

GROWING OUR VALUE

12th Annual General Meeting

25 April 2023

Disclaimer

This presentation shall be read in conjunction with the financial information of Sabana Industrial Real Estate Investment Trust (“Sabana Industrial REIT” or the “REIT”) for the full financial year from 1 January 2022 to 31 December 2022 (“FY 2022”) and the published 1Q Interim Business Update for FY 2023.

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.

Content

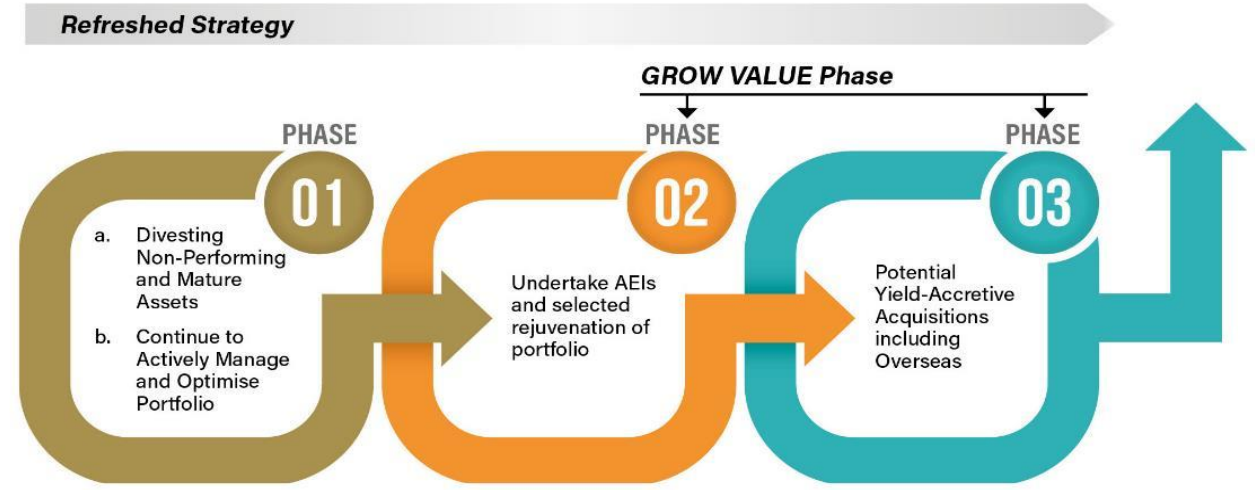
- 01** GROW VALUE Phase
- 02** FY 2022 and 1Q 2023 Highlights
- 03** Our ESG Commitment
- 04** Market Outlook
- 05** AGM Resolutions

01
GROW VALUE
PHASE

REFRESHED STRATEGY: INTENSIFYING OUR GROW VALUE PHASE

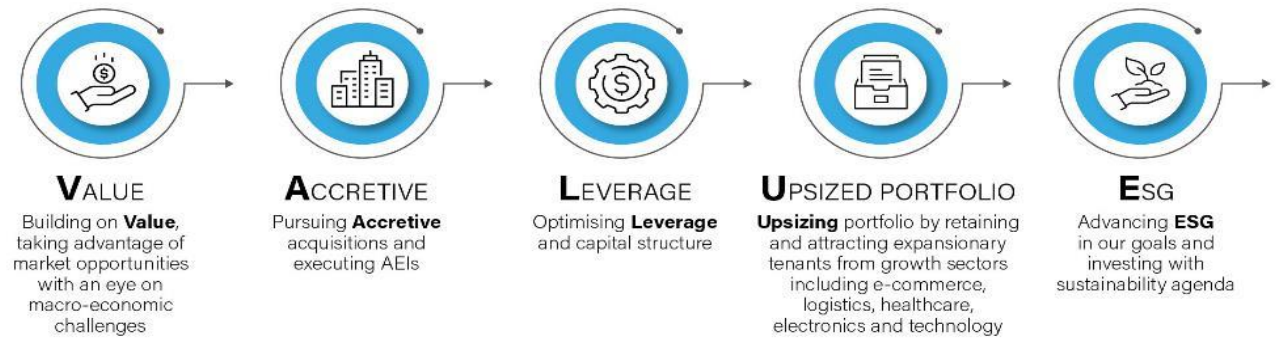
The REIT is in the **GROW VALUE** phase of its Refreshed Strategy to build a **resilient** portfolio and **deliver long-term and sustainable Unitholder value**

