

3Q 2023

**INTERIM
BUSINESS
UPDATE**

18 October 2023

For the period ended 30 September 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 six months from 1 January 2023 to 30 June 2023 (“1H 2023”) and the published 1Q Interim Business Update for FY 2023.

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

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Trustee Updates

Below are the updates by HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana REIT) (“Trustee”) since the Extraordinary General Meeting of Sabana Industrial REIT held on 7 August 2023

- 4 October 2023: Trustee Letter, status update ¹
- 29 August 2023: Trustee’s Update to Unitholders of Sabana REIT ²
- 8 August 2023: Statement in relation to the resolutions ³

Notes:

1. https://sabana.listedcompany.com/newsroom/20231004_194609_M1GU_BG13LP4WSS5AHGQK.1.pdf
2. https://sabana.listedcompany.com/newsroom/20230829_203500_M1GU_9YY2MOZE2047YL82.1.pdf
3. https://sabana.listedcompany.com/newsroom/20230808_173549_M1GU_4V1EXRRQNWZW967G.1.pdf

CEO's Message

Market outlook

Singapore's 2023 GDP forecast has been narrowed to "0.5 to 1.5 per cent" from "0.5 to 2.5 per cent" according to the Ministry of Trade and Industry¹; the prevailing geopolitical risks and persistent inflationary pressures provide a challenging backdrop for the Singapore economy.



Performance review of 3Q 2023

The past few months have been a difficult period with the unprecedented uncertainties arising from the passing of resolutions tabled at the Extraordinary General Meeting on 7 August 2023 to internalise the REIT management function. As the interim manager of the REIT, our focus since has primarily been on motivating our staff, stabilising our portfolio and executing ongoing major capex projects including the 1 Tuas Avenue 4 asset enhancement initiative, which was 45% completed as at end-September 2023. Amid the prevailing significant challenges, we achieved a portfolio occupancy of 91.8% and a positive rental reversion of 16.8% for 3Q 2023. We are on track with our solar panel installations at selected properties, of which two of the four installations have been completed.

~ Donald Han, CEO of Sabana Industrial REIT Manager



¹ "MTI Narrows Singapore's GDP Growth Forecast for 2023 to "0.5 to 1.5 Per Cent". Ministry of Trade and Industry Singapore. 11 August 2023.

Key Quarterly Highlights

Portfolio Management

- Achieved total portfolio occupancy of 91.8%
- Signed 111,440 sq ft of new leases mainly for the REIT's Warehouse and Logistics properties
- Renewed 212,735 sq ft of leases with a positive 16.8% rental reversion, continuing with the track record of positive quarterly reversions since 1Q 2021
- Renewed anchor tenant lease at 508 Chai Chee Lane

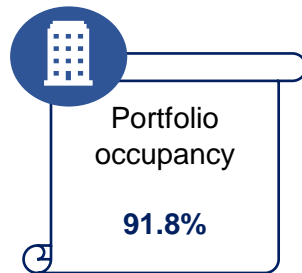
Capital Management

- Aggregate leverage ratio of 33.8%
- 78.5% of borrowings are on fixed rates
- Next refinancing in 4Q 2025
- Average borrowing maturity at 3.1 years and interest coverage ratio of 3.4 times
- Proactively manage the REIT's funding sources and interest rates while exercising prudent capital deployment to enhance resilience of capital structure

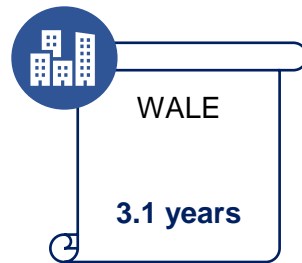
Corporate Governance

- Ranked 30th in the Singapore Governance and Transparency Index ("SGTI") 2023's REITs and Business Trusts Category with an overall score of 84.2. This marks an improvement of five positions and 9.8 points over the REIT's 2022 performance

