# Viva Industrial Trust
# 4Q2015 & FY2015
# Financial Results

## 26 January 2016



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- Key Highlights
- Financial Performance
- Capital Management
- Portfolio Updates
- Outlook

# Key Highlights

| | |
|---|---|
| **4Q2015** | • Gross revenue increased by 18.5**%** year-on-year to **S$19.7 million.**<br>• Distributable income grew by 20.6**%** year-on-year to **S$12.5 million.**<br>• DPS declined by 3.9**%** year-on-year to **1.634 cents**[1]. |
| **FY2015** | • Gross revenue rose by **19.8%** year-on-year to **S$74.0 million.**<br>• Distributable income grew by 15.9**%** year-on-year to **S$47.5 million.**<br>• DPS increased by **2.4%** year-on-year to **7.000 cents.** |
| **Portfolio Management** | • Completed acquisitions of **Home-Fix Building ("HFB")** and **11 Ubi Road 1**, and raised total portfolio to more than **S$1.1 billion.**<br>• Acquisition of **30 Pioneer Road** is expected to be completed in 1Q2016.<br>• Renamed Technopark@Chai Chee ("TPCC") to **Viva Business Park ("VBP")** and obtained **Temporary Occupation Permit** ("TOP") for **750A** under its asset enhancement initiative ("AEI") project.<br>• Secured approximately **375,000 sq ft** of renewals and new leases for FY2015. |
| **Capital Management** | • Raised **S$63.0 million** through private placement in 2Q2015.<br>• Raised **S$110.0 million** through equity fund raising comprising private placement and preferential offering in 4Q2015.<br>• Drew down **S$73.0 million** from a secured 5-year term loan facility. |

*DPS for 4Q2015 and FY2015 did not increase proportionately with the increase in distributable income for 4Q2015 and FY2015, respectively. This was mainly due to the dilutive effect as a result of the issuance of approximately 233.4 million new stapled securities pursuant to two private placements and a preferential offering completed in FY2015 to partially fund the AEI project at VBP; and three acquisitions of which two has been completed in 4Q2015.*

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# Financial Performance

| | Year-on-Year | | |
|---|---|---|---|
| | 4Q2015 Actual | 4Q2014 Actual | Variance |
| Gross Revenue (S$'000) | **19,702** | 16,621 | ▲ 18.5% |
| NPI (S$'000) | **13,725** | 11,020 | ▲ 24.5% |
| Distributable Income [1] (S$'000) | **12,463** | 10,336 | ▲ 20.6% |
| DPS (SG cents) | **1.634** | 1.701 | ▼ 3.9% |
| Annualised DPS (SG cents) | **6.483** | 6.749 | ▼ 3.9% |
| Distribution Yield: | | | |
| Based on IPO price of S$0.780 | **8.3%** | 8.7% | ▼ 4.6% |
| Based on closing price of S$0.710 as at 31 December 2015 | **9.1%** | 9.5% | ▼ 4.2% |

1. *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.*

# Financial Performance

| | Year-on-Year | | |
|---|---|---|---|
| | **FY2015 Actual** | **FY2014 Actual** | **Variance** |
| Gross Revenue (S$'000) | **73,989** | 61,740 | ▲ 19.8% |
| NPI (S$'000) | **50,838** | 40,753 | ▲ 24.7% |
| Distributable Income [1] (S$'000) | **47,478** | 40,963 | ▲ 15.9% |
| DPS (SG cents) | **7.000** | 6.833 | ▲ 2.4% |
| Distribution Yield: | | | |
| Based on IPO price of S$0.780 | **9.0%** | 8.8% | ▲ 2.3% |
| Based on closing price of S$0.710 as at 31 December 2015 | **9.9%** | 9.6% | ▲ 3.1% |

