

**SIAS – SABANA  
INDUSTRIAL  
REIT**

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**VIRTUAL  
DIALOGUE SESSION**



14 April 2022

# Agenda

- 01 FY 2021 Key Highlights
- 02 Moving to ***Grow VALUE***
- 03 Seeking a Mandate From Unitholders
- 04 Q&A

02

## FY 2021 Highlights



# Delivering on Refreshed Strategy; Pivoting to *Grow VALUE*

- Delivering on Refreshed Strategy
  - Robust performance for FY 2021
  - Completion of AEI at New Tech Park with new NTP+ mall
- Removal of Shari'ah compliance
- Resumed Distribution Reinvestment Plan
- Strengthened capital management with multiple major refinancing exercises to convert all loans to unsecured. Current portfolio is 100% unencumbered
- Pivoting to ***Grow VALUE*** phase of Refreshed Strategy; Targeting to upsize portfolio to more than \$1 billion in 3-5 years
- Thank Unitholders for the support that is starting to bear fruit; Seeking Unitholders' mandate and confidence to embark decisively on this next phase of growth at our upcoming AGM

# FY 2021 at a Glance

For the year ended 31 December 2021

## Financial Performance



Gross Revenue  
\$81.9m  
+14.2% y-o-y

Net Property Income  
\$52.0m  
+16.4% y-o-y

Total Amount Available for  
Distribution  
\$32.5m  
+11.7% y-o-y

Distribution per Unit  
3.05 cents  
+10.5% y-o-y

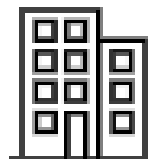
## Capital Management



Aggregate Leverage<sup>1</sup>  
35.0%  
31 Dec 2020: 33.5%

Average All-In Financing Cost  
3.1%  
31 Dec 2020: 3.1%

## Portfolio Management



Portfolio Occupancy  
85.4%  
31 Dec 2020: 76.5%

Rental Reversion  
10.5%  
31 Dec 2020: 0.9%

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

# FY 2021 at a Glance

For the year ended 31 December 2021

## Progress on AEI and Rejuvenation of Selected Assets



**151 Lorong Chuan**  
("151LC or New Tech Park")

- New lifestyle mall NTP+ obtained TOP in 1Q 2021, achieved 100% occupancy
- Replacement of all passenger office lifts completed in 3Q 2021
- Phased upgrading of seven ground floor passenger lift lobbies ongoing, target completion in 3Q 2022
- Valuation up 6.5% y-o-y to \$355.0m



**23 Serangoon North Avenue 5**  
("23SNA5")

- Ground floor office lobby upgrading works completed in 1Q 2021
- Valuation up 11.3% y-o-y to \$40.5m



**8 Commonwealth Lane**  
("8CL")

- Phase 2 upgrading and wayfinding works for ground floor office "Lobby B" completed in 3Q 2021, following completion of Phase 1 ground floor lift lobby ("Lobby A") upgrading in 4Q 2019
- Valuation up 3.6% y-o-y to \$55.4m



**15 Jalan Kilang Barat**  
("15JKB")

- Ground floor office lobby upgrading completed in 4Q 2021
- Valuation up 1.9% y-o-y to \$21.7m

