



SABANA INDUSTRIAL REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 29 October 2010 under the laws of the Republic of Singapore)

SABANA INDUSTRIAL REIT DECLARES 3.6% Y-O-Y GROWTH IN DISTRIBUTION PER UNIT (“DPU”) OF 2.86 CENTS FOR FY 2024

- DPU would have been higher at 3.15 cents if not for approximately 10% of distributable income for FY 2024 being retained for prudent capital management given costs incurred and to be incurred in connection with the internalisation
- Declared 2H 2024 DPU of 1.52 cents
- 2H 2024 Net Property Income (“NPI”) increased by 8.9% y-o-y to \$30.3 million mainly due to strong positive rental reversions. NPI for FY 2024 grew to \$57.5 million, a 4.5% increase y-o-y
- Sustained track record of driving double-digit positive rental reversions for four consecutive years

Summary of Results

(\$'m)	2H 2024	2H 2023	Variance (%)	FY 2024	FY 2023	Variance (%)
Gross Revenue ^(a)	58.1	56.6	2.7	113.3	111.9	1.3
Net Property Income (“NPI”) ^(a)	30.3	27.8	8.9	57.5	55.0	4.5
Total Income Available for Distribution ^(b)	18.9	15.9	19.2	35.6	33.7	5.5
Income Available for Distribution per Unit (cents)	1.68	1.44	16.7	3.15	3.05	3.3
Total Distributable Amount Declared ^(b)	17.1	12.8	33.7	32.2	30.5	5.4
DPU (cents) ^(c)	1.52	1.15	32.2	2.86	2.76	3.6

Income available for distribution to Unitholders for the period/year before tax/Units in use:

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

(b) The REIT’s policy is to distribute at least 90.0% of its distributable income to Unitholders. Approximately 10% of distributable income for FY 2024 was retained for prudent capital management in view of additional costs incurred and to be incurred in connection with the internalisation; further retention of distributable income may be required for 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.

(c) Based on 1,125,055,242 units as at 31 December 2024 and 1,111,788,330 units as at 31 December 2023.

Singapore, 21 January 2025 – Sabana Real Estate Investment Management Pte. Ltd., the Manager of Sabana Industrial Real Estate Investment Trust (“**Sabana Industrial REIT**” or “**The REIT**”), today reported financial results for the period from 1 July 2024 to 31 December 2024 (“**2H 2024**”) and for the full year from 1 January 2024 to 31 December 2024 (“**FY 2024**”). For FY 2024, the REIT attained all-time high gross revenue of \$113.3 million since its initial public offering on 26 November 2010, 1.3% higher year-on-year (“**y-o-y**”), and achieved a new high in NPI of \$57.5 million since 2016, despite a smaller portfolio.

Financial Highlights

Gross revenue for 2H 2024 rose by 2.7% y-o-y to \$58.1 million, attributed to strong positive rental reversions across the portfolio. NPI for the period increased by 8.9% y-o-y to \$30.3 million, mainly due to higher gross revenue and lower overall property expenses. The Manager achieved a four-year high positive rental reversion in FY 2024, while its positive rental reversion in 4Q 2024 marks its 16th consecutive quarter of positive rental reversion since 1Q 2021.

Total income available for distribution in FY 2024 amounted to \$35.6 million, 5.5% higher y-o-y. Total distribution amount declared in FY 2024 increased by 5.4% y-o-y to \$32.2 million after the retention of approximately 10% of distributable income, which will be deployed to fund costs incurred and to be incurred in connection with the internalisation. Total income available for DPU for FY 2024 increased 3.3% to 3.15 cents, compared to DPU of 3.05 cents in FY 2023.

FY 2024 DPU declared increased by 3.6% y-o-y to 2.86 cents. This comprises the payout of 1H 2024 DPU of 1.34 cents and 2H 2024 DPU of 1.52 cents.

