

3Q 2021

**INTERIM
BUSINESS
UPDATE**

21 October 2021



CEO's Message



Market outlook amid COVID-19...

The recent re-tightening of COVID-19 measures and persistent macroeconomic uncertainty mean that Singapore's recovery and growth will remain uneven.

Going from strength to strength as we embark on our next phase of growth...

As we mark our first day officially as Sabana Industrial REIT, we also report solid performance as we continue to go from strength to strength. Our disciplined execution of our Refreshed Strategy continues to bear fruit in 3Q 2021 despite tighter COVID-19 restrictions. Our proactive leasing efforts saw portfolio occupancy improve to 85.3%, the highest since early 2018; 90,600 sq ft of new leases secured, including with MNCs in expansionary sectors like healthcare, ambient and cold chain logistics; 59,729 sq ft of leases renewed with positive rental reversion for six quarters (+7.8% for 3Q) since the start of 2020. At the same time, our new NTP+ mall at New Tech Park attained 100% occupancy rate.

We are now poised for the next phase of growth. By resuming the Distribution Reinvestment Plan and strengthening our balance sheet, we are now better placed to rejuvenate and grow the portfolio. Additionally, we are enhancing our management bench strength with the promotions of Wei Huang to Chief Financial Officer and Jessica to Head of Real Estate. Working closely with me, both have been instrumental in strengthening the REIT. Taken together, our efforts will enable us to capture accretive opportunities, thus delivering long-term sustainable value for our Unitholders.

~ Donald Han, CEO of Sabana Industrial REIT Manager



Key Quarterly Highlights

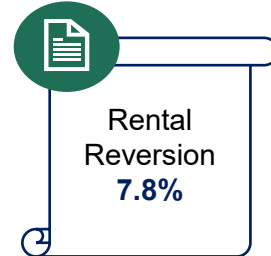
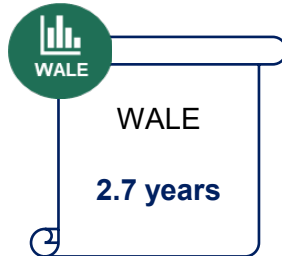
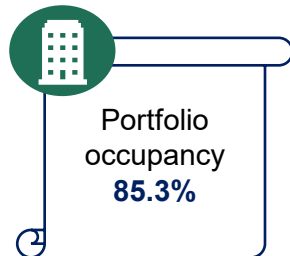
Proactive leasing efforts bear fruit:

- **Portfolio occupancy**
 - **Improved to 85.3%, the highest level since early 2018** when the Refreshed Strategy was first announced. Excluding 1 Tuas Avenue 4, which is held for divestment, portfolio occupancy would have been **88.3%**.
 - **Occupancy for multi-tenanted properties was 90.7%, the highest in nearly eight years**, following deliberate efforts to diversify portfolio risk profile as part of Refreshed Strategy. Multi-tenanted properties represented 86.7% of gross rental income as at 3Q 2021, up from 77.0% in 3Q 2020.
- **Leases**
 - **Signed 90,600 sq ft of new leases** including with MNCs in expansionary sectors such as healthcare, ambient and cold chain logistics.
 - **Renewed 59,729 sq ft of leases with positive rental reversion (+7.8% for 3Q)** - this is the sixth time we have achieved positive reversion in the past seven quarters. Rental reversion averaged +11% for first nine months of 2021.
 - Of the 2021 lease expiries, 86.1% have been renewed or replaced by new leases. No master lease expiring until 2023.

Poised for next phase of growth:

- Removal of Shari'ah compliance completed on 21 October 2021.
- Resumption of Distribution Reinvestment Plan saw healthy take-up rate of 49.1% that will support the REIT's continuing growth and expansion.
- Strengthening bench to support CEO and Board in delivering strategy: New senior appointments of Chief Financial Officer and Head of Real Estate with effect from 1 November 2021.

Portfolio and Operational Updates as at 30 September 2021



Key Capital Management Indicators

Capital Management Update

	As at 30 Sept 2021	As at 30 Jun 2021
Borrowings (\$ million)	306.1	306.1
Weighted average tenor of borrowings ⁽¹⁾ (years)	3.0	2.0
Average all-in financing costs (%)	3.3	3.4
Aggregate leverage ⁽²⁾ (%)	34.8	34.9
Proportion of borrowings on fixed rates (%)	79.2	60.4
Unencumbered properties as % of total investment properties ⁽¹⁾ (%)	63.3 ⁽³⁾	1.0 ⁽⁴⁾

(1) Computed based on the completion of relevant existing indebtedness been refinanced under the new unsecured \$225.0 million UOB loan.