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



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

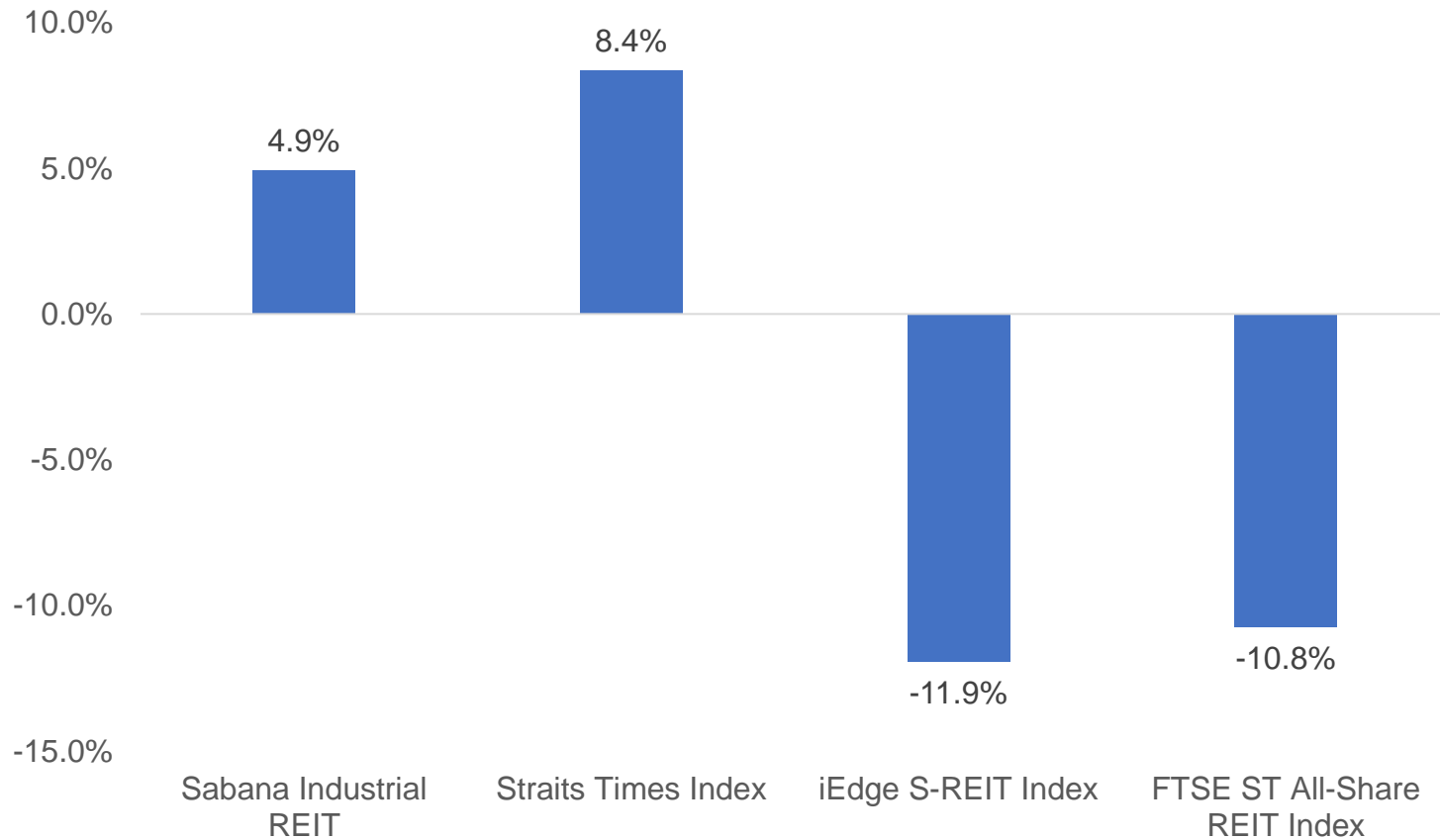
Five Strategic VALUE Priorities for Phases 2 and 3 of Refreshed Strategy



