Viva Industrial Trust
2Q2016 & 1H2016
Results Presentation

27 July 2016



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- Key Highlights
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Robust Y-o-Y Performance in 2Q2016

31.3%

GROSS REVENUE

S$23.4m

41.0%

NET PROPERTY INCOME

S$17.2m

28.8%

DISTRIBUTABLE INCOME

S$15.1m

DISTRIBUTION PER UNIT[1]

1.750c

DISTRIBUTION YIELD[2]

9.9%

TOTAL ASSETS[3]

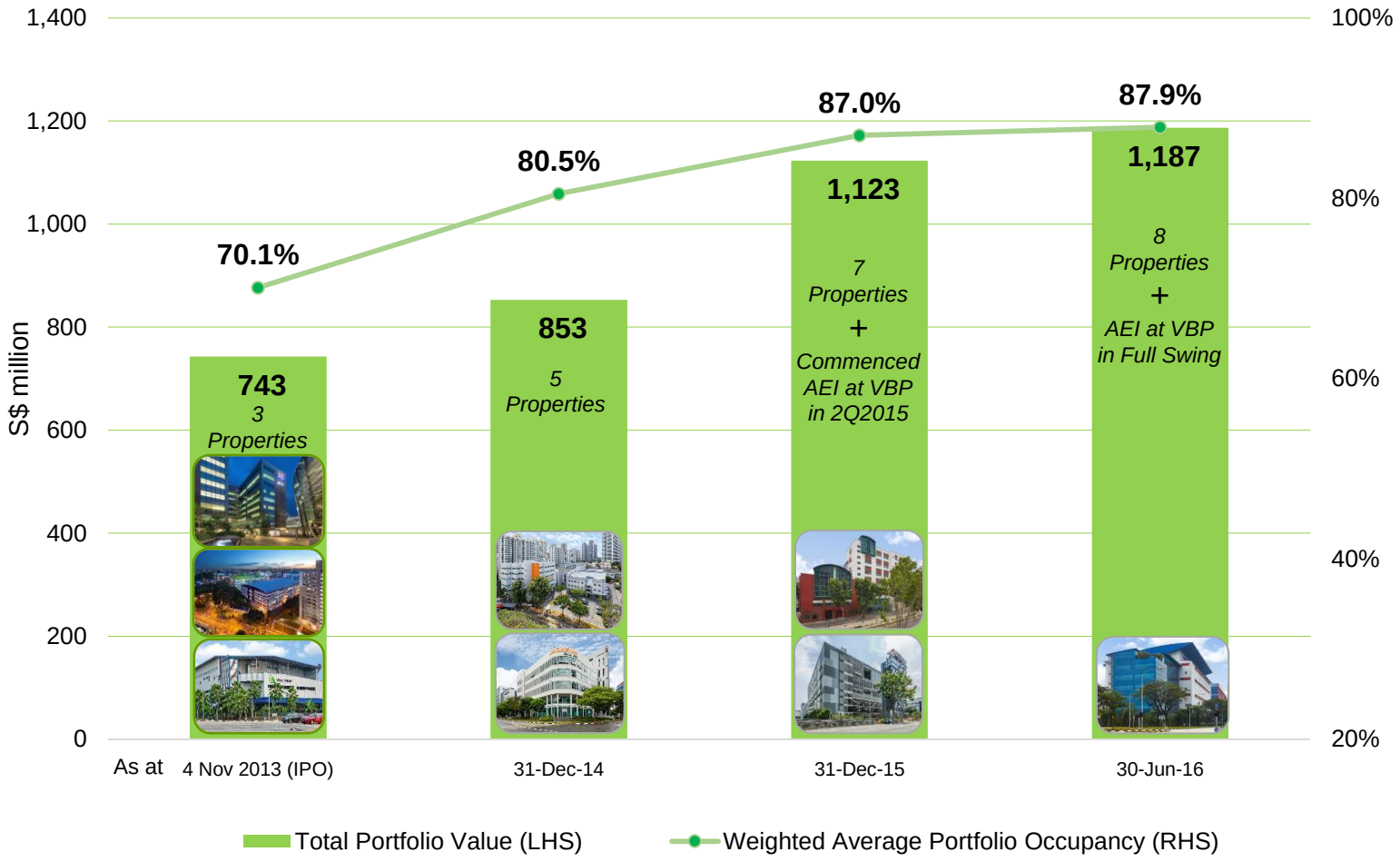
S$1.22b

NAV PER UNIT[3]

80.7c

1. Annualised distribution of 7.038 cents
2. Based on annualised 2Q2016 DPS and closing price of S$0.710 as at 30 June 2016
3. As at 30 June 2016

Growing from Strength to Strength



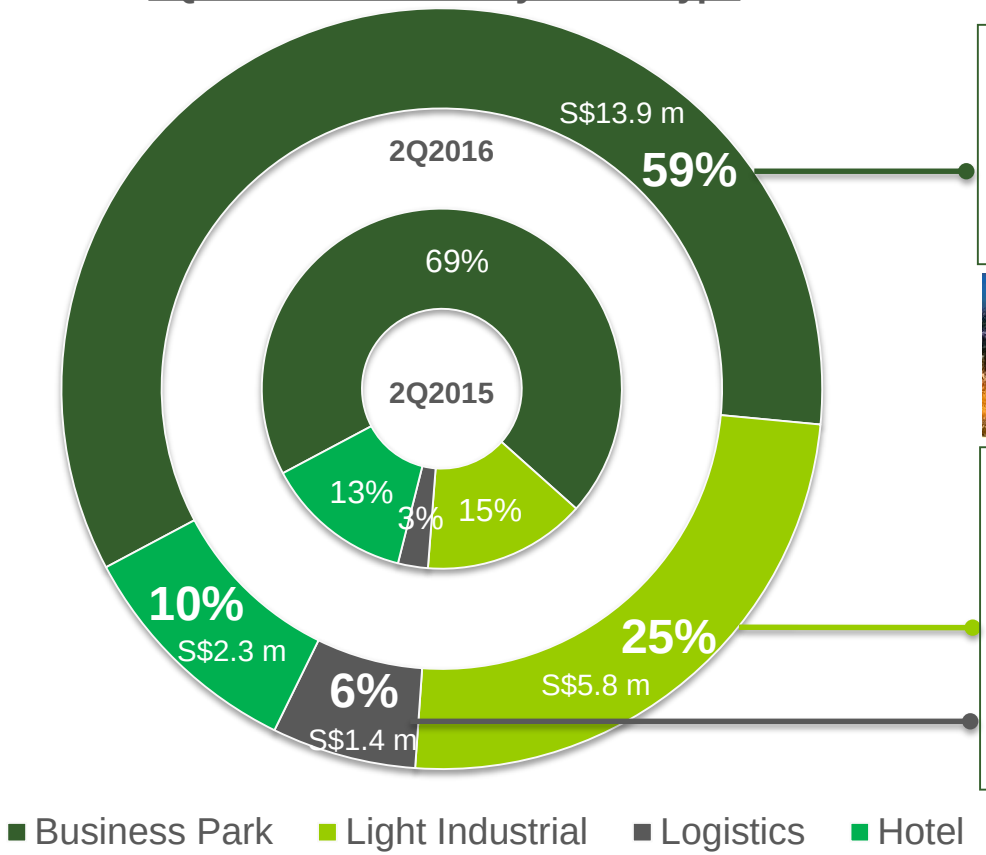
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AEI and New Acquisitions Driving Revenue Growth

Strategic Investments + **Proactive Asset Management** = **Larger and More Diversified Revenue Base**

2Q Gross Revenue by Asset Type



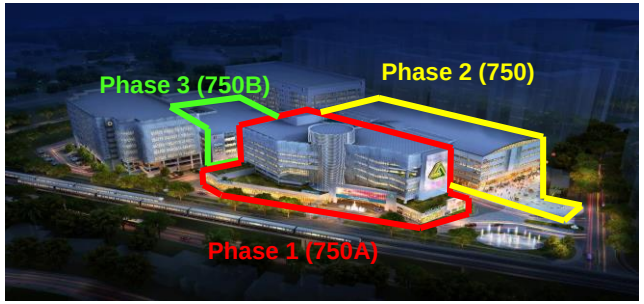
Viva Business Park contributed gross revenue of S$8.0 million in 2Q2016, or **close to 30% of y-o-y revenue growth**.