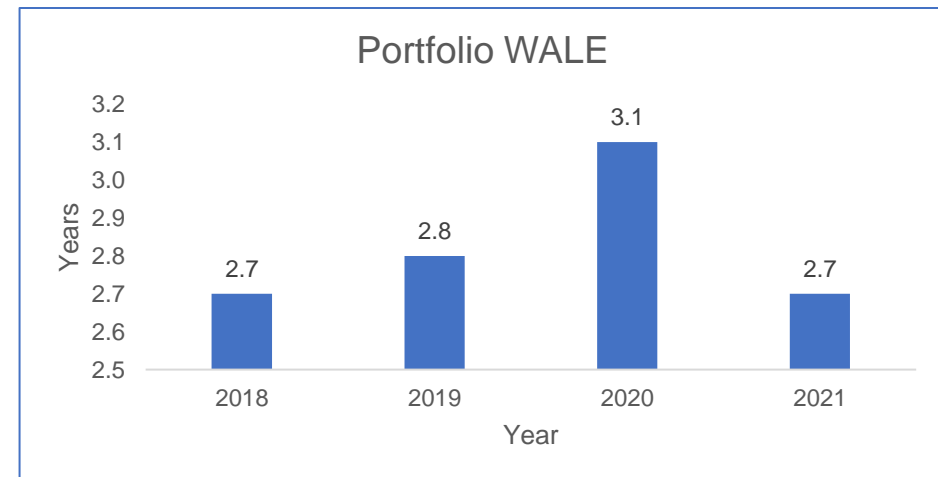
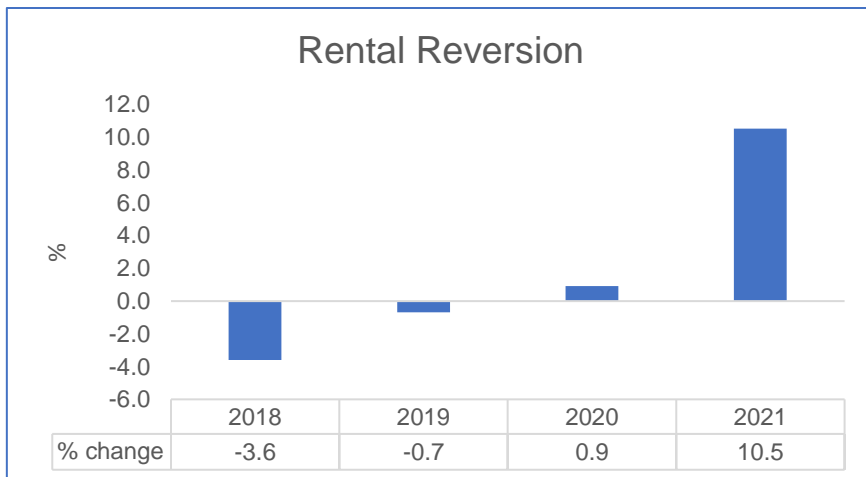
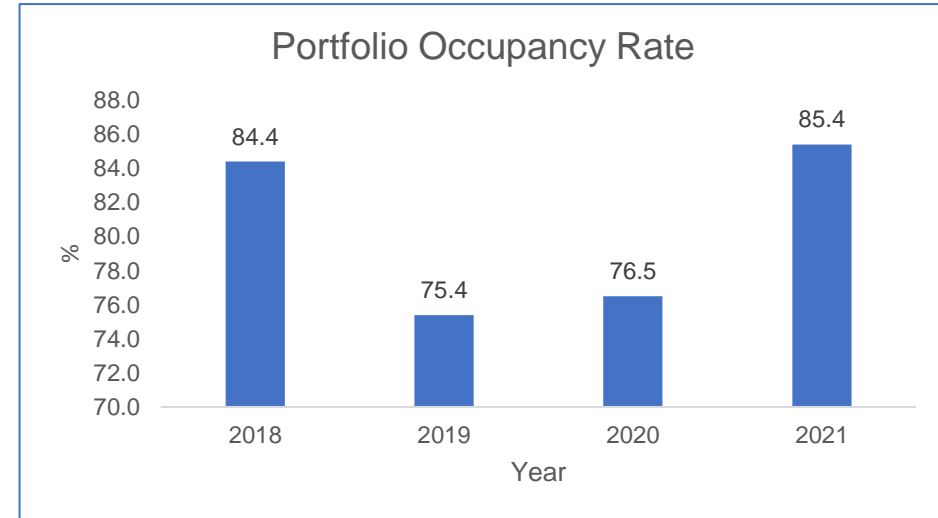
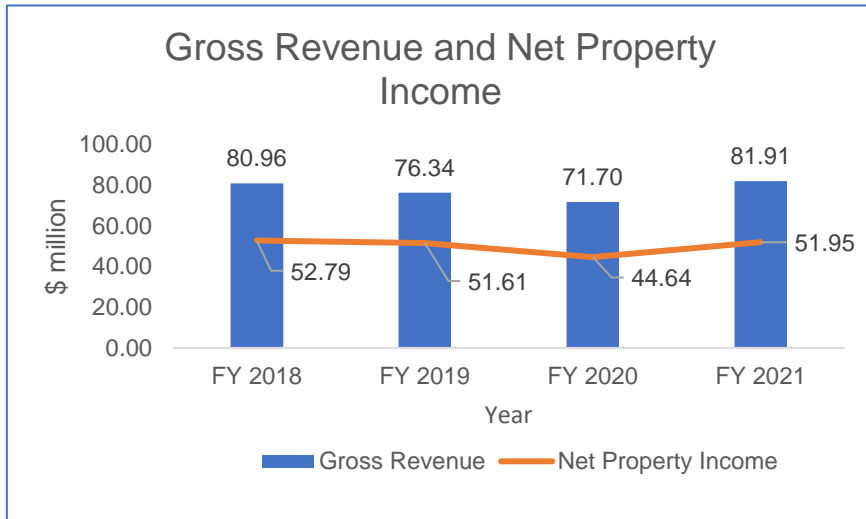