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

POSITIVE TOTAL RETURNS TO UNITHOLDERS IN 2022

Price/Index Change for 2022



- The total returns of **Sabana Industrial REIT** to Unitholders in 2022 remained positive despite industry headwinds
- Total Returns for the REIT is 4.9%¹ for 2022

1. Chart data extracted from Bloomberg; Total return based on capital appreciation and distribution yield from 1 January to 31 December 2022

TOP 5 BEST PERFORMING S-REITS 2022

NAME	STOCK CODE	MARKET CAP (\$M)	2022 TOTAL RETURNS %	DIVIDEND YIELD %	PB RATIO
CDL Hospitality Trusts	J85	1,542.1	11.3	4.3	0.95
Far East Hospitality Trust	Q5T	1,229.5	10.4	4.9	0.72
CapitaLand Ascott Trust	HMN	3,608.2	6.7	4.8	0.82
Sabana Industrial Reit	M1GU	475.5	4.9	7.5	0.83
CapitaLand Integrated Commercial Trust	C38U	13,499.4	2.6	5.0	0.96

Highest 2022 total returns among industrial REITS

Sabana Industrial REIT was the **best performing industrial REIT in 2022** amid challenging market conditions which saw the convergence of high energy prices, rising interest rates and significant risks in the global economy

Source: Bloomberg, Refinitiv, SGX (data as at Dec 31, 2022). Dividend yields are as of S-Reits & Property Trusts Chartbook December 2022.

TOP TOTAL UNITHOLDER RETURNS FOR THREE YEARS



Sabana Industrial REIT provides shelter from volatility and reigns as the top performer in total unitholder returns

BY SOOLA WARREN
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Sabana Industrial REIT has a diversified portfolio of 18 properties in Singapore in the high-tech industrial, warehouse and logistics, chemical warehouse and logistics, and general industrial sectors. Its total assets amount to around \$966 million as of June 30.

The REIT has consistently outperformed the industrial REITs, as evidenced by The Edge Singapore's data-driven Billion Dollar Club (BDC) algorithms. Sabana Industrial REIT outperformed the REITs with a market capitalisation of under \$1 billion in total unitholder returns to investors for the three years from March 31, 2019 to March 31, 2022, based on ROC metrics. Donald Han, CEO of Sabana Industrial REIT's manager, took over the running of the REIT in January 2018.

Based on performance so far up to Oct 20, Sabana Industrial REIT is one of the top five performers within the entire S-REITs sector. What is its secret? Han says: "My focus is on doing well. Being the smallest industrial REIT means we have a smaller margin for error, and to have done well means our Refreshed Strategy is working."

Han's "Refreshed Strategy", introduced after he was appointed CEO of the manager in January 2018, focused on leasing, occupancy, tenants, and capital management. In addition, Sabana Industrial REIT has a natural advantage for investors. Singapore-focused REITs have been the most resilient. "If you want income stability, invest in SGD (Singapore dollar) assets as they provide protection and shelter from the foreign currency exchange risks."

A 'Refreshed Strategy'

The "Refreshed Strategy", introduced in early 2018, comprised three parts. The first phase focused on increasing occupancy, retaining key tenants, and driving revenue. Another critical component of this phase was the selective divestments of underperforming and matured assets. The second phase was on asset enhancement initiatives (AEIs) and the rejuvenation of selected assets.

The REIT's flagship property, New Tech Park (NTP) at Leong Chuan, had an unutilised gross floor area (GFA). Since then, a commercial component has been added to NTP, turning it into an attractive business hub integrated with numerous retail and lifestyle options.

The third phase sets the stage for potential yield accretive acquisitions in Singapore and overseas. Underpinning the Refreshed Strategy throughout these three phases is prudent capital, risk management and cost optimisation, where the manager would identify additional operational efficiencies.