Mr Donald Han, Chief Executive Officer of the Manager of Sabana Industrial REIT said, *“We achieved multi-year highs for gross rental income, NPI and DPU for FY2024 if we were to add back the approximately 10% that was being retained for internalisation expenses. Throughout the last four years, our attentiveness to rental renewal rates resulted in our rental reversion reaching a four-year high gear, attaining one of the best track records amongst industrial SREITs. This strong positive reversion track record helps to stabilise our portfolio value, albeit a marginal drop in NAV to 50 cents (from 52 cents at end-2023), largely due to the depreciating 27-year leasehold land tenure.*

“As we reflect on the performance, I am proud of the team that we have. Together, we have worked tirelessly to set new benchmarks, achieve record-breaking performance and execute AEs, all these while facing the most sombre of times. Despite the uncertainties that the internalisation process brought along, we pressed on to safeguard the financial prudence of the REIT to maintain the foundation for stability. While the REIT may be small in size, it is no less significant in the remarkable milestones achieved over the past years. We truly have all hands on deck, and I want to thank every team member for contributing towards these achievements. Collectively, we have further strengthened the foundation for future growth.”

Mr Tan Cheong Hin, Chairman of the Board of Directors commented, *“The collective achievements of the year serve as a strong testament of the team’s unwavering dedication and commitment. To future proof the portfolio, the Manager has harnessed sustainable practices to enhance operational resilience and implemented green initiatives that support tenants to operate in a more environmentally-sustainable manner. The Manager’s focus on sustainability includes the transformation via AEI of Sabana@1TA4, which is now BCA Green Mark Super Low Energy award certified. The solar panel installations across nine portfolio assets have been completed, and since 4Q 2024, the majority of the multi-tenanted properties are powered by renewable energy. The REIT is poised to become one of Singapore’s first carbon neutral industrial REITs by 2040.*

On the ESG front, it is also noteworthy that the REIT was awarded an ‘A’ by the Global Real Estate Sustainability Benchmark (“GRESB”) Public Disclosure for the 2024 year of assessment, alongside a higher overall score. The REIT also improved on its Singapore Governance and Transparency Index (“SGTI”) ranking in 2024, climbing six positions to the 24th place with an overall score of 85.8, up from 84.2 a year ago.”

Proactive Leasing Management and Portfolio Rejuvenation

In 2H 2024, the Manager has successfully executed a total of 33 new and renewed leases totalling 642,597 sq ft and achieved a tenant retention rate of 85.9% for all lease renewals during the period. Sabana Industrial REIT has recorded a positive rental reversion of 25.5% for 2H 2024 and overall 20.6% for FY 2024, marking four consecutive years of positive double digit rental reversions since FY 2021.

Weighted average lease expiry (“WALE”) by gross rental income was 2.6 years, with underlying land leases averaging 26.4 years by gross floor area (“GFA”).

Overall portfolio occupancy rate slipped to 85.0%¹ as at 31 December 2024 compared to 91.2%² as at 31 December 2023. This is mainly due to the repossessions of 33, 33A & 35 Penjuru Lane on 8 March 2024, and subsequently, 30 & 32 Tuas Avenue 8 on 14 June 2024. Occupancy rate of 151 Lorong Chuan (“**New Tech Park**”) was 82.3% as at 31 December 2024, above the average of 78.8%³ for Business Parks.

Sabana Industrial REIT’s second major AEI of Sabana@1TA4 has received TOP on 9 July 2024. As at 31 December 2024, a new anchor tenant committed for approximately 64% of the total lettable area. The installation of solar panels at Sabana@1TA4 has been completed and turned-on in December 2024, enabling it to potentially generate more than 1,000 megawatt-hours of energy per year. Sabana@1TA4 is also expected to be a net positive energy building, based on current specifications.

Portfolio Valuation

The REIT recorded portfolio valuation of \$915.9 million as of 31 December 2024 compared to \$914.5 million as at 30 June 2024 and \$903.9 million a year ago. The marginal uplift was mainly due to the payment of upfront land premium of \$7.98 million for the extension of 27 years land tenure for 10 Changi South Street 2.