**10 Changi South Street 2**  
("10CSS2")

- Completed the replacement of two cargo lifts in 4Q 2021, following upgrading of ground floor office lobby in 4Q 2019
- Valuation up 8.9% y-o-y to \$36.7m

# Report Card: 2018-2021

Proactive asset management and selective asset rejuvenation underpinned robust performance, **with significant improvements in portfolio occupancy and rental reversion levels**

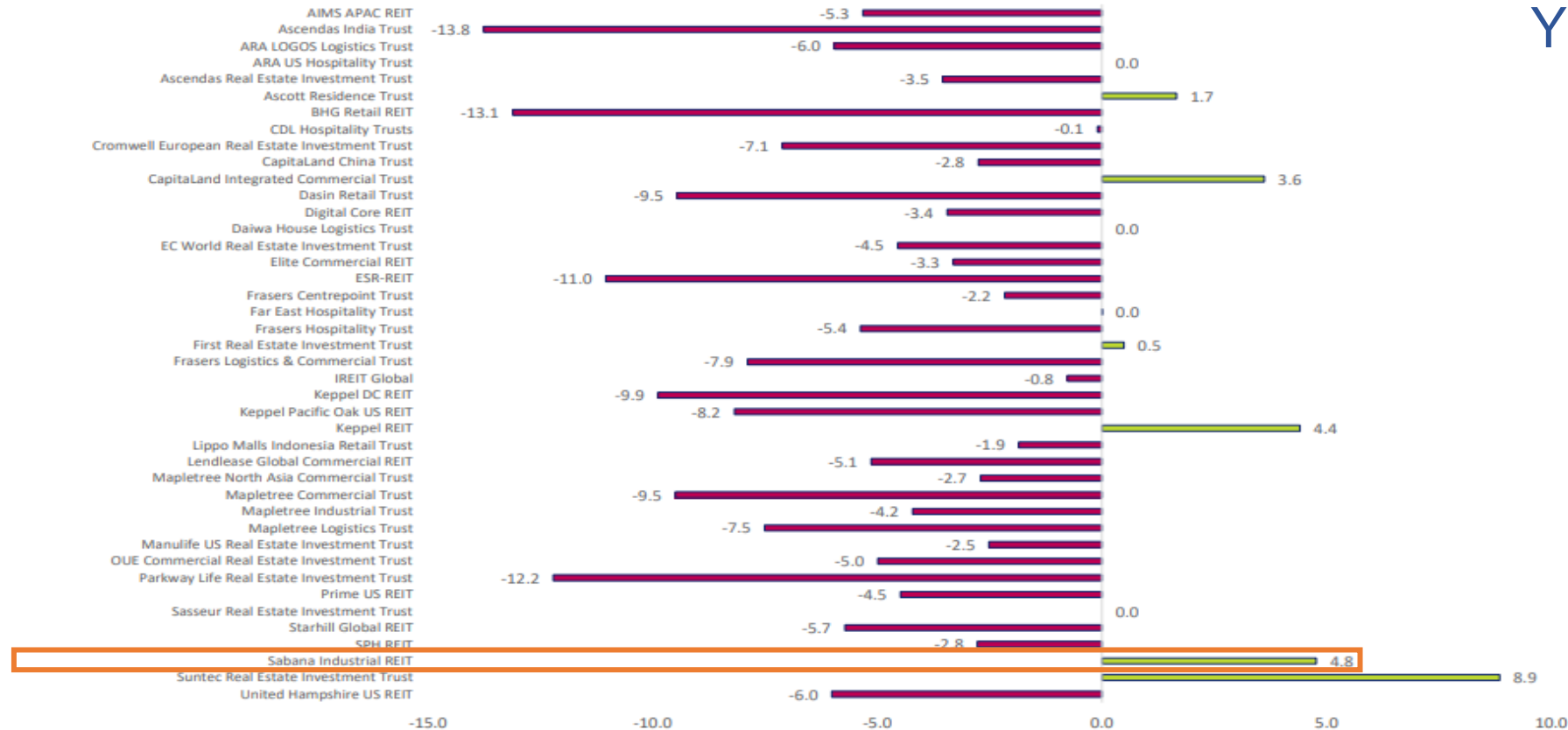


# Strong market performance

Sabana Industrial REIT has **the second highest total returns year-to-date** as at end-Feb 2022 among all S-REITs, according to SGX research, despite ongoing volatility and uncertainty around geopolitical tensions and the continued impact from COVID-19

