

2H 2020 and FY 2020 Financial Results Presentation



Agenda

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

**01
Key
Updates
and
Highlights**



I. Board changes

Additions on 1 January 2021

- Mr Yeo Wee Kiong appointed as new Independent Non-Executive Director⁽¹⁾
 - And as Chairman of the Nominating and Remuneration Committee and a member of the Audit and Risk Committee
- Mr Willy Shee appointed as new Independent Non-Executive Director⁽¹⁾
 - And as a member of the Nominating and Remuneration Committee

Resignation on 31 December 2020

- Ms Ng Shin Ein resigned as Independent Non-Executive Director

II. Driving returns for Unitholders

- Releasing distribution income of \$6.1 million (withheld in 1H 2020) to DPU for 2H 2020
- Maintaining 100% pay-out for FY 2020

(1) Subject to Unitholders' endorsement at upcoming Annual General Meeting

2H 2020 AT A GLANCE

For the period from 1 July 2020 to 31 December 2020

GROSS REVENUE



\$37.44m

2H 2019: \$39.61m
1H 2020: \$34.26m

TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION



\$18.03m⁽¹⁾

2H 2019: \$16.30m
1H 2020: \$11.08m

NET PROPERTY INCOME (“NPI”)



\$23.78m

2H 2019: \$26.92m
1H 2020: \$20.86m

DISTRIBUTION AMOUNT DECLARED PER UNIT (“DPU”)



2.29 cents⁽²⁾

2H 2019: 1.55 cents
1H 2020: 0.47 cents

RENTAL REVERSION



-0.2%

2H 2019: +2.2%
1H 2020: +4.4%

OCCUPANCY



76.5%

2H 2019: 75.4%
1H 2020: 77.3%

(1) Amount available for distribution includes approximately \$3.2 million (DPU: 0.30 cents) of rollover adjustments from prior years.

(2) Distribution includes approximately \$6.1 million (DPU: 0.58 cents) withheld from 1H 2020.

FY 2020 AT A GLANCE

For the year ended 31 December 2020

GROSS REVENUE



\$71.70m

FY 2019: \$76.34m

TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION



\$29.11m⁽¹⁾

FY 2019: \$30.74m⁽²⁾

NET PROPERTY INCOME (“NPI”)



\$44.64m

FY 2019: \$51.61m

DISTRIBUTION AMOUNT DECLARED PER UNIT (“DPU”)



2.76 cents⁽¹⁾

FY 2019: 2.92 cents⁽²⁾

RENTAL REVERSION



+0.9%

FY 2019: -0.7%

OCCUPANCY



76.5%

FY 2019: 75.4%

(1) Amount available for distribution includes approximately \$3.2 million (DPU: 0.30 cents) of rollover adjustments from prior years.

(2) Distribution includes approximately \$1.24 million (DPU: 0.12 cents) of capital gains arising from the divestment of properties.

Key Financial Highlights

Financial Highlights

❖ 2H 2020 Results

- Year-on-year (“y-o-y”) gross revenue declined by 5.5% to \$37.4 million.
- Y-o-y NPI was 11.7% lower, mainly due to the termination of master lease under 10 Changi South Street 2 in 2H 2019 and higher allowances of impairment loss on trade receivables.
- Amount available for distribution to Unitholders was \$18.0 million, 10.7% higher y-o-y.
- DPU was 2.29 cents, includes amount withheld from 1H 2020 amounting to \$6.1 million or 0.58 cents.

❖ FY 2020 Results

- Y-o-y gross revenue declined by 6.1% to \$71.7 million.
- NPI fell 13.5% y-o-y on lower revenue and higher allowances for impairment losses on trade receivables.
- Amount available for distribution to Unitholders was \$29.1 million, 5.3% lower y-o-y.
- DPU was 2.76 cents compared to 2.92 cents in FY 2019.

❖ Capital Management

- Average all-in financing cost of 3.1%, with profit coverage at 4.2 times.
- Aggregate leverage stood at 33.5%.
- Weighted average debt maturity stands at 1.2 years.
- In advanced negotiations with its lenders to refinance the facilities due in FY 2021.

Key Property Highlights

Progress on AEI and Rejuvenation of Select Assets^(*)

- Increased retail mall take-up at new NTP+ mall (~77.3% of Phase 1 as at 31 December 2020); in final round of negotiations for the lease of 100.0% of food court space (Phase 2) on level 2
 - Completion on track for 1Q 2021
- Ongoing rejuvenation works of 23 Serangoon North Avenue 5 (“**23SNA5**”) i.e. upgrading of building amenities, selected common toilets and ground floor lobby area
 - Secured new anchor tenant, a U.S. based electronics company
 - Achieved 17.4% increase in valuation of \$36.4 million in 31 December 2020, compared to a valuation of \$31.0 million in 30 June 2020.

Portfolio updates during challenging outlook

- 43 new or renewed leases secured in 2H 2020 totalling ~1 million sq ft
 - Expiry of master-lease at 51 Penjuru Road replaced by tenancy of 73.1%
 - Renewed 100.0% of 33 and 35 Penjuru Lane
 - Expiry of master-lease of 30 and 32 Tuas Avenue 8 (“**30/32TA8**”), in negotiations with potential tenant(s)

(*) Refer to slide 32 for images.