The **three newly acquired properties** (11 Ubi Road 1, Home-Fix Building and 30 Pioneer Road) contributed gross revenue of S$3.6 million in 2Q2016, or **close to 60% of y-o-y revenue growth**.

Unlocking the Value of Viva Business Park



Total GFA converted to "white"	214,951 sq ft

Progress status		
Block	**TOP Status**	**Occupancy**
750A – Level 1	Obtained on 11 January 2016	100%
750 – Level 1	Obtained on 4 May 2016	75%
750B – Level 1 & 2 & part of Level 3	AEI works in progress, expected to complete by 4Q2016	45% (pre-committed)

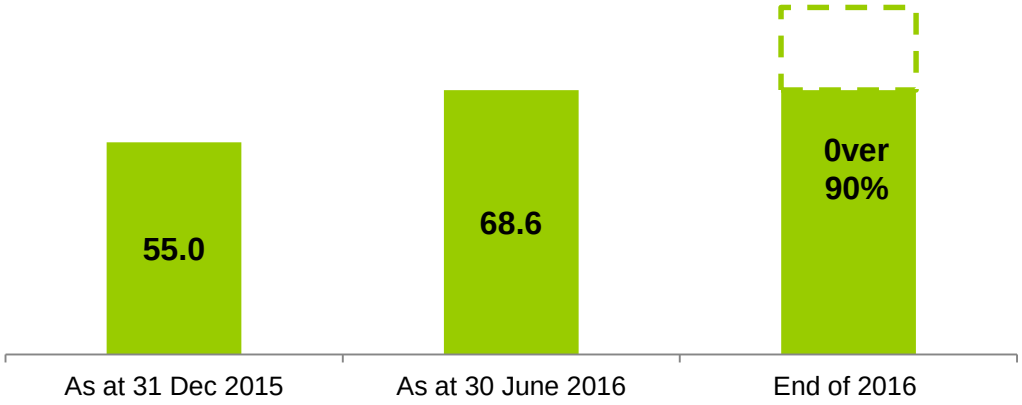
Valuation **increased by 74% to S$340m** as at 30 June 2016

Occupancy of completed "white" space is **87.2%**

30.7% of total "white" space contributed to 2Q2016 income

Firm interest from a prospective anchor tenant who could bring commitment levels to **over 90%**

% of Committed "White" Space



Transformation of Viva Business Park in Progress

Transforming Viva Business Park into a work-live-play destination –
the only business park development in the vicinity incorporating retail and lifestyle amenities

















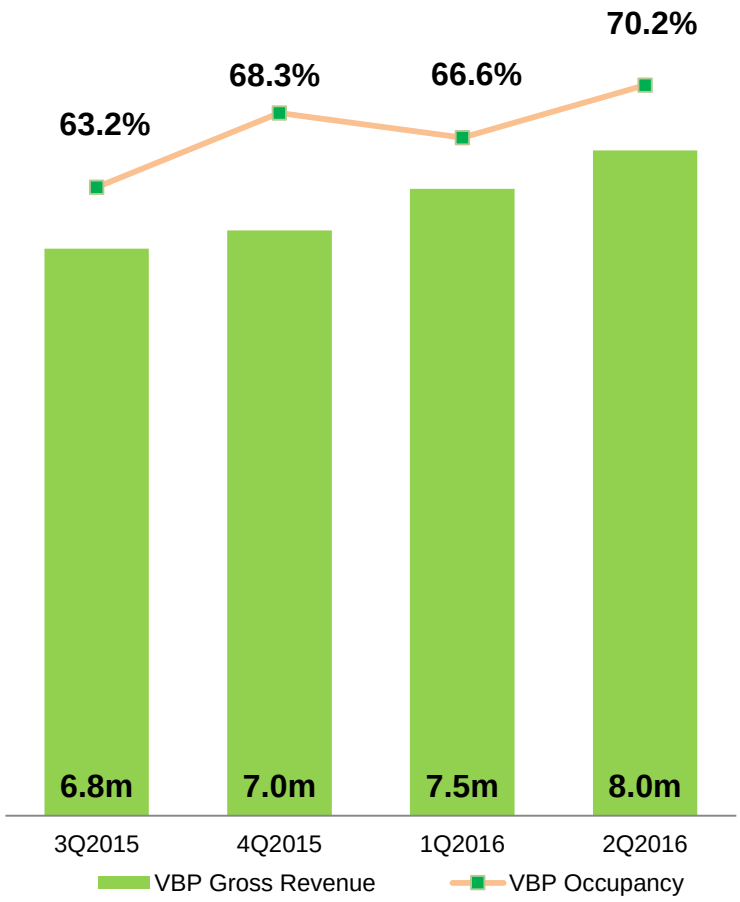
Repositioning of Viva Business Park is paying off

Viva Business Park contributed close to 30% of Y-o-Y growth in gross revenue in 2Q2016



1. AEI expands tenant base to include retailers which command higher rents
2. New amenities increase appeal of VBP to existing and potential tenants
3. Potential to renew existing office leases with positive rental reversions
4. Overall portfolio value is significantly enhanced post-AEI





Recent Acquisitions Shaping Up Nicely

Strategic acquisitions enhanced the value and income stability of portfolio, with long-term master leases for 30 Pioneer Road and Home-Fix Building. Newly acquired properties accounted for over 60% of the Y-o-Y growth in 2Q2016 gross revenue.



30 Pioneer Road

Location	30 Pioneer Road, Singapore 628502
Purchase Cost	S$50.3 million (including land premium)
Valuation	S$55.0 million[1]
Date of Acquisition	15 April 2016
Net Rental	**S$4.36m for Year 1** with rental escalation of 5% in Year 3 and Year 5.



11 Ubi Road 1

Location	11 Ubi Road, Singapore 408723
Purchase Cost	S$86.1 million (including land premium)
Valuation	S$87.0 million[2]
Date of Acquisition	24 November 2015
Net Rental	**S$6.0 million[3] for Year 1** with rental escalation of 1.5% per annum from Year 3 onwards.



Home-Fix Building

Location	19 Tai Seng Ave, Singapore 534054
Purchase Cost	S$46.4 million (including land premium)
Valuation	S$47.8 million[2]
Date of Acquisition	24 November 2015
Net Rental	**S$3.0m for Year 1** with rental escalation of 1.5% per annum from Year 3 onwards.