## YTD Total Returns

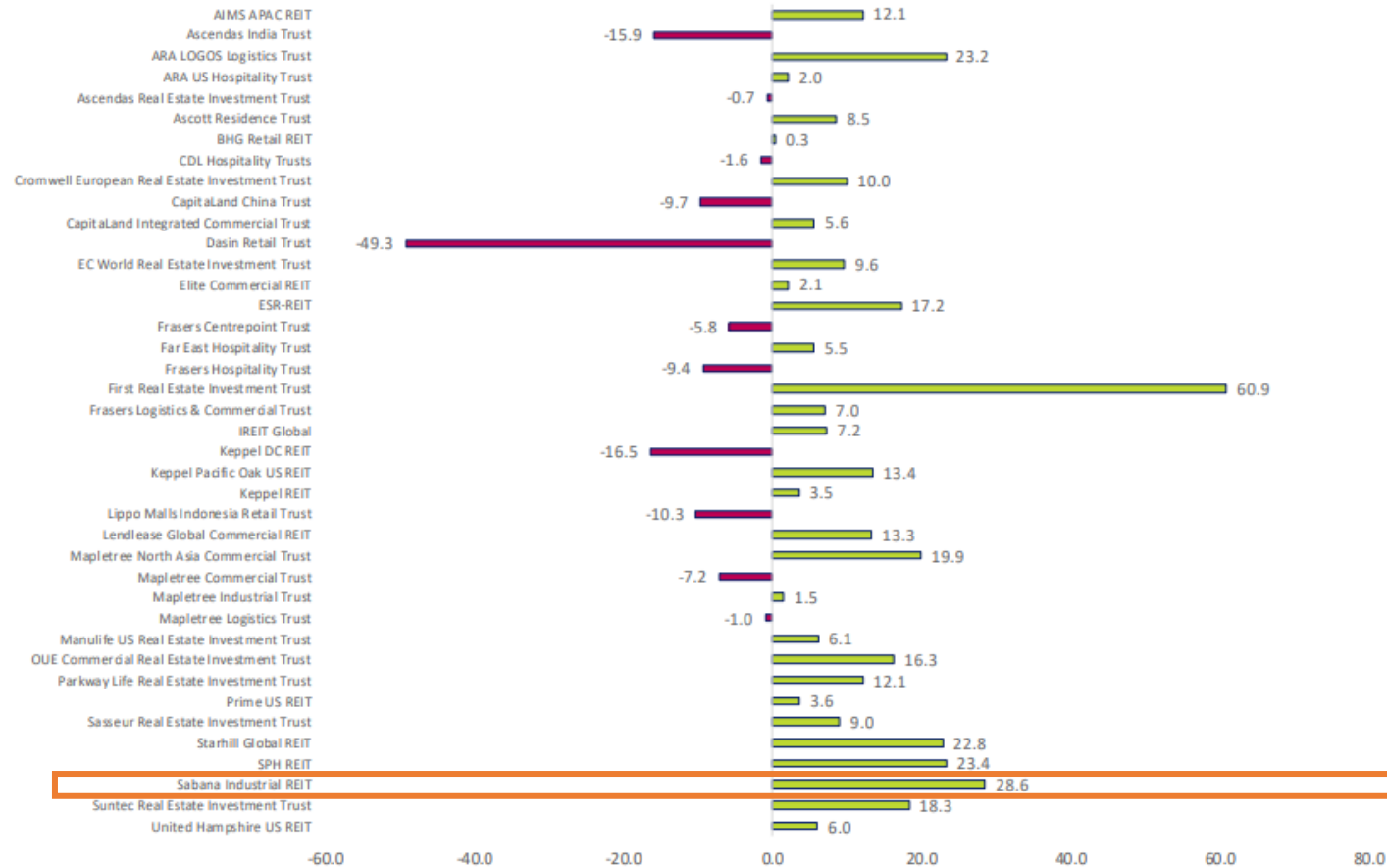
**+4.8%**  
YTD Total Returns





It also has the second highest total returns over a one year period among all S-REITs