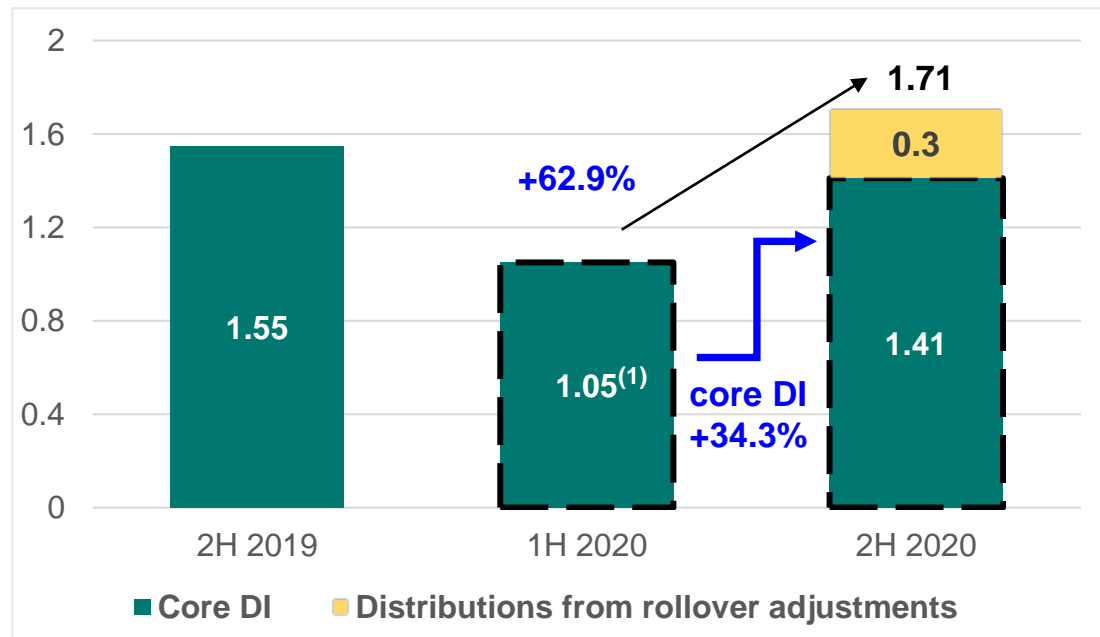


02 Financial Performance

Financial Performance

Underlying DPU growth for 2H 2020 excluding exceptional items – driven by business recovery post “Circuit Breaker” and proactive engagement by the Manager

Distributable Amount Available Per Unit (cents)



- Stripping out the release of the previously withheld distribution amount of \$6.1 million for 2H 2020, distributable income for 2H 2020 would have been 1.71 cents, a 62.9% growth over 1H 2020
- Excluding the 0.30 cents distributable income uplift from one-time rollover adjustments from prior years, underlying core distributable income (“**core DI**”) for 2H 2020 would have still been a 34.3% increase from 1H 2020.
- This improvement in core DI represented general business recovery post “Circuit Breaker” and continued proactive engagement by the Manager to manage its leases and asset portfolio
- Still, core DI for 2H 2020 was lower than for 2H 2019, a reflection of the economic impact from COVID-19 and continued uncertain outlook over the near term

(1) In view of the COVID-19 situation, the Manager made the decision to temporarily retain 55.0% of its 1H 2020 distributable income to conserve capital, which will be distributed together with 2H 2020 distribution.

2H 2020 and FY 2020 Results

(\$'000)	2H 2020	2H 2019	Variance (%)	1H 2020	Variance (%)	FY 2020	FY 2019	Variance (%)
Gross Revenue ⁽¹⁾	37,438	39,609	(5.5)	34,263	9.2	71,701	76,338	(6.1)
NPI ⁽¹⁾	23,781	26,919	(11.7)	20,862	14.0	44,643	51,612	(13.5)
Total Amount Available for Distribution	18,033	16,292	10.7	11,077	62.8	29,110	30,743 ⁽⁴⁾	(5.3)
Amount Available for Distribution per Unit (cents)	1.71	1.55	10.3	1.05	62.9	2.76	2.92 ⁽⁴⁾	(5.5)
Total Distribution Amount Declared ⁽³⁾	24,125 ⁽²⁾	16,292	48.1	4,985	384.0	29,110	30,743 ⁽⁴⁾	(5.3)
DPU (cents)	2.29 ⁽²⁾	1.55	47.7	0.47	387.2	2.76	2.92 ⁽⁴⁾	(5.5)

(1) Please refer to section 8 of the unaudited financial statement for explanation of the variances.

(2) The Manager resolved to distribute \$24.1 million (DPU: 2.29 cents) for 2H 2020, comprising

- (i) operation income of \$14.8 million (DPU: 1.41 cents);
- (ii) rollover adjustments from prior years of \$3.2 million (DPU: 0.30 cents); and
- (iii) withheld distribution from 1H 2020 amounting to \$6.1 million (DPU: 0.58 cents).

(3) The REIT's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders. For FY 2019 and 2020, the Manager has resolved to distribute 100.0% of the total amount available for distribution to Unitholders.

(4) Distribution includes approximately \$1.2 million or 0.12 cents of capital gains arising from the divestment of properties.

