

**CGS - CIMB**

**INVESTOR  
PRESENTATION**

6 April 2023





# Agenda

- 01** Overview of Sabana Industrial REIT
- 02** Key Updates and Highlights
- 03** Market Outlook
- 04** Upcoming AGM



# 01 Overview





# Industrial-Focused REIT With Diversified Portfolio



Our properties are diversified into four industrial segments across Singapore. Most of our buildings are in close proximity to expressways, MRT stations and other modes of public transport.



## 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)*

PORTFOLIO OCCUPANCY 91.2%

- 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, MRT stations and other modes of public transport

Portfolio Value  
**\$885.7 million**

Tenant Base  
**158 tenants**

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

Portfolio Occupancy \*  
**91.2%**

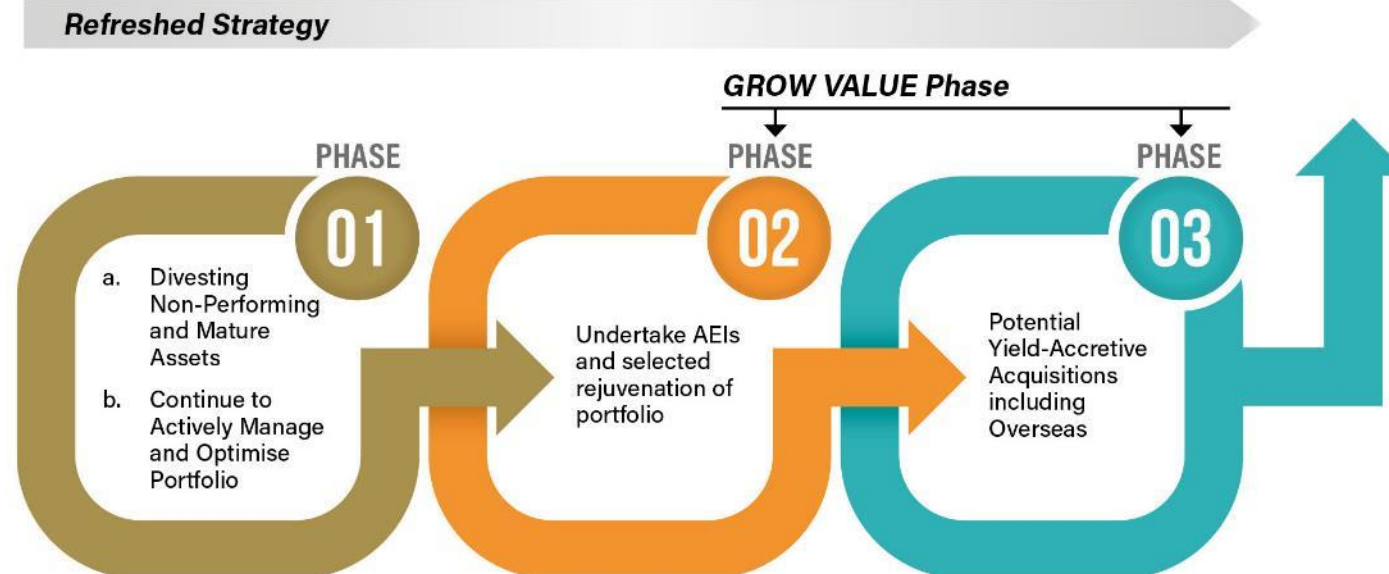
Total NLA (sq ft)  
**3.5 million**

Portfolio WALE  
**3.0 years**

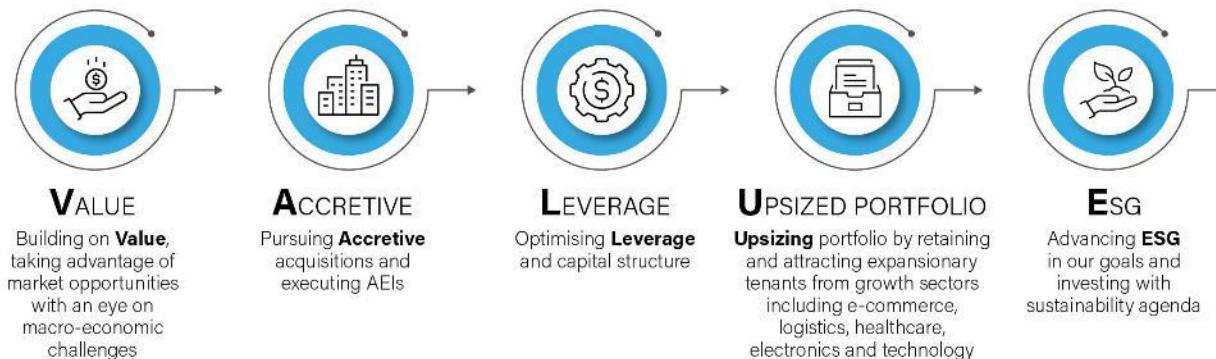
All figures are as of 31 December 2022  
\*Excluding 1 Tuas Avenue 4, which is undergoing AEI