## 1 Year Total Returns

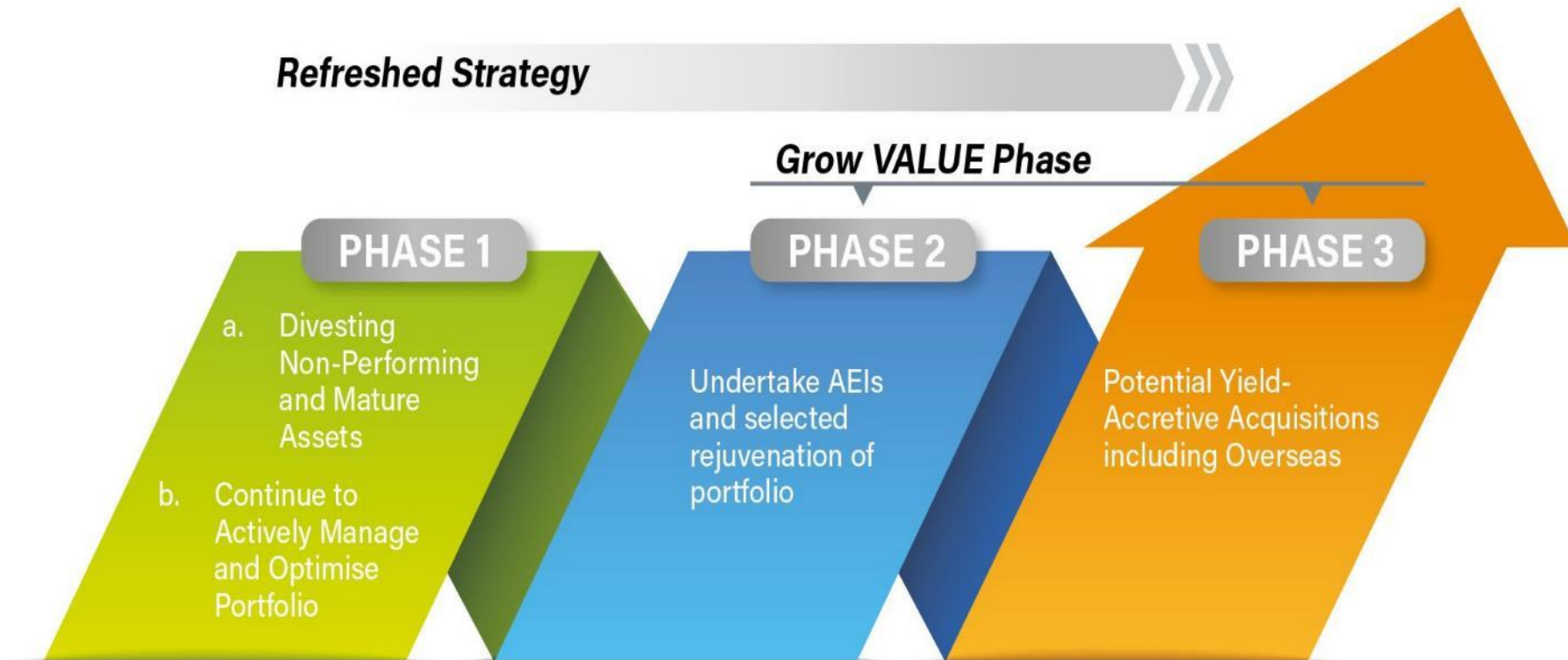


**+28.6%**  
1 Year Total Returns

# 03 Moving to Grow VALUE



# Entering the Grow VALUE phase of our Refreshed Strategy



All underpinned by

- Prudent Capital and Risk Management
- Ongoing Cost Rationalisation

# 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**

# Singapore Industrial Market Outlook

Sabana Industrial REIT is well-placed to manage volatility and capture opportunities in the industrial property sector by executing its **Grow VALUE** phase of its Refreshed Strategy

- Knight Frank noted that some 21.1 million sf of GFA of new industrial space is projected to come on stream across 2022, comprising 42.6% of the total stock set to be completed from Q4 2021 to 2025 <sup>(1)</sup>.
- Though a delay in construction could lead to a supply peak in 2022, occupancy is forecasted to remain elevated, CBRE said.<sup>(2)</sup>
- Meanwhile, Cushman & Wakefield expects to see a slew of redevelopments to meet the needs of quality and higher specifications' demand. Against this backdrop, it noted that occupancy rates of factory space could come under pressure in 2022 due to substantial upcoming supply in the pipeline. While newer and higher spec developments that are able to better meet evolving end-user requirements would lead growth, older warehouse stock would however likely see stagnant rates.<sup>(3)</sup>
- Amid rising environmental concerns, more investors will place their ESG agenda at the forefront of investment decision-making efforts. <sup>(4)</sup>

Sources:

- (1) "Singapore Research Industrial Q4 2021". Knight Frank. 12 January 2022.
- (2) "Singapore Figures Q4 2021". CBRE. 14 January 2022.
- (3) "Industrial Marketbeat Report". Cushman & Wakefield. 7 January 2022.
- (4) "Singapore Q4 2021". Edmund Tie. Retrieved 18 January 2022.