Balance Sheet

(\$'000)	As at 31 December 2020	As at 31 December 2019
Investment properties ⁽¹⁾	904,565	949,241
Investment property held for divestment ⁽¹⁾	13,794	14,888
Other assets	12,358	7,518
Total assets	930,717	971,647
Borrowings, at amortised cost ⁽²⁾	284,019	275,184
Other liabilities	106,951	101,448
Total liabilities	390,970	376,632
Net assets attributable to Unitholders	539,747	595,015
Units in issue (units)	1,053,083,530	1,053,083,530
NAV per unit (\$)	0.51	0.57

(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.

(2) Increase in borrowings mainly due to loan drawdown relating to AEI work progress at NTP.

03
**Capital
Management**



Capital Management

	As at 31 December 2020	As at 31 December 2019
Total Borrowings (\$ m)	284.8	276.5
- <i>Term loans</i>	226.3	220.0
- <i>Revolving Facilities</i>	58.5	56.5
Aggregate leverage⁽¹⁾ (%)	33.5	31.1
Proportion of total borrowings on fixed rates (%)	50.0	36.2
Average all-in financing cost (%)	3.1	3.9
Profit cover ⁽²⁾ (times)	4.2	4.2
Weighted average tenor of borrowings (years)	1.2	2.1
Undrawn committed facilities available (\$ m)	59.2	37.5
Unencumbered assets (\$ m) ⁽³⁾	51.7	133.7

(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) Ratio of net property income over profit expense (excluding effects of FRS 116, amortisation of transaction costs, finance costs relating to lease liabilities & other fees).

(3) Based on valuations by independent valuers.

Borrowings Maturity Profile

Maturities of total outstanding borrowings of \$284.8 million



(1) Excludes \$2.5 million of undrawn revolving credit facility maturing 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.

Distribution Details

Sabana REIT Code: M1GU

Distribution period	DPU (cents)
1 July 2020 to 31 December 2020	2.29
Distribution Timetable	
Last date that the Units are quoted on a “cum”- distribution basis	Thursday, 28 January 2021
Ex-date	Friday, 29 January 2021
Books closure date	Monday, 1 February 2021
Distribution payment date	Friday, 26 February 2021

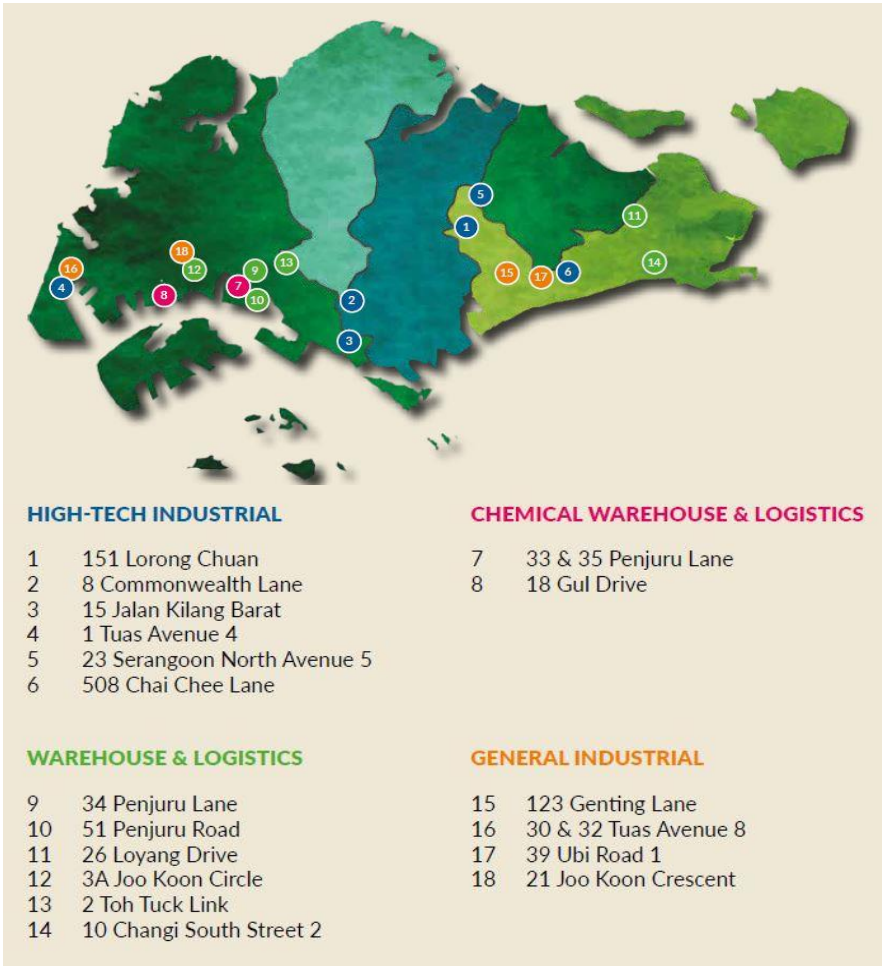
04
**Portfolio
Performance**



Portfolio Overview

As at 31 December 2020

Our properties are diversified into four industrial segments across Singapore, close to expressways and public transportation.



