Viva Industrial Trust

REITs Symposium
23 May 2015



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- Overview
- Investment Highlights
- Portfolio Highlights
- AEI – Project Viva City
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Overview of VIT

- A Stapled Group comprising **Viva Industrial Real Estate Investment Trust** ("VI-REIT") and **Viva Industrial Business Trust** ("VI-BT").
- Listed on SGX Mainboard on **4 Nov 2013,** SGX symbol **T8B**
- Market Capitalisation of **S$511.33 million** as at 18 May 2015
- Focuses on investing in quality industrial real estate in Singapore
- **5 quality properties** with **16 buildings** valued at **S$852.6 million**
- **2.9 million** sq ft of GFA
- **2.3 million** sq ft of NLA
- **76.2%** of the underlying gross rental income contributed by **MNCs and GLCs**

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Investment Highlights

1 Diversified portfolio with attractive yield

- Properties are **strategically located** in key business parks and established industrial clusters **delivering attractive yield**

2 Quality assets with strong tenant covenant

- **GLCs and MNCs** account for **76.2%** of underlying gross rental income

3 Stable income with embedded growth

- **Master leases** with **built-in rental escalations** and **multi-tenanted leases with staggered expiry** providing income stability

4 Strong cornerstone and sponsor support

- Sponsors - **Ho Lee Group Pte. Ltd.** and **Kim Seng Holdings Pte. Ltd.**
- Cornerstone Investor – **Shanghai Summit (Group) Co., Ltd.**

5 Experienced management with good track record

- **Mr. Wilson Ang** was the co-founder and former CEO of Cambridge Industrial Trust Management Limited

1Q2015 Key Highlights

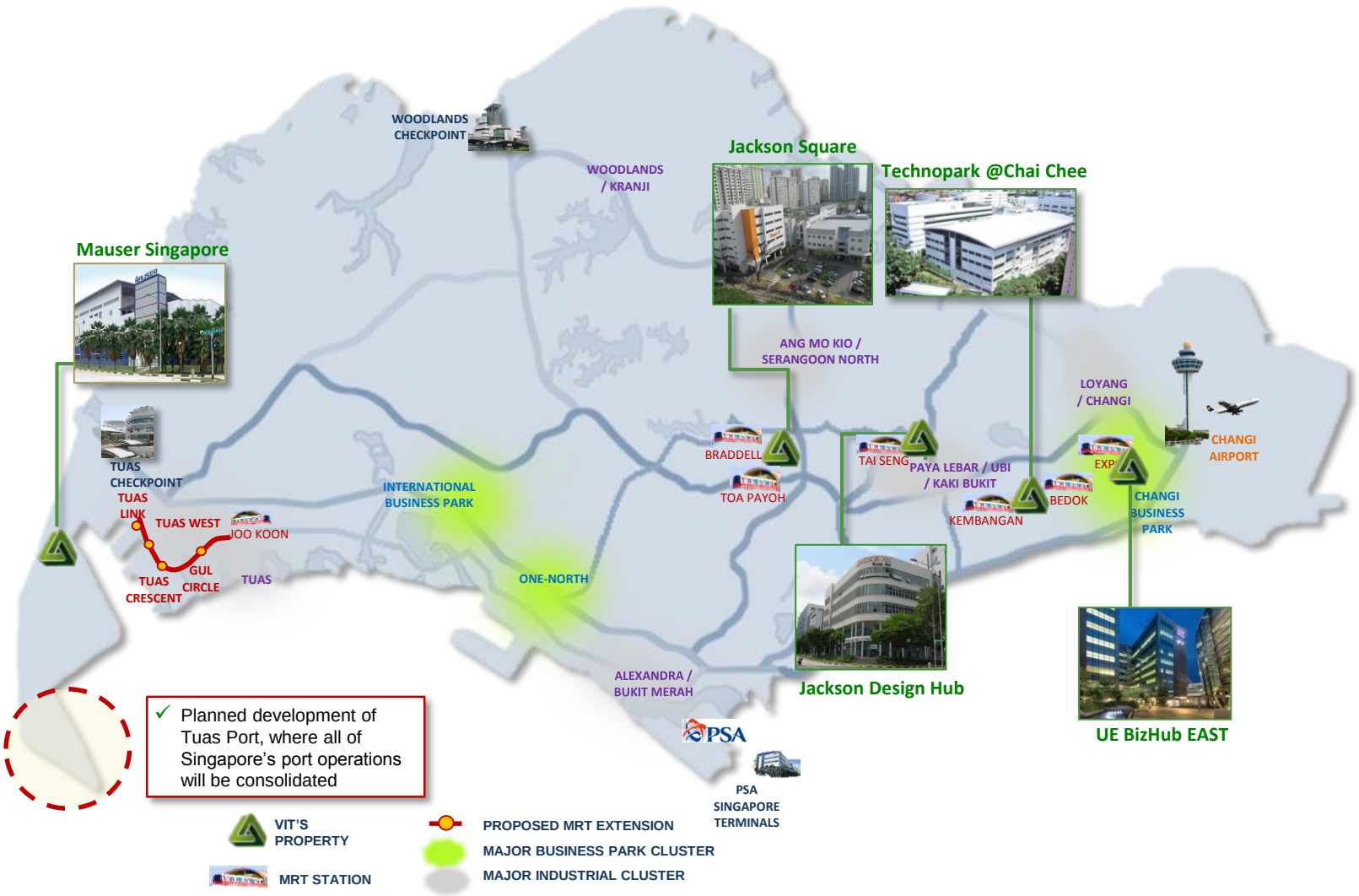
- ✓ Gross revenue increased by **20.8%** year-on-year to **S$18.1 million**
- ✓ Distributable income grew **13.4%** year-on-year to **S$11.6 million**
- ✓ DPS increased by 8.6% year-on-year to **1.870 cents**
- ✓ Attractive distribution yield of **9.4%**[1] (**9.7%** based on IPO price of S$0.780)
- ✓ Obtained provisional permission and plan endorsement from URA and HDB respectively, for the asset enhancement initiative ("AEI") at Technopark@Chai Chee ("TPCC")
- ✓ Secured global sports retail giant, Decathlon, as its first retail anchor tenant for its AEI at TPCC

1. *Based on closing price of S$0.805 as at 31 March 2015.*

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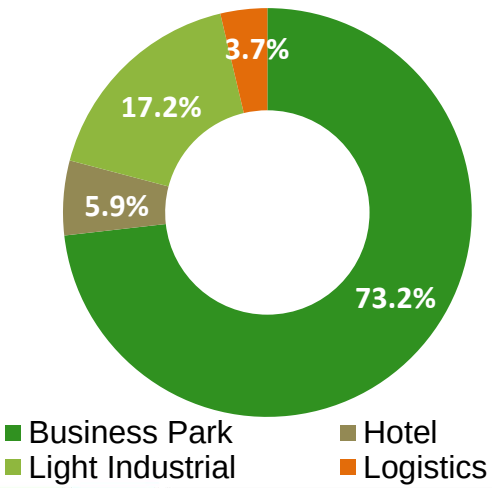
Strategically Located Quality Portfolio