# What we can expect: In 2022 and beyond

## AEI and Rejuvenation of Selected Assets



1 Tuas Avenue 4



New Tech Park



508 Chai Chee Lane



39 Ubi Road 1



2 Toh Tuck Link

- 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 exercise for a Build-to-Suit (to lease) was conducted in early 2022
- Phased upgrading of remaining seven ground floor lobbies (B to H) at **New Tech Park**, which started in mid-Jan 2022 and is scheduled for completion in 3Q 2022; phased refurbishment of restrooms
- Engaging energy specialists for **508 Chai Chee Lane** who are tasked with reducing energy consumption
- Refreshing the external façades at **39 Ubi Road 1** and **2 Toh Tuck Link** and lift modernisation works at **2 Toh Tuck Link**

# 04 Seeking a Mandate from Unitholders



# AGM 2022: Unitholders' votes matter

- 2021 was a defining year for Sabana Industrial REIT: we have made significant progress on our Refreshed Strategy
- We are now positioned to pivot towards growth, thanks to the support from our Unitholders
- Unitholders' approval of the five tabled resolutions **will give us the mandate and confidence to embark decisively on the next phase of growth** for Sabana Industrial REIT – our *Grow VALUE* phase



# Why do these resolutions matter?

**03** To endorse the appointment of Mr Chan Wai Kheong as director of the Manager.  
**(Ordinary Resolution)**

## How has Mr Chan contributed to the REIT?

- Mr Chan has brought great value and insights to our Board since his appointment, with his experience in the financial sector and his perspectives as an investor and Sabana Unitholder. He has more than 37 years of management and operational experience in the financial sector
- As an Independent Director, Mr Chan has played a critical role as a member of the Audit and Risk Committee and the Nominating and Remuneration Committee, having provided strong, independent views, as well as his commitment to do right by Unitholders
- This suggests Mr Chan's competency and capacity to be more than well-qualified as an Independent Director

# Why do these resolutions matter?

- 03** To endorse the appointment of Mr Chan Wai Kheong as director of the Manager.  
**(Ordinary Resolution)**

## Why should we see Mr Chan as an Independent Director?

- The sale of Mr Chan's unitholdings in 2017 in then-Cambridge Industrial REIT to ESR Cayman in 2017 was a purely financial decision made between Mr Chan and ESR Cayman based on available information at that point in time. **Mr Chan would not have been privy in 2017 to the 2019 decision made by ESR to become Sabana's Sponsor**
- Moreover, Mr Chan was also a Sabana Unitholder at the point in time of the proposed merger with ESR-REIT in 2020, and **he voted against it** based on his belief that the deal did not reflect the best interests of him as a Unitholder, as well as that of the other Unitholders
- Quarz recommended Mr Chan to serve on the Board. **The Sabana Board accepted Quarz's recommendation of Mr Chan as a good faith collaborative gesture to take the REIT forward**

**Sponsor ESR Cayman and concert parties will abstain from voting on this resolution**

# Why do these resolutions matter?

- 04** To authorise the Manager to issue Units and to make or grant convertible instruments.  
**(Ordinary Resolution)**

## Why does the Manager need this general mandate?

- An approval given to issue new units will provide the Manager the flexibility to make opportunistic moves for the growth of the REIT without the time lag to convene an Extraordinary General Meeting to approve the issuance of new units
- **The Manager has had this general mandate since 2018, but has never issued any new units. The 20% that is being sought is also well lower than the 50% we sought and received approval for in 2019, and is at the same level that we sought and received approval for in 2020 and 2021.** We are seeking to maintain the same 20% limit for 2022

## How does the mandate benefit Unitholders?

- This mandate – which is common for REITs and listcos – is to give the Board and management the agility and ability to act on value accretive opportunities for Unitholders should they arise
- We would like to assure Unitholders that any form of capital raising would be for the purpose of pursuing compelling yield-accretive opportunities that are beneficial to Unitholders

# Why do these resolutions matter?

- 05** To authorise the Manager to allot and issue Units pursuant to the distribution reinvestment arrangements. **(Ordinary Resolution)**

## Why has DRP been re-introduced since 1H 2021?

- This will strengthen the REIT's working capital reserves, conserve cash from operations, and increase financial flexibility (with more cash retained)

## What does the DRP offer Unitholders?

- Opportunity to increase unitholdings and participate in the REIT's growth at a discount to the volume weighted average traded price per Unit without any brokerage or other transaction costs and stamp duty

# Q&A

# Contact Us



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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.

