

**3Q 2024**

---

**INTERIM  
BUSINESS  
UPDATE**

18 October 2024

For the period ended 30 September 2024



# 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 2024 to 30 June 2024 (“1H 2024”) and the published 1Q Interim Business Update for FY 2024.**

This presentation may contain forward-looking statements that may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Sabana Industrial REIT to differ materially from any future results, performance or achievements, expressed or implied by such forward-looking statements.

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 occupancy or property rental income, changes in operating expenses, including employee wages and benefits and training costs, property expenses, governmental and public policy changes and the continued availability of financing in the amounts and on the terms necessary to support future business. You are cautioned not to place undue reliance on the information contained in this document and these forward-looking statements, which are based on the current view of Sabana Real Estate Investment Management Pte. Ltd. (in its capacity as manager of Sabana Industrial REIT) (the “**Manager**”) on future events. These are 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. No assurance can be given that future events will occur, that projections will be achieved, or that assumptions are correct. None of Sabana Industrial REIT, the Manager, any of their respective related corporations and affiliates or any of their respective directors, officers, partners, employees, agents, representatives, advisers or legal advisers assumes any responsibility to amend, modify, revise or update publicly any forward-looking statements.

This presentation may include market and industry data and/or forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. While the Manager has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Manager has not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein.

The information and opinions in this presentation are subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning Sabana Industrial REIT. None of Sabana Industrial REIT, the Manager, their respective affiliates or any of their respective directors, officers, partners, employees, agents, representatives, advisers or legal advisers makes any representation or warranty, express or implied, as to the accuracy, completeness or correctness of the information contained in this presentation nor otherwise made available or as to the reasonableness of any assumption contained herein or therein, and any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this presentation or its contents or otherwise arising in connection with this presentation is expressly disclaimed.

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

# CAUTIONARY STATEMENT

This presentation is available on SGXNet and Sabana Industrial REIT’s website. The Manager will make further announcements on the SGXNet in the event there are any material developments which warrant disclosure, in compliance with its obligations under the Listing Manual. In the meantime, Unitholders and investors are advised to refrain from taking any action in respect of their Units which may be prejudicial to their interests, and to exercise caution when dealing in the Units. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

# CEO'S MESSAGE

### Market outlook

*Singapore's GDP growth forecast for 2024 was narrowed to "2.0 to 3.0 per cent", from "1.0 to 3.0 per cent", according to the Ministry of Trade and Industry in its announcement in August 2024. Singapore's manufacturing sector is expected to see a gradual recovery in the second half of the year. In particular, the electronics cluster is projected to recover more strongly<sup>1</sup>.*

### Performance review of 3Q 2024

While Sabana Industrial REIT had started year 2024 on a strong footing with record high gross revenue and a robust, stable portfolio occupancy rate, the strength of these performance milestones was however hindered over the ensuing months. We were hampered by two repossessions in March and June 2024 of two master tenanted properties. Both ex-tenants of these properties are now in voluntary liquidation, for which we are proactively managing to protect the interest of the REIT.

As we steer through these unexpected and unfavourable events, we pressed on to market these properties which totalled 445,038 square feet ("**sq ft**") in gross floor area. To reduce concentration risks of potential non-performance of master tenants, we have evolved our leasing strategy from that of master tenancy to an anchor tenancy focus. To this end, we have filled up approximately 74% of the net lettable area at 33, 33A & 35 Penjuru Lane with two anchor tenants. We are concurrently carrying out property reconfiguration initiative at 30 & 32 Tuas Avenue 8 to allow maximum leasing flexibility from early next year.

Likewise for Sabana@1TA4, we have also signed up our first anchor tenant that will be taking up approximately 64% of the total lettable area. Through the sheer hard work of the team, our overall portfolio occupancy has improved to 84.9% as at 30 September 2024 from 78.8% as at 30 June 2024.

We are confident that our leasing efforts for these properties will enable us to stabilise our performance and put us in a stronger stead going forward.

**~ Donald Han, CEO of Sabana Industrial REIT Manager**

1. MTI narrows 2024 GDP growth forecast to "2.0 to 3.0 per cent". Ministry of Trade and Industry Singapore. 13 August 2024.