NUMBER OF PROPERTIES	PORTFOLIO WALE
-----------------------------	-----------------------

 **18**

 **3.1 Years**

PORTFOLIO VALUE	TOTAL GFA (SQ FT)
------------------------	--------------------------

 **\$840.1m**

 **4.1 million**

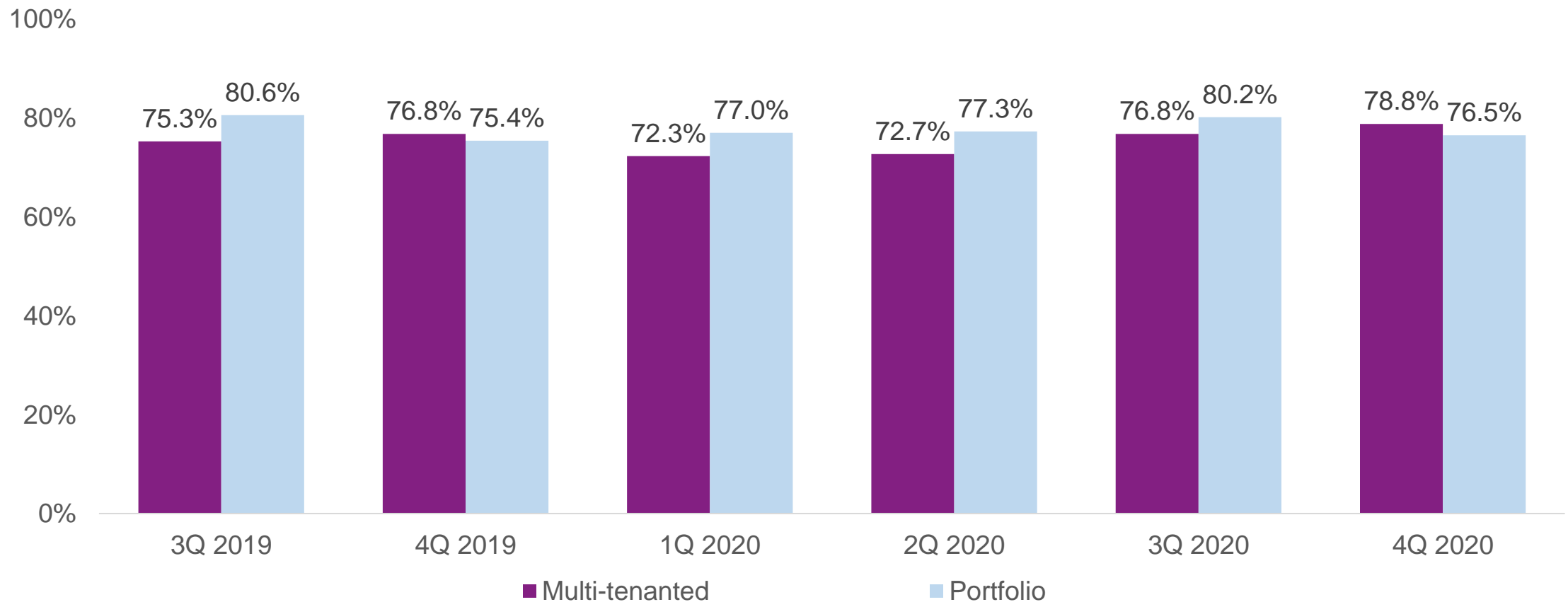
TENANT BASE	TOTAL NLA (SQ FT)
--------------------	--------------------------