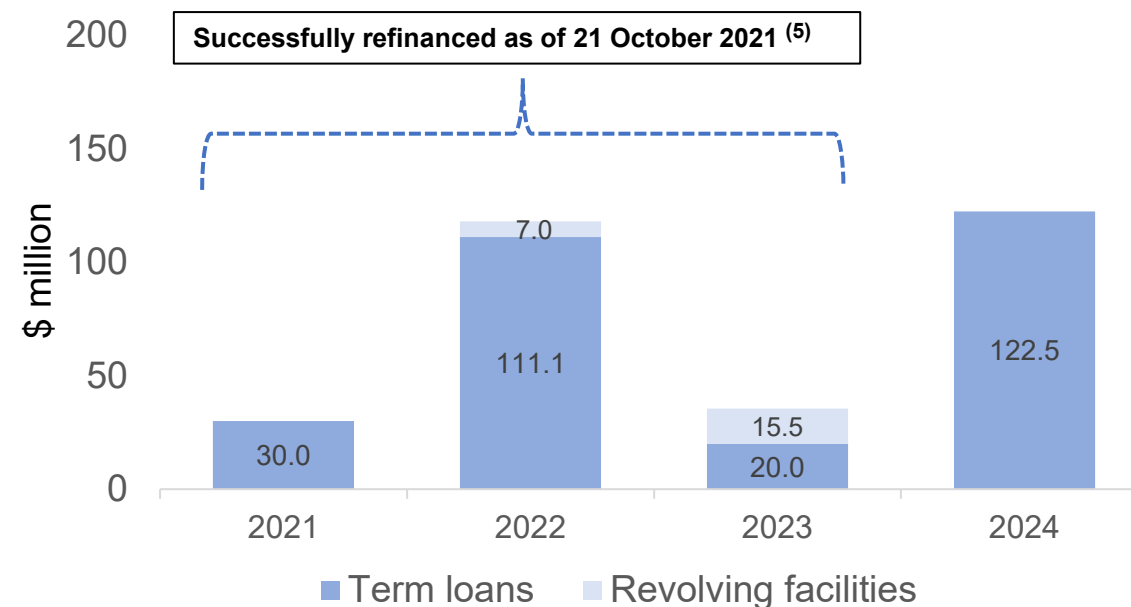
(2) Ratio of total borrowings & deferred payment over deposited property as defined in the Property Funds Appendix of the Code on Collective Investment Schemes. All borrowings are on secured basis.

(3) Based on valuations by independent valuers as of 30 June 2021 and excluding the effects of FRS 116, the percentage of unencumbered properties represents 10 out of 18 properties.

(4) Based on valuations by independent valuers as of 30 June 2021 and excluding the effects of FRS 116, the percentage of unencumbered properties represents 1 out of 18 properties.

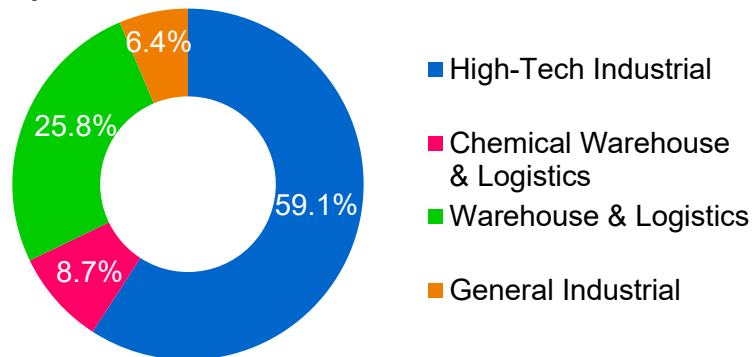
(5) During the quarter, Sabana successfully obtained unsecured term and revolving loan facilities of up to \$225.0 million to refinance majority of the existing indebtedness that will mature in 2021 up till 2023. The refinancing exercise has been completed on 21 October 2021.