Prudent Capital Management

As at 31 December 2024, aggregate leverage was 37.4% with a weighted average debt maturity at 2.9 years. In comparison, aggregate leverage was 34.3% with a weighted average debt maturity at 2.9 years as at 31 December 2023. Weighted average all-in financing cost was 4.42% as at 31 December 2024, with 73.7% of the borrowings hedged to fixed rates. The REIT’s interest coverage ratio was 3.0 times as at 31 December 2024.

In FY 2024, the Manager successfully launched \$100 million in aggregate principal amount of 5-year 4.15% senior unsecured Sustainability-Linked Guaranteed Bonds due 2029 (the “**Bonds**”), representing the first Singapore dollar-denominated Credit Guarantee and Investment Facility (“**CGIF**”)-guaranteed sustainability-linked bonds in Asia, the first listed CGIF-guaranteed bonds aligned to the ASEAN Capital Market Forum’s Sustainability-Linked Bond Standards and the first CGIF-guaranteed bonds issued by an industrial REIT in Asia.

Sustainability Highlights

2024 saw the installation of rooftop solar panels across selected portfolio properties. As of 31 December 2024, the REIT has begun harnessing of solar energy from these properties, potentially generating more than 8,400 Megawatt hours per year. The REIT is poised to become one of Singapore’s first carbon-neutral industrial REITs by 2040.

Ongoing Internalisation Process

In accordance with the resolutions passed at the Extraordinary General Meeting (“**EGM**”) on 7 August 2023, HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial REIT) (the “**Trustee**”) is working closely with its appointed advisers to carry out the implementation of the resolutions in a compliant and prudent manner to protect the interests of all Unitholders.

For the period from 1 January 2024 to 31 December 2024, \$6.75 million of expenses were incurred in respect of the implementation of the resolutions passed on 7 August 2023 to effect the internalisation, including expenses incurred in preparing and/or convening the 8 March 2024 EGM, 24 May 2024 EGM⁴, 6 August 2024 EGM and 18 October 2024 EGM. The total cumulative expenses incurred in connection with the internalisation (up to 31 December 2024) amounted to \$11.39 million, comprising expenses of \$2.43 million and \$8.96 million incurred by the Manager and Trustee respectively.

¹ As at 31 December 2024, includes Sabana@1TA4 which obtained TOP on 9 July 2024

² As at 31 December 2023, excludes Sabana@1TA4 which was undergoing AEI

³ JTC Quarterly Market Report for 3Q 2024, JTC. 24 October 2024

⁴ The 24 May 2024 EGM was postponed pursuant to an order from the High Court (in HC/OA 460/2024) on 23 May 2024. On 29 May 2024, the requisitionists for the 24 May 2024 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 for the postponed meeting, and the 24 May 2024 EGM was not held.

Amid the ongoing internalisation process of the REIT management function and costs to be incurred in connection with this process, approximately 10% of distributable income for FY 2024 was retained and further retention of distributable income may be required for FY 2025.

The Trustee continues to engage with the Manager regularly to ensure the ongoing and stable operations of the REIT. The Trustee has been diligently working on, and has progressed, various workstreams to effect the internalisation. Unitholders may wish to refer to the various Trustee's Statements dated 8 August 2023, 29 August 2023, 4 October 2023, 7 November 2023, 6 December 2023, 15 December 2023, 9 January 2024, 23 January 2024, 30 January 2024, 20 February 2024, 29 February 2024, 22 March 2024, 26 March 2024, 9 April 2024, 26 April 2024, 24 May 2024, 31 May 2024, 12 June 2024, 18 June 2024, 23 July 2024, 26 July 2024, 5 August 2024, 23 August 2024, 15 October 2024 and 27 November 2024 disclosing the Trustee's progress in its implementation of the internalisation.

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.