1. *Based on independent valuation performed by Savills Valuation and Professional Services (S) Pte Ltd as at 14 April 2016.*
2. *Based on independent valuation performed by Savills Valuation and Professional Services (S) Pte Ltd as at 30 June 2016.*
3. *Net of fees payable to the vendor acting as Integrated Facility Manager.*

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2Q Financial Performance

		Year-On-Year Comparison		Quarter-On-Quarter Comparison	
	2Q2016	2Q2015	Variance	1Q2016	Variance
Gross Revenue (S$'000)	**23,387**	17,815	▲ 31.3%	21,912	▲ 6.7%
NPI (S$'000)	**17,197**	12,195	▲ 41.0%	15,798	▲ 8.9%
Distributable Income[1] (S$'000)	**15,147**	11,763	▲ 28.8%	14,143	▲ 7.1%
Number of stapled securities for calculation of DPS ('000)	**865,497**	636,171	▲ 36.0%	863,119	▲ 0.3%
DPS (SG cents)	**1.750**	1.849	▼ 5.4%	1.638	▲ 6.8%
Annualised DPS (SG cents)	**7.038**	7.000[2]	▲ 0.5%	6.588	▲ 6.8%
Annualised Distribution Yield	**9.9%**[3]	9.9%[4]	--	9.2%[5]	--

1. *As VI-BT is dormant, only the distributable income of VI-REIT has been included for the purpose of calculating the DPS.*
2. *Actual FY2015 DPS.*
3. *Based on closing price of S$0.710 as at 30 June 2016.*
4. *Based on closing price of S$0.710 as at 31 December 2015.*
5. *Based on closing price of S$0.720 as at 31 March 2016.*

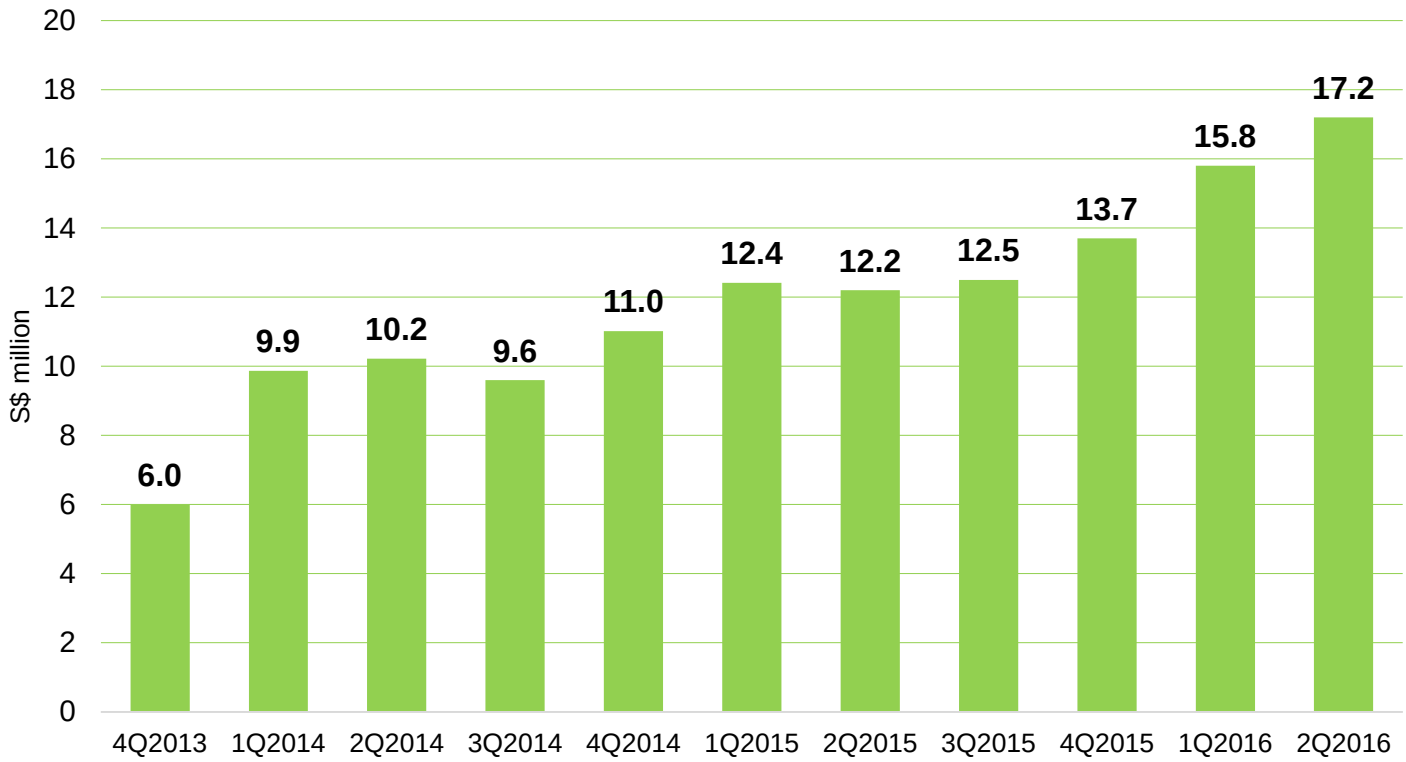
1H Financial Performance

	Year-On-Year		
	1H2016	**1H2015**	**Variance**
Gross Revenue (S$'000)	**45,299**	35,899	▲ 26.2%
NPI (S$'000)	**32,995**	24,609	▲ 34.1%
Distributable Income[1] (S$'000)	**29,290**	23,393	▲ 25.2%
Number of stapled securities for calculation of DPS ('000)	**864,347**	629,010	▲ 37.4%
DPS (SG cents)	**3.388**	3.719	▼ 8.9%