## KEY QUARTERLY HIGHLIGHTS

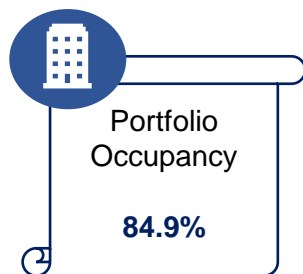
### • Portfolio Management

- Overall portfolio occupancy at 84.9% as at 30 September 2024. A significant improvement from 78.8% in 1H 2024
- Occupancy rate of 151 Lorong Chuan (“**New Tech Park**”) increased to 82.0% as at 30 September 2024
  - Consistent improvement from 80.8% as at 30 June 2024 and 78.3% as at 31 December 2023
  - Higher than the average of 78.3%<sup>1</sup> for Business Parks that New Tech Park is akin to (which is inclusive of NTP+ mall)
- Signed 313,953 square foot (“**sq ft**”) of new leases with tenants, driven mainly by significant growth in demand for Warehouse and Logistics properties
- Renewed 15,974 sq ft of leases with a positive 9.7% rental reversion, sustaining the positive quarterly rental reversion track record since 1Q 2021

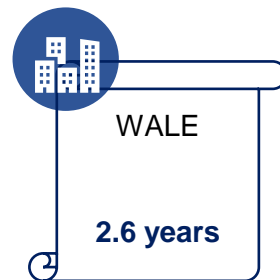
### • Capital Management

- Aggregate leverage ratio of 37.0%
- 77.2% of borrowings are on fixed rates
- Next refinancing in March 2026
- Average borrowing maturity at 3.2 years and interest coverage ratio of 3.2x

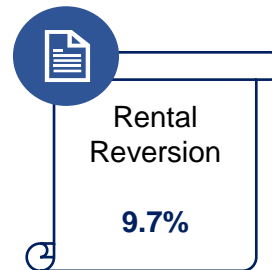
## Portfolio and Operational Updates as at 30 September 2024