# Grow VALUE Phase of Our Refreshed Strategy

On the GROW VALUE phase of Refreshed Strategy with five strategic priorities



## Five Strategic VALUE Priorities for Phases 2 and 3 of Refreshed Strategy



Targeting to achieve upsized portfolio valuation of more than \$1 billion between 2025 and 2027



## 02 Key Updates and Highlights



# FY 2022 at a Glance

For the year ended 31 December 2022

## Financial Performance



Gross Revenue  
\$94.9m  
+15.9% y-o-y

Net Property Income  
\$53.3m  
+2.6% y-o-y

Total Amount Available for  
Distribution  
\$33.1m  
+1.7% y-o-y

Distribution per Unit  
3.05 cents  
unchanged

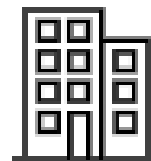
## Capital Management



Aggregate Leverage<sup>1</sup>  
32.4%  
31 Dec 2021: 35.0%

Average All-In Financing Cost  
3.86%  
31 Dec 2021: 3.14%

## Portfolio Management



Portfolio Valuation  
\$885.7m  
31 Dec 2021: \$866.2m

Portfolio Occupancy<sup>2</sup>  
91.2%  
31 Dec 2021: 88.4%

Rental Reversion  
12.9%  
31 Dec 2021: 10.5%

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

(2) Excluding 1 Tuas Avenue 4, which is undergoing AEI



# KEY PROPERTY HIGHLIGHTS

## Rejuvenation of Selected Assets to Enhance Asset Quality



Artist's impression of 1 Tuas Avenue 4

### 1 Tuas Avenue 4 ("1TA4")

- Main contractor has been appointed; ground-breaking took place on 4 April
- Project is designed to comprise an approximate 156,000 square feet of warehouse, production and ancillary office on an ambient basis
- Development cost of approximately \$20.0m
- Targeting to obtain TOP by 1H 2024



### 151 Lorong Chuan ("New Tech Park")

- Completed the upgrading of passenger lift lobbies and carpark LED relamping
- Phased refurbishment of restrooms
- Planned installation of electric vehicle charging stations
- Ongoing waterproofing works
- Planned replacement of air handling units
- In discussion with multi-government agencies on Phase 3 AEI



### 508 Chai Chee Lane ("508CCL")

- Kick-started energy audit in early 2022, with ongoing works to improve building energy consumption efficiency including:
- Upgrading to high-efficient aircon chillers
- Installation of new chilled and condenser water pumps
- Installation of a new energy management system to monitor chiller plant



### 2 Toh Tuck Link ("2TTL")

- Refreshed external façade
- Completed cargo lift modernisation works



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

- Completed passenger lift modernisation works
- Completed the installation of new toilet water-efficient fittings; obtained PUB Water Efficient Building basic certification





# PARTNERSHIP WITH KEPPEL EAAS

Partners Keppel EaaS to jointly execute decarbonisation solutions with the aim of creating one of Singapore’s first carbon neutral industrial REITs

- Entered into contracts for the installation of:
  - Four Electric Vehicle (“EV”) charging stations at 151 Lorong Chuan (“**New Tech Park**”); Target completion in 1H 2023
  - Photovoltaic solar panels at 10 Changi South Street 2, 34 Penjuru Lane, 3A Joo Koon Circle and 1 Tuas Avenue 4
  - Target completion by end 3Q 2023, except for 1 Tuas Avenue 4 which will be 1H 2024

Installed capacity of **4.7** Megawatt peak and able to produce **5,700** Megawatt hours per year, equivalent to:

 Powering 1,700 3-Room HDB Flats

 Reducing over 43,000 tonnes of carbon emissions

 Carbon abatement of planting 30,000 trees



Mr Donald Han, CEO of the Manager of Sabana Industrial REIT and Mr Lim Yong Wei, GM of Keppel EaaS, at the signing of the MoU on 30 March 2023