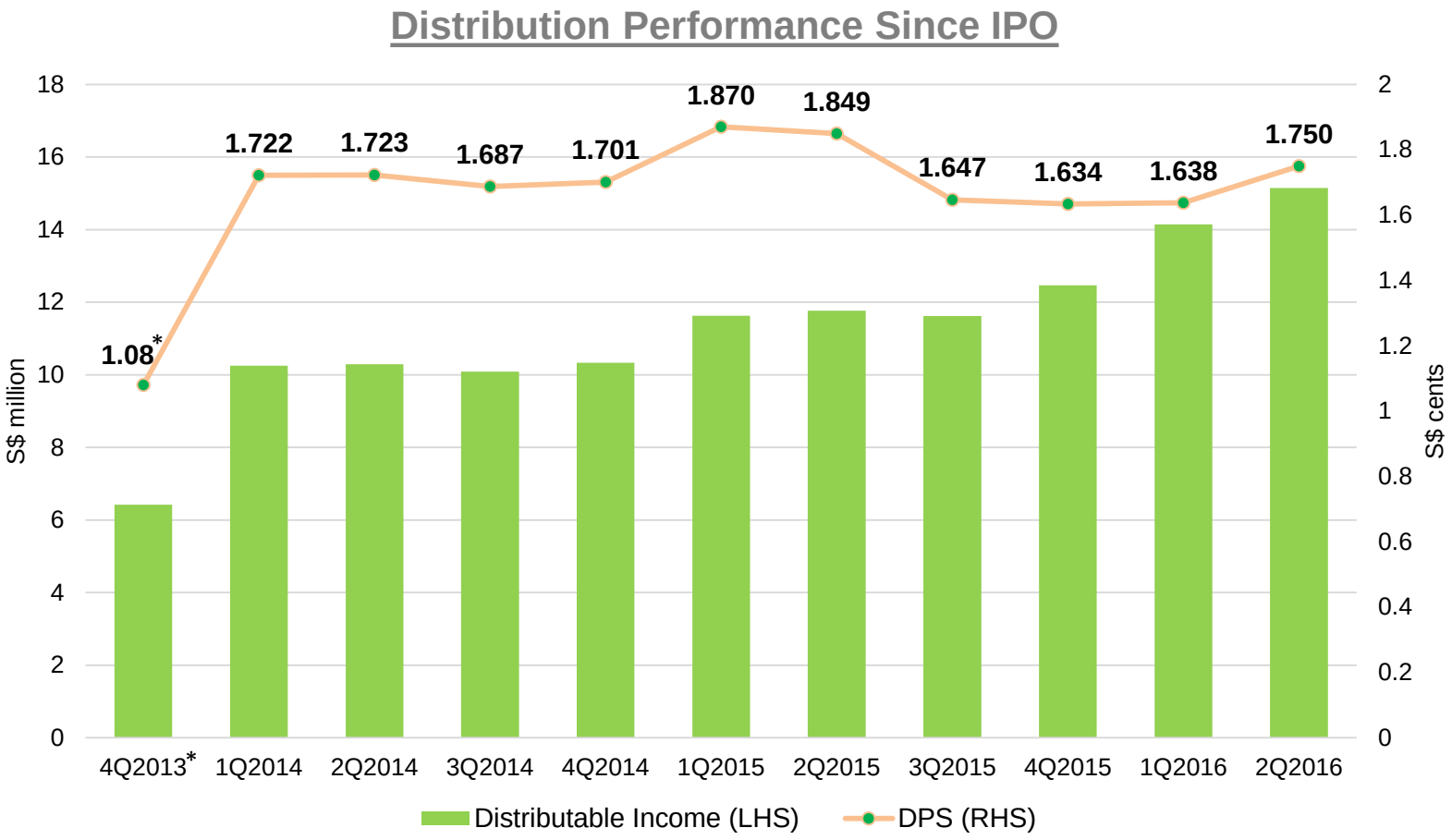
1. As VI-BT is dormant, only the distributable income of VI-REIT has been included for the purpose of calculating the DPS.

Stable Net Property Income (NPI)

NPI Performance Since IPO



Robust Distribution Performance since IPO



** Relates to the period from 4 November 2013 (the "Listing Date") to 31 December 2013.*

Distribution Details

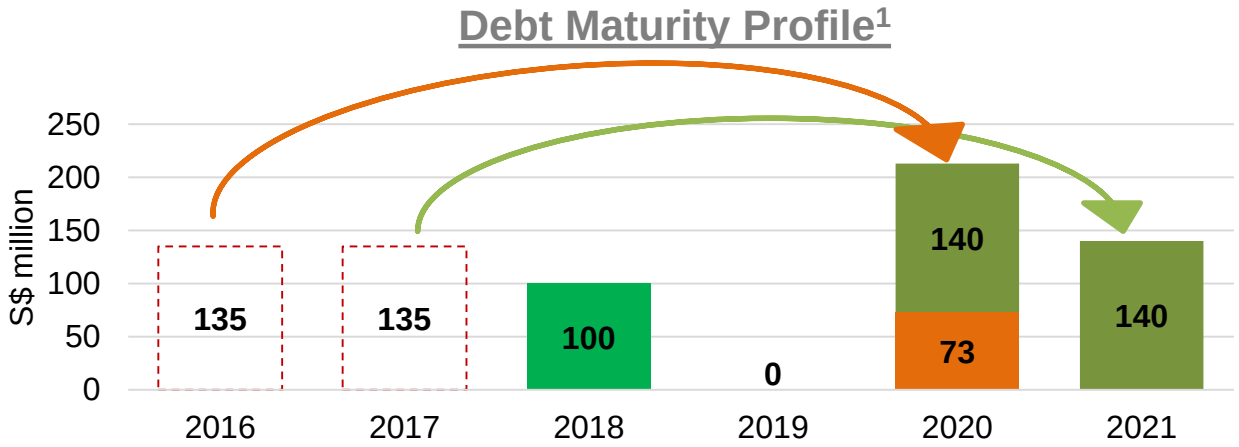
2Q2016 Distribution Details	
Distribution Period	1 April 2016 – 30 June 2016
Distribution per Stapled Security (Singapore cents)	1.750 comprising (a) taxable income – 1.466 (b) tax exempt income – 0.284
Ex-Date	2 August 2016
Books Closure Date	4 August 2016
Distribution Payment Date	29 August 2016

Financial Position

	30 Jun 2016 S$ mil	31 Dec 2015 S$ mil
Investment Properties	1,187.2	1,123.2
Other Assets	33.9	75.1
Total Assets	**1,221.1**	**1,198.3**
Borrowings (net of transaction costs)	481.7	459.2
Other Liabilities	39.1	37.5
Total Liabilities	520.8	496.7
Net Assets	**700.3**	**701.6**
No. of Stapled Securities issued and issuable (in mil)	868.1	863.1
Net Asset Value per Stapled Security (Singapore cents)	**80.7**	**81.3**

Proactive Capital Management

As at 30 June 2016	
Total Borrowings	S$488 million
Gearing Ratio (Total Borrowings over Total Assets)	40.0%
All-in Borrowing Cost	3.95%
Weighted Average Debt Maturity[1]	3.7 years
Interest Rate Exposure Fixed[2]	86.1%
Interest Cover	4.15 times
Credit Ratings assigned by S&P:	
Corporate Credit Rating	BB
MTN Series 001	BB+



1. *Excludes the revolving credit facility of S$50 million.*
2. *Based on outstanding borrowings as at 30 June 2016.*

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Strategically Located, Business Park-Focused, Quality Portfolio



✓ Planned development of Tuas Port, where all of Singapore's port operations will be consolidated

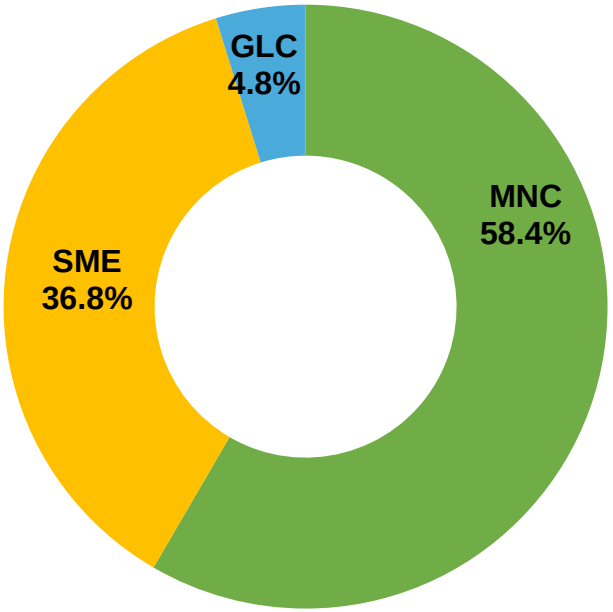
Improved Portfolio Fundamentals

Portfolio Summary		
	30 June 2016	30 June 2015
Total Number of Properties	**8**	5
Total Portfolio GFA	**3,577,360 sq ft**	2,919,323 sq ft
Net Lettable Area (NLA)	**3,001,787 sq ft**	2,346,550 sq ft
WALE (by rental income)*	**3.4 years**	3.3 years
Weighted Average Land Lease (by valuation)	**36.0 years**	37.7 years
Weighted Average Age of Buildings (by valuation)	**9.3 years**	9.4 years
Weighted Average Portfolio Occupancy *- Weighted Average Portfolio Occupancy as at Listing Date (4 November 2013)*	**87.9%** 70.1%	80.0% 70.1%
Total Portfolio Valuation	**S$1.187 billion**	S$957.4 million