2Q 2024: 78.8%



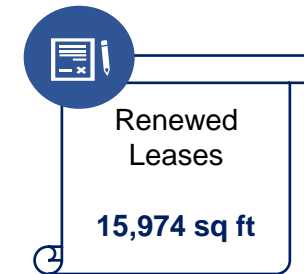
2Q 2024: 2.7 years



2Q 2024: 8.8%



2Q 2024: 45,907 sq ft

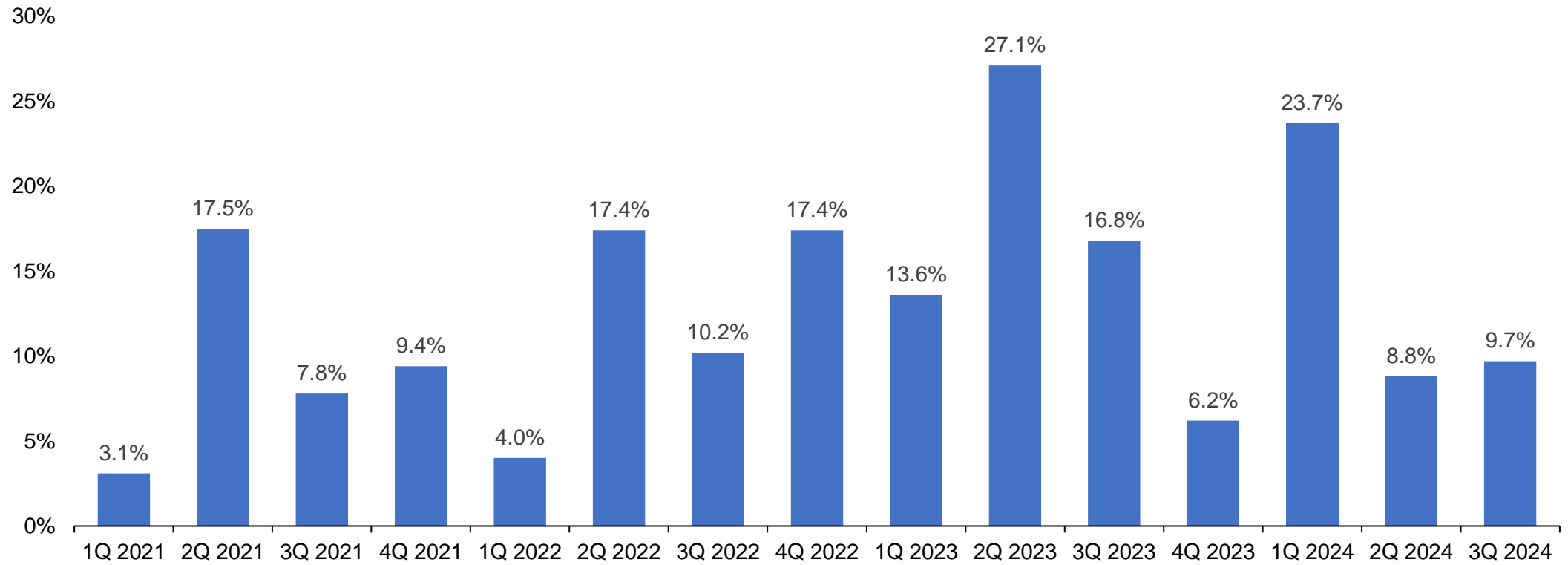


2Q 2024: 83,777 sq ft

1. JTC Quarterly Market Report for 2Q 2024, JTC. 25 July 2024.

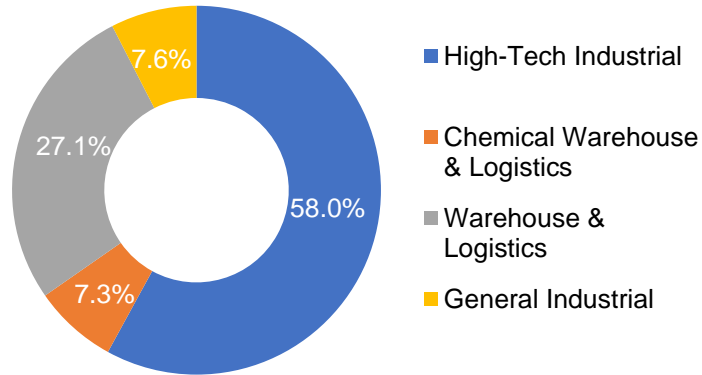
# SUSTAINED POSITIVE RENTAL REVERSIONS

Positive quarterly rental reversions since 1Q 2021

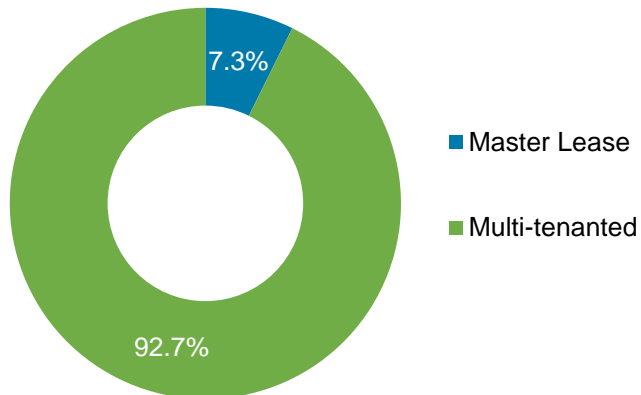


# PORTFOLIO PERFORMANCE AS AT 30 SEPTEMBER 2024

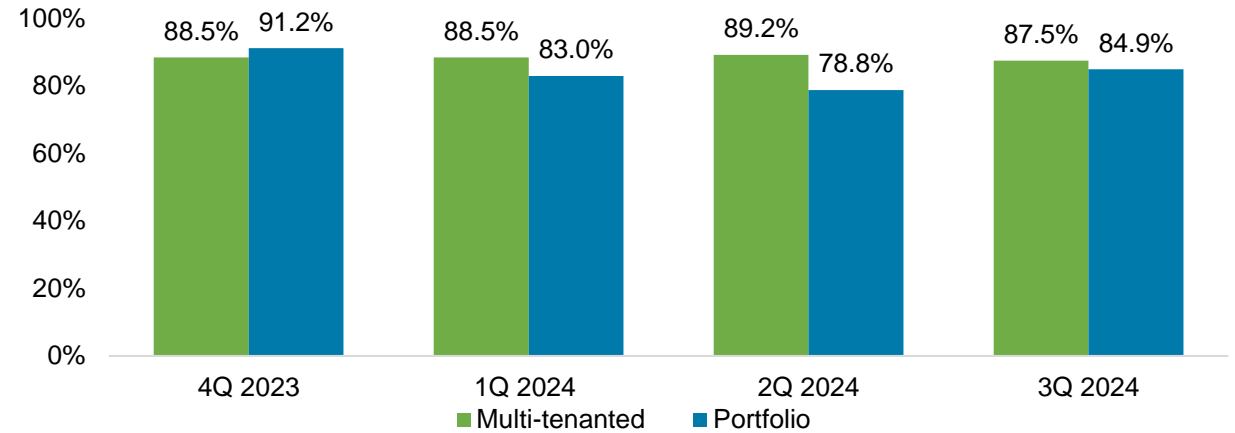
**Breakdown of Asset Types  
By Gross Rental Income**



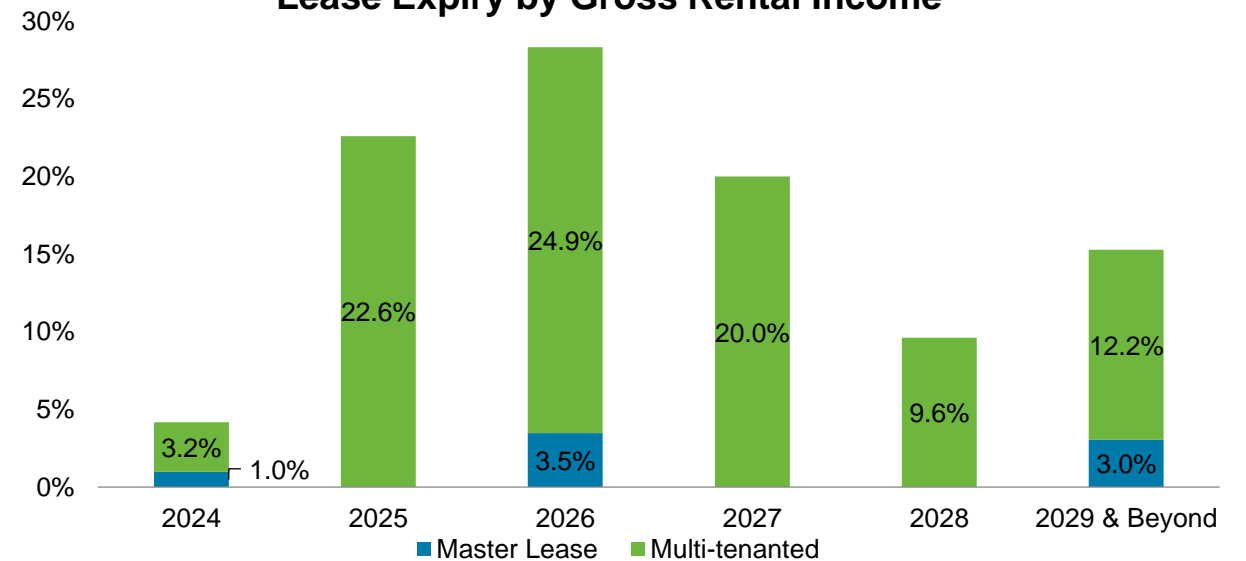
**Breakdown of Master-leased and Multi-tenanted Properties  
By Gross Rental Income**



**Occupancy Rates**



**Lease Expiry by Gross Rental Income**



## ONBOARDING OF NEW TENANTS



Artist's impression of the new anchor tenant's ancillary office at Sabana@1TA4



33, 33A & 35 Penjuru Lane was repossessed on 8 March 2024 and subsequently remarketed and converted into a multi-tenanted property



With its cuisine originating from China's Guizhou, Xiao Yin Mao's opening at NTP+ Mall adds a new flavourful destination for hotpot fans

New anchor tenant at Sabana@1TA4 is taking up the annex block comprising a three-storey warehouse, production and ancillary office. **This is approximately 64% of the total lettable area**, which will house the tenant's new Singapore headquarters. The contemporary office will feature several of the tenant's interior products and incorporate sustainable products in its usage of recycled wood furnishings.