After four years of stabilising the REIT, Han shared that as the REIT enters the Grow Value phase, this means further intensifying the REIT's work program under phase two and moving into phase three to grow value for unitholders. He announced five new strategic priorities: A new target to update portfolio valuation to more than \$1 billion in three to five years; plans for a significant AEI for 1 Tias Avenue 4; accretive acquisitions; continuing to watch leverage and advancing the REIT's ESG goals.

Says Han: "When I came on board, we decided to focus on two criteria, which was to ensure we ramp up occupancy and stabilise the REIT because many master leases were due for expiry. Between 2019 and 2020, we had multi-



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Multi-tenanted properties require more significant effort to lease-out as much as needed for occupancy to stabilise and subdivision costs are incurred. In addition, in converting master leased properties to multi-tenanted, some reduction in the net lettable area may occur due to the creation of common corridors.

In its latest 3Q2022 business update, Sabana Industrial REIT reported strong and resilient performance. "We signed 83,588 sq ft of new leases with tenants primarily from the logistics and supply chain and media and publishing trade sectors and renewed 71,266 sq ft of leases with a positive 10.2% rental reversion, which is our 10th positive quarterly reversion in the past 11 quarters," says Han. He adds that the REIT achieved a portfolio occupancy of 89.1%, a new high since 3Q2017. Excluding 1 Tias Avenue 4, which is undergoing AEI, occupancy would have been 92.2%.

'High single digit'

The AEI of NTP + mall, which comprises approximately 43,000 sq ft of commercial GFA, was completed in 2021 but had challenges. The construction period was done mainly through the first year of Covid-19. "When you build something in a 'live' environment, it's harder. You need to ensure minimal disruption to the operating environment," Han says. For instance, no piling work was allowed during office hours. At any point, noise reverberation and vibration were frowned upon mainly because NTP + is built above the Leong Chuan MRT lines and nestled within a sizeable residential enclave.

How is NTP + performing? "Returns are in the high single digit. During our construction, we kept costs contained despite Covid-19. We announced that the total project cost was about \$20 million, which includes the differential premium," Han says. "If you consider NTP + as a standalone, it ranks among the top 10 properties in terms of its contribution to our portfolio total income. It's like buying another property, except it's a rebuild connected to NTP."

"NTP + is 100% full with average lease of three years. General market rental indicators have

firmled with the economic re-opening, and we are confident of holding rentals or seeing a small uptick. I insist all my staff have their meals at the mall, and salaries may be paid in NTP + vouchers," Han jokes.

The F&B outlets have no shortage of customers. Students from nearby schools and junior college frequent NTP + afternoons, with the office crowd in the evenings. "I've got a different crowd. Most malls' full time is 2pm to 5pm during weekdays. However, I have school students patronising our mall during this period which sees our tenants like Wise Connection and COLLINS® dining out affordable tea time promotions," Han says.

In October 2021, Sabana Industrial REIT's business requirements to comply with Shariah principles were removed. This further enhanced Han and his team's flexibility in leasing out NTP +. The mall has mini-anchors like Anytime Fitness and Ace Signature supermarket, as well as specialty café like Dutch Colony. Interestingly, tenants like Kopi Clan, Foodies' Clan and Ace Signi have also used NTP + as a springboard to expand to other locations.

"It is not common for an industrial property to get a change of use, for which we fought hard. We are creating a retail and F&B component that benefits our office tenants and the neighbouring community at large, thus contributing the 'S' in 'ESG,'" says Han.

As he tells it, when he first became CEO of the manager, Han went to meet all his major tenants especially those at NTP. A few major tenants told him they planned on leaving NTP because they wanted to be in newer buildings with amenities. "Then, the only amenities we had were a café and a miserable canteen," Han recalls.

"We didn't have enough amenities while many newer places offer integrated facilities. I took the feedback constructively and acted on it," Han adds. However, Covid-19 hit, and construction was delayed for 10 months. NTP + was scheduled for completion in April 2020 but was completed in March 2021 instead.