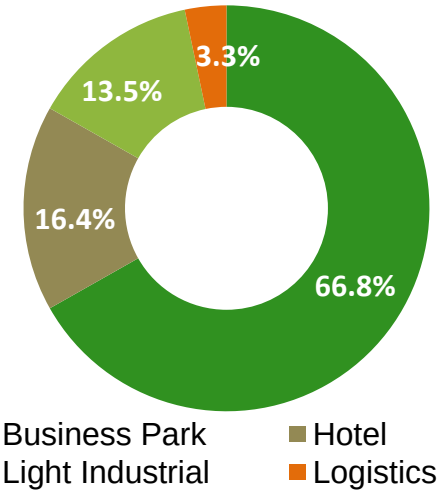
Business Park Focused Portfolio

Portfolio Summary	
Total Number of Properties	**5**
Total Portfolio GFA (sq ft)	**2,919,911 sq ft**
Net Lettable Area (NLA)	**2,346,409 sq ft**
WALE (by rental income)*	**3.6 years**
Weighted Average Land Lease (by valuation)	**40.6 years**
Weighted Average Age of Building (by valuation)	**7.6 years**
Total Portfolio Value	**S$852.6 million**

Asset Type by GFA



Asset Type by Valuation



** By Rental Income - based on net property income and rental support for the month of March 2015, taking into account the master lease arrangements and rental support arrangements, assuming that renewal options are not exercised.*

Key Competitive Strengths of Portfolio Properties

UE BizHub EAST
(Business Park Component)

Value:	S$374.0mn*
GFA:	611,471 sq. ft.
Age:	2.9 years
Remaining Land Lease:	53 years
Occupancy:	85%
No of tenants:	32



- Relatively new property (TOP in April 2012)
- Strategically located at the heart of Changi Business Park (CBP) Adjacent to Expo MRT station & direct link to upcoming Down Town Line Station
- Unique integrated mixed-use business park development
  - Zoned Business Park White(1)
    > Allows for up to 40% of total GFA to be allocated for "white uses"
  - Awarded Green Mark Gold^{Plus} > Highly valued by MNC tenants

UE BizHub EAST
(Hotel Component)

Value:	S$140.0mn*
GFA:	172,532 sq. ft.
Age:	2.9 years
Remaining Land Lease:	53 years
Occupancy:	100%
No of tenants:	5



- Relatively new hotel (TOP in May 2012)
- One of the only two hotels at the heart of CBP
- Managed under the award-winning "Park Avenue" brand
- Awarded Green Mark Gold

** As at 31 December 2014*

Key Competitive Strengths of Portfolio Properties

Technopark@Chai Chee

Value:	S$195.3mn*
GFA:	1,524,685 sq. ft.
Age:	21.8 years
Remaining Land Lease:	16 years
Occupancy:	64%
No of tenants:	68



- Only business park development in the vicinity
- Diverse mix of tenants from multiple trade sectors
- Significant enhancement opportunities with rezoning from industrial to business park in 2008
- Close proximity to Bedok Town Centre with easy access to MRT stations and bus interchange

Mauser Singapore

Value:	S$28.0mn*
GFA:	107,566 sq. ft.
Age:	2.8 years
Remaining Land Lease:	51 years
Occupancy:	100%
No of tenant:	1



- Relatively new two-storey ramp-up logistics facility (TOP in June 2012)
- Increase operational efficiency and reduce long term maintenance cost
- Benefit from the expected consolidation of container port activities at Tuas
- Leased to Mauser Group, a worldwide leading provider of industrial packaging solutions

** As at 31 December 2014*

Key Competitive Strengths of Portfolio Properties

Jackson Square

Value:	S$82.0mn*
GFA:	418,586.3 sq. ft
Age:	5.3 years
Remaining Land Lease:	14.1 years
Occupancy:	80.1%
No of tenants:	11



- Four blocks of 2 to 6-storey light industrial complex located in Toa Payoh
- Major refurbishment completed in 2008
- Located within densely populated area with easy access to amenities and labor supply
- Well-served by arterial roads and expressways PIE and CTE
- Walking distance to Braddell and Toa Payoh MRT stations

Jackson Design Hub

Value:	S$33.4mn*
GFA:	85,070.3 sq. ft.
Age:	6.1 years
Remaining Land Lease:	52.1 years
Occupancy:	100%
No of tenant:	1