33, 33A & 35 Penjuru Lane has been converted from a master lease to a multi-tenanted building. **Approximately 74% of its net lettable area** has been leased out to two anchor tenants from the Logistics and Supply Chain trade sectors. Proactive marketing efforts are continuing for the remaining space.

The onboarding of Xiao Yin Mao at NTP+ Mall is part of the ongoing tenant mix revitalisation in 2H 2024. The hotpot restaurant adds to the diversity of cuisine at the destination mall, which enjoys a captive market of office workers and surrounding residential neighbourhood.

# ESG INITIATIVES PROGRESS ON TRACK

## Energy Conservation



Ongoing installation at Sabana@1TA4

### Completion of installation of Solar PVs at seven of the nine properties under Phases 1 and 2

- Solar PV systems at 23 Serangoon North Avenue 5, 39 Ubi Road 1, 51 Penjurong Road, and 2 Toh Tuck Link were turned-on during 3Q 2024
- Upon installation completion of two other properties by 4Q 2024, all nine multi-tenanted properties will potentially generate more than 8,400 Megawatt hours per year



## Water Management

### Achievement of PUB Water Efficient Building (“WEB”) basic certifications

- Completion of upgrading to water efficient sanitary fittings across nine properties in the first nine months of 2024, so as to encourage water conservation among tenants
- Achieved WEB certifications for 12 multi-tenanted properties under Manager’s operational control

## Community Impact

### Partnering charity for third year running

- Partnering Children’s Wishing Well, a charity organisation focused on the holistic education of children and youth from disadvantaged backgrounds, for the third consecutive year
- Engaging tenants and visitors of New Tech Park to participate in this event to support the beneficiaries during the year-end holiday season



## UPDATES ON 30 & 32 TUAS AVENUE 8



30 & 32 Tuas Avenue 8 was repossessed on 14 June 2024

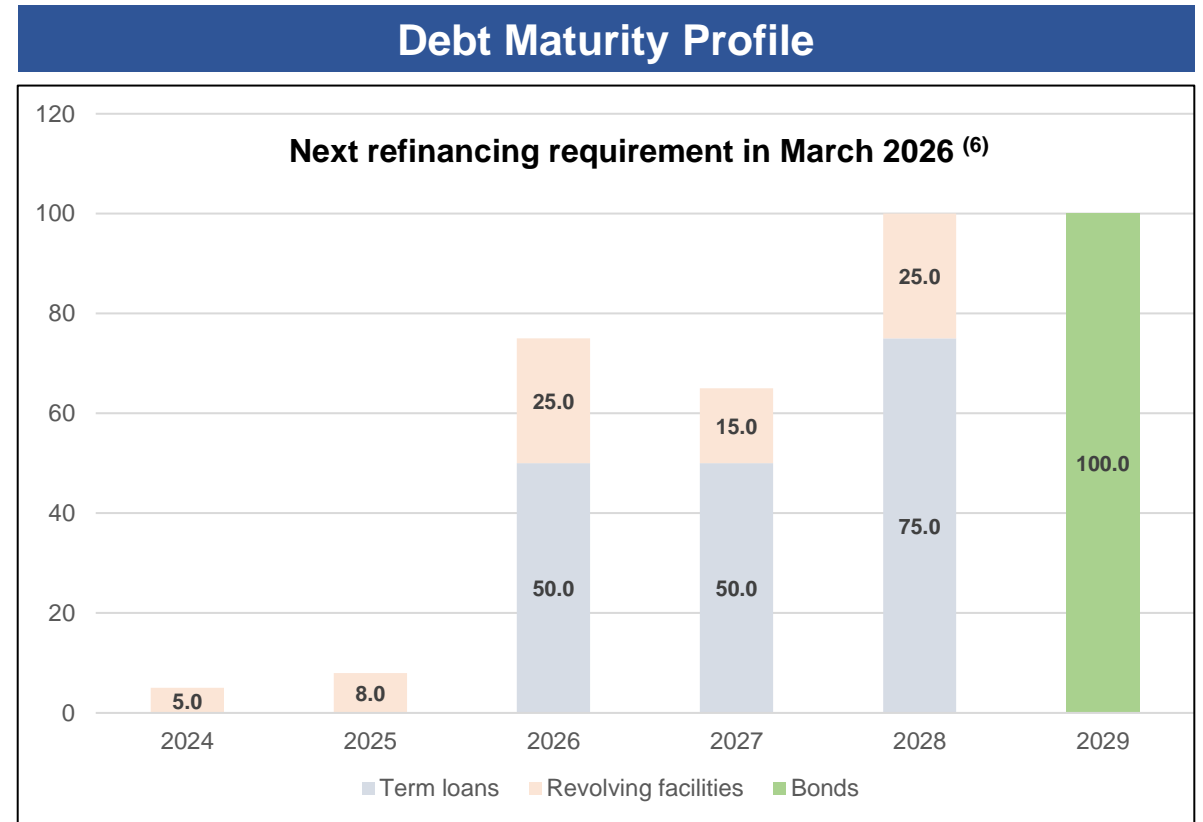
- The ex-Tenant, GDMC Pte. Ltd. was placed in creditors' voluntary liquidation<sup>1</sup> as announced on **11 June 2024**
- Currently undergoing property reconfiguration initiative as a strategy to future proof the asset and cater to more diverse occupier requirements. Expected completion in early 2025
- Pre-marketing of the property to prospective tenants is ongoing
- After offsetting the security deposit, financial impact on FY 2024 is expected to be minimal