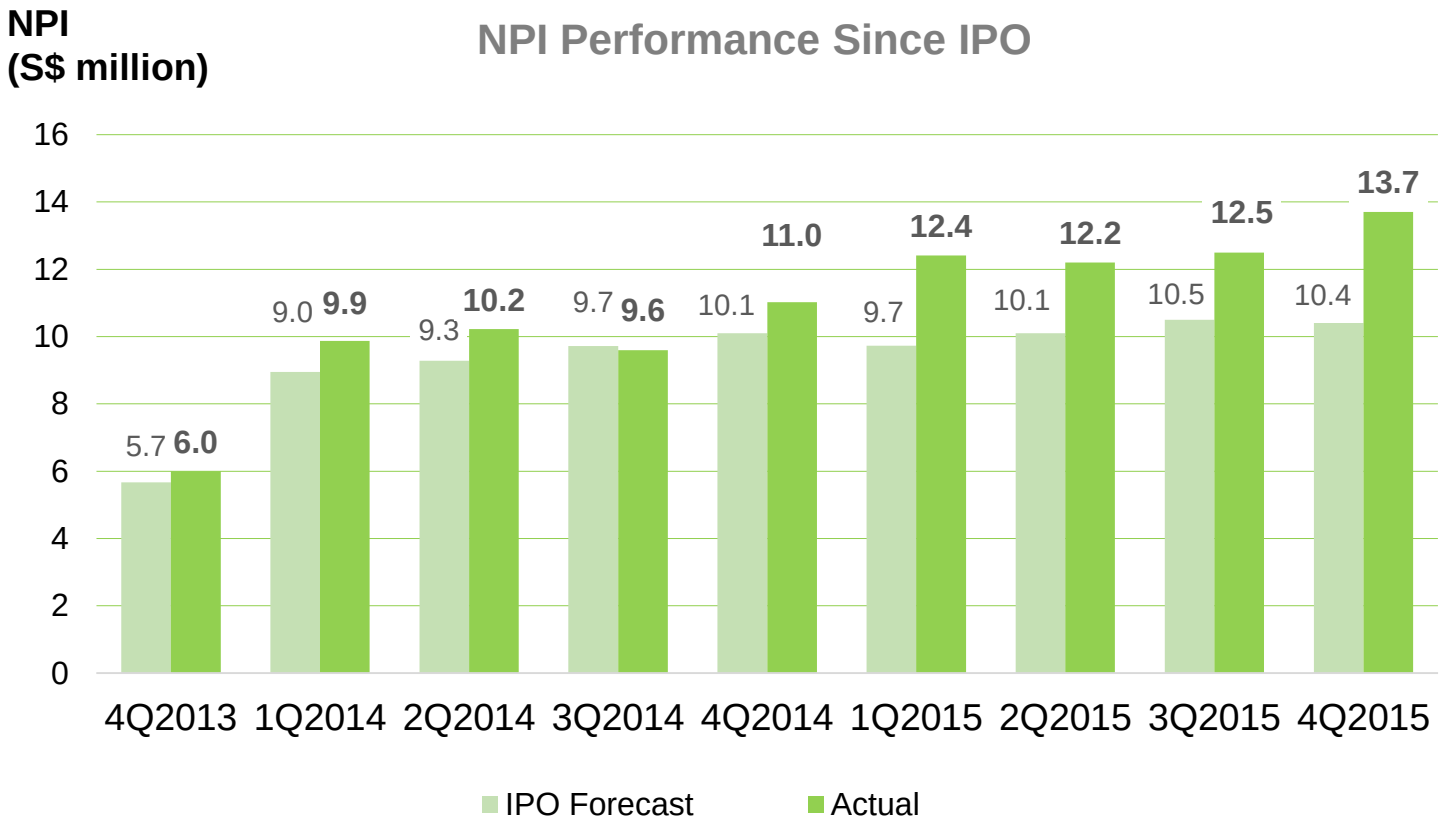
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# Financial Performance

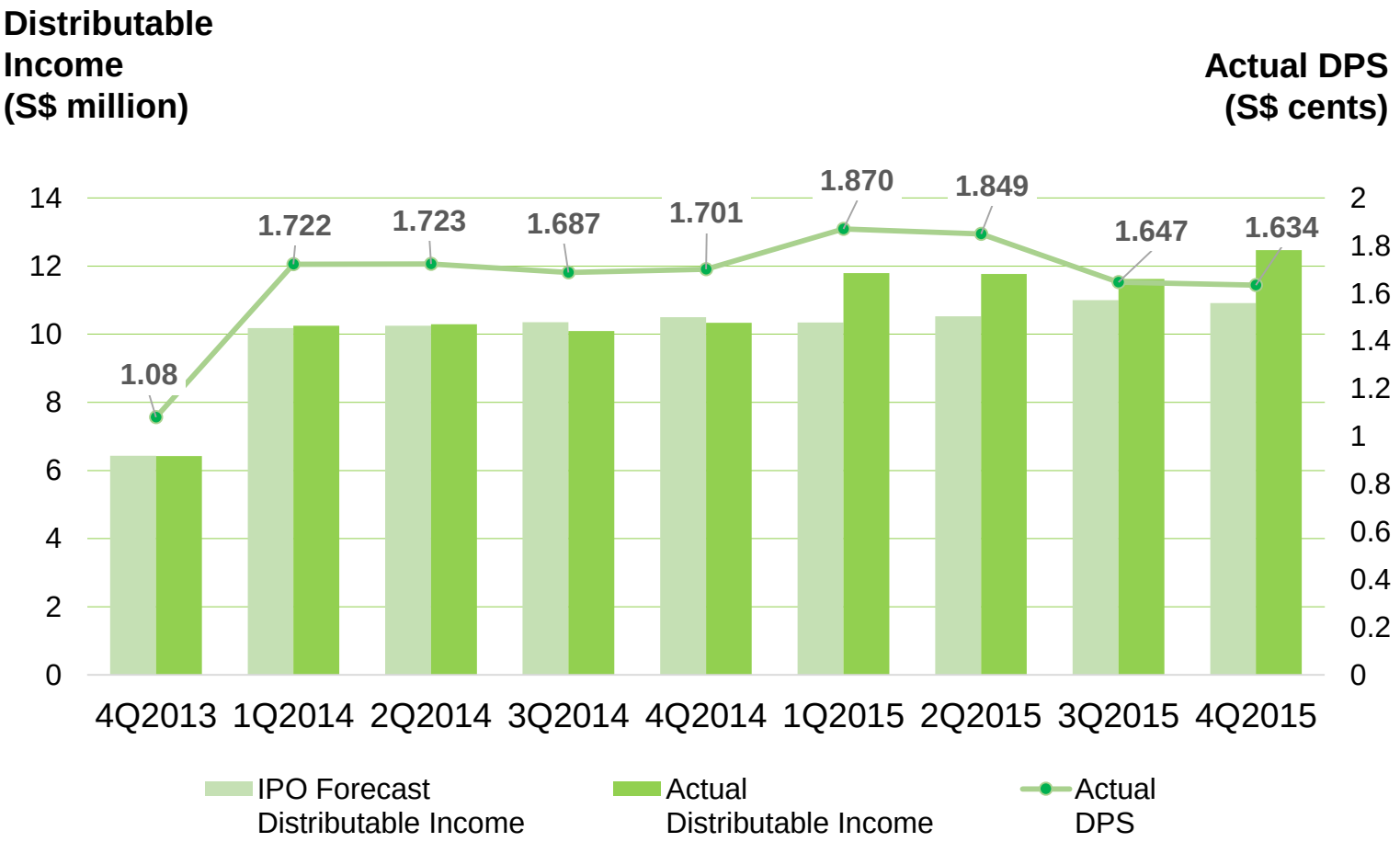
| | FY2015 | | |
|---|---|---|---|
| | **Actual** | **Forecast [1]** | **Variance** |
| Gross Revenue (S$'000) | **73,989** | 61,551 | ▲ 20.2% |
| NPI (S$'000) | **50,838** | 40,751 | ▲ 24.8% |
| Distributable Income[2] (S$'000) | **47,478** | 42,777 | ▲ 11.0% |
| DPS (SG cents) | **7.000** | 7.030 | ▼ 0.4% |
| Distribution Yield: | | | |
| Based on IPO price of S$0.780 | **9.0%** | 9.0% | - |
| Based on closing price of S$0.710 as at 31 December 2015 | **9.9%** | NA | NA |