 **124 Tenants**

 **3.3 million**

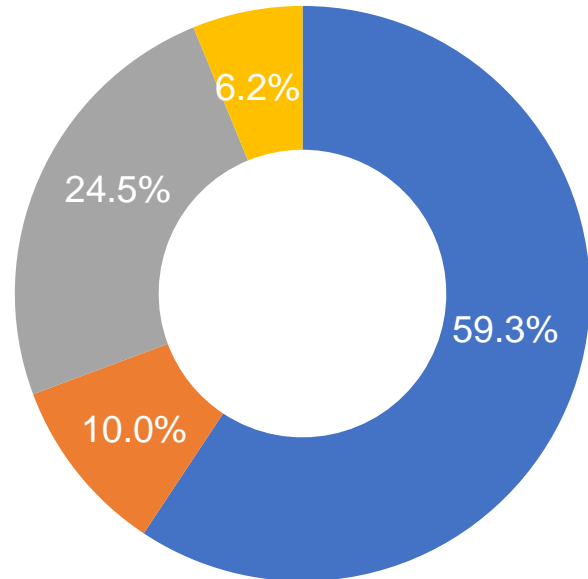
Overview of Portfolio Occupancy

Occupancy rates as at 31 December 2020



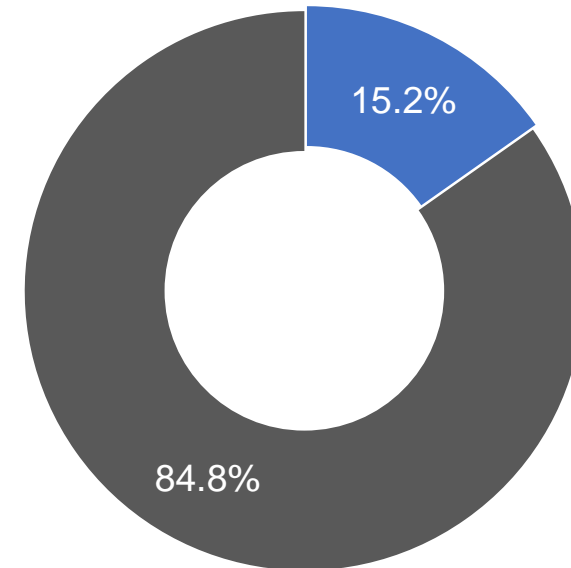
Well-diversified Portfolio

Breakdown of Asset Types
By Gross Rental Income



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

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



- Master Lease
- Multi-tenant

Breakdown of Occupancy Rates

	As at 31 Dec 2020	As at 30 Jun 2020
Portfolio GFA	4,127,767 sq ft	4,127,767 sq ft
Portfolio occupancy		
4 properties, master leases ⁽¹⁾	100.0%	100.0%
12 properties, multi-tenanted ⁽²⁾	78.8% ⁽³⁾	72.7%
18 properties, total portfolio ⁽⁴⁾	76.5%	77.3%
Weighted average master lease term to expiry ⁽⁵⁾	3.6 years	2.5 years
Weighted average portfolio lease term to expiry ⁽⁶⁾	3.1 years	2.7 years
Weighted average unexpired lease term for the underlying land ⁽⁷⁾	30.4 years	30.9 years

(1) 2 triple net & 2 single net master leases.

(2) 151 Lorong Chuan, 8 Commonwealth Lane, 15 Jalan Kilang Barat, 23SNA5, 508 Chai Chee Lane, 34 Penjuru Lane, 51 Penjuru Road, 3A Joo Koon Circle, 2 Toh Tuck Link, 10 Changi South Street 2, 123 Genting Lane and 39 Ubi Road 1.

(3) 51 Penjuru Road was converted to multi-tenanted in 4Q 2020.

(4) By Net Lettable Area ("NLA"). 1 Tuas Avenue 4 and 30/32TA8 are currently vacant.

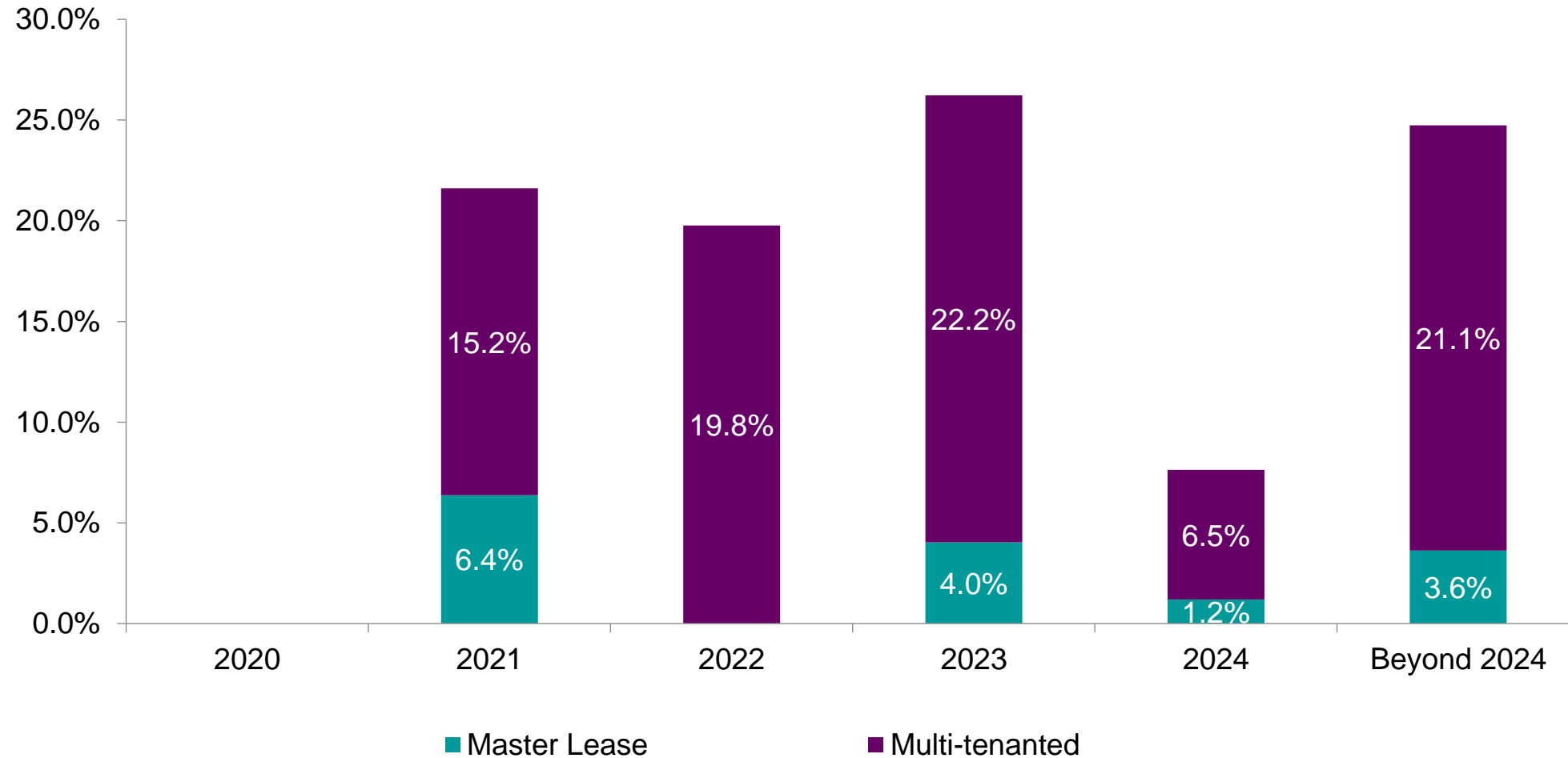
(5) Weighted by gross rental income (master leases of 4 properties).

