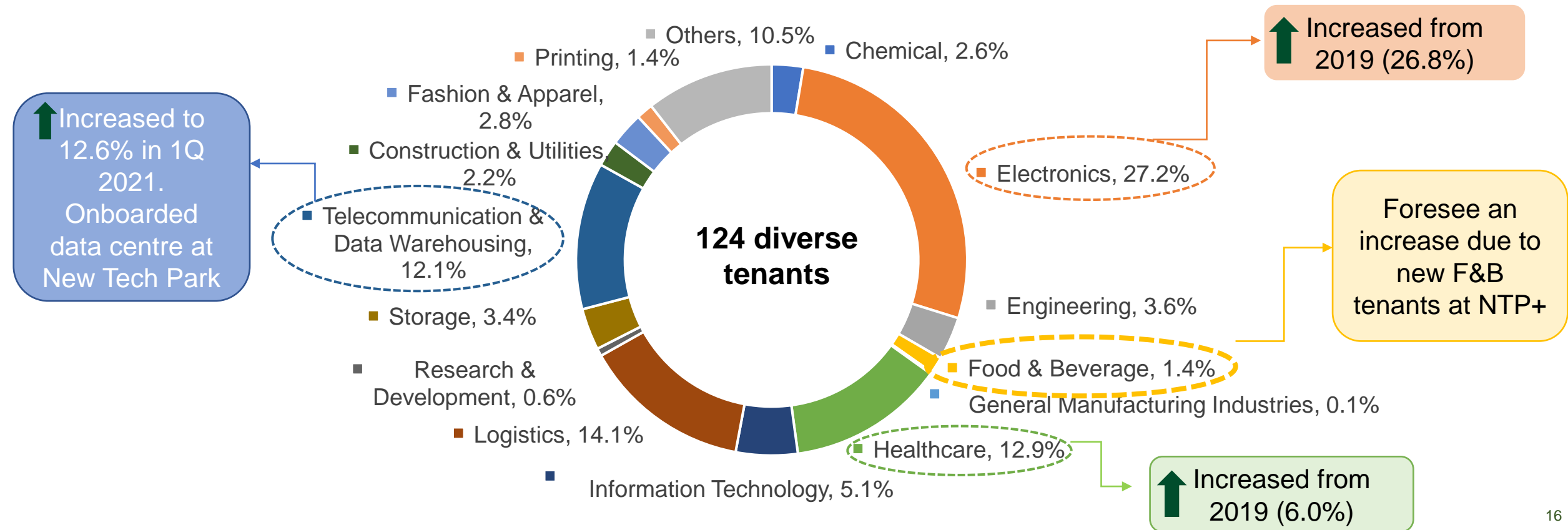
Occupancy rates as at 31 December 2020



# Driving a COVID-resilient Tenant Base

- Focused on onboarding quality tenants in expansionary sectors to enhance portfolio's resilience
  - Selective in process of attracting tenants in expansionary mode (e.g. electronics, data centre, healthcare)
  - E.g. U.S. electronics company a new anchor tenant at 23SNA5
- Expected increase in F&B gross rental income with TOP of NTP+

**Trade Sectors by Gross Rental Income**  
(As at 31 December 2020)







# Market Outlook & Strategy



# Market Outlook amidst COVID-19

## Macro

- Prospects for global growth have firmed and should provide support to the ongoing recovery in the Singapore economy. Singapore's GDP growth this year is likely to exceed the upper end of the official 4-6% forecast range, barring a setback to the global economy, according to the Ministry of Trade and Industry forecasts. <sup>(1)</sup>
- The International Monetary Fund projects that the global economy will grow at 6% in 2021, moderating to 4.4% in 2022, after an estimated contraction of -3.3% in 2020. However, high uncertainty surrounds the global outlook as future developments will depend on the path of the health crisis. <sup>(2)</sup>

## Industrial & Warehouse

- Industrial space prices and rents inched up in 4Q 2020 and overall industrial market is expected to recover in 2021 with some segments seen to fare better than others. <sup>(3)</sup>
- Colliers Research expects a recovery in most industrial segments in 2021 due to the demand for warehouse space. It expects rents of business parks and high-specs space to be supported by the thriving technology sector and biomedical manufacturing. <sup>(4)</sup>
- In 1Q 2021, occupancy rate for the overall industrial property market rose 0.8% y-o-y. According to JTC, prices and rentals have continued to rebound in line with the broad recovery of the economy. <sup>(5)</sup>

(1) [MAS Monetary Policy Statement - April 2021](#) by Monetary of Singapore on 14 April 2021

(2) [Global economy on firmer ground, but with divergent recoveries amid high uncertainty](#) by World Economic Outlook, April 2021

(3) [Prices and rents of industrial space edge up q-o-q in Q4 2020 as occupancy rate climbs](#) by The Business Times, 29 Jan 2021

(4) [A Brighter Outlook in 2021](#) by Colliers, 29 January 2021

(5) [First Quarter 2021 Quarterly Market Report Industrial Properties](#) by JTC Corporation, 22 April 2021

# Strategies Moving Forward

## Focused On Upcoming Growth Catalysts To Maximise Long-term Value



### Opening of NTP+, new lifestyle mall

- Underscores our focus to rejuvenate and sharpen our portfolio offerings **as part of our Refreshed Strategy**, to provide a vibrant 'Work, Learn and Entertain' environment for our tenants and the surrounding community
- Evident in strong take-up of 96.7% occupancy rate despite ongoing pandemic
- Next step for New Tech Park: Exploring options to maximise plot ratio
  - To engage with authorities to implement maximisation of plot ratio to 2.50, from 2.02



### Rejuvenating assets across portfolio

- Rejuvenation works across portfolio at New Tech Park, 23SNA5 and 10CSS2 will provide tenants with better facilities and amenities.
- Recalibrating portfolio and tenant mix to be more resilient: Rejuvenated assets enable the Manager to target tenants in expansionary sectors such as electronics, data centres, healthcare and logistics, as well as those seeking flight-to-quality spaces.