1. *The forecast figures are derived from 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

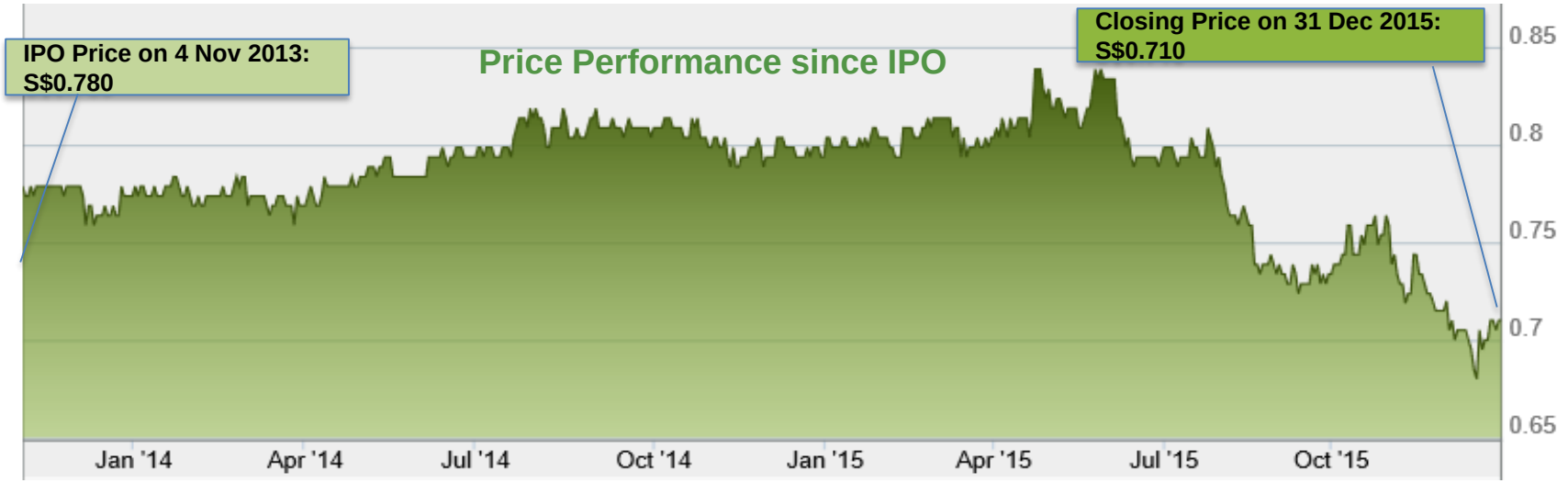


# Distribution Performance since IPO



# Attractive Return on Investment since IPO

| | FP2013[1] | 1Q2014 | 2Q2014 | 3Q2014 | 4Q2014 | 1Q2015 | 2Q2015 | 3Q2015 | 4Q2015 |
|---|---|---|---|---|---|---|---|---|---|
| Price at Quarter End (S$) | 0.775 | 0.770 | 0.795 | 0.805 | 0.795 | 0.805 | 0.795 | 0.735 | 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 |
| Price Appreciation (%) | (0.6) | (1.3) | 1.9 | 3.2 | 1.9 | 3.2 | 1.9 | (5.8) | (9.0) |
| Cumulative Distribution Yield (%) | 1.4 | 3.6 | 5.8 | 8.0 | 10.1 | 12.5 | 14.9 | 17.0 | 19.1 |
| **Total Return (%)[3]** | **0.8** | **2.3** | **7.7** | **11.2** | **12.0** | **15.7** | **16.8** | **11.2** | **10.1** |




| Scenario: Distribution yield based on 4Q2015 annualised DPS of S$0.06483 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Price | S$0.700 | S$0.710 | S$0.720 | S$0.730 | S$0.740 | S$0.750 | S$0.760 |
| Annualised Distribution Yield | 9.3% | 9.1% | 9.0% | 8.9% | 8.8% | 8.6% | 8.5% |



1. *For the period from 23 August 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.*

# Distribution Details

| For the period from 27 November 2015 to 31 December 2015 | |
|---|---|
| Distribution per Stapled Security (Singapore cents) | **0.593 comprising:**<br>**(a) taxable income: 0.463**<br>**(b) tax exempt income: 0.130** |
| Ex-Date | **1 February 2016** |
| Books Closure Date | **3 February 2016** |
| Distribution Payment Date | **29 February 2016** |

Advanced Distribution of 1.041 cents in respect of the period from 1 October 2015 to 26 November 2015 has been paid out on 23 December 2015

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# FY2015 Capital Management Summary

- ✓ **Raised S$63.0 million** via the issuance of **80.3 million new stapled securities** under a private placement in June 2015 to partially fund the AEI project at VBP.

