# Viva Industrial Trust
# 4Q2014 and FY2014
# Financial Results

## 26 January 2015



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

## 1 4Q2014

- Gross revenue of S$16.6 million for 4Q2014 beats IPO forecast by 8.7%
- Net Property Income (NPI) of S$11.0 million exceeds IPO forecast by 8.6%
- Distribution per Stapled Security (DPS) of 1.701 cents is 0.7% lower than IPO forecast

## 2 FY2014

- Gross revenue of S$61.7 million for FY2014 beats IPO forecast by 6.0%
- NPI of S$40.8 million exceeds IPO forecast by 7.0%
- DPS of 6.833 cents is 0.5% lower than IPO forecast
- Distribution yield for FY2014 is in line with the IPO forecast of 8.8%*

## 3 Capital Management

- Launch of S$500 million Multicurrency Medium Term Note Programme (the "MTN Programme") in August 2014
- Inaugural issuance of S$100 million in principal amount of 4-year unsecured notes at 4.15% p.a. coupon rate in September 2014
- Completed S$15.6 million private placement in December 2014

## 4 Portfolio Updates

- Completed acquisitions of Jackson Square and Jackson Design Hub worth a total of S$115.4 million in November 2014
- Increased the total portfolio valuation to S$852.7 million and portfolio weighted average occupancy to 80.5%



** Based on IPO price of S$0.780*

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# Financial Performance

| | 4Q2014 | | |
|---|---|---|---|
| | **Actual** | **Forecast [1]** | **Variance** |
| Gross Revenue (S$'000) | **16,621** | 15,291 | ▲ 8.7% |
| NPI (S$'000) | **11,020** | 10,145 | ▲ 8.6% |
| Distributable Income [2] (S$'000) | **10,334** | 10,502 | ▼ 1.6% |
| DPS (Singapore cents) | **1.701** | 1.713 | ▼ 0.7% |
| Annualised DPS (Singapore cents) | **6.749** | NA | NA |
| Annualised Distribution Yield: | | | |
| Based on IPO price of S$0.780 | **8.7%** | 8.8% | ▼ 1.1% |
| Based on closing price of S$0.795 as at 31 December 2014 | **8.5%** | NA | NA |