Debt maturity profile as at 30 September 2021

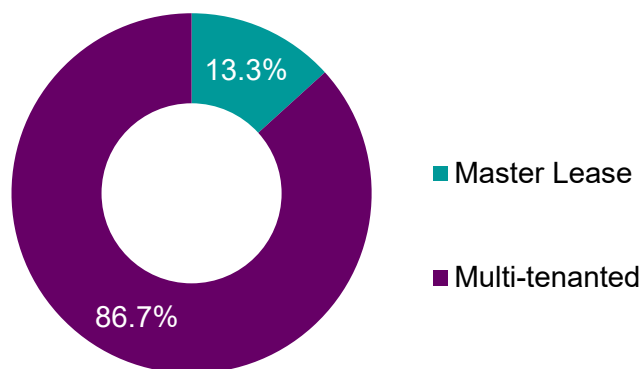


Portfolio Performance as at 30 September 2021

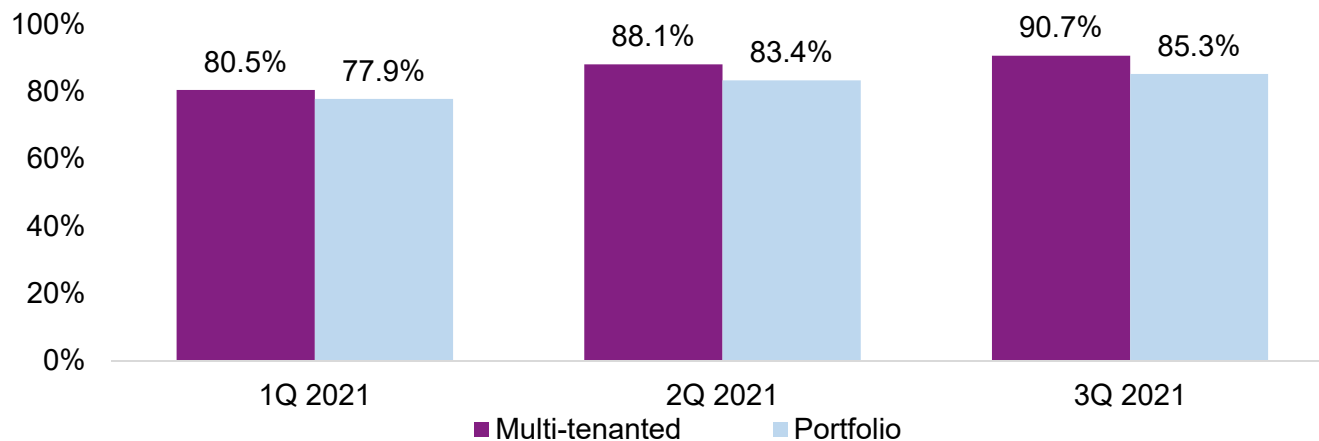
Breakdown of Asset Types
By Gross Rental Income



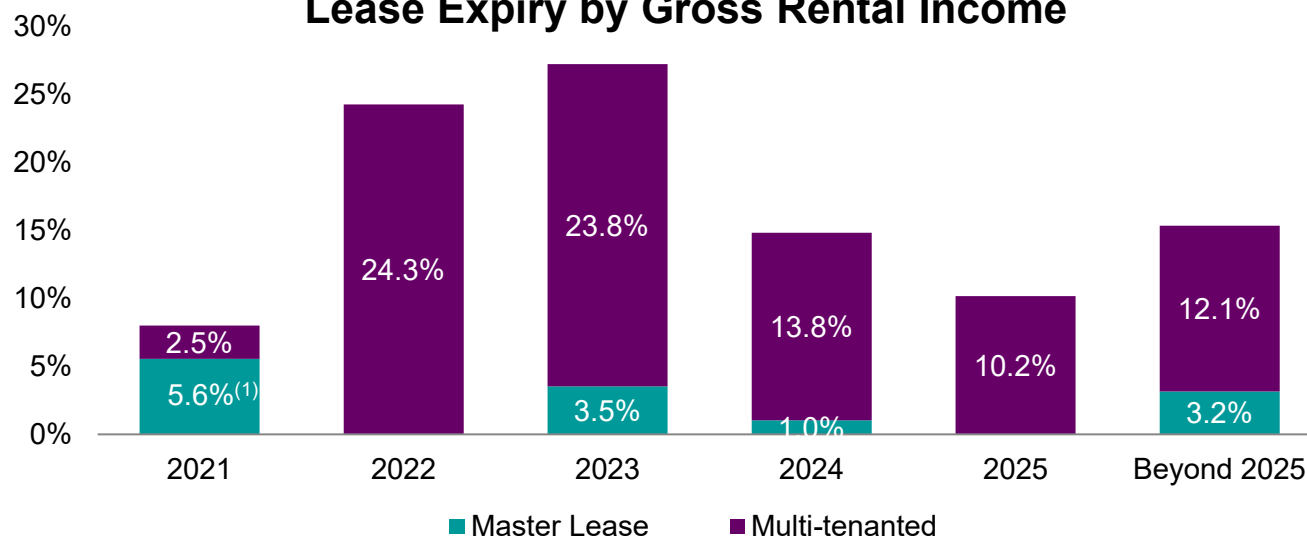
Breakdown of Master-leased and Multi-tenanted Properties
By Gross Rental Income