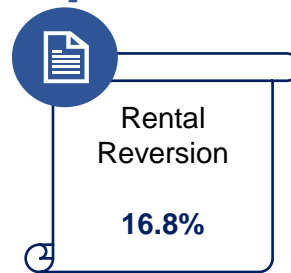
Portfolio and Operational Updates as at 30 September 2023



2Q 2023: 93.9%



2Q 2023: 2.8 years



2Q 2023: 27.1%

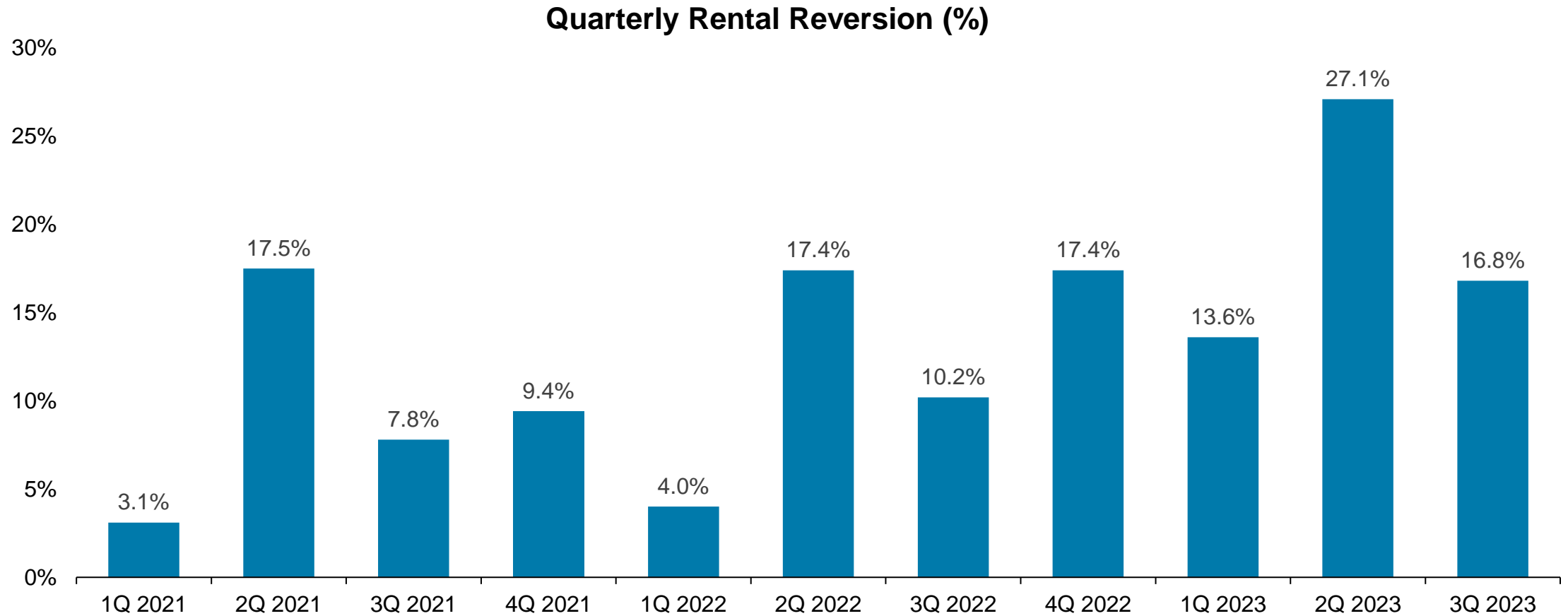


2Q 2023: 62,597 sq ft



2Q 2023: 134,409 sq ft

CONSECUTIVE POSITIVE RENTAL REVERSIONS SINCE 1Q 2021

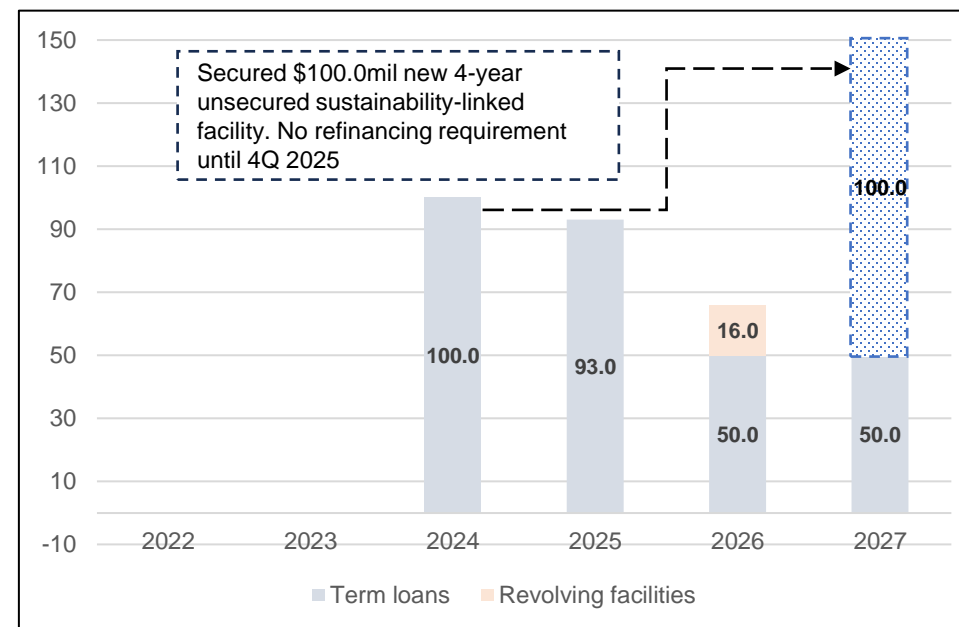


Capital Management

Key Credit Metrics

	As at 30 September 2023	As at 30 June 2023	As at 31 December 2022
Total borrowings	\$309.0m	\$295.0m	\$293.0m