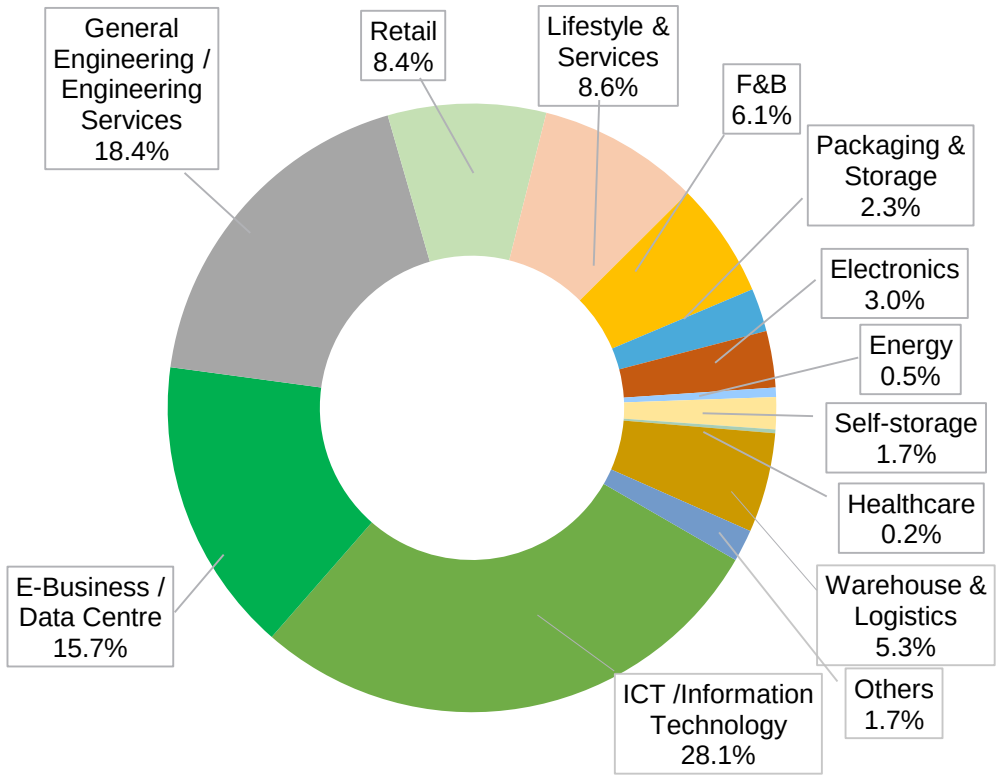
** By Rental Income - based on net property income and rental support, taking into account the master lease arrangements and rental support arrangements, assuming that renewal options are not exercised.*

Diversified Quality Tenant Mix

Breakdown of Tenant Type by Underlying Gross Rental Income*



Breakdown of Trade Sector by Underlying Gross Rental Income*

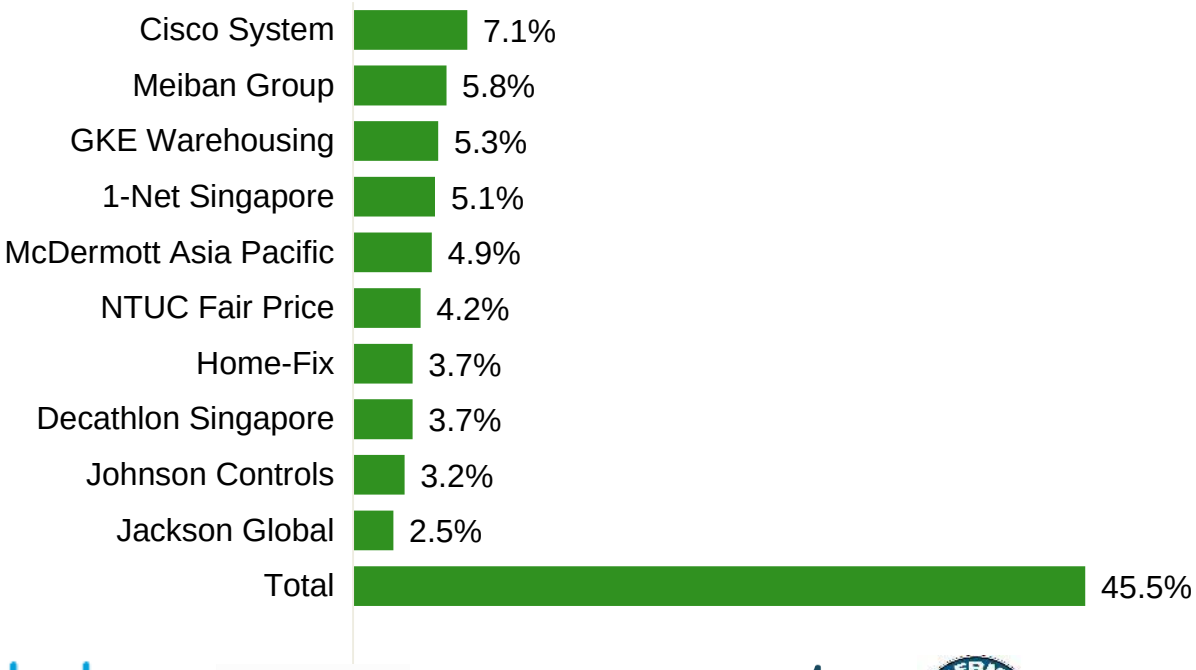


- **43.8%** of tenants are in information technology, e-business or data centre operations.
- **63.2%** of tenants are multinational corporations or government-linked corporations.
- **Minimal direct exposure** to hard-hit oil & gas energy sectors.

** Based on monthly gross rental income for the month of June 2016, excluding the rental income from the UEBH Hotel Leased Premises.*