1 Tuas Avenue 4



10 Changi South Street 2



3A Joo Koon Circle



34 Penjuru Lane



# IMPROVEMENT IN CORPORATE GOVERNANCE RANKINGS

## **Governance Index for Trusts (“GIFT”)**

- Ranked 14th of 43 Singapore-listed REITS, Business Trusts, and Stapled Trusts
- The 2022 ranking (overall GIFT score of 71.5 in 2022) reflects an upward improvement of 24 positions compared to Sabana Industrial REIT’s ranking at 38th place in 2021 (overall GIFT score of 54.0 in 2021)
- Biggest year-on-year improvement in ranking among Singapore-listed REITS, Business Trusts, and Stapled Trusts with a 17.5 point improvement in GIFT score

## **Singapore Governance and Transparency Index (“SGTI”)**

- Ranked 35th of 44 Singapore-listed REITS and Business Trusts in the SGTI in 2022
- The 2022 ranking (overall SGTI score of 74.4 in 2022) reflects an improvement of eight positions compared to Sabana Industrial REIT’s ranking at 43rd place in 2021 (overall SGTI score of 61.1 in 2021)
- Among the top five REITS and Business Trusts with the most year-on-year improvements in overall SGTI scores



03

# Market Outlook





# Market Outlook & Strategy

## Singapore Economic Outlook

- Based on advance estimates by the Ministry of Trade and Industry (“**MTI**”), Singapore’s Gross Domestic Product (“**GDP**”) grew by 2.2% y-o-y in 4Q 2022, moderating from the 4.2% growth in the previous quarter<sup>(1)</sup>.
- The economy grew by 3.8% y-o-y in 2022, slower than the 7.6% growth in 2021<sup>(1)</sup>.
- The Ministry of Trade and Industry expects Singapore’s GDP growth to come in at “0.5 to 2.5 per cent” in 2023.<sup>(2)</sup>

## Industrial Property Outlook

- JTC’s industrial rental index for all industrial space rose by 2.1% in 4Q 2022 while the overall occupancy rate for the industrial property market was 89.4%. This was a fall of 0.3 percentage points compared to the previous quarter and 0.8 percentage points compared to the previous year<sup>(3)</sup>.
- Based on a CBRE research report, while the full-year rental growth for prime logistics and warehouse reached 10.2% and 6.6% y-o-y respectively in 2022, attributed by occupiers raising inventory levels, this pace is expected to moderate in 2023 due to weakened economic outlook and as occupiers become more cost sensitive<sup>(4)</sup>.
- According to Cushman & Wakefield Singapore Market Outlook 2023, warehouse demand could slow in 2023 amid lower e-commerce demand, and an expected easing of supply chain disruptions in 2023 would slow stockpiling demand<sup>(5)</sup>.

## Sabana Industrial REIT

- While 2022 saw a return to normalcy in Singapore’s economy, the persisting uncertainties of the major world economies may in turn have a dampening effect on the local economy in 2023.
- The Manager has proactively initiated cost-saving measures across its portfolio in early 2022 and will continue with such efforts and at the same time, further optimise the REIT’s capital structure.
- The Manager will continue to pursue its strategic initiatives of the REIT’s GROW VALUE phase, which include AEI, asset rejuvenation, proactive leasing efforts and prudent capital management to build the resilience of our portfolio.
- The five new strategic priorities and target to achieve upsized portfolio valuation of more than \$1 billion between 2025 and 2027 will continue to guide the Manager in delivering long-term sustainable value for all Unitholders despite challenging macroeconomic conditions.

### Sources:

- (1) “Singapore’s GDP Grew by 2.2 Per Cent in the Fourth Quarter of 2022 and by 3.8 Per Cent in 2022”. Ministry of Trade and Industry Singapore. 3 January 2023.
- (2) “MTI Forecasts GDP Growth of “around 3.5 Per Cent” in 2022 and “0.5 to 2.5 Per Cent” in 2023”. Ministry of Trade and Industry Singapore. 23 November 2022.
- (3) “JTC Quarterly Market Report for 4Q 2022”. JTC. 26 January 2023.
- (4) “At the Crossroads”. CBRE Research Q4 2022 – 11 January 2023.
- (5) Cushman & Wakefield Research – Singapore Market Outlook 2023.



A low-angle, black and white photograph of modern skyscrapers with glass facades. The buildings are viewed from below, creating a sense of height and scale. The sky is bright and clear. A dark blue, wavy banner is overlaid on the top left of the image.