- ✓ Launched equity fund raising comprising a private placement and a preferential offering in November 2015 to raise **S$110.0 million** via the issuance of **153.1 million new stapled securities** to partially fund the acquisition of HFB, 11 Ubi Road 1 and 30 Pioneer Road*; and the AEI project at VBP.

- ✓ Drew down **S$73.0 million** from a secured **5-year term loan** facility to partially fund the acquisition of HFB and 11 Ubi Road 1.

** Acquisition of 30 Pioneer Road is expected to be completed in 1Q2016.*

# Balance Sheet

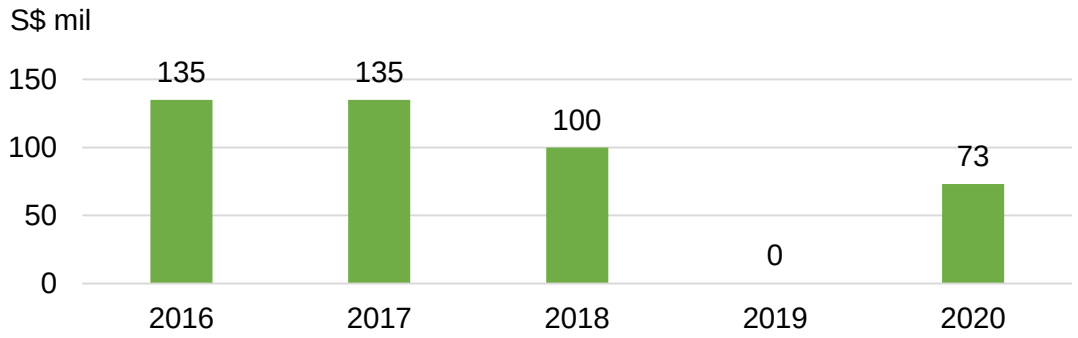
| | 31 Dec 2015 S$ mil | 31 Dec 2014 S$ mil |
|---|---|---|
| Investment Properties | 1,123.2 | 852.7 |
| Intangible Assets* | 9.4 | 13.4 |
| Current Assets | 65.7 | 16.4 |
| **Total Assets** | **1,198.3** | **882.5** |
| Borrowings (net of transaction costs) | 459.2 | 386.0 |
| Other Liabilities | 37.5 | 25.0 |
| **Total Liabilities** | 496.7 | **411.0** |
| **Net Assets** | **701.6** | **471.5** |
| No. of Stapled Securities issued and issuable (in mil) | 863.1 | 621.9 |
| **Net Asset Value per Stapled Security (Singapore cents)** | **81.3** | **75.8** |

** This represents the carrying amounts of unamortized rental differential to be provided to VI-REIT by the respective vendors of UE BizHub EAST ("UEBH") and VBP pursuant to the UEBH rental arrangement and the VBP rental support arrangement.*

# Capital Management

| As at 31 December 2015 | |
|---|---|
| Total Borrowings | S$463 million |
| Gearing Ratio (Total Borrowings over Total Assets) | 38.6% |
| All-in Borrowing Cost | 3.99% |
| Weighted Average Maturity[1] | 2.2 years |
| Interest Rate Exposure Fixed[2] | 79.9% |
| Interest Cover | 4.2 times |
| *Credit Ratings assigned by Standard & Poor's:* | |
| Corporate Credit Rating | BB |
| MTN Programme | BB+ |
| MTN Series 001 | BB+ |

**Debt Maturity Profile[1]**






1. *Excludes the outstanding revolving credit facility of S$20 million.*
2. *Based on outstanding borrowings as at 31 December 2015.*

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# Portfolio Highlights

- ✓ Completed the acquisition of HFB and 11 Ubi Road 1. The acquisition of the property at 30 Pioneer Road is expected to be completed in 1Q2016.
- ✓ With the two newly acquired properties, VIT's total portfolio increases to **seven properties** with a valuation of more than **S$1.1 billion.**
- ✓ Renamed TPCC to **VBP**, to be in line with the new sporting and lifestyle tenants mix post AEI.
- ✓ **Obtained TOP** for 750A at VBP for its AEI project. Target to receive TOP for 750 by the end of 1Q2016. 750B is expected to be completed in 3Q2016.
- ✓ Relocation of **Decathlon's Southeast Asia ("SEA") headquarters** to VBP and opening of its **SEA flagship store** at VBP.
- ✓ Secured approximately **234,000 sq ft** of lease renewals and **141,000 sq ft** of new leases in FY2015.
- ✓ Weighted average portfolio occupancy increased from 80.8% to **87.0%.**

# Media Highlights



A4 THURSDAY JANUARY 14, 2016 MYPAPER

TopStories

BY LYDIA LAM

## Get fit at new Bedok mixed business park

BUY a piece of sports equipment and then rent it out somewhere, all under one roof?

That is a fitness affair flown up by the revamp of Chai Chee Technopark – two hi-tech strips from Bedok MRT station – which is being relaunched as a mixed business park called Viva Business Park, with lifestyle and healthy living as one key focus.

Some 226,384 sq ft of space is being set aside for retail, food and beverage and other commercial uses.

Viva has scored a coup in getting Decathlon to open its first flagship store here on Sat-urday. The French sporting goods retailer, which has more than 1,000 stores worldwide, is touted as the "Ikea of sporting goods".