Occupancy Rates



Lease Expiry by Gross Rental Income



(1) Existing master lease at 33 & 35 Penjuru Lane will not be renewing. A new master lease, expiring beyond 2025 has been signed and announced in 1Q 2021.

Continued progress on Refreshed Strategy and Corporate Updates

Sustained progress in portfolio rejuvenation

New NTP+ mall attains 100% occupancy

- Full rental contributions following official opening in 2Q 2021
- Occupancy at 100% as at end-September 2021 with new, diverse tenant mix including from the F&B and retail sectors

Asset rejuvenations to attract tenants, including those from expansionary sectors

- 151 Lorong Chuan (completed passenger lift modernisation and rejuvenation of select common areas)
- 8 Commonwealth Lane (completed Phase 2 rejuvenation of ground floor lobby B)
- 15 Jalan Kilang Barat (ongoing rejuvenation of ground floor lobby)
- 508 Chai Chee Lane (Mechanical & Electrical upgrading)



151 Lorong Chuan

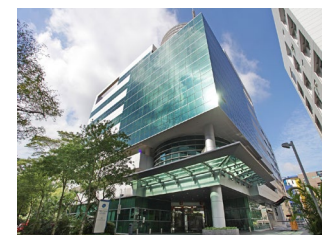


8 Commonwealth Lane

Proactive lease management

30 & 32 Tuas Avenue 8

- Collected one-month booking fee from **potential master tenant for 30 & 32 Tuas Avenue 8**, which accounts for 3.08% of total portfolio valuation, and progressing with lease documentation



15 Jalan Kilang Barat



30 & 32 Tuas Avenue 8

Strengthening bench to support CEO and Board in delivering strategy

- **Mr. Lim Wei Huang to be appointed as Chief Financial Officer** (previously our Senior Vice President, Finance) with effect from 1 November 2021
- Joined in 2019; More than 12 years of experience across finance, audit, accounting, corporate finance and treasury functions
- Under Wei Huang's charge, the REIT successfully converted the majority of its financing into unsecured, paving a long runway to the next refinancing requirement in 2024

- **Ms. Yap Pui Ling (Jessica) to be appointed as Head of Real Estate** (previously our Vice President, Asset Management) with effect from 1 November 2021
- Joined in 2018; Over 20 years of experience in industrial and commercial real estate leasing and investment sales
- Jessica oversees the leasing and management of the REIT's entire portfolio of properties, including retail leasing at its new lifestyle mall, NTP+, project and property management initiatives as well as Asset Enhancement Initiative ("AEI") for New Tech Park at 151 Lorong Chuan

Both Wei Huang and Jessica have played critical roles in strengthening Sabana Industrial REIT and supporting the CEO and Board in delivering its Refreshed Strategy. Their appointments represent the Board's ongoing commitment to talent development and leadership planning in taking the REIT forward.

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 Hoong Huifang

WATATAWA Consulting

Tel: +65 9128 0762

Email: hhoong@we-watatawa.com

We have set up a dedicated email to answer any queries Unitholders may have on the removal of Shari'ah compliance. Please contact us at Enquiry_Shariah@sabana.com.sg

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.

ANNEX: Refreshed Strategy

Priority

PHASE 1

- a. Divesting Non-Performing and Mature Assets
- b. Continue to Actively Manage and Optimise Portfolio

PHASE 2

Undertake Asset Enhancement Initiatives (“AEIs”) and select rejuvenation of portfolio

Opportunistic

PHASE 3

Potential Yield-Accretive Acquisitions including Overseas



All underpinned by

- Prudent Risk and Capital Management
- Ongoing Cost Rationalisation
- Strong Alignment with Unitholder Interests