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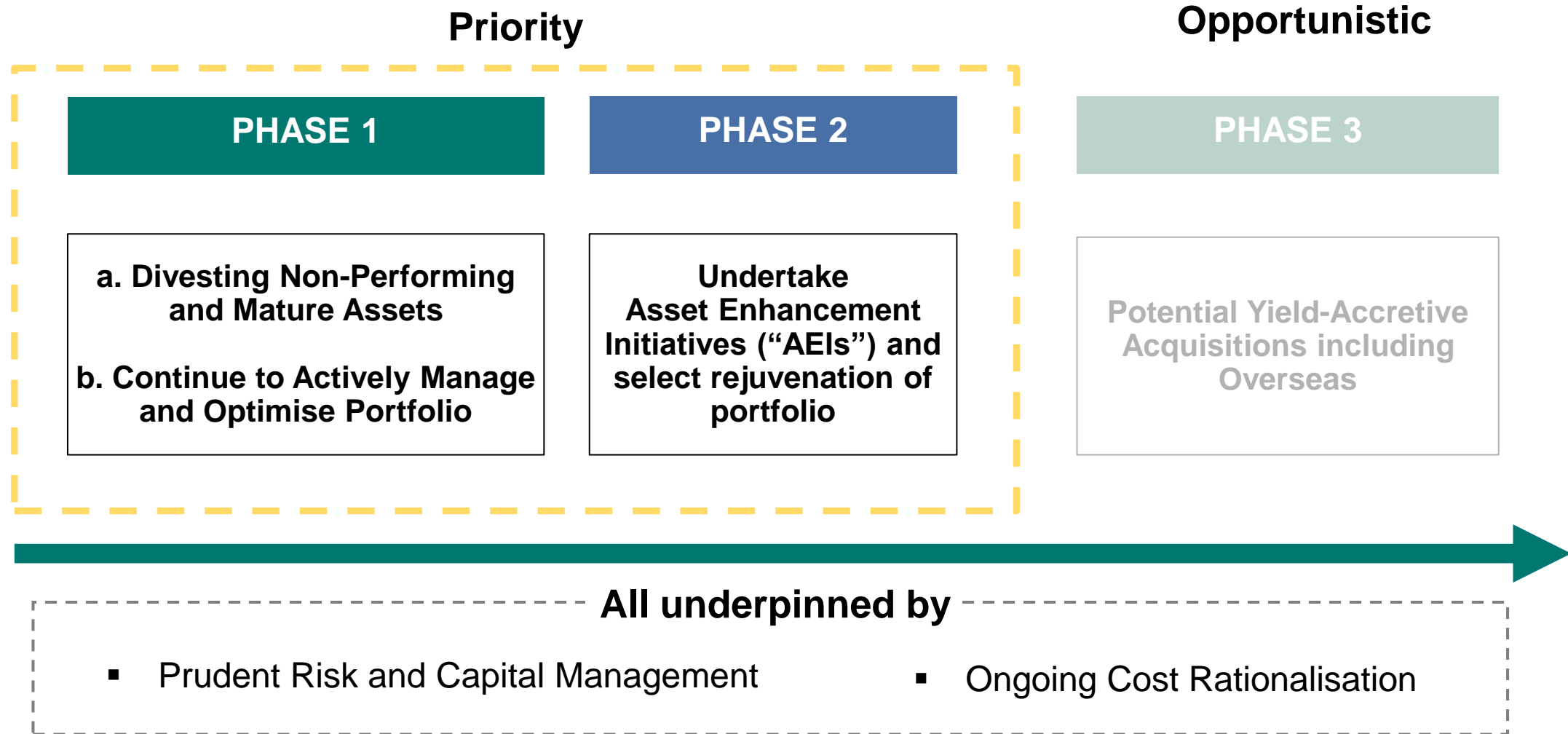


# Thank you

More information could be found on the Sabana REIT corporate website as well as on the SGXNet.



# Annex: Refreshed Strategy





The image is a composite of two photographs. The left side shows a close-up of a modern building's glass facade, reflecting the surrounding greenery. The right side shows a rooftop garden area with several tall, thin black columns, a concrete planter box filled with various green plants and trees, and a set of red metal bar stools. The word "Resolutions" is overlaid on the left side of the image.

# Resolutions



# ORDINARY RESOLUTION 1

To receive and adopt the Report of the Trustee, the Statement by the Manager, the Audited Financial Statements of Sabana REIT for the financial year ended 31 December 2020 and the Auditors' Report thereon.

	No. of Votes	Percentage
For	478,409,647	97.66
Against	11,444,834	2.34



# ORDINARY RESOLUTION 2

To re-appoint KPMG LLP as Auditors of Sabana REIT and to authorise the Manager to fix their remuneration.

	No. of Votes	Percentage
For	478,958,647	97.77
Against	10,908,834	2.23

# ORDINARY RESOLUTION 3

To authorise the Manager to issue Units and to make or grant convertible instruments.

	No. of Votes	Percentage
For	303,110,270	61.76
Against	187,666,811	38.24

# ORDINARY RESOLUTION 4

To authorise the Manager to allot and issue Units pursuant to the distribution reinvestment arrangements.

	No. of Votes	Percentage
For	303,619,870	61.87
Against	187,157,211	38.13