The 35,000 sq ft outlet here, which costs about $1 million to set up, will sell more than 85,000 items from over 30 sports.

"For space tenants, we chose Bedok over the Central Business District," Bastien Grandgeorge, chief executive of Decathlon Singapore, told My Paper.

He noted that Bedok is a "densely populated residential and commercial area" with families – Decathlon's target market.

Adding to the fitness mix, True Fitness will open an 18,000 sq ft branch in August.

Its seventh outlet here will offer Astral Yoga classes and its workout systems.

Offside Sports Group will also unveil its six indoor softball and baseball batting cage with a fusion restaurant, said to be the first of its kind in Asia.

The group, which will partner Japanese sports equipment maker Mizuno in this venture, will provide an air-conditioned, four-lane batting facility with adjustable pitching speeds.

The park is also expected to welcome Singapore's largest and tallest air-conditioned sports climbing facility.

Other tenants coming on board include Singapore food and beverage company Owl Cafe, with a first-of-its-kind Health Asian drive-through, and cafe and Western cuisine chain Astons, which will open its first outlet featuring a new halal steakhouse concept.

Wilson Ang, chief executive of Viva Industrial Trust Management, which owns Viva Business Park, said the opening of Decathlon's flagship store, along with other new tenants, will further help enliven Bedok. The area also stands to benefit from the Housing Board's rejuvenation plans for the East Coast region.

Hannah Cheng, assistant professor of marketing at the Singapore Management University's Lee Kong Chian School of Business, said Viva Business Park can "potentially do well" as Singaporeans have "increasingly positive attitudes towards healthy living and more frequent sports participation over the last few years".

She added that consumer confidence and willingness to spend have also increased above the long-term averages in general.

However, she noted that the business park's performance would also depend on other factors such as its market positioning in a competitive landscape, given an increasing number of sporting facilities in Singapore.

Meanwhile, news of the new attraction has perked up residents. Lucas Tay, a 19-year-old student, said the health-centred offerings could encourage more to take up sports.

lydiaam@sph.com.sg

*My Paper, 14 Jan 2016*



style life D5

## Mega sports store opens here

French native Decathlon's first store has swing zones for equipment

*Straits Times, 14 Jan 2016*







*Opening of Decathlon's SEA flagship store at VBP, 16 Jan 2016*

# Strategically Located Quality Portfolio

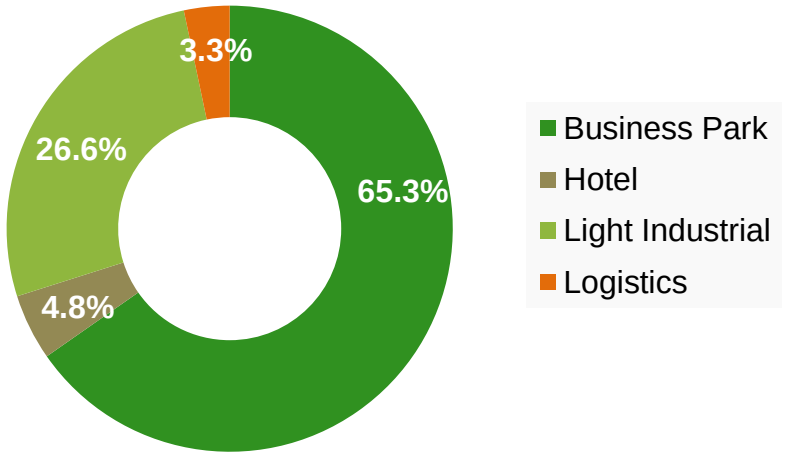



✓ Planned development of Tuas Port, where all of Singapore's port operations will be consolidated

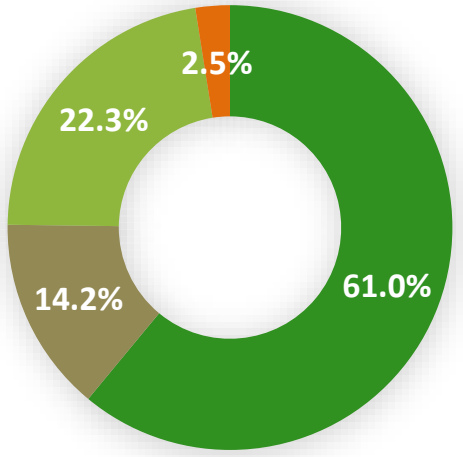
# Business Park Focused Portfolio

| Portfolio Summary | |
|---|---|
| Total Number of Properties | **7** |
| Total Portfolio GFA (sq ft) | **3,292,936 sq ft** |
| Net Lettable Area (NLA) | **2,703,768 sq ft** |
| WALE (by rental income)* | **3.8 years** |
| Weighted Average Land Lease (by valuation) | **37.4 years** |
| Weighted Average Age of Building (by valuation) | **9.7 years** |
| Weighted Average Portfolio Occupancy | **87.0%** |
| Total Portfolio Value | **S$1.12 billion** |

**Asset Type by GFA**




**Asset Type by Valuation**






** By Rental Income - based on net property income and rental support for the month of December 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$355.0mn* |
| GFA: | 626,018 sq. ft. |
| Age: | 3.7 years |
| Remaining Land Lease: | 52.1 years |
| Occupancy: | 88.4% |
| No of tenants: | 31 |



- 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$160.0mn* |
| GFA: | 157,397 sq. ft. |
| Age: | 3.7 years |
| Remaining Land Lease: | 52.1 years |
| Occupancy: | 99.5% |
| No of tenants: | 4 |