(6) Weighted by gross rental income (4 master leases and 12 multi-tenanted properties).

(7) Weighted by Gross Floor Area ("GFA").

Proactive Lease Management

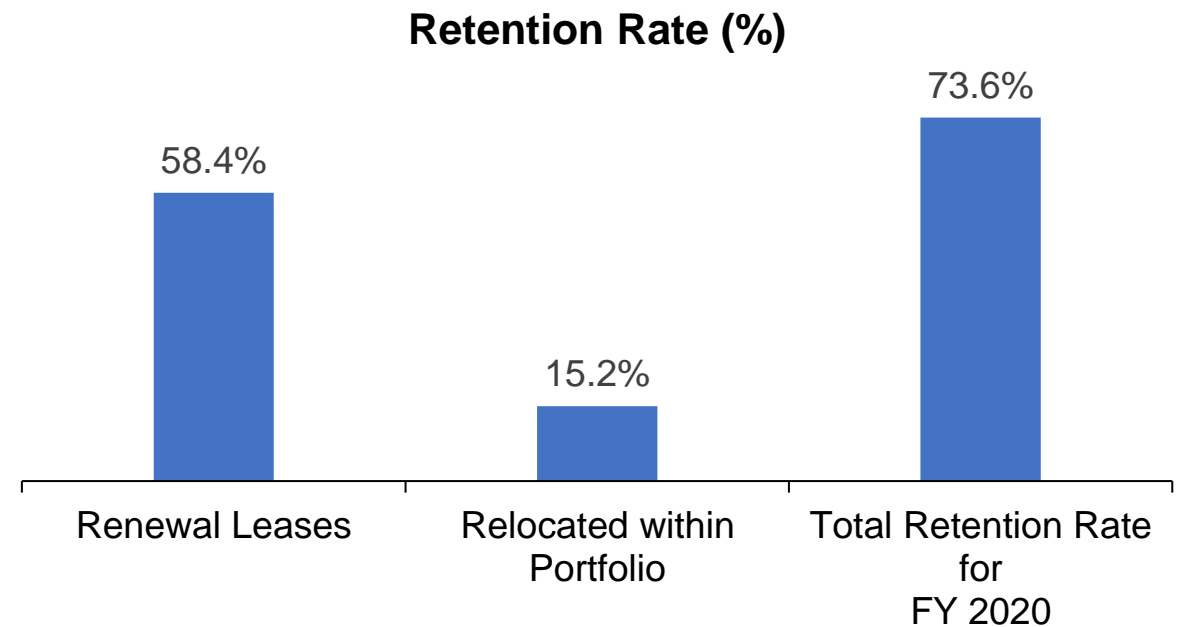
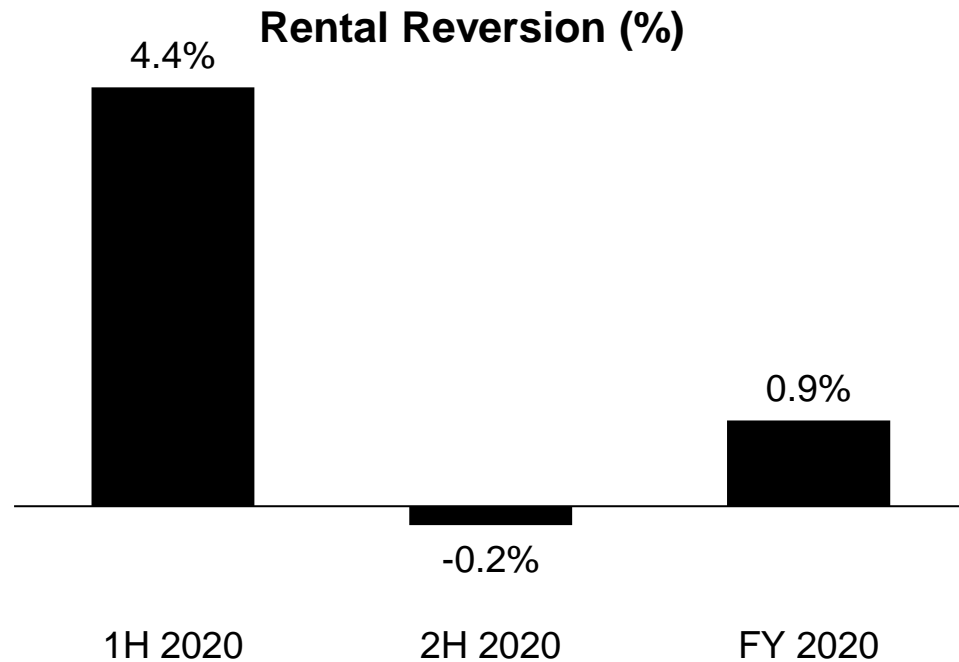
Lease Expiry by Gross Rental Income
as at 31 December 2020