04

# Upcoming AGM

# AGM 2023



25 April, 10 am



Hope Space, New Tech Park (Lobby F) #02-06,  
151 Lorong Chuan Singapore 556741

## RESOLUTIONS

### ORDINARY BUSINESS

1. To receive and adopt the Report of the Trustee, the Statement by the Manager, the Audited Financial Statements of Sabana Industrial REIT for the financial year ended 31 December 2022 and the Auditors' Report thereon. (Ordinary Resolution)
2. To appoint Ernst & Young LLP in place of KPMG LLP as Auditors of Sabana Industrial REIT and to authorise the Manager to fix their remuneration. (Ordinary Resolution)
3. To endorse the appointment of Ms Lee Kia Jong Elaine (Mrs Elaine Lim) as an Independent Non-Executive Director of the Manager. (Ordinary Resolution)

### SPECIAL BUSINESS

4. To authorise the Manager to issue Units and to make or grant convertible instruments. (Ordinary Resolution)
5. To authorise the Manager to allot and issue Units pursuant to the distribution reinvestment arrangements. (Ordinary Resolution)



# 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



# Distribution Statement

(\$'000)	2H 2022	2H 2021	Variance (%)	FY 2022	FY 2021	Variance (%)
<b>Gross Revenue <sup>(1)</sup></b>	50,057	42,821	16.9	94,907	81,913	15.9
<b>NPI <sup>(1)</sup></b>	26,254	26,255	-	53,283	51,953	2.6
<b>Finance Costs <sup>(1) (2)</sup></b>	(5,730)	(4,990)	(14.8)	(10,848)	(9,624)	(12.8)
<b>Total Amount Available for Distribution <sup>(3)</sup></b>	15,923	16,862	(5.6)	33,070	32,504	1.7
<b>Amount Available for Distribution per Unit (cents)</b>	1.46	1.57	(7.0)	3.05	3.05	-

(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.

(3) The REIT's distribution policy is to distribute at least 90.0% of its distributable income to Unitholders. For FY 2021 and 2022, the Manager has resolved to distribute 100.0% of the total amount available for distribution to Unitholders.



# BALANCE SHEET

(\$'000)	As at 31 December 2022	As at 31 December 2021
Investment properties <sup>(1)</sup>	962,179	942,913
Other assets	21,013	28,735
<b>Total assets</b>	<b>983,192</b>	<b>971,648</b>
Borrowings, at amortised cost <sup>(2)</sup>	288,921	311,589
Other liabilities	108,484	104,092
<b>Total liabilities</b>	<b>397,405</b>	<b>415,681</b>
Net assets attributable to Unitholders	585,787	555,967
Units in issue (units)	1,096,121,325	1,069,950,268
<b>NAV per unit (S\$)</b>	<b>0.53</b>	<b>0.52</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.

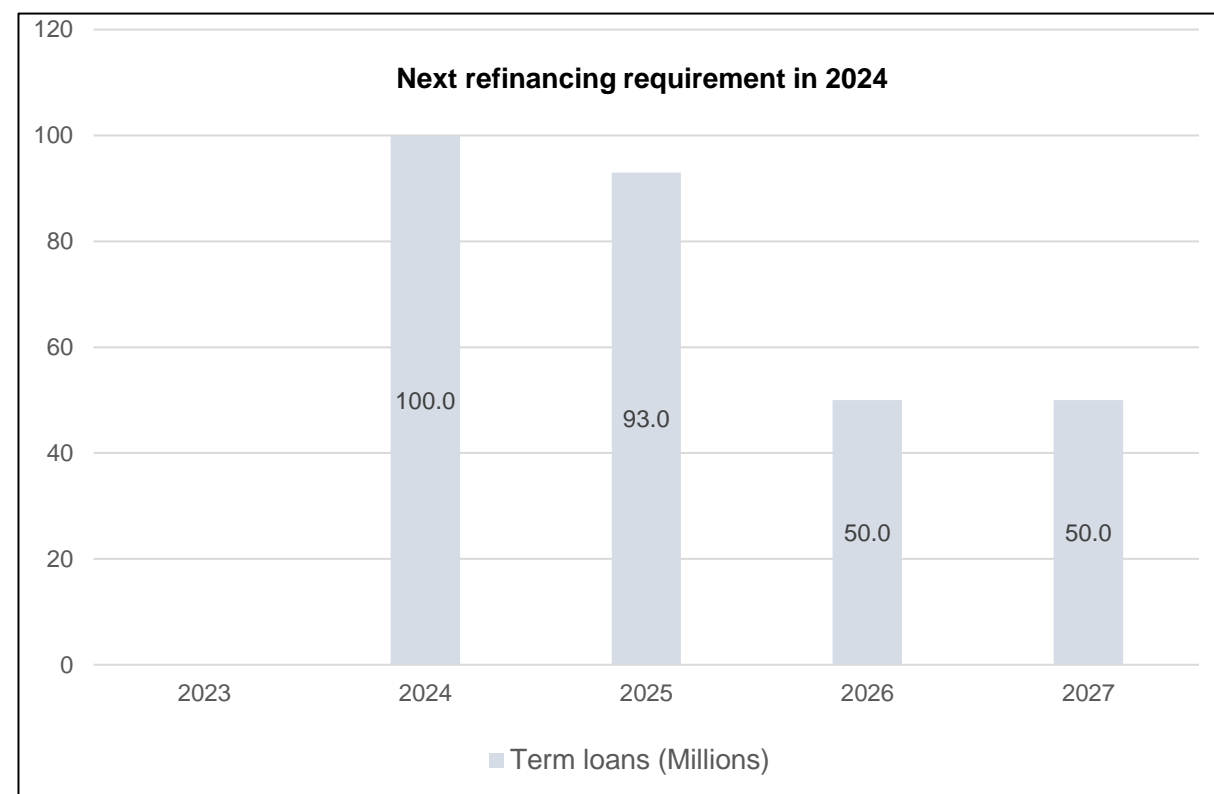
(2) Decrease in borrowings mainly due to the repayment using the cash flow generated from operations and Distribution Reinvestment Plan.