Diversified Quality Tenant Mix*

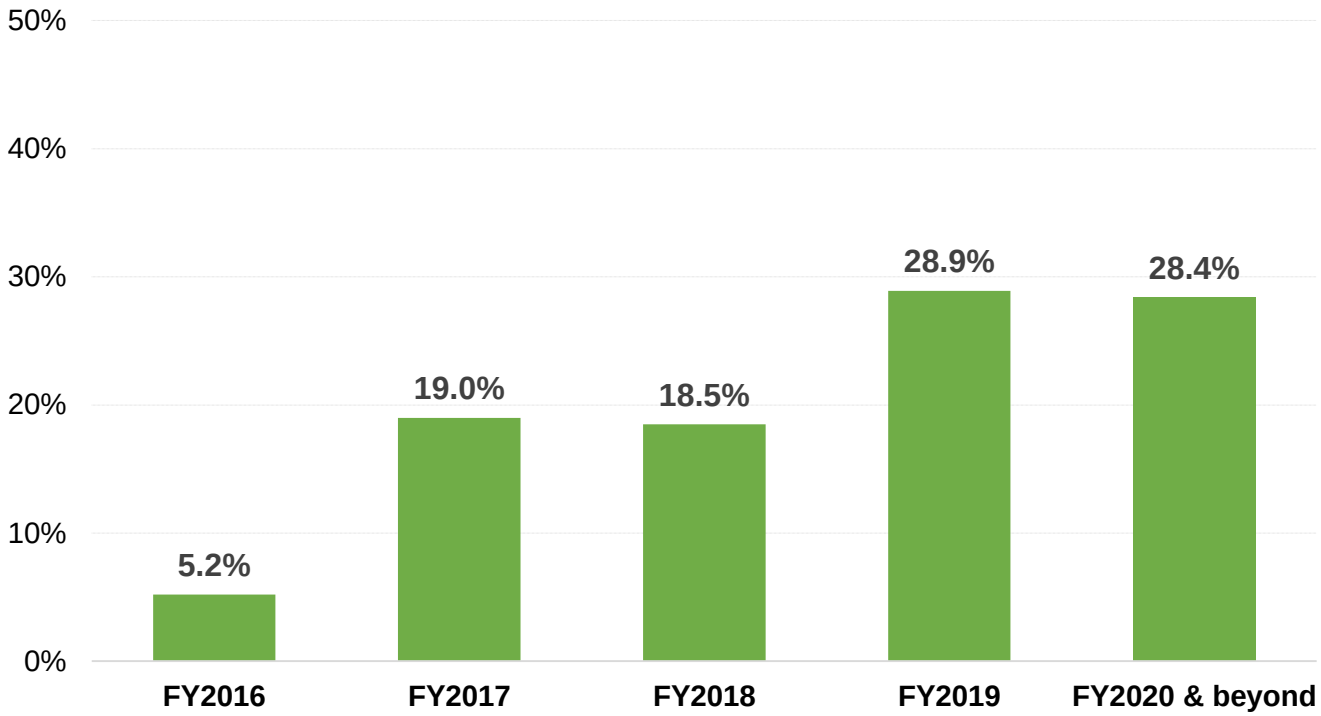
Top 10 tenants/sub-tenants account for 45.5% of monthly committed rental income



* *As at 30 June 2016, excluding United Engineers Developments Pte Ltd as lessee of the UEBH Hotel Leased Premises.*

Staggered Lease Expiry Provides Income Stability

Expiry by % of Underlying Gross Rental Income[1]



Secured approximately **269,000 sq ft** of new leases and lease renewals in first half of 2016[2].

1. *Based on committed leases as at 30 June 2016, assuming renewal options are not exercised and excluding United Engineers Developments Pte Ltd as lessee of the UEBH Hotel Leased Premises.*
2. Does not include pre-committed leases for VBP "white" space.

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Leveraging on the Potential and Resilience of Business Parks

Viva Business Park and UE BizHub EAST are well-positioned to tap on future opportunities in Changi Business Park as a new centre for growth

Challenges in the near term…

- Economic uncertainty and volatility led to weaker market conditions and business sentiments
- Business parks sector was resilient although Mapletree Business City II gained TOP with a net lettable area of approx. 1.12 mil sqft, leading vacancy to rise to 13.8% from 10.6% in the last quarter

Sources:
JTC, CBRE, Savills

Opportunities in the longer term…

Changi is a new centre for growth

Singapore government's decentralisation strategy to build **new centres for growth** outside the city, including Changi Business Park

Decentralisation trend

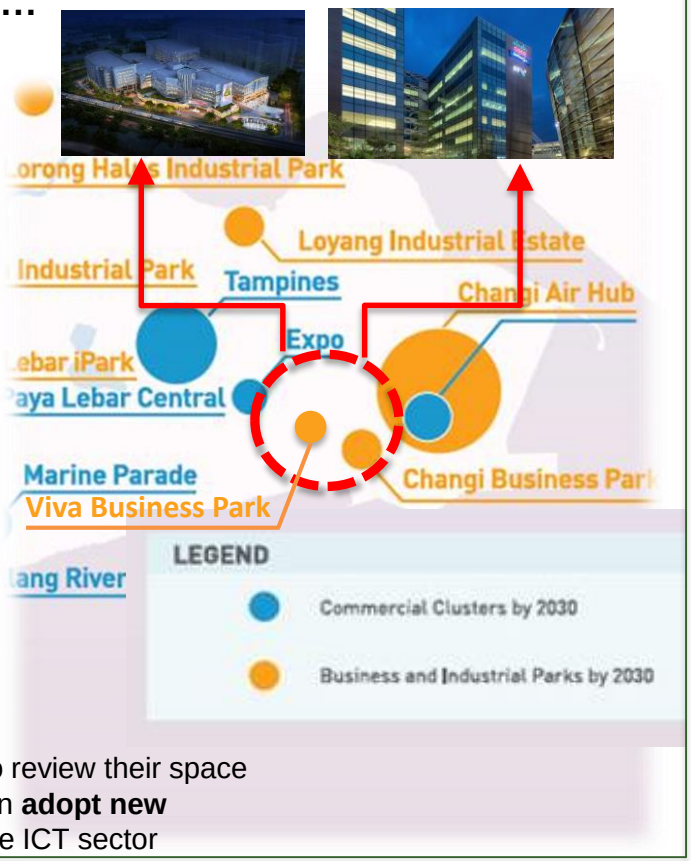
Riding on the government's decentralisation strategy, MNCs are **moving out of the CBD to the suburbs**, led by technology, media and R&D companies, as business parks offer cheaper alternative office space.

Limited new supply of business parks

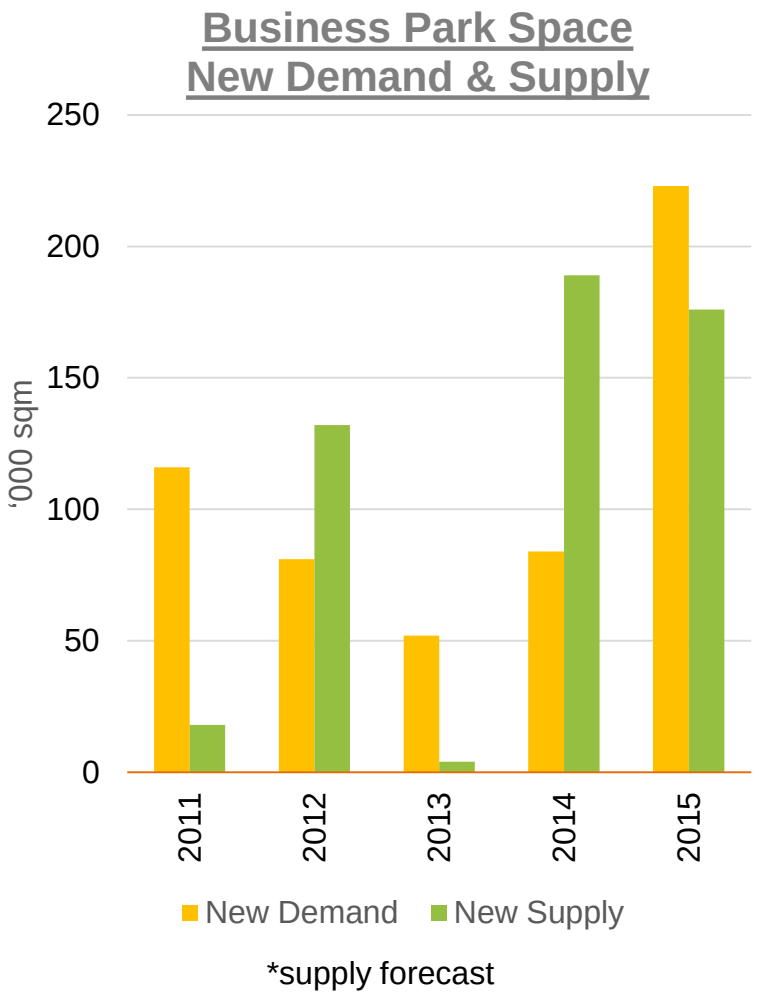
No notable supply of new business park space after 2016