"The desire to create this was also about engaging and convincing the authorities because it benefits the residential enclave, which is why we outbid a supermarket," Han continues. Han paid tribute to the authorities, especially URA

and LTA, for their shared foresight and support for this AEI project.

Not only has NTP + added to Sabana Industrial REIT's DPU — from 2.92 cents in 2019, DPU dropped to 2.76 cents in 2020 (year one of the pandemic) but has rebounded to 3.05 cents in 2021. In H2022 (for the six months to June 30), Sabana Industrial REIT reported a DPU of 1.59 cents, which annualises to 3.18 cents.

With its successful transformation on the back of the NTP + mall completion, NTP was shortlisted for architectural awards honouring the best projects in architectural design in Singapore when it was nominated for the Singapore Institute of Architects (SIA) Architectural Design Awards 2022 (Special Categories). NTP was also shortlisted for the World Architecture Festival (WAF) 2022 Awards under the "New & Old" completed building category. This is the largest global architecture event for which past winners include the Helix Bridge, Kampung Admiralty, and the cooled conservatories at Gardens by the Bay. The event will be held from Nov 30 to Dec 2.

More AEs

The success of NTP + provides a platform for Sabana Industrial REIT to embark on a second major AEI at 1 Tias Avenue 4. The property is being redeveloped to accommodate other logistics tenant and/or other users. The property will incorporate green and intelligent features.

"We want to keep an eye on decarbonisation and ensure that when we do our projects, we want them to be sustainable and where returns commensurate with our goals and objectives," Han says. For instance, the asset renovation plans at 508 Chai Chee Lane and NTP include energy consumption conservation, changing lighting to LED, and EV charging stations in the car parks.

Han's next goal is to expand the portfolio. Ideally, he would like to acquire a freehold or a long land lease. Still, these are hard to come by in the industrial sector in Singapore that would make sense for Sabana Industrial REIT's unitholders. Freehold industrial assets tend to trade at very high yields.

Sabana Industrial REIT's size and Singapore portfolio result in its resilience. Because of its relatively smaller size, it has not attempted to acquire assets overseas yet, preferring to wait for the macroeconomic uncertainties and geopolitical dust to settle. Eventually, Han is looking to grow the portfolio via acquisitions, and a developed overseas market would be a consideration. "Some of the best opportunities present themselves when the chips are down. If we acquire it, it will be bite-sized," he adds.

The Singapore economy appears to be on a surer footing. The Republic's 3Q2022 GDP grew by 4.4% y-o-y. According to Cushman & Wakefield's July 2022 report, demand for prime logistics and warehouse space is underpinned by accelerating demand for goods and food in the near to medium term. Over the longer term, demand from high-value manufacturing and e-commerce.

With a positive outlook for Singapore industrial properties, coupled with the city state's haven status, it is perhaps no surprise that Sabana Industrial REIT has attracted a new major unitholder in the form of Swiss company Vöbe Group AG. Vöbe has accumulated a 5% stake in Sabana Industrial REIT, announced in August in Singapore Exchange filings. The REIT's largest unitholder is ESR Cayman Limited, with more than 20%, followed by Quair Capital Asia (Singapore), with 15%. **D**



Sabana Industrial REIT provides shelter from volatility and reigns as the top performer in total unitholder returns - The Edge Singapore 14 November 2022

The Edge Singapore named Sabana Industrial REIT as the top performer in total unitholder returns in the REITs sector for three years from 31 March 2019 to 31 March 2022 for the Centurion Club 2022 – a category for listed companies with market capitalisation under \$1 billion

02

**FY 2022 AND 1Q 2023
HIGHLIGHTS**

FY 2022 HIGHLIGHTS

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

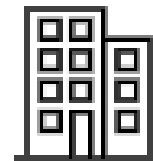
Capital Management



Aggregate Leverage¹
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
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

PORTFOLIO HIGHLIGHTS

As at 31 December 2022



Number of Properties

18



Property Valuation ⁽¹⁾
(\$ million)

885.7



Portfolio Occupancy
(%)

91.2



Total Number of Tenants

158



Gross Floor Area
(sq ft in million)

4.2



Net Lettable Area
(sq ft in million)

3.5



New and Renewed Leases
(sq ft in million)

1.0



Rental Reversion
(%)

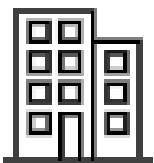
12.9

(1) As at 31 December 2022 based on valuations by independent valuers.