# CAPITAL MANAGEMENT

## Key Credit Metrics

	As at 31 December 2022	As at 31 December 2021
Total borrowings	\$293.0m <sup>(1)</sup>	\$315.5m
- Term loans	\$293.0m	\$315.5m
- Revolving Facilities	-	-
<b>Aggregate leverage<sup>(2)</sup></b>	<b>32.4%</b>	<b>35.0%</b>
Interest coverage ratio <sup>(3)</sup>	3.8x	4.4x
Weighted average tenor of borrowings	2.8 years	2.9 years
<b>Average all-in financing cost</b>	<b>3.86%</b>	<b>3.14%</b>
Proportion of total borrowings on fixed rates	82.8%	66.6%
Weighted average fixed debt expiry	2.0 years	2.4 years
<b>Debt Headroom<sup>(4)</sup></b>	<b>\$156.1m</b>	<b>\$130.8m</b>
Unencumbered assets	100%	63%

## Debt Maturity Profile



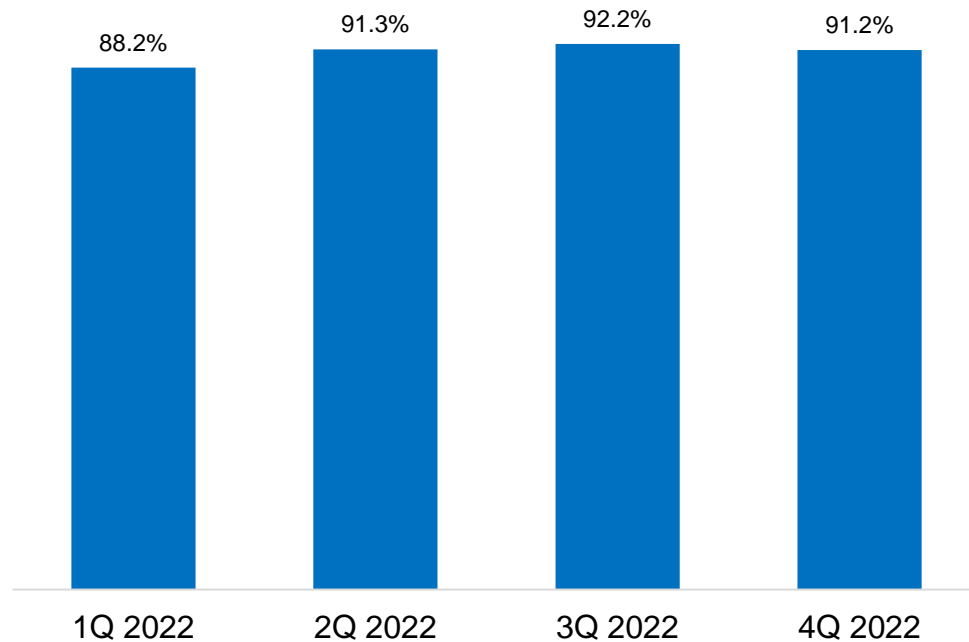
### Notes:

- (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 committed and undrawn facilities of \$120m.