New strategies to attract tenants

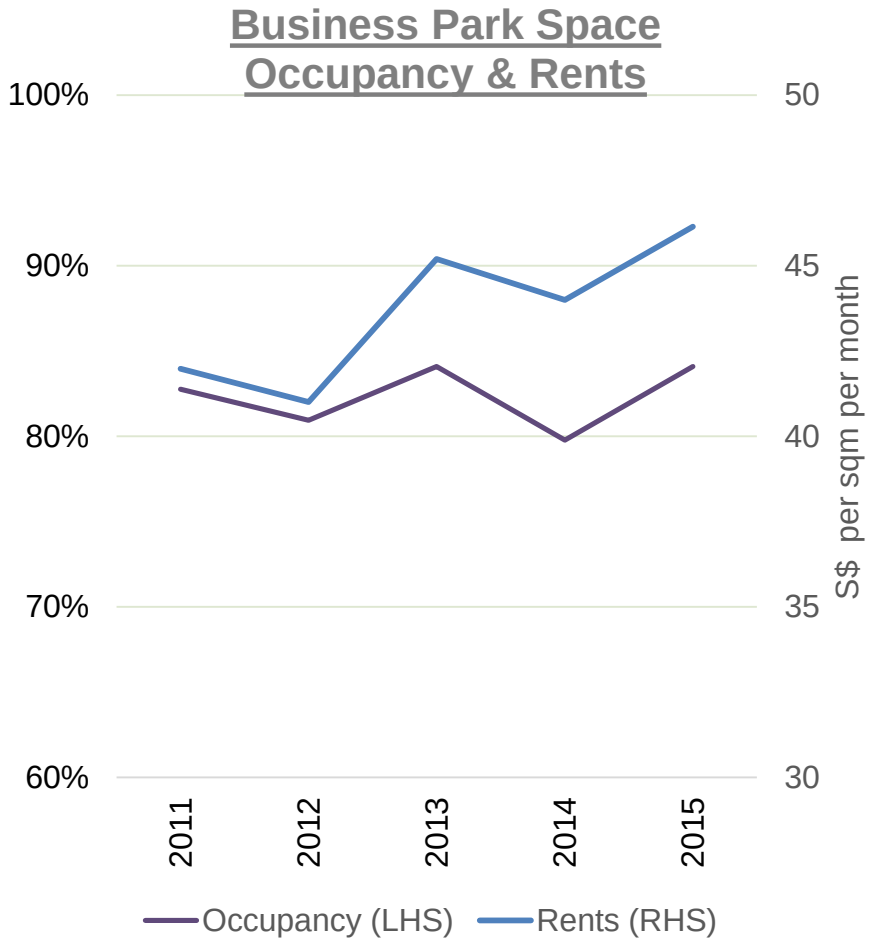
Opportune time for companies with expiring leases to review their space strategies and leverage on market conditions; VIT can **adopt new strategies to attract tenants**, particularly those in the ICT sector



Industry 4.0 – Business Park Space Needs



Source: JTC, Knight Frank Research



Source: Realis, Knight Frank Research

Clear Strategy to Enhance VIT's Value

1 Value Creating Investment Management



- Timely delivery of AEI works within budget
- Build pipeline of yield accretive acquisitions in Singapore and overseas

2 Proactive Asset & Lease Management



- Maximise tenant retentions with positive rental reversions
- Unlock value through asset enhancements
- Effective asset operating cost management

3 Prudent Capital & Risk Management

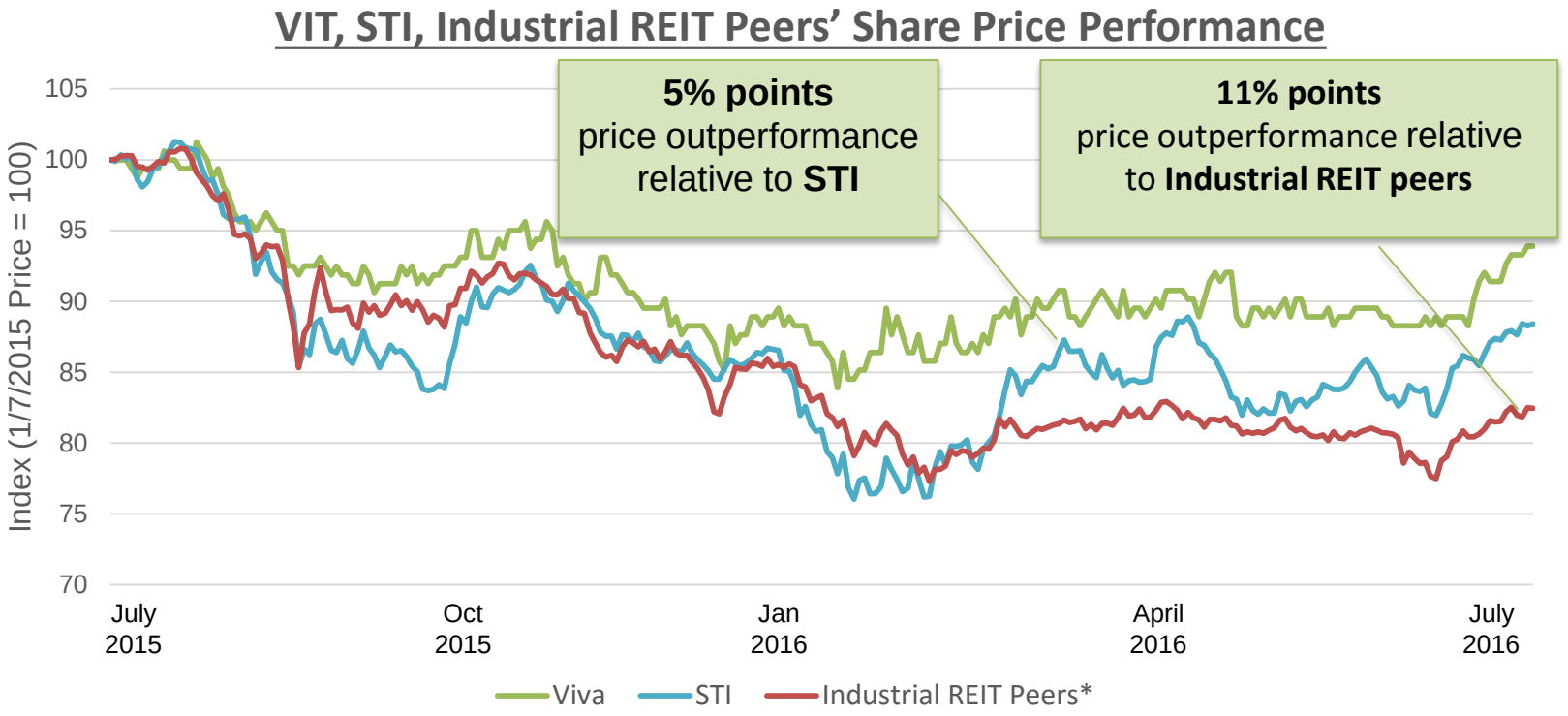


- Maintain stable DPS
- Maintain prudent financial policy with gearing ratio within 40%
- Diversify sources of funding