- Term loans	\$293.0m	\$293.0m	\$293.0m
- Revolving Facilities	\$16.0m	\$2.0m	-
Aggregate leverage⁽¹⁾	33.8%	32.5%	32.4%
Interest coverage ratio ⁽²⁾	3.4x	3.5x	3.8x
Weighted average tenor of borrowings	3.1 years	3.3 years	2.8 years
Average all-in financing cost	3.91%	3.89%	3.86%
Proportion of total borrowings on fixed rates	78.5%	82.2%	82.8%
Debt Headroom⁽³⁾	\$145.7m	\$155.6m	\$156.1m
Unencumbered assets	100%	100%	100%

Debt Maturity Profile

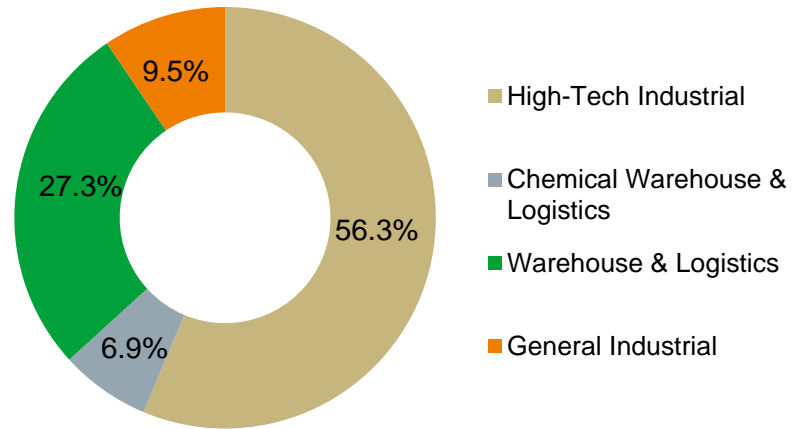


Notes:

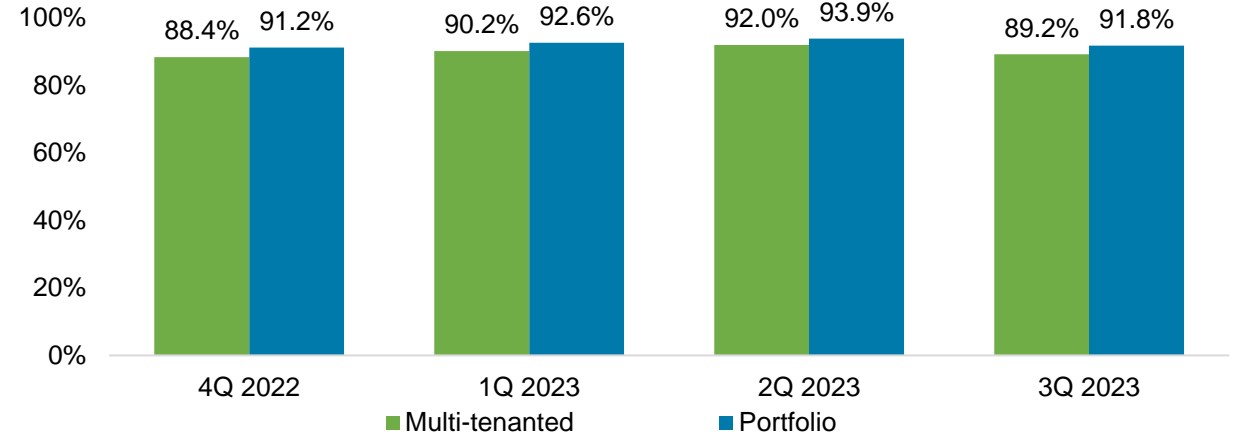
- (1) Ratio of total borrowings & deferred payment over deposited property as defined in the Property Funds Appendix of the Code on Collective Investment Schemes.
- (2) Based on the interest coverage ratio definition in Appendix 6 of the Code on Collective Investment Schemes.
- (3) On the basis of an aggregate leverage limit of 50.0% pursuant to the Property Funds Appendix, inclusive of undrawn facilities of \$104.0m.

Portfolio Performance as at 30 September 2023

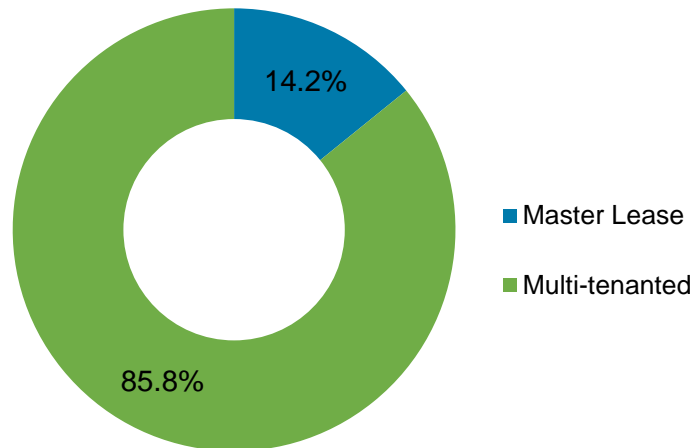
Breakdown of Asset Types
By Gross Rental Income