- 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

** Based on independent valuation performed by Savills Valuation and Professional Services (S) Pte Ltd as at 31 December 2015*

# Key Competitive Strengths of Portfolio Properties

## Viva Business Park

| | |
|---|---|
| Value: | S$330.0mn[1] |
| GFA: | 1,524,685 sq. ft. |
| Age: | 19.2 years |
| Remaining Land Lease: | 15.3 years |
| Occupancy: | 68.3% |
| No of tenants: | 70 |



- Only business park development in the vicinity
- Diverse mix of tenants from multiple trade sectors
- Close proximity to Bedok Town Centre with easy access to MRT stations and bus interchange
- Undergoing significant enhancement works to transform into a vibrant workplace with sporting and lifestyle amenities

## Mauser Singapore

| | |
|---|---|
| Value: | S$28.0mn[2] |
| GFA: | 107,566 sq. ft. |
| Age: | 3.5 years |
| Remaining Land Lease: | 50.6 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

*1. Based on independent valuation performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 31 December 2015*

*2. Based on independent valuation performed by Savills Valuation and Professional Services (S) Pte Ltd as at 31 December 2015*

# Key Competitive Strengths of Portfolio Properties

## Jackson Square

| | |
|---|---|
| Value: | S$82.0mn* |
| GFA: | 418,586.3 sq. ft |
| Age: | 6.1 years |
| Remaining Land Lease: | 13.4 years |
| Occupancy: | 98.9% |
| No of tenants: | 17 |



- 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: | 6.9 years |
| Remaining Land Lease: | 51.4 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

** . Based on independent valuation performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 31 December 2015*

# Key Competitive Strengths of Portfolio Properties

**11 Ubi Road 1**

| | |
|---|---|
| Value: | S$87.0mn[1] |
| GFA: | 253,058 sq ft |
| Age: | 18.1 years |
| Remaining Land Lease: | 39.7 years |
| Occupancy: | 100% |
| No of tenants: | 5 |



- A 7-storey & 2-storey buildings complex with a basement carpark
- Walking distance to Macpherson MRT Station, which serves the existing Circle Line and the upcoming Downtown Line
- Easy access to PIE and KPE
- Long land tenure

**Home-Fix Building**

| | |
|---|---|
| Value: | S$47.8mn[2] |
| GFA: | 120,556 sq ft. |
| Age: | 4.6 years |
| Remaining Land Lease: | 51.7 years |
| Occupancy: | 100% |
| No of tenant: | 1 |

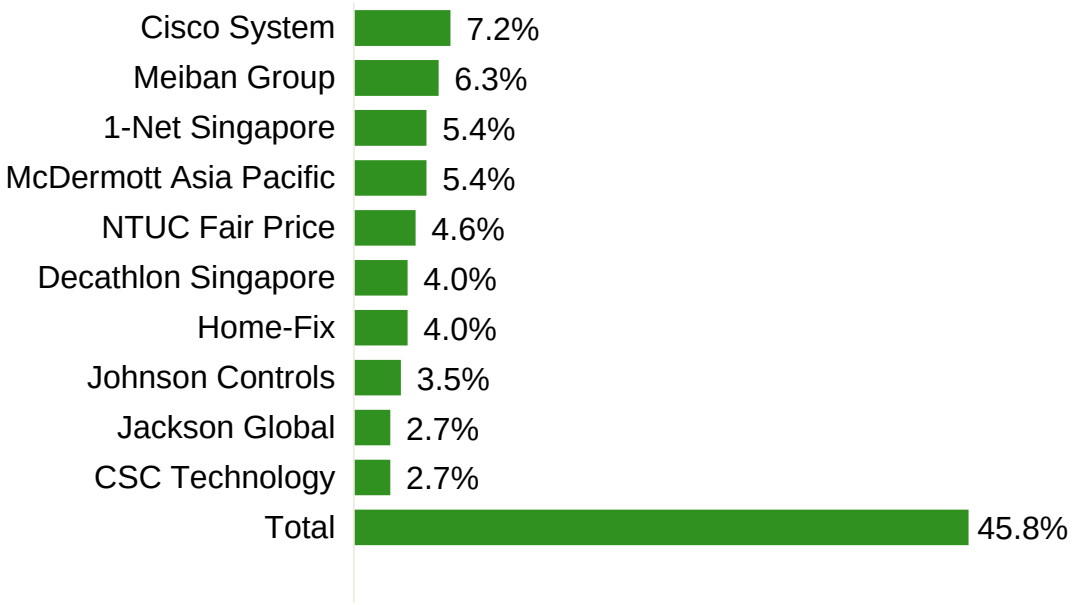


- 7-storey modern light industrial building with covered carpark
- Located within Paya Lebar iPark, a location master-planned as an industrial park for the 21st century
- Walking distance to Tai Seng MRT Station
- Easy access to KPE and PIE
- Long land tenure

1. *Based on independent valuation performed by Suntec Real Estate Consultants Pte Ltd as at 31 December 2015*
2. *Based on independent valuation performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 31 December 2015*