Leasing Update

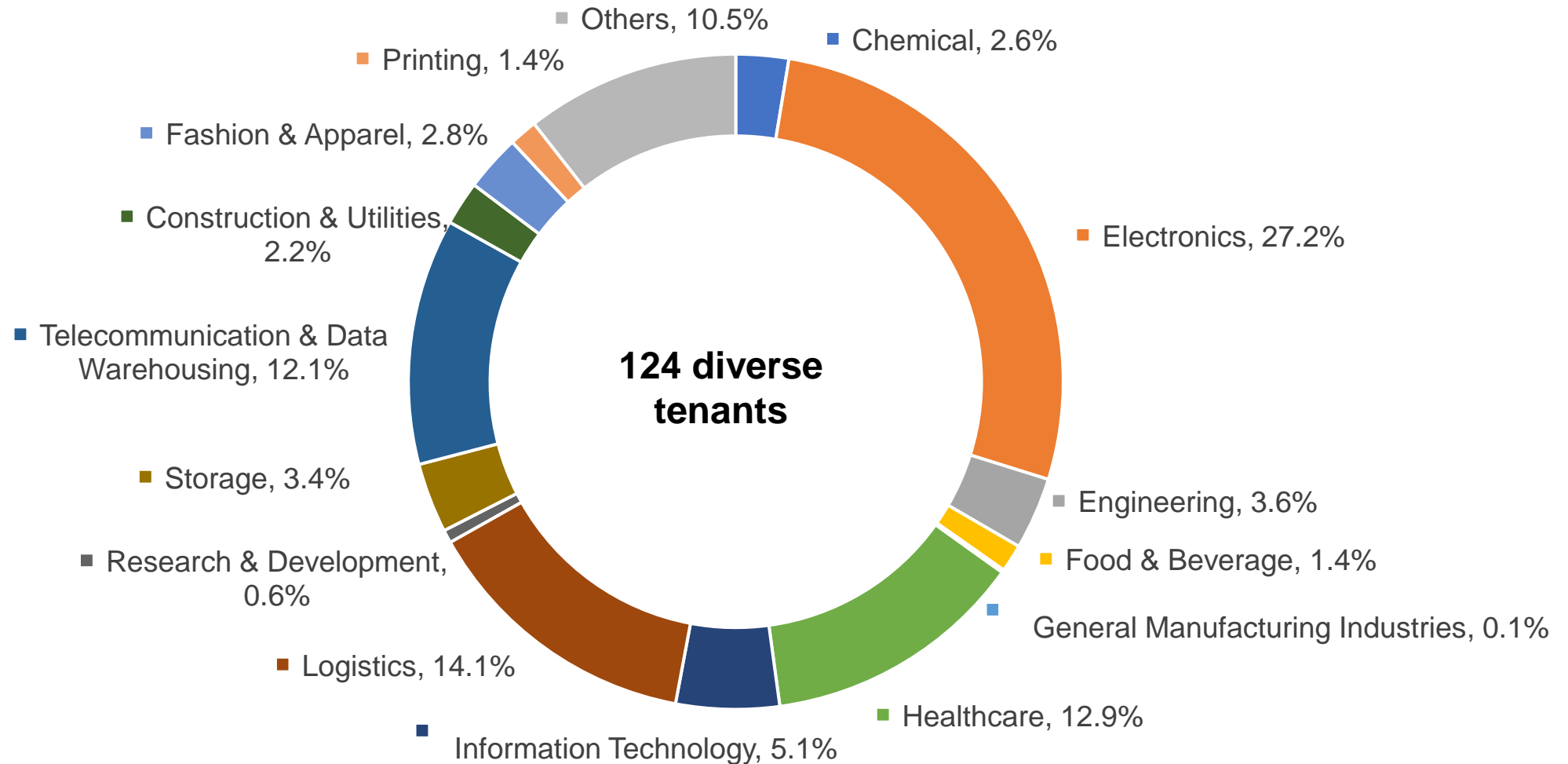
**68 new and renewed leases secured for FY 2020, totalling >1.3 million sq ft;
Positive rental reversion for the year**