1Q 2023 HIGHLIGHTS

As at 31 March 2023

Portfolio Management



Portfolio Occupancy

92.6%

4Q 2022: 91.2%

Rental Reversion

13.6%

4Q 2022: 17.4%

New Leases

180,262 sq ft

4Q 2022: 42,837 sq ft

Renewed Leases

156,388 sq ft

4Q 2022: 335,106 sq ft

WALE

2.8 years

4Q 2022: 3.0 years

Capital Management



Aggregate Leverage⁽¹⁾

33.1%

31 Dec 2022: 32.4%

Interest Coverage Ratio⁽²⁾

3.8 times

31 Dec 2022: 3.8 times

Average All-In Financing Cost

3.83%

31 Dec 2022: 3.86%

Proportion of total borrowings on fixed rates

80.0%

31 Dec 2022: 82.8%

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

STRATEGY: PRIORITISING OUR AEI TO GROW VALUE

Transforming via alterations and additions in order to complete works faster and preserve existing structure for sustainability



Artist's impression of 1 Tuas Avenue 4



Project Progress

- Obtained provisional permission from the Urban Redevelopment Authority for addition and alteration works
- Main contractor has been appointed
- Ground-breaking took place on 4 April

Description

- Designed to comprise an approximate 156,000 square feet of warehouse, production and ancillary office on an ambient basis
- Ample loading bays with dock levellers
- Development cost of approximately \$20.0m, internally funded
- Targeting to obtain TOP by 1H 2024
- Currently in discussions with prospective tenants including companies in the logistics and manufacturing trade sectors

Green Features

- Will incorporate solar panels - potentially generate more than 1,000 megawatt-hours of energy per year
- Target to attain a minimum Green Mark Super Low Energy certification post AEI-completion

Strategic Location

- Within established industry clusters i.e. Tuas Mega Port and Tuas Biomedical Park
- Good connectivity

STRATEGY: INTENSIFYING OUR GROW VALUE PHASE

Early in 2022, we articulated our further intensification of the REIT's work progress under **Phase 2** (AEIs and asset rejuvenation) of the REIT's Refreshed Strategy, and our move into **Phase 3** (yield accretive acquisitions) to **GROW VALUE** for Unitholders. To achieve an upsized portfolio of more than \$1 billion between 2025 and 2027, key considerations include:

AEIs/Asset Rejuvenations

- Potential to **enhance property value** and future higher rental rates and returns (e.g. NTP+ mall and NTP)
- Relatively more **cost effective** as compared to acquisition
- **Disruption to operations** (for occupied properties) during construction period
- AEIs are ideal if there is **excess land** on site
- AEIs take **longer lead time** to improve DPU

Acquisitions

- Opportunity to invest in **newer** and/or **future economy assets**
- **Diversify** within industrial asset class
- Potential to lengthen overall **portfolio land tenure**
- Must be **DPU accretive**
- **Shorter lead time** to improve DPU
- Enables **asset recycling** of matured/non-performing properties or assets with shorter land leases

A low-angle, black and white photograph of modern architectural structures. The image shows a grid-like pattern of beams and columns, with a prominent diagonal beam crossing the frame. The perspective is looking up, creating a sense of height and scale.

03
OUR ESG
COMMITMENT

OUR COMMITMENT TO SUSTAINABILITY: INITIATIVES AND PROGRESS

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:
 - 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
 - Electric Vehicle (“EV”) charging stations at 151 Lorong Chuan (“New Tech Park”); Target completion in 1H 2023

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

ENGAGING OUR COMMUNITY

We believe that Corporate Social Responsibility initiatives are critical to the long-term viability of our business. In 2022, we focused on the children and youth in our community:

- Partnership with Children's Wishing Well brightened the festive season for 59 students under its care
- Community photo-contest to snap best pictures of NTP+ mall's facade and interior, with a special category for students aged 12 to 18 only, to inspire and nurture the passion for creativity and the arts