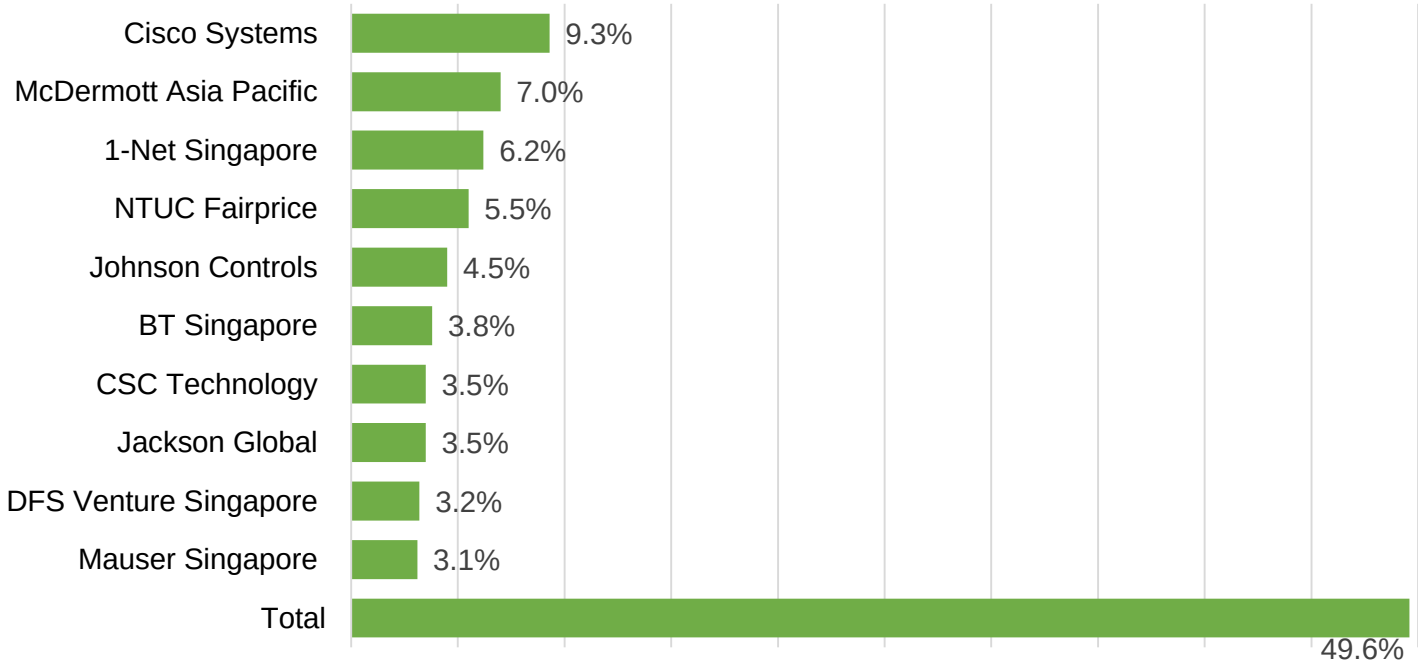


- 5-storey modern light industrial building with basement car park located in Tai Seng
- Located within Paya Lebar iPark, a location master-planned as an industrial park for the 21st century
- Short walking distance to Tai Seng MRT station
- Easy access to KPE and PIE

** As at 31 December 2014*

Diversified Quality Tenant Mix*

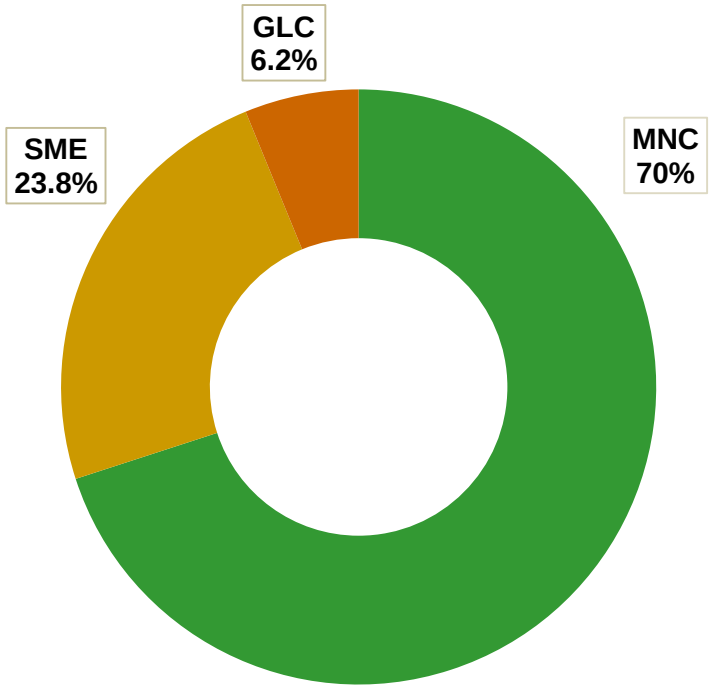
Top 10 tenants/sub-tenants account for 49.6% of monthly committed rental income



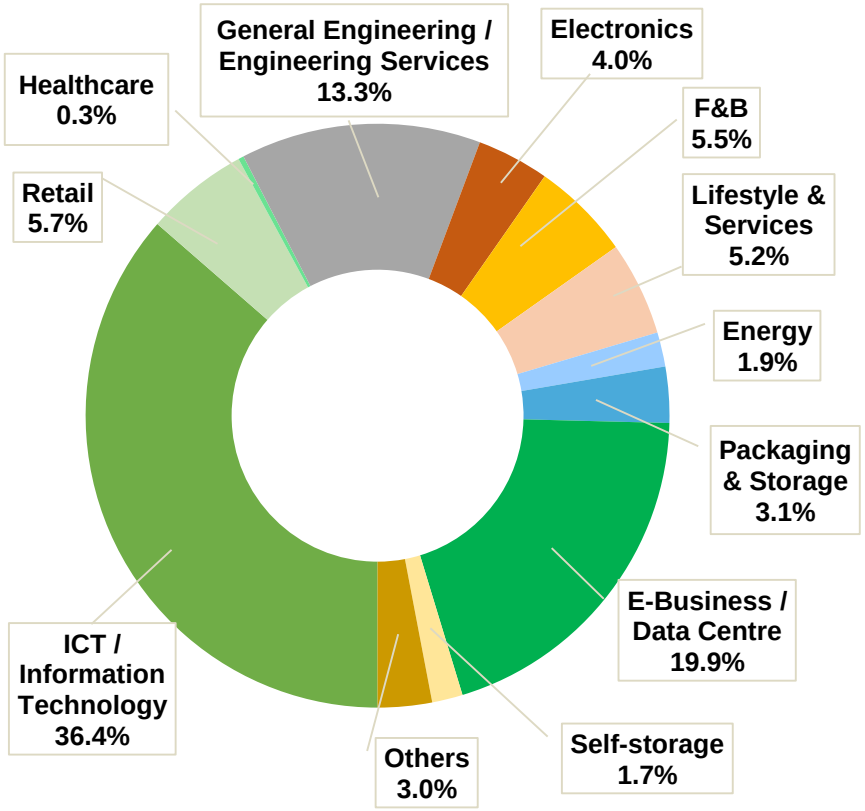
* *As at 31 March 2015. Excluding United Engineers Developments Pte Ltd as lessee of the UEBH Hotel Leased Premises*