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



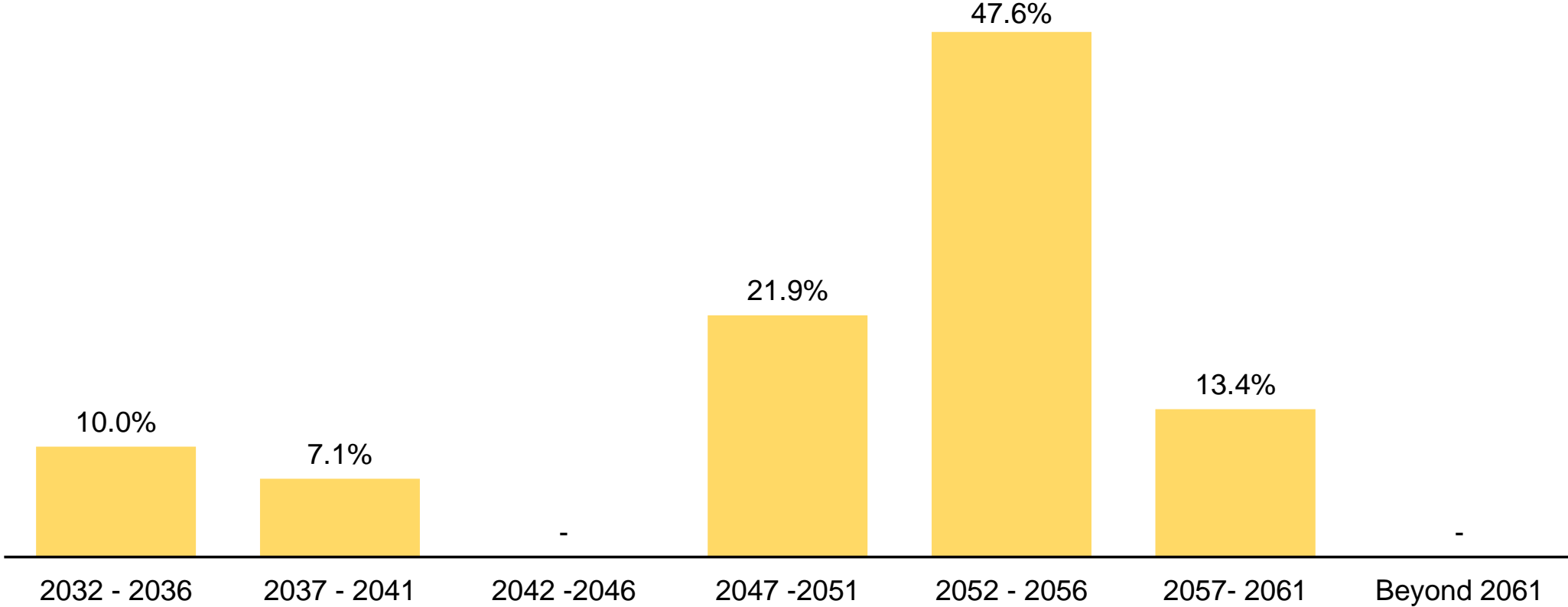
Diverse Base of Tenants

Trade Sectors By Gross Rental Income
as at 31 December 2020



Long Weighted Average Leasehold For Underlying Land

Long underlying land leases, with an average of 30.4 years by GFA



Percentage of unexpired land lease term by GFA⁽¹⁾

(1) As at 31 December 2020.

05
**Market
Outlook &
Strategy**



Market Outlook & Strategy

Singapore Economic Outlook

- The Ministry of Trade and Industry (“MTI”) Singapore’s latest advance estimates showed that Singapore’s economy contracted 3.8% y-o-y and grew by 2.1% on a quarter-on-quarter (“q-o-q”) seasonally-adjusted basis in 4Q 2020. The Singapore economy contracted by 5.8% for the whole of 2020. ⁽¹⁾
- In 2021, Singapore’s GDP growth is expected to be at a positive 4.0% to 6.0%, said MTI. ⁽²⁾
- Rental reversion for industrial properties is likely to remain negative for the year. Industrial rents fell by 1.6% y-o-y, but occupancy rates increased by 0.3% y-o-y as at 3Q 2020 due to higher demand for storage amid delays in new completions. ⁽³⁾

Industrial Property Outlook

- While the sector is expected to brighten gradually as the global manufacturing outlook improves, recovery is expected to be different across various industrial sectors, with those located close to transportation nodes with efficient floor plates having greater advantage in attracting tenants. ⁽⁴⁾
- According to Savills, activity in the leasing market will come from more businesses seeking to consolidate and reduce space as part of their cost-saving plans. ⁽⁵⁾
- Even though further delays in projected completions are expected, overall occupancy levels are likely to remain depressed in the near term. As such, industrial prices and rents will continue to be negatively impacted by Small & Medium Sized Enterprises as the pandemic has hit them hardest. ⁽⁵⁾

Sabana REIT

- Macroeconomic landscape still challenging but will continue all efforts to remain resilient, with positive catalysts with NTP+ TOP expected by 1Q 2021.
- Remain focused on executing its Refreshed Strategy through proactive lease and asset management, as well as AEI and rejuvenation of select assets, underpinned by continued fiscal prudence.
- Will continue to explore all viable options for growth to create sustainable value for Unitholders.

Sources:

- (1) “Singapore’s GDP Contracted by 3.8 Per Cent in the Fourth Quarter of 2020”. Ministry of Trade and Industry Singapore. 4 January 2021.
- (2) “MTI Forecasts GDP Growth of “-6.5 to -6.0 Per Cent” in 2020 and “+4.0 to +6.0 Per Cent” in 2021”. Ministry of Trade and Industry Singapore. 23 November 2020.
- (3) “Quarterly Market Report Industrial Properties Third Quarter 2020”. JTC. 22 October 2020.
- (4) “Singapore 3Q 2020,”. Edmund Tie. October 2020.
- (5) “Singapore Industrial Briefing Q3 2020”. Savills. 11 November 2020.

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



For enquiries, please contact:

Ms Dianne Tan

Sabana Real Estate Investment Management Pte. Ltd.

Tel: +65 6580 7857

Email: dianne.tan@sabana.com.sg

Ms Hoong Huifang

WATATAWA Consulting

Tel: +65 9128 0762

Email: hhoong@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 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: NTP+ and 23SNA5

AEI: New Tech Park represents approximately one third of portfolio value



Rejuvenation:
23SNA5