CEO Donald Han at CWW centre to distribute gifts



Prize presentation to Photo Contest winner

Awards Shortlist for Architecture Excellence – Singapore and Global



With its successful transformation on the back of the NTP+ mall completion, New Tech Park was shortlisted for architectural awards honouring the best projects that exemplify excellence in architectural design

Singapore:

- Nominated for the Singapore Institute of Architects (SIA) Architectural Design Awards 2022 (Special Categories). This prestigious local event was held in July 2022

Global:

- Shortlisted for the World Architecture Festival (WAF) 2022 Awards under the “New & Old” completed buildings category. This largest global architecture event, for which past winners include the cooled conservatories at Gardens by the Bay, the Helix Bridge, and Kampung Admiralty, was held from 30 Nov to 2 Dec 2022

NTP+ mall provides added convenience to the office tenants, Lorong Chuan residents, staff and students from nearby schools



04
MARKET OUTLOOK

Singapore Industrial Market Outlook

Overall outlook for the industrial property sector industry remains mixed. Demand for warehouses continues to be a bright spot based on current leasing enquiries and the positive response we are seeing. However, the pace of rental growth for warehouses is expected to moderate in 2023 due to weakened economic outlook and as occupiers become more cost-sensitive.⁽¹⁾

- Based on advance estimates from MTI, the Singapore economy grew by 0.1 per cent on a year-on-year basis in the first quarter of 2023, slower than the 2.1 per cent growth recorded in the previous quarter.⁽²⁾
- Amid strong competition for storage space in modern ramp-up developments, prime logistics saw the strongest rental growth of 3.7% q-o-q in Q1 2023, CBRE said.⁽³⁾
- Cushman & Wakefield expects Industrial rental growth is expected to hold up this year, though performance will differ across property types. Due to its tight vacancies and low rental base, prime logistics could witness double-digit rental growth in 2023 as underlying demand from 3PL players remains surprisingly resilient. Meanwhile, the manufacturing slowdown coincides with a surge in factory supply coming forth this year, leading to a likelihood of slower rental growth of around 1.0% for conventional factories in general.⁽⁴⁾

Sources:

- 1) "At the Crossroads", CBRE Research Q4 2022 – 11 January 2023
- 2) "Singapore's GDP Grew by 0.1 Per Cent in the First Quarter of 2023" Ministry of Trade and Industry. 14 April 2023.
- 3) "Singapore Figures Q1 2023". CBRE. 12 April 2023.
- 4) "Industrial Marketbeat Report". Cushman & Wakefield. 11 April 2023.

05
AGM
RESOLUTIONS

AGM RESOLUTIONS

- Today's agenda contain five resolutions – all of which are proposed as Ordinary Resolutions; The full text of the resolutions and the explanatory notes can be found in your Notice of AGM
- Resolution 3
 - Prior to Mrs Elaine Lim's appointment on 6 July 2022, the Manager had obtained the requisite regulatory approval in relation to Mrs Elaine Lim's appointment as a Non-Executive Director. Her appointment as an Independent Director, however, is subject to the endorsement by independent unitholders
 - She brings tremendous value to the Board with her credentials, experience and qualifications
 - She complies with all the criteria of independence as identified in the Singapore Code of Corporate Governance (2018), the Securities and Futures (Licensing and Conduct of Business) Regulations and the SGX's Listing Manual

AGM RESOLUTIONS

Proxy paper ⁽¹⁾ issued by Glass Lewis & Co. ("Glass Lewis"), an independent proxy advisory firm, supports ALL five resolutions

In its report, Glass Lewis commented: *"While disagreements may occur between a listed entity and its investors, barring exceptional reasons which may indicate poor decision-making by management, we believe that:*

- ***the management of businesses and the decisions associated with business operations are best left to management, and that, in this case,***
- ***the Manager is in the best position to determine what operational decisions are ideal in the context of the Trust."***

GROWING OUR VALUE

More information can be found on the
Sabana Industrial REIT corporate website and on SGXNet