1. Please refer to SGXNet announcements on 11 June 2024 and 14 June 2024

# CAPITAL MANAGEMENT

- Increase in total borrowings and aggregate leverage mainly due to the drawdown of loan for AEI, Capex<sup>(1)</sup> and liquidity buildup for capital management purposes

Key Credit Metrics			
	As at 30 September 2024	As at 30 June 2024	As at 31 December 2023
Total borrowings	\$353.0m	\$340.0m	\$318.0m
Aggregate leverage <sup>(2)</sup>	37.0%	35.8%	34.3%
Interest coverage ratio <sup>(3)</sup>	3.2x	3.3x	3.5x
Weighted average tenor of borrowings	3.2 years	3.4 years	2.9 years
Average all-in financing cost <sup>(4)</sup>	4.31%	4.30%	3.89%
Proportion of total borrowings on fixed rates	77.2%	80.1%	76.3%
Debt Headroom <sup>(5)</sup>	\$125.2m	\$136.3m	\$145.7m
Unencumbered assets	100%	100%	100%



Notes:

- (1) Includes drawdown for upfront land premium for the extension of land lease at 10 Changi South Street 2 (\$8.0m)
- (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
- (4) Based on year-to-date figures, including guarantee fees and excluding amortisation of transaction costs.
- (5) On the basis of an aggregate leverage limit of 50.0% pursuant to the Property Funds Appendix, inclusive of available cash and committed undrawn facilities of \$88.3m
- (6) The existing revolving credit facilities expiring in 2024 and 2025 are expected to be repaid when due

# INTERNALISATION COSTS INCURRED UP TO 30 SEPTEMBER 2024

- **\$1.37<sup>1</sup> million** of expenses incurred in connection with (and up to) the requisition of the 7 August 2023 Extraordinary General Meeting (“**EGM**”)
- **\$3.27 million** of internalisation expenses in respect of implementation of the resolutions passed on 7 August 2023 and incurred as of 31 December 2023
- **\$5.55 million<sup>2</sup>** of internalisation expenses incurred between 1 January 2024 – 30 September 2024 comprising:
  - \$1.15 million incurred by the Manager in preparing and convening the 8 March 2024 EGM<sup>3</sup>, 24 May 2024 EGM<sup>3,4</sup>, 6 August 2024 EGM<sup>3</sup> and 18 October 2024 EGM<sup>3</sup>.
  - \$4.40 million\* incurred in respect of implementation of the resolutions passed on 7 August 2023 to effect internalisation.