# Diversified Quality Tenant Mix*

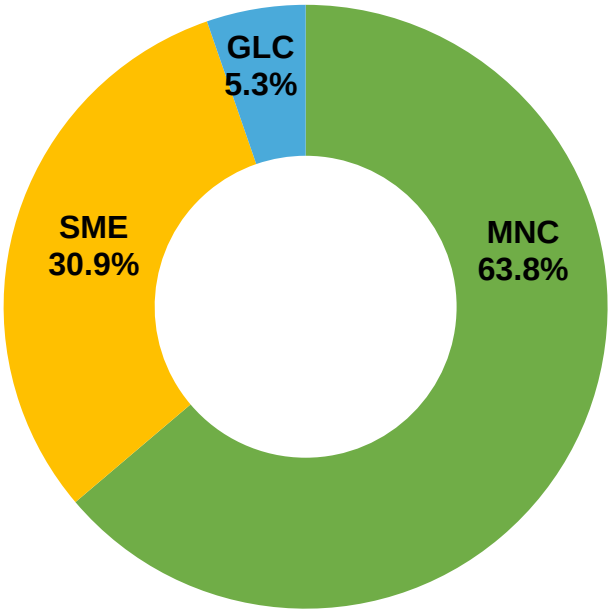
**Top 10 tenants/sub-tenants account for 45.8% of monthly committed rental income**



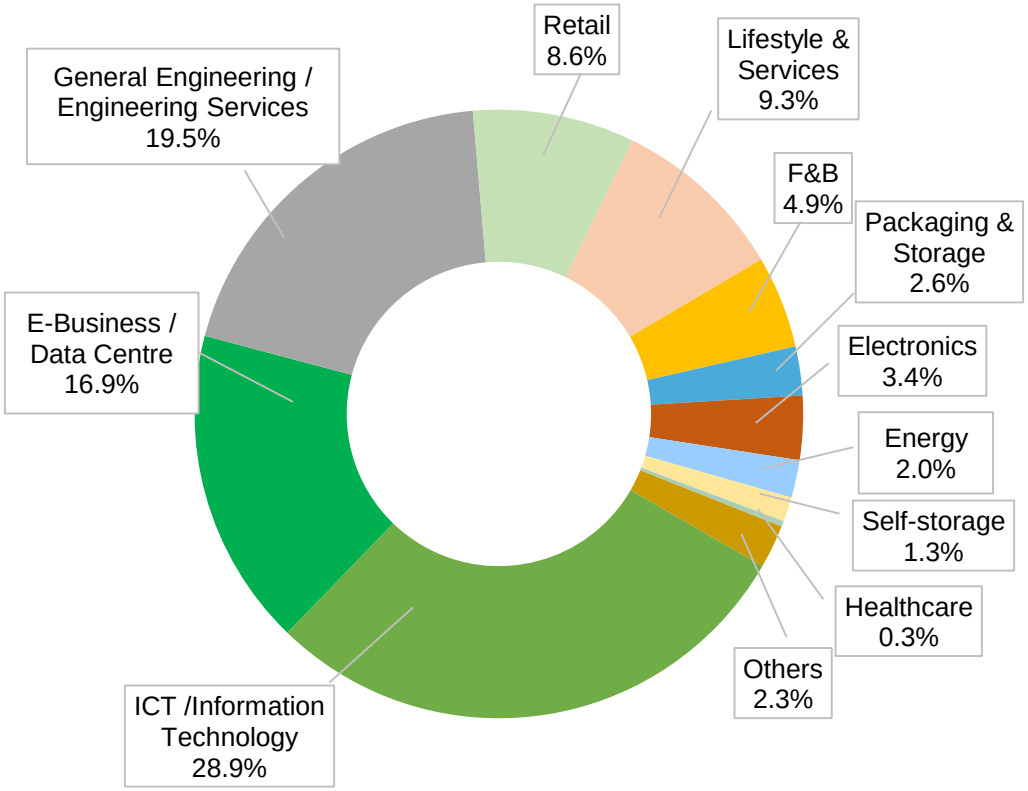

* *As at 31 December 2015. Excluding United Engineers Developments Pte Ltd as lessee of the UEBH Hotel Leased Premises*

# Diversified Quality Tenant Mix

## Breakdown of Tenant Type by Underlying Gross Rental Income*

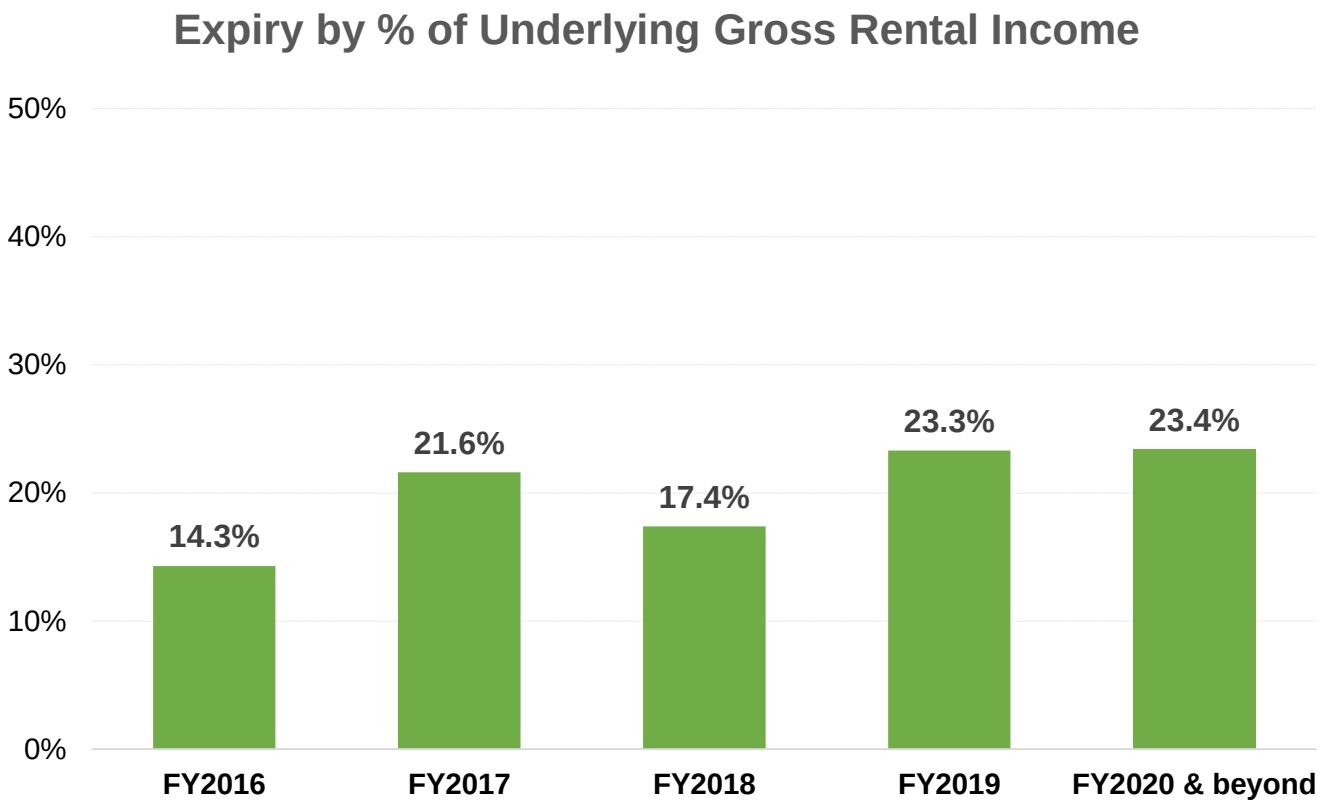



## Breakdown of Trade Sector by Underlying Gross Income*




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

# Staggered Lease Expiry Provides Income Stability



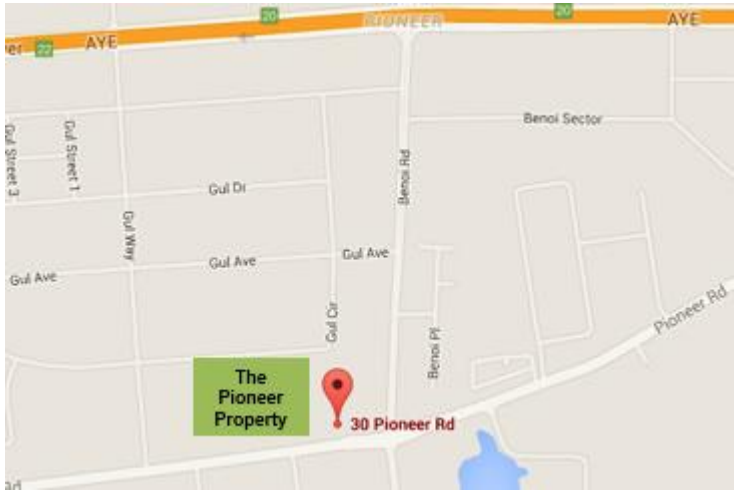

Secured approximately **375,000 sq ft** of lease renewals and new leases in FY2015.

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

# Acquisition in Progress – The Pioneer Property

| Property Details | |
|---|---|
| Location | 30 Pioneer Road, Singapore 628502 |
| Purchase Price | S$45.0 million[1] |
| Land Premium | Approximately S$5.6 million |
| Valuation | S$55.0 million[2] |
| Land Tenure | 30 years (wef 16 February 2007) |
| Land Area | 200,786.6 sq ft |
| GFA | 281,090.2 sq ft |
| Leasable Area | 281,090.2 sq ft |
| Occupancy | 100% |
| Lease Term | 5 + 5 years |






1. *Excluding upfront land premium.*
2. *Based on independent valuation as at 26 August 2015 by Colliers International Consultancy & Valuation (Singapore) Pte. Ltd. Including an estimated upfront land premium for the balance of the initial 30-year term.*

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# Outlook

## Singapore Economy

- Singapore economy grew by 2.0% on a year-on-year basis in the fourth quarter of 2015, slightly faster than the 1.8% growth in the previous quarter[1].
- On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded at a faster pace of 5.7% compared to the 1.7% growth in the preceding quarter[1].

## Industrial Property Sector

- According to research data by DTZ, average monthly gross rents of hi-tech industrial space dipped by 1.5% to $3.25psf in the 4Q. Likewise, monthly rents of business parks fell by a greater 2.4% to $4.98psf[2].
- In the first half of 2015, demand for business park and hi-tech industrial space was supported by companies substituting quality business park space for office space to reduce cost, such as Google. However in the 3Q, demand for business park space fell as uncertainty in the economic climate persisted[2].
- Moving forward, rents of business park in 2016 are expected to face greater downward pressure with 1.5 million sq ft of lettable business park space coming on board in 2016. The softening of office rents and projected completions of office developments in the CBD in 2016 will exert further pressure on rents of business parks[2].

## VIT Plan

- To complete the acquisition of 30 Pioneer Road in 1Q2016.
- To obtain TOP for AEI at 750 VBP by end of 1Q2016 and to complete the AEI works at 750B VBP in 3Q2016.
- To complete the refinancing of the loan facilities which are maturing in October 2016 and October 2017, respectively.
- Continue to be proactive in securing new leases and renewing existing tenancies.

1. *Singapore's GDP Grew by 2.0 Per Cent in the Fourth Quarter of 2015, Ministry of Trade and Industry Singapore, Press Release, 4 January 2016*
2. *"Singapore industrial rents continued to fall in final quarter of 2015: DTZ", the Strait Times, 12 Jan 2016*

# *Thank you*

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