# Supplementary Slides



## 2H and FY 2021 Results

(\$'000)	2H 2021	2H 2020	Variance (%)	1H 2021	Variance (%)	FY 2021	FY 2020	Variance (%)
<b>Gross Revenue <sup>(1)</sup></b>	42,821	37,438	14.4	39,092	9.5	81,913	71,701	14.2
<b>NPI <sup>(1)</sup></b>	26,255	23,781	10.4	25,698	2.2	51,953	44,643	16.4
<b>Total Distribution Amount Declared <sup>(4)</sup></b>	16,862	24,125 <sup>(3)</sup>	(30.1)	15,642	7.8	32,504	29,110	11.7
<b>Total DPU (cents)</b>	<b>1.57</b>	<b>2.29</b>	<b>(31.4)</b>	<b>1.48</b>	<b>6.1</b>	<b>3.05</b>	<b>2.76</b>	<b>10.5</b>
<b>- From operations</b>	1.57	1.41	11.3	1.48	6.1	3.05	2.46	24.0
<b>- Rollover adjustments from prior years <sup>(2)</sup></b>	-	0.30	-	-	-	-	0.30	-
<b>- Distribution withheld from previous period <sup>(3)</sup></b>	-	0.58	-	-	-	-	-	-

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

(2) This relates to one-off rollover adjustments from prior years of \$3.2 million (DPU: 0.30 cents).

(3) This includes the withheld distribution from 1H 2020 amounting to \$6.1 million (DPU: 0.58 cents) retained for prudent cash management in view of COVID-19 uncertainties.

(4) For FY 2020 and 2021, the Manager has resolved to distribute 100.0% of the total amount available for distribution to Unitholders.



# Balance Sheet

(\$'000)	As at 31 December 2021	As at 31 December 2020
Investment properties <sup>(1)</sup>	942,913	904,565
Investment property held for divestment <sup>(2)</sup>	-	13,794
Other assets	28,735	12,358
<b>Total assets</b>	<b>971,648</b>	<b>930,717</b>
Borrowings, at amortised cost <sup>(3)</sup>	311,589	284,019
Other liabilities	104,092	106,951
<b>Total liabilities</b>	<b>415,681</b>	<b>390,970</b>
Net assets attributable to Unitholders	555,967	539,747
Units in issue (units)	1,069,950,268	1,053,083,530
<b>NAV per unit (S\$)</b>	<b>0.52</b>	<b>0.51</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.

(2) The management has assessed based on FRS105 that the property held for divestment (1 Tuas Avenue 4) to be re-classified to investment property.

(3) Increase in borrowings mainly due to loan drawdown relating to AEI and other capital expenditure.

# Capital Management

	As at 31 December 2021	As at 31 December 2020
Total Borrowings (\$ m)	315.5	284.8
- Term loans	315.5	226.3
- Revolving Facilities	-	58.5
<b>Aggregate leverage<sup>(1)</sup> (%)</b>	<b>35.0</b>	<b>33.5</b>
Proportion of total borrowings on fixed rates (%)	66.6	50.0
<b>Average all-in financing cost (%)</b>	<b>3.1</b>	<b>3.1</b>
Interest Coverage Ratio <sup>(2)</sup> (times)	4.4	3.5
Weighted average tenor of borrowings (years)	2.9	1.2
<b>Undrawn committed facilities available (\$ m)</b>	<b>95.9</b>	<b>59.2</b>
Unencumbered assets (\$ m) <sup>(3)</sup>	549.5	51.7

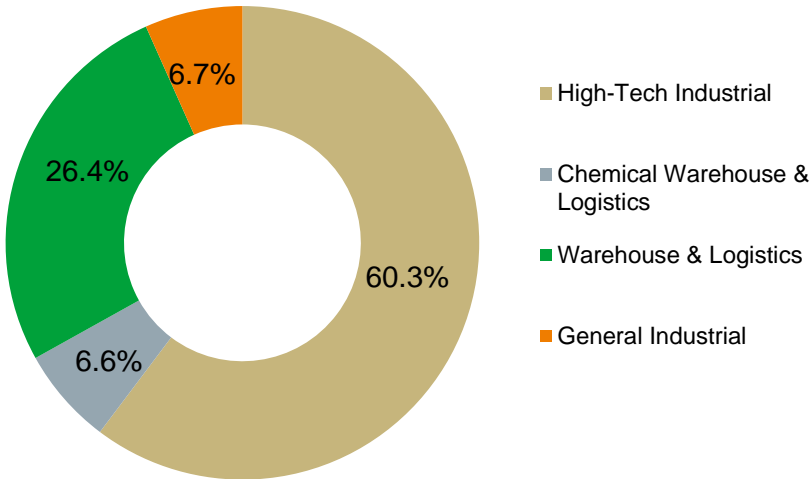
(1) Ratio of total borrowings & deferred payment over deposited property as defined in the Property Funds Appendix of the Code on Collective Investment Schemes.

(2) Based on the interest coverage ratio definition in Appendix 6 of the Code of Collective Investment Schemes (last revised on 28 December 2021).