*\*This is in respect of all expenses incurred in connection with the internalisation including (i) costs incurred in considering and responding to correspondence and proposals from certain unitholders in relation to the internalisation, (ii) additional requisitioned EGMs, and stakeholder engagement in connection with the requisitioned EGMs, that were not contemplated in the Trustee’s indicative internalisation timeline (including preparing for the 18 October 2024 EGM for the appointment of directors for the New Internalised Manager), (iii) the HC/OA 19/2024 (“**Order 32 Application**”) and the HC/AD 37/2024 (“**AD 37 Appeal**”), (iv) interactions with the Internalisation Committee, and (v) preparing and submitting the capital markets service licence application for the New Internalised Manager.*

- **Cumulative expenses incurred up to 30 September 2024 totalling \$10.19 million<sup>5,6</sup>** comprising:
  - \$2.26 million expenses incurred by the Manager
  - \$7.93 million expenses incurred by the Trustee

**Approximately 10% of distributable income for 1H 2024 retained for prudent capital management** given costs incurred and to be incurred in connection with the internalisation; further retention of distributable income may be required for 2H 2024 and FY 2025

**In view of the ongoing internalisation process, the Trustee will provide further updates as and when there are material developments. All updates from the Trustee will be in the form of announcements via SGXNet. Unitholders may direct their enquiries to [sabana.trustee@hsbc.com.sg](mailto:sabana.trustee@hsbc.com.sg)**

#### Notes:

1. This comprises \$1.11 million expenses incurred by the Manager, and \$0.26 million expenses incurred by the Trustee.
2. On an unaudited basis
3. Expenses comprise costs incurred for the organisation of the EGMs, including professional and legal fees, among others
4. Further to the postponement of the EGM originally scheduled on 24 May 2024 pursuant to an order from the High Court (in HC/OA 460/2024), the requisitionists for the EGM issued a letter requesting to “modify” the resolutions proposed, which amounted to a withdrawal of their requisition notice. Accordingly, the Manager did not issue a notice of the postponed meeting.
5. On an audited and unaudited basis.
6. Excludes costs ordered by the Court in relation to Order 32 Application and the AD 37 Appeal. The quantum of the costs ordered in the Order 32 Application remains undetermined at this juncture. On the quantum of the costs of the AD 37 Appeal, please refer to the Trustee’s Statement dated 26 July 2024 published on SGXNet.

# 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.sg](http://www.sabana-reit.com.sg)



For enquiries, please contact:

### **Mr Joshua Wong**

Sabana Real Estate Investment Management Pte. Ltd.

Tel: +65 6580 7766

Email: [joshua.wong@sabana.com.sg](mailto:joshua.wong@sabana.com.sg)

### **Ms Chia Hui Kheng/ Ms Dolores Phua/ Ms Louise Lim**

Citigate Dewe Rogerson

Tel: +65 6534 5122

Email: [sabana@citigatedewerogerson.com](mailto:sabana@citigatedewerogerson.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 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.

# 33, 33A & 35 PENJURU LANE<sup>1</sup>

- On **27 August 2024**<sup>2</sup>, the Appellate Division of the High Court (“**AD**”) dismissed Kleio One-Solution Pte Ltd’s (“**Kleio**”) appeal against the orders made by the General Division of the High Court (“**HC**”) on 21 May 2024. The AD upheld the HC’s decision to (i) grant summary judgment against Kleio on the REIT’s claims for outstanding rent and other payments due under the lease; and (ii) disallow the amendments proposed by Kleio to its Defence and Counterclaim. The AD also ordered Kleio to pay to the REIT (i) the costs of the appeal, and (ii) affirmed the orders for Kleio to pay the costs of the HC proceedings, as ordered by the HC on 5 April 2024 and 21 May 2024
- The Manager was notified on **9 September 2024**<sup>3</sup> that Kleio had commenced the processes necessary to enter into creditors’ voluntary liquidation
- No significant financial impact is expected on the REIT as all necessary provisions and impairment (including the forfeiture of the security deposits) have been made
- The Manager is presently taking legal advice and will take active steps to protect the interests of the REIT
- Approximately 74% of the property’s net lettable area has been leased out; proactive marketing efforts are continuing for the remaining space

1. Formerly known as 33 & 35 Penjuru Lane

2. & 3. Please refer to SGXNet announcements on 27 August 2024 and 11 September 2024