Outlook

Based on advance estimates by the Ministry of Trade and Industry (“MTI”), the Singapore’s economy grew at a slower pace in the fourth quarter of the year, growing 4.3% y-o-y compared with 5.4% growth in the preceding quarter. For the whole of 2024, the economy grew by 4.0%⁵. In December 2024, Singapore’s non-oil domestic exports (“**Nodx**”) grew by 9.0%, extending a 3.4% increase in November 2024, attributed to the increase in both electronics and non-electronics exports⁶. Meanwhile, the Monetary Authority of Singapore forecasts that the Singapore economy will expand at close to its potential rate in 2025⁷. However, there is significant uncertainty around the economic outlook, reflecting continuing risks in the external environment.

According to Savills Research, there will be a surge in pipeline supply in 2025, with almost 40% increase from the four-year average historical completion of industrial space. With more warehouse and business park spaces coming on stream next year, it will put further pressure on the occupancy and rents⁸. Similarly, Cushman & Wakefield indicated significant incoming business park supply in 2024 and 2025 will continue to exert pressure on suburban business park rents. In addition, Cushman & Wakefield anticipates steady growth for most industrial submarkets of around 2-3% y-o-y in 2025⁹. High-tech factory vacancy rates are also expected to decline further with demand expected to pick up given lower interest rates and a flight to quality¹⁰.

The REIT’s performance in 2025 is expected to be challenging amid the pressures of rising costs, exacerbated by the prospect of interest rates remaining at elevated levels as the US Federal Reserve hold rates for an extended period and geopolitical conflicts that in turn are expected to impact both the global and Singapore economy. With internalisation of the REIT management function ongoing, the REIT’s performance is expected to be impacted by additional costs incurred and to be incurred in connection with the internalisation.

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⁵ “Singapore’s GDP grew by 4.3 per cent in the fourth quarter of 2024 and by 4.0 per cent in 2024”. Ministry of Trade and Industry Singapore – 2 January 2025

⁶ Singapore’s External Trade – December 2024”. Enterprise Singapore – 17 January 2025

⁷ “MAS Monetary Policy Statement - October 2024”. Monetary Authority of Singapore – 14 October 2024

⁸ “Market in minutes, Industrial” Savills Research – 22 November 2024

⁹ “Marketbeat Singapore Industrial Q3 2024” Cushman & Wakefield – 9 October 2024

¹⁰ “Singapore Market Outlook 2025” Cushman & Wakefield – December 2024

For enquiries, please contact:

Sabana Real Estate Investment Management Pte. Ltd.

Mr Joshua Wong

Tel: +65 6580 7766

Email: joshua.wong@sabana.com.sg

Citigate Dewe Rogerson

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

Tel: +65 6534 5122

Email: sabana@citigatedewerogerson.com

Sabana Industrial REIT

Sabana Industrial REIT was listed on the SGX-ST on 26 November 2010. As at 31 December 2024, Sabana Industrial REIT has a diversified portfolio of 18 quality properties with a total gross floor area of approximately 4.2 million square feet in Singapore, in the high-tech industrial, warehouse and logistics, chemical warehouse and logistics, as well as general industrial sectors. The total assets of the Group amount to more than S\$1.0 billion as at 31 December 2024. Sabana Industrial REIT is a constituent of the SGX S-REIT Index and MSCI Singapore Micro Cap Index.

Sabana Industrial REIT is managed by Sabana Real Estate Investment Management Pte. Ltd. (in its capacity as the Manager of Sabana Industrial REIT) in accordance with the terms of the trust deed dated 29 October 2010 (as amended, varied or supplemented from time to time). Sabana Industrial REIT is a real estate investment trust constituted on 29 October 2010 under the laws of Singapore.

For further information on Sabana Industrial REIT, please visit www.sabana-reit.com.

Important Notice

The value of units in Sabana Industrial REIT (“Units”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, HSBC Institutional Trust Services (Singapore) Limited, as trustee of Sabana Industrial REIT, or any of their respective affiliates.

An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.