# PORTFOLIO OVERVIEW

## Portfolio Occupancy



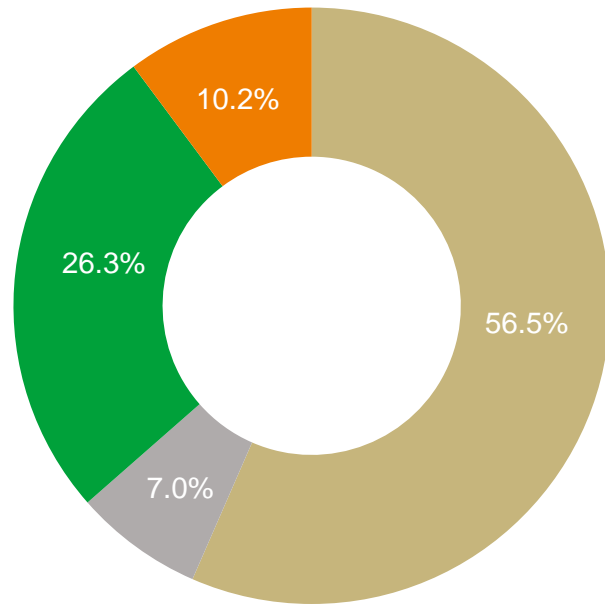
## Key Portfolio Attributes

	As at 31 December 2022	As at 30 June 2022
Portfolio GFA	4.2m sq ft	4.2m sq ft
Total portfolio occupancy <sup>(1)</sup>	91.2%	91.3%
Weighted average master lease term to expiry <sup>(2)</sup>	6.0 years	5.3 years
Weighted average portfolio lease term to expiry <sup>(3)</sup>	3.0 years	2.8 years
Weighted average unexpired lease term for the underlying land <sup>(4)</sup>	28.4 years	28.9 years

- (1) By Net Lettable Area ("NLA"), excluding 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").

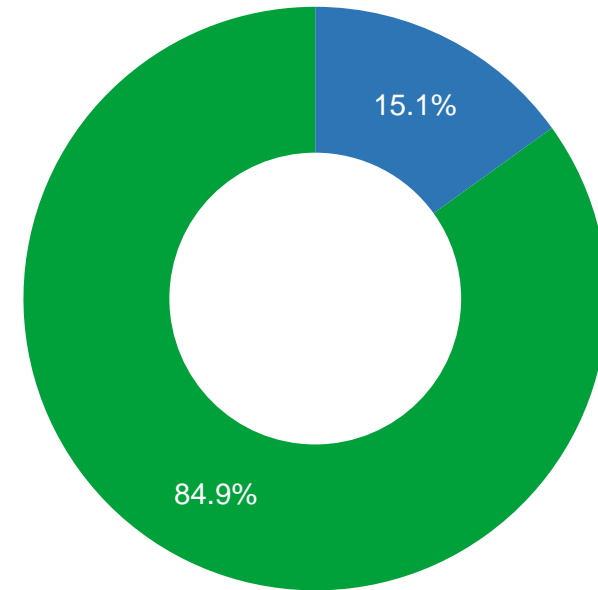
# WELL-DIVERSIFIED PORTFOLIO

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



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

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



- Master Lease
- Multi-tenanted

(1) As at 31 December 2022.



# PROACTIVE LEASE MANAGEMENT

Out of 941,704 sq ft of leases expiring in FY 2023, 50.8% are either renewed or under lease negotiation process

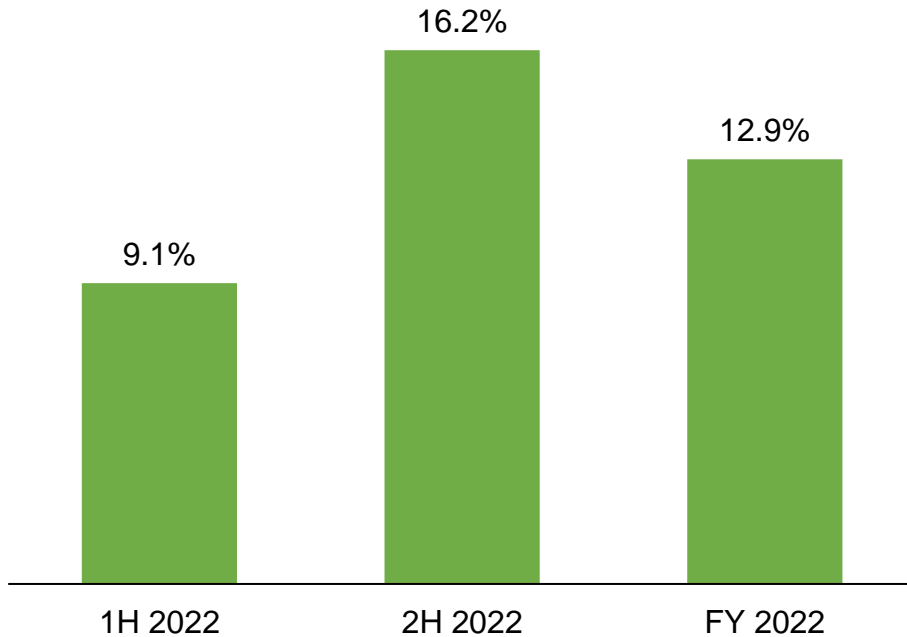
**Lease Expiry by Gross Rental Income as at 31 December 2022**