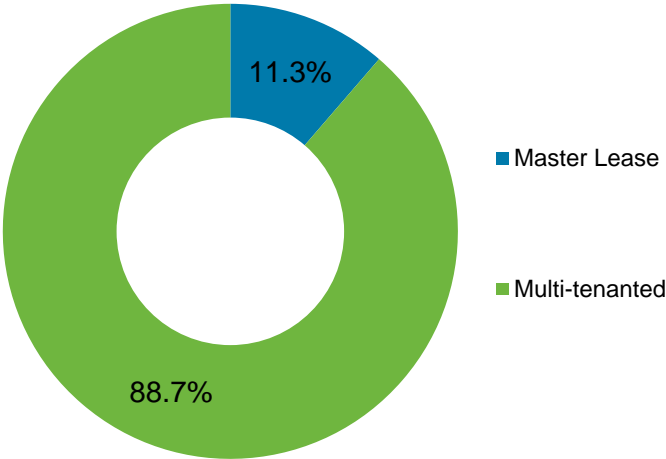
(3) Based on valuations by independent valuers.

# Well-diversified Portfolio

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



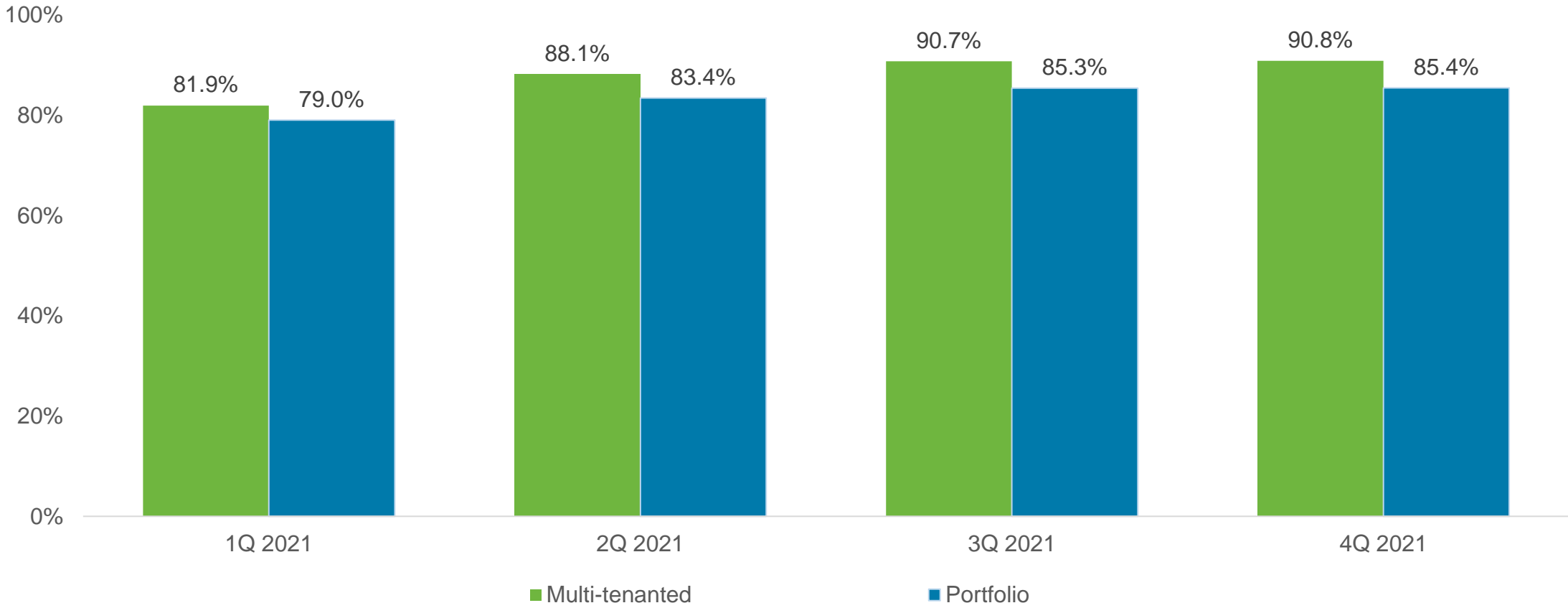
### Breakdown of Master-leased and Multi-tenanted Properties By Gross Rental Income



(1) As at 31 December 2021.

# Portfolio Occupancy Overview

Occupancy rates as at 31 December 2021



# Diverse Base of Tenants

152 tenants in 14 diverse trade sectors, led by the expansionary electronics sector

**Trade Sector by Gross Rental Income**  
As at 31 December 2021