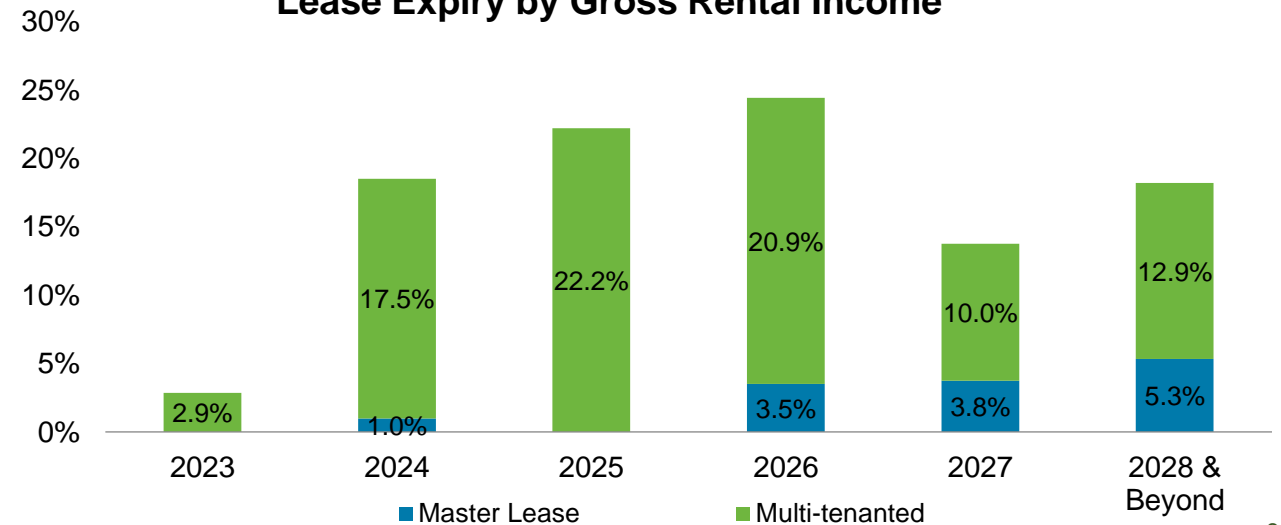
Occupancy Rates



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



Lease Expiry by Gross Rental Income



Updates on ESG Initiatives

Solar Panel Installation



Solar panel installation at 34 Penjuru Lane

Implemented energy conservation projects and green initiatives across selected portfolio properties

- Solar panel installations completed at **34 Penjuru Lane** and **3A Joo Koon Circle** in October 2023
- Installation of solar panels at **10 Changi South Street 2** target for completion at end-November 2023
- Expected turn-on for all three properties by December 2023, subject to authority's approval

Building Equipment Upgrading



Upgraded air-conditioning chillers at 508 Chai Chee Lane

Replacement of two chillers at **508 Chai Chee Lane** to enhance energy efficiency. The project follows the energy audit conducted last year on the property which has high power consumption

- Project completed in September 2023 in accordance with planned schedule
- Testing and commissioning of new chillers on-going

Asset Enhancement Initiative



Artist's impression of 1 Tuas Avenue 4

Focus on project execution of **1 Tuas Avenue 4** with regular on-site meetings with project managers, contractors, engineers and architects

- 45% completion for the Asset Enhancement Initiative of 1 Tuas Avenue 4, on track to obtain TOP by 1H 2024
- Key project progress milestones include micro piling, provision of new M&E services, removal and installation of new roof, application of new vermiculite fireproofing
- Installation of solar panels, scheduled after TOP, will have the potential capacity to generate more than 1,000 megawatt hours of energy per year upon project completion

Updates on ESG Initiatives

Sustainability-Linked Financing



Supporting sustainability practices at our properties

Commitment to converting financing facilities

- Close to two-thirds of the REIT's existing financing is sustainability-linked
- The REIT is on track to convert all its financing facilities into green or sustainability-linked loans by 2025

Community Engagement



Engaging our community through partnership with our tenant

Nurturing passion for creativity and the arts

- Collaboration with tenant to inspire young artists in nurturing their creative pursuits
- Launched art competition themed "New Tech Park of the Future" for children and youth aged 5 – 14 years old

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 Low Hooi Hoon

Sabana Real Estate Investment Management Pte. Ltd.

Tel: +65 6580 7857

Email: hooihoon.low@sabana.com.sg

Ms Chia Hui Kheng/ Ms Dolores Phua/ Ms Jass Lim

Citigate Dewe Rogerson

Tel: +65 6534 5122

Email: sabana@citigatedewerogerson.com

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