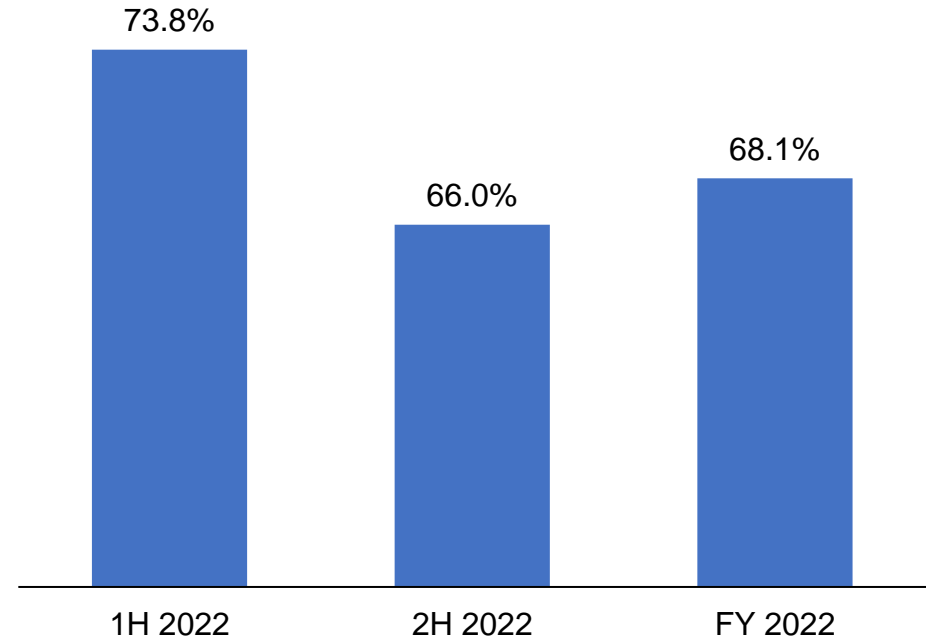
# LEASING UPDATE

	1H 2022	2H 2022	FY 2022
<b>Renewal (sq ft) (No. of Leases)</b>	294,519 (15)	406,372 (19)	700,891 (34)
<b>New Leases (sq ft) (No. of Leases)</b>	207,401 (10)	126,425 (17)	333,826 (27)