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VIT One-Year Performance

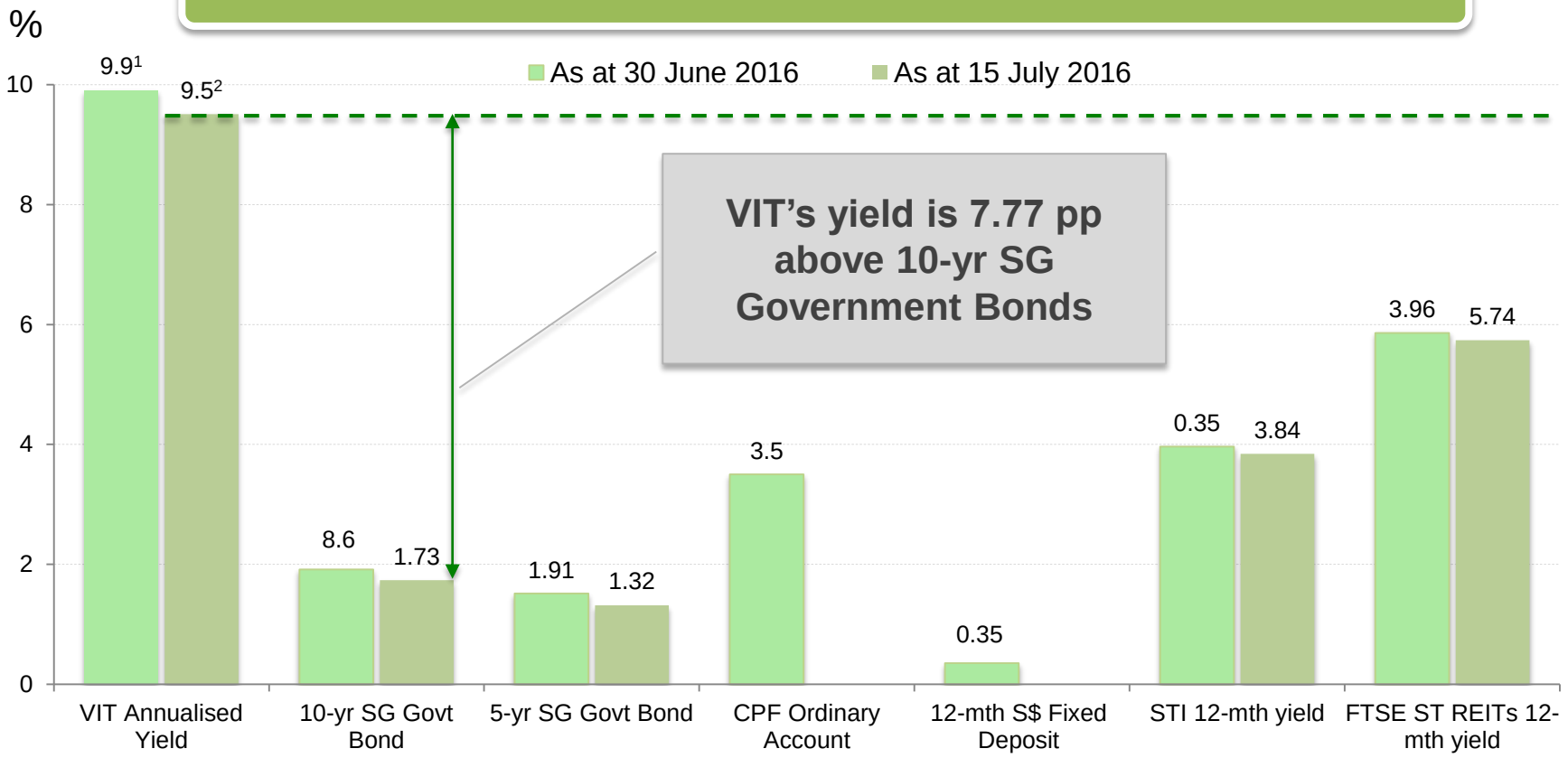


- VIT provides investors with **solely SGD exposure** with its **Singapore-based portfolio**
- VIT is a **yield-play** for investors looking to capitalize on diminishing expectations of a US Fed rate hike in the near-term due to Brexit
- VIT's share price performance **has outperformed the STI and Industrial REIT peers*** on the back of its sound fundamentals and quality underlying portfolio

** Based on the share price performance of a basket of comparable Industrial REITs.*
Source: Yahoo Finance, SGX

Attractive Yield versus Other Investments

Expectations of a prolonged low interest rate environment have compressed yields and provided tailwinds for the S-REIT sector including VIT



[1] Based on the annualised 2Q2016 DPS and Closing Price of S$0.710 as at 30 June 2016.
[2] Based on the annualised 2Q2016 DPS and Closing Price of S$0.740 as at 15 July 2016.
Source: Bloomberg, Central Provident Fund Board, Monetary Authority of Singapore, OCBC

Attractive Return on Investment since IPO

	4Q2013[1]	1Q2014	2Q2014	3Q2014	4Q2014	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016	2Q2016
Price at Quarter End (S$)	0.775	0.770	0.795	0.805	0.795	0.805	0.795	0.735	0.710	0.720	0.710
Cumulative DPS (SG cents)[2]	1.080	2.802	4.525	6.212	7.913	9.783	11.632	13.279	14.913	16.551	18.301
Price Appreciation (%)	(0.6)	(1.3)	1.9	3.2	1.9	3.2	1.9	(5.8)	(9.0)	(7.7)	(9.0)
Cumulative Distribution Yield (%)	1.4	3.6	5.8	8.0	10.1	12.5	14.9	17.0	19.1	21.2	23.5
Total Return (%)[3]	**0.8**	**2.3**	**7.7**	**11.2**	**12.0**	**15.7**	**16.8**	**11.2**	**10.1**	**13.5**	**14.5**



Scenario: Distribution yield based on annualised 2Q2016 DPS of S$0.07038								
Price	S$0.690	S$0.700	S$0.710	S$0.720	S$0.730	S$0.740	S$0.750	S$0.760
Annualised Distribution Yield	10.2%	10.1%	9.9%	9.8%	9.6%	9.5%	9.4%	9.3%

1. *Relates to the period from the Listing Date (4 November 2013) to 31 December 2013.*
2. *Assume that a Stapled Securityholder has been holding the Stapled Securities in VIT since the listing of VIT on 4 November 2013.*
3. *Sum of cumulative distribution and capital appreciation over the IPO issue price of S$0.780.*

Summary

1



Best in Class Portfolio Anchored by Sizeable Integrated Business Park Developments

- Integrated Business Park developments attract quality tenants by providing complementary amenities that enliven the workplace.
- **UE BizHub East** is an unique business park development integrated with a 251 room-key hotel, convention centre and retail component, while **Viva Business Park** has significant “white” component.

2



Clear Growth Strategy for 2016

- Asset Enhancement Initiative at Viva Business Park to drive **returns upside in 2016-17**.
- Completion of acquisition of **11 Ubi Road 1, Home-Fix Building** and **30 Pioneer Road** will contribute to revenue and distributions growth.

3



Attractive Yield Play with Stable Long-Term Distributions

- VIT has provided attractive returns on investment since IPO. Its share price has also outperformed the STI.
- VIT provides investors with stable distributions and long-term growth potential in asset value.

Thank you

VIVA iTRUST