Diversified Quality Tenant Mix

Breakdown of Tenant Type by Underlying Gross Rental Income*

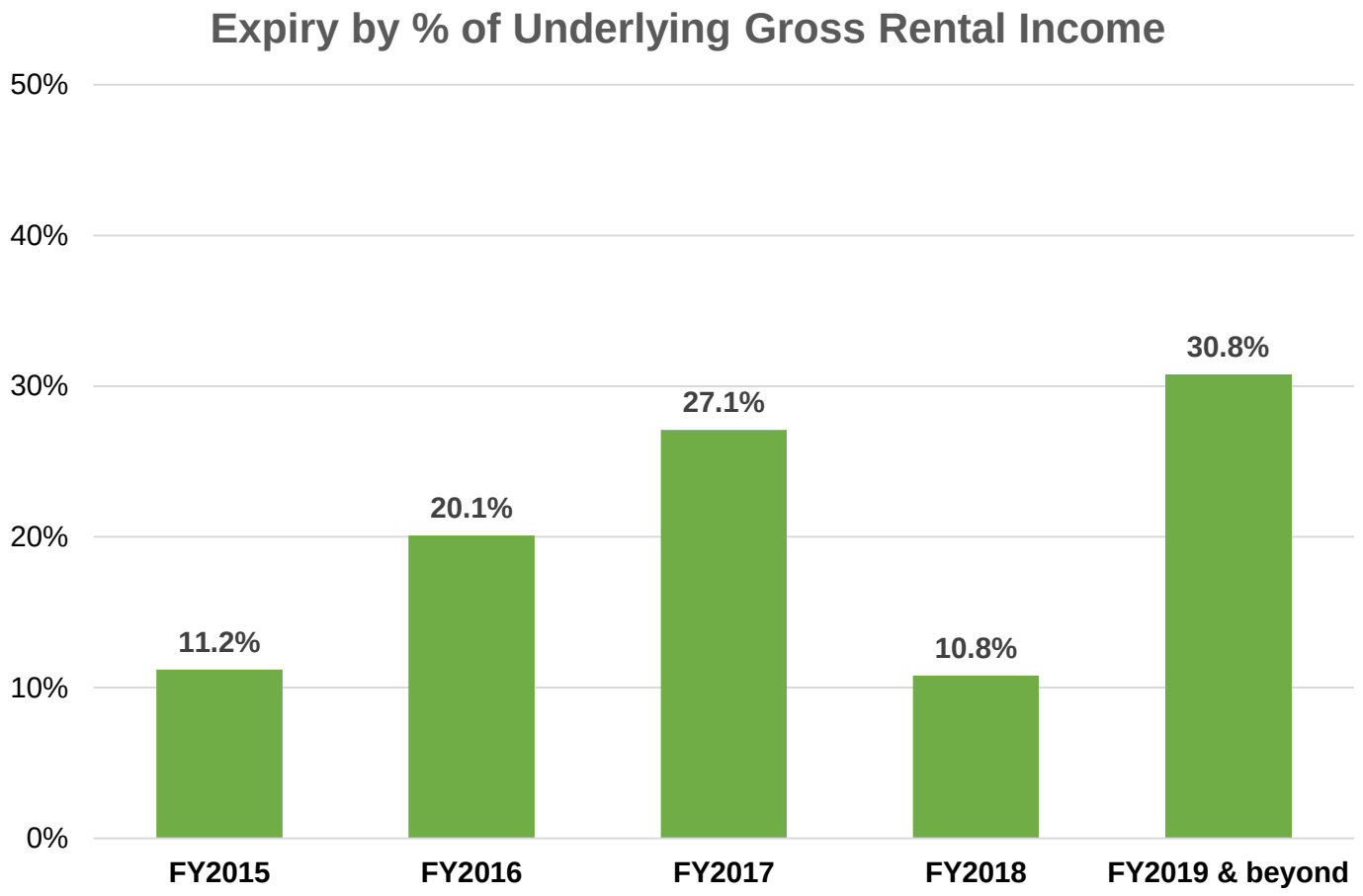


Breakdown of Trade Sector by Underlying Gross Income*



** Based on monthly gross rental income for the month of March 2015, excluding the rental income from the UEBH Hotel Leased Premises.*

Staggered Lease Expiry Provides Income Stability

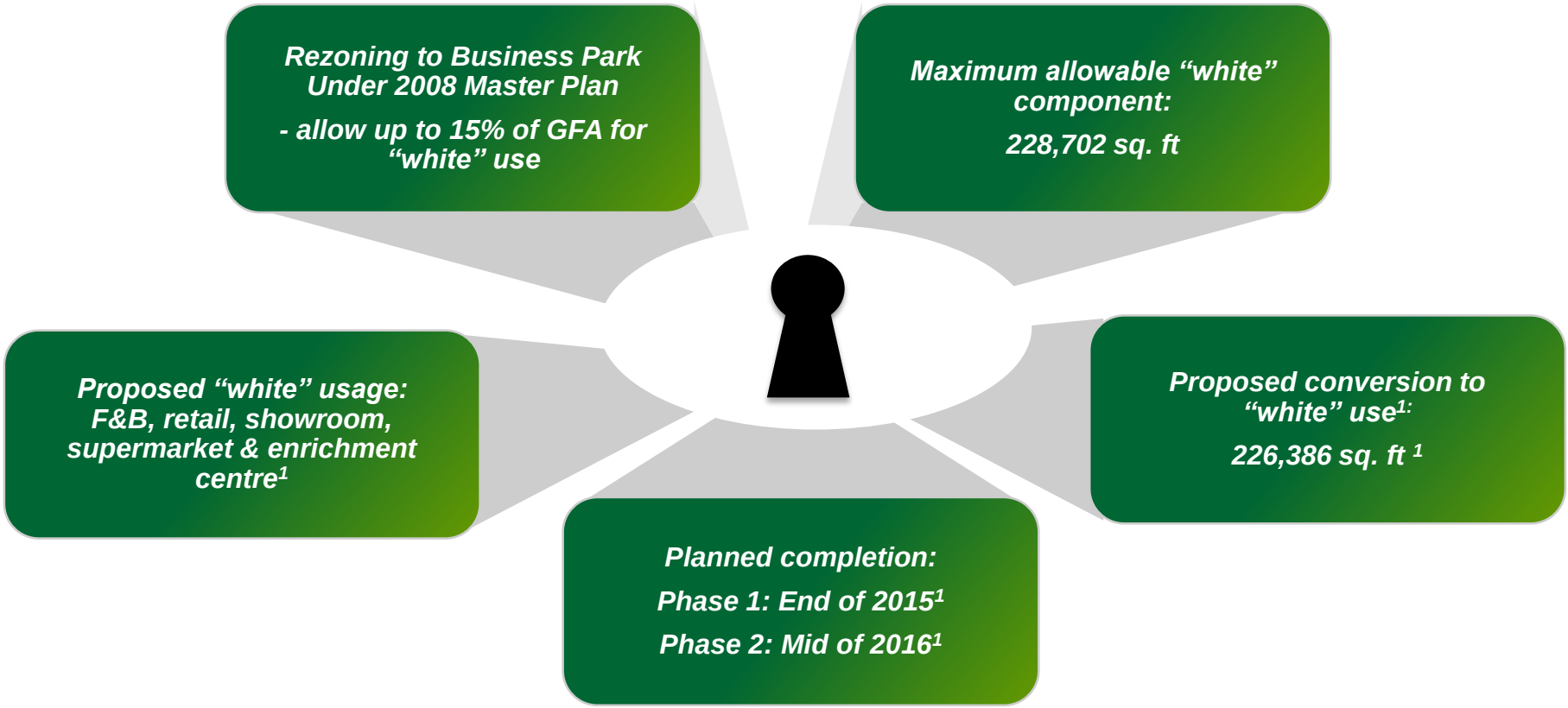


** Based on committed leases as at 31 March 2015, assuming renewal options are not exercised and excluding United Engineers Developments Pte Ltd as lessee of the UEBH Hotel Leased Premises.*

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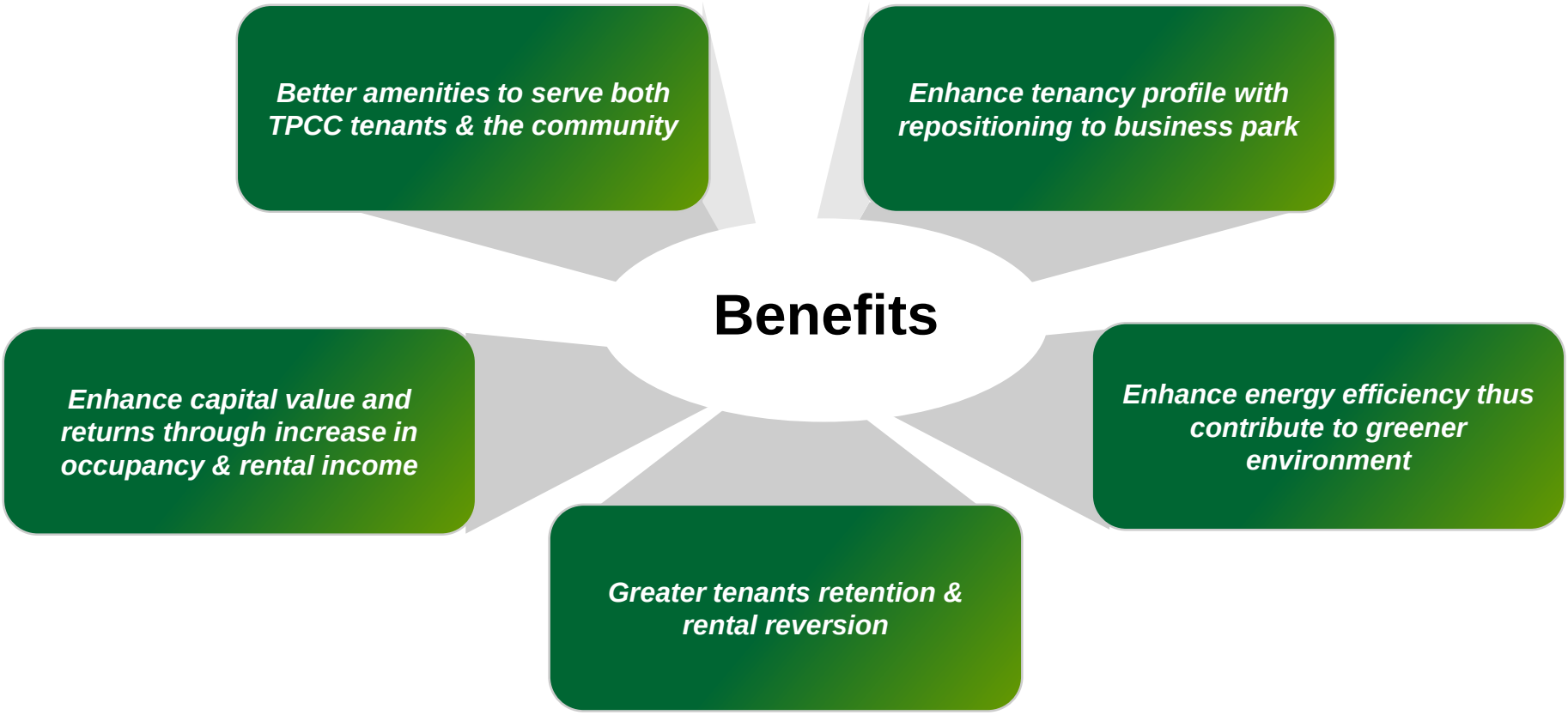
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Unlocking Value of Technopark@Chai Chee Through Project Viva City

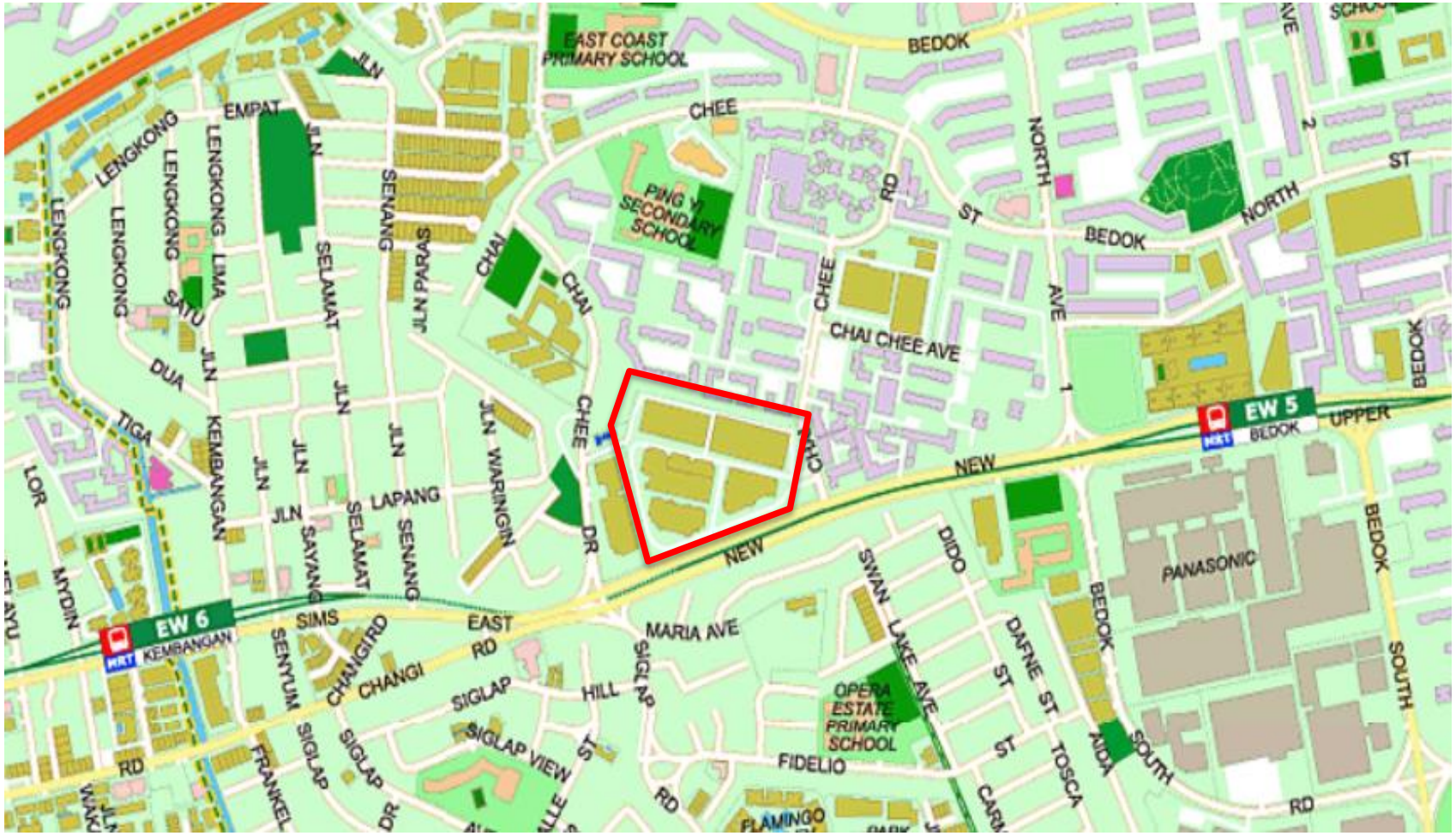


1. *Subject to final approvals from relevant authorities.*

Unlocking Value of Technopark@Chai Chee Through Project Viva City



Project Viva City - Site Plan



*Project Viva City - Perspective



** Project naming rights and artist's impression are subject to final confirmation.*

*Project Viva City - Perspective



A Perspective[1] of Technopark@Chai Chee post AEI incorporating lifestyle facilities that enhances the overall environment and convenience for the tenants and surrounding residents with retails, F&B and other commercial uses

** Project naming rights and artist's impression are subject to final confirmation.*

*Project Viva City – Perspective – 750B



** Project naming rights and artist's impression are subject to final confirmation.*

Pre-committed Anchor Tenants

22%* of pre-committed leases obtained

- **Decathlon Singapore Pte. Ltd.**
  - Wholly owned subsidiary of Decathlon S.A., one of the world's largest sports retailer
  - Operates 909 stores and employs 63,000 people in 24 countries
  - Premises at Technopark @ Chai Chee, approximately 35,000 square feet, will their first flagship store in Singapore
  - First flagship store in SEA, target to operate as early as end 2015



Decathlon's store in France



Decathlon's store in Taiwan

- **OWL Cafés**
  - First in Singapore drive-thru concept with Straits Asian dining facility

*Based on total "White" use

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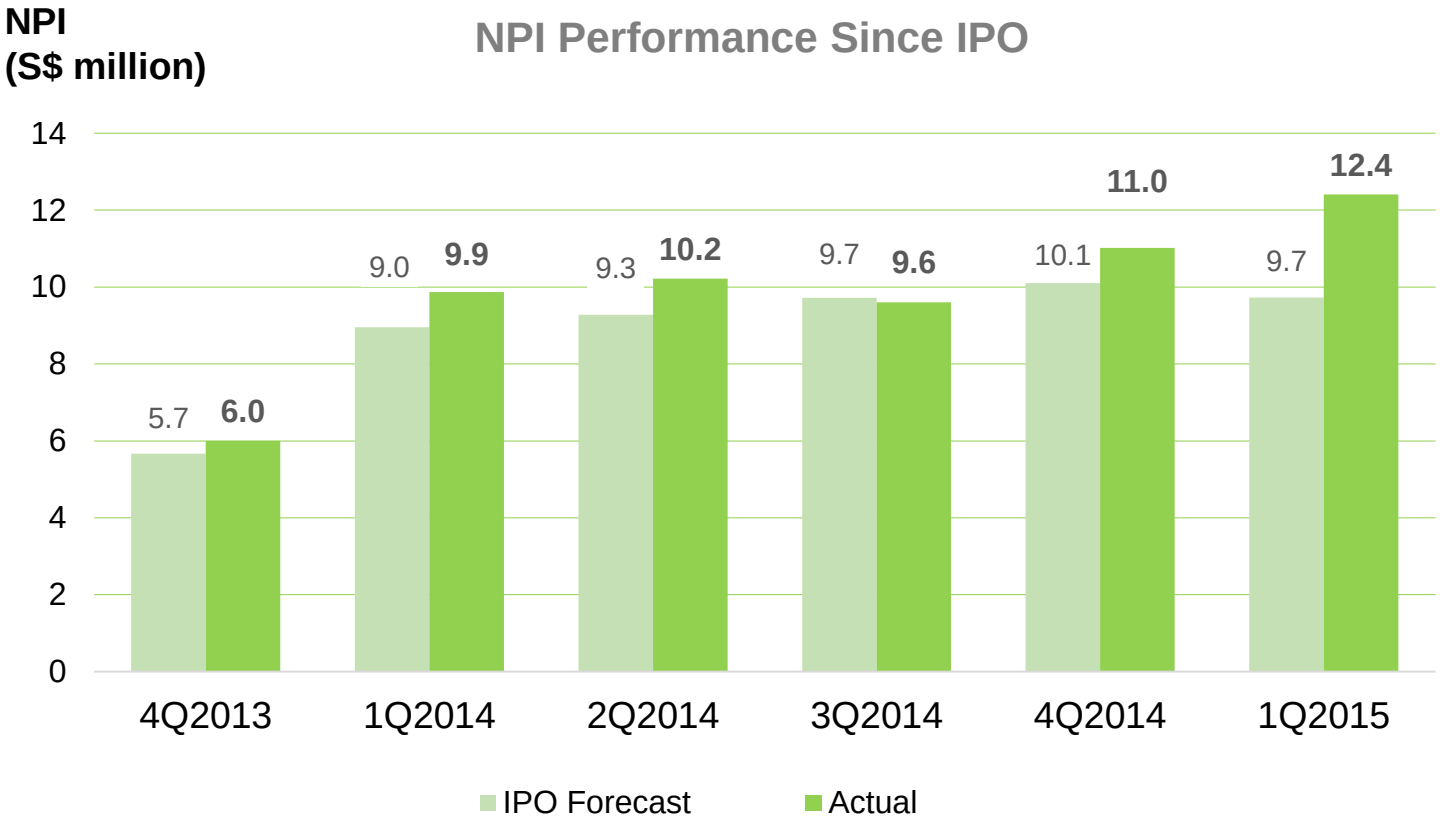
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Financial Performance

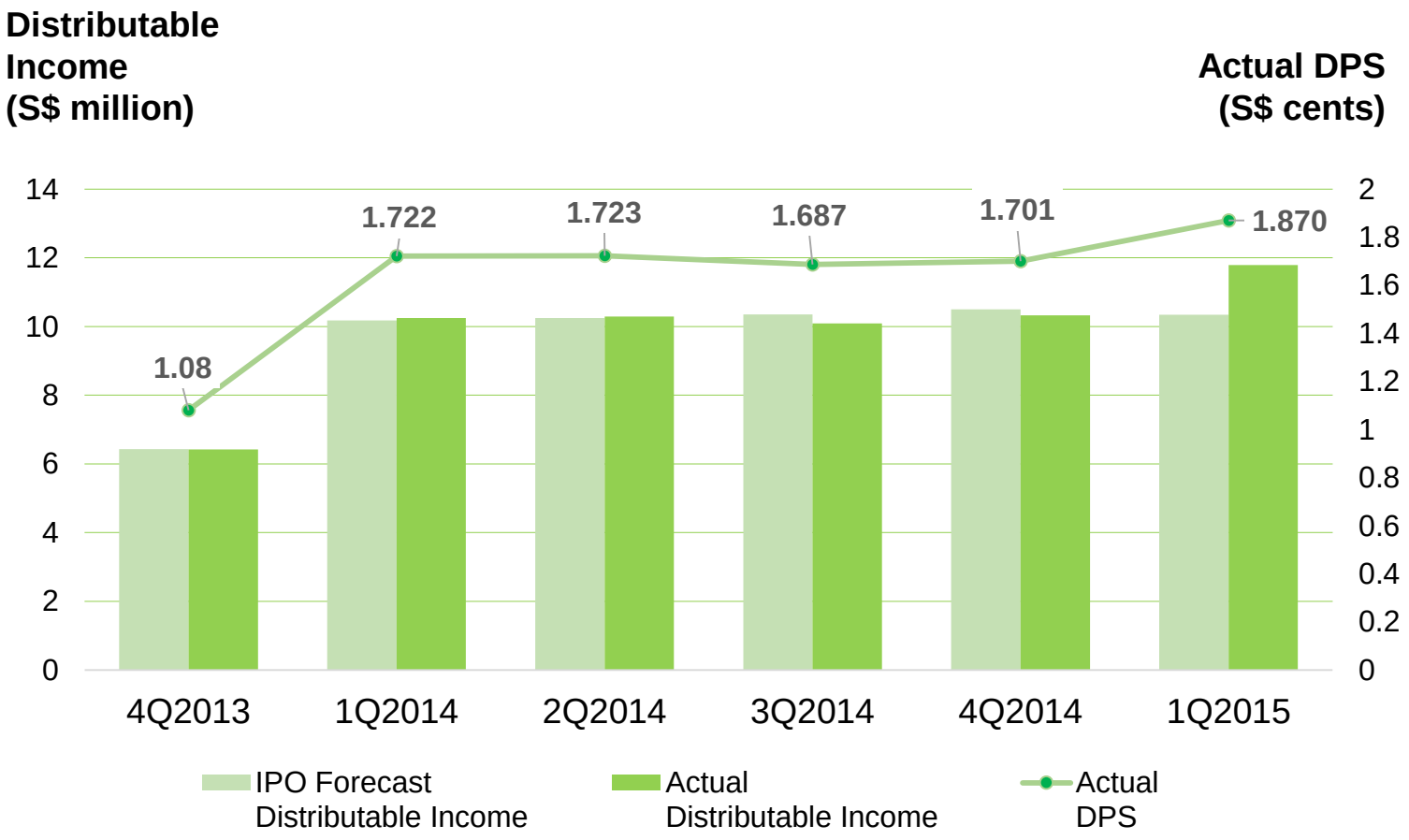
	1Q2015		
	Actual	**Forecast [1]**	**Variance**
Gross Revenue (S$'000)	**18,084**	14,828	▲ 22.0%
NPI (S$'000)	**12,414**	9,731	▲ 27.6%
Distributable Income[2] (S$'000)	**11,628**	10,341	▲ 12.4%
DPS (SG cents)	**1.870**	1.663	▲ 12.5%
Annualised DPS (SG cents)	**7.584**	NA	NA
Distribution Yield:			
Based on IPO price of S$0.780	**9.7%**	9.0%	▲ 7.8%
Based on closing price of S$0.805 as at 31 March 2015	**9.4%**	NA	NA

1. *The forecast figures are derived from the corresponding period of the full year projection for 2015 as disclosed in the IPO prospectus dated 28 October 2013.*
2. *Distributions of the Stapled Group represent the aggregate of distributions by VI-REIT Group and VI-BT. The distributions of the Stapled Group are contributed solely by VI-REIT Group as VI-BT remains inactive. Accordingly, only the income available for distribution of VI-REIT Group has been included for the purpose of calculating the Distribution per Stapled Security.*

Net Property Income (NPI) Exceeds IPO Forecast



Steady Growth of Distribution Since IPO



Attractive Return on Investment since IPO

	FP2013[1]	1Q2014	2Q2014	3Q2014	4Q2014	1Q2015
Price at Quarter End (S$)	0.775	0.770	0.795	0.805	0.795	0.805
Cumulative DPS (SG cents)[2]	1.080	2.802	4.525	6.212	7.913	9.783
Price Appreciation (%)	(0.6)	(1.3)	1.9	3.2	1.9	3.2
Cumulative Distribution Yield (%)	1.4	3.6	5.8	8.0	10.1	12.5
Total Return (%)[3]	**0.8**	**2.3**	**7.7**	**11.2**	**12.0**	**15.7**

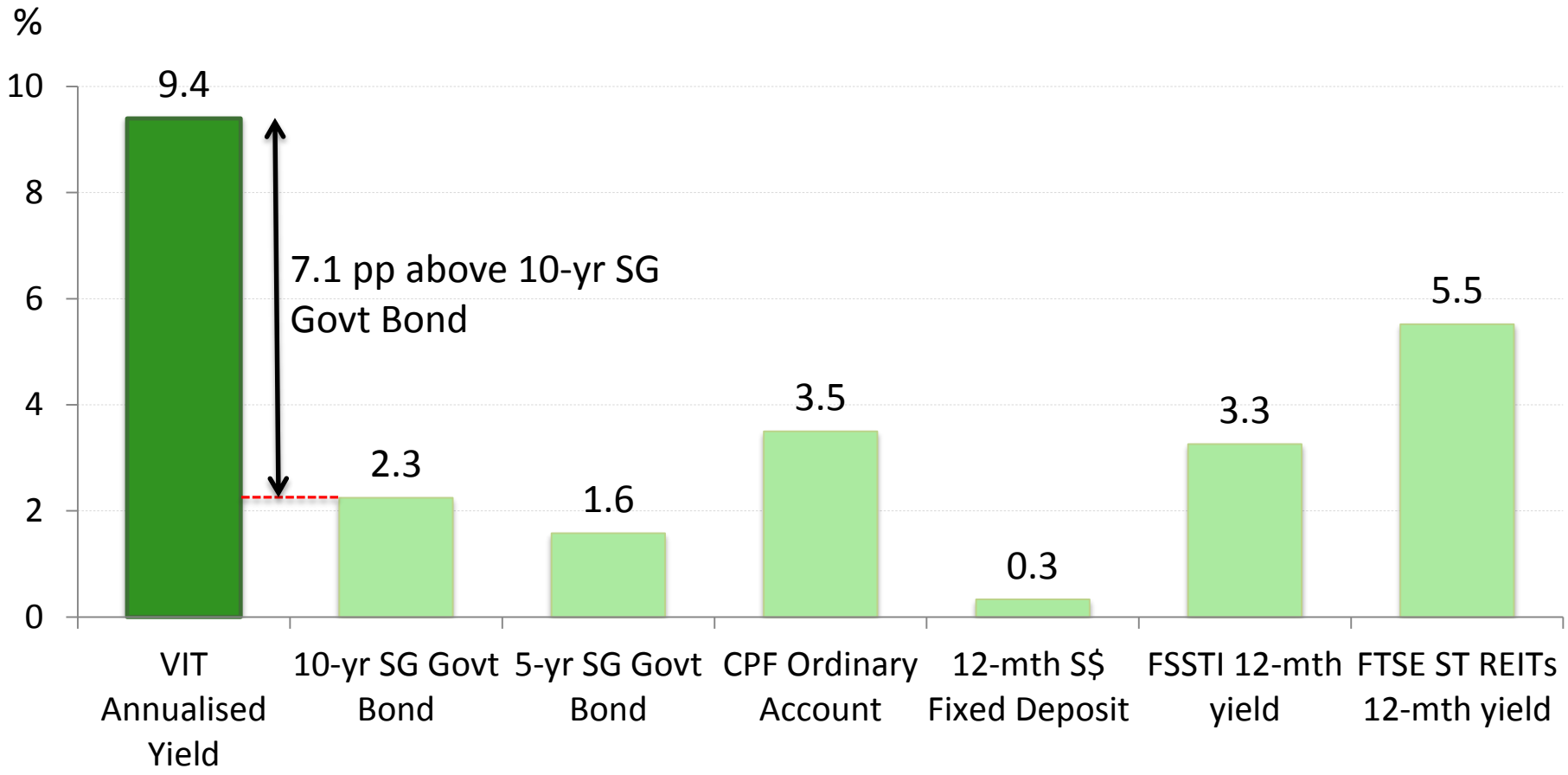
Price Performance since IPO



Scenario: Price growth and distribution yield based on 1Q2015 annualised DPS of S$0.0758												
Price	S$0.780	S$0.790	S$0.800	S$0.805	S$0.810	S$0.820	S$0.830	S$0.840	S$0.850	S$0.860	S$0.870	S$0.880
Annualised Distribution Yield	9.7%	9.6%	9.5%	9.4%	9.3%	9.2%	9.1%	9.0%	8.9%	8.8%	8.7%	8.6%

1. *For the period from 23 August 2013 to 31 December 2013.*
2. *Assume that a unitholder has been holding the units 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.*

Attractive Yield Versus Other Investments



** VIT Annualised Yield is computed based on the Annualised DPS for 1Q2015 and Closing Price of S$0.805 as at 31 March 2015*

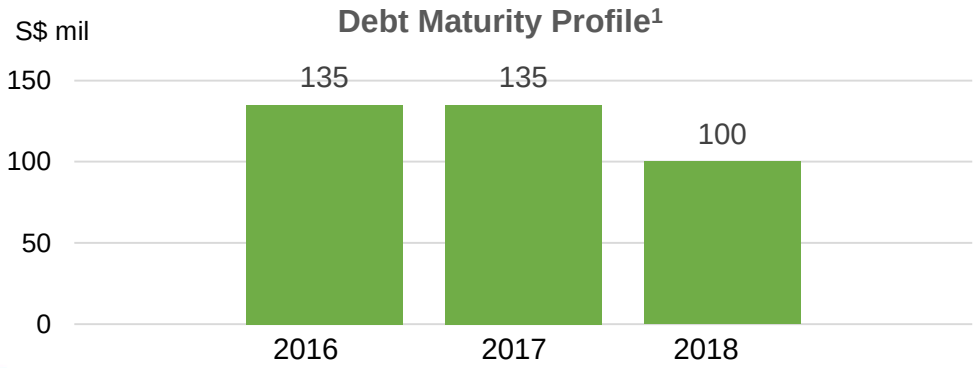
Source: Bloomberg, Central Provident Fund Board, Monetary Authority of Singapore, as at 19 May 2015

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Capital Management

As at 31 March 2015	
Total Borrowings	S$385 million
Gearing Ratio (Total Borrowings over Total Assets)	43.4%
All-in Borrowing Cost	3.83%
Weighted Average Maturity[1]	2.5 years
Interest Rate Exposure Fixed[2]	85.7%
Interest Cover	4.7 times
Credit Ratings assigned by Standard & Poor's:	
Corporate Credit Rating	BB +
MTN Programme	BBB -
MTN Series 001	BBB -



1. *Excludes the outstanding revolving credit facility of S$15 million.*
2. *Based on outstanding borrowings as at 31 March 2015.*

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Outlook

Singapore Economy

- Singapore economy grew by 2.1% on a year-on-year basis in the first quarter of 2015, the same rate of growth as that achieved in the previous quarter[1].
- On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded at a slower pace of 1.1% compared to the 4.9% in the preceding quarter[1].

Industrial Property Sector

- Vacancy rates for business parks fell from 11.7% to 10.4% in the first three months of 2015, resulting from the expansion of the infocomm technology, pharmaceutical and tech sectors[2].
- The rental gap between city fringe and the rest of island business parks sub-markets maintained in the first quarter of 2015[2].
- The completion of several asset enhancement initiatives of the older business parks has also widened the rental gap between existing older business parks and newer ones[2].
- Rents for business parks and independent high-specs buildings are expected to strengthen by a total of up to 3% and 6.5% in 2015[3].

VIT Plan

- Reducing aggregate leverage ratio through diversification of funding sources.
- Obtaining written permission to commence AEI at TPCC.
- Continuing to grow the portfolio organically via proactive lease and asset management and to pursue investment opportunities of yield-accretive properties in Singapore.
- On the lookout beyond Asia Pacific region for high quality assets in markets with strong fundamentals and promising economic outlook.

1. *"Singapore's GDP Grew by 2.1 Per Cent in First Quarter of 2015", Press Release, Ministry of Trade and Industry Singapore, 14 April 2015*
2. "Occupancy rates at Business Parks Remained Healthy in Q1 2015", Press Release, CBRE Singapore, 8 April 2015
3. "Weak sales persist, leasing still healthy", 1Q 2015 Singapore Industrial Research & Forecast Report, Colliers International, 16 April 2015

VIVA iTRUST

Thank you

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