**Rental Reversion (%)**



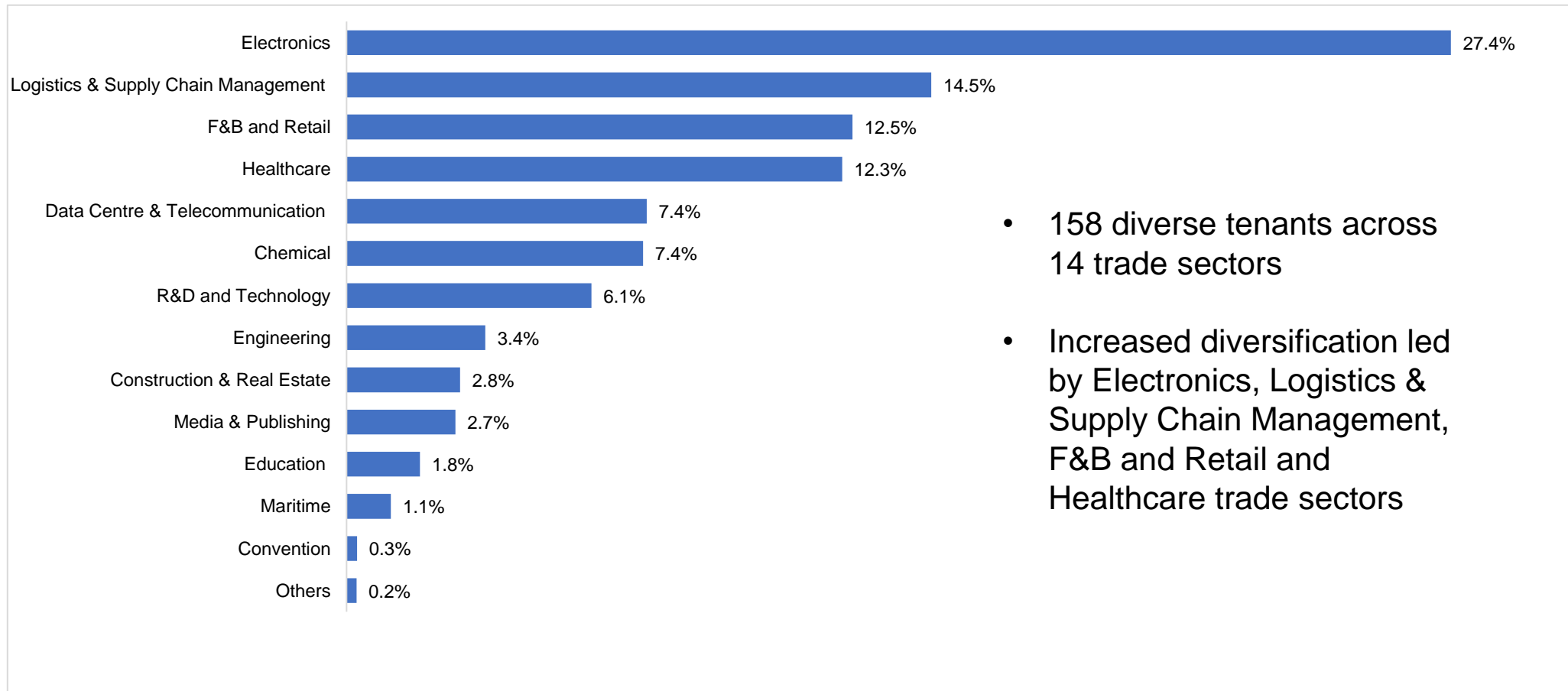
**Retention Rate (%)**





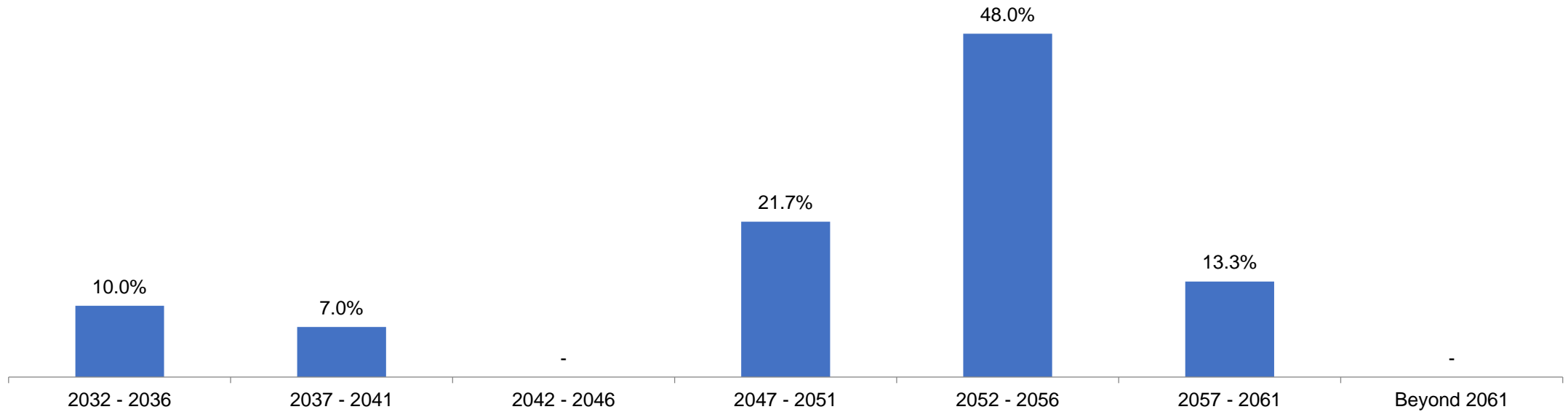
# DIVERSE BASE OF TENANTS

**Trade Sectors By Gross Rental Income**  
as at 31 December 2022



# LONG WEIGHTED AVERAGE LEASEHOLD FOR UNDERLYING LAND

Long Underlying Land Leases, with an Average of 28.4 Years by GFA



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

(1) As at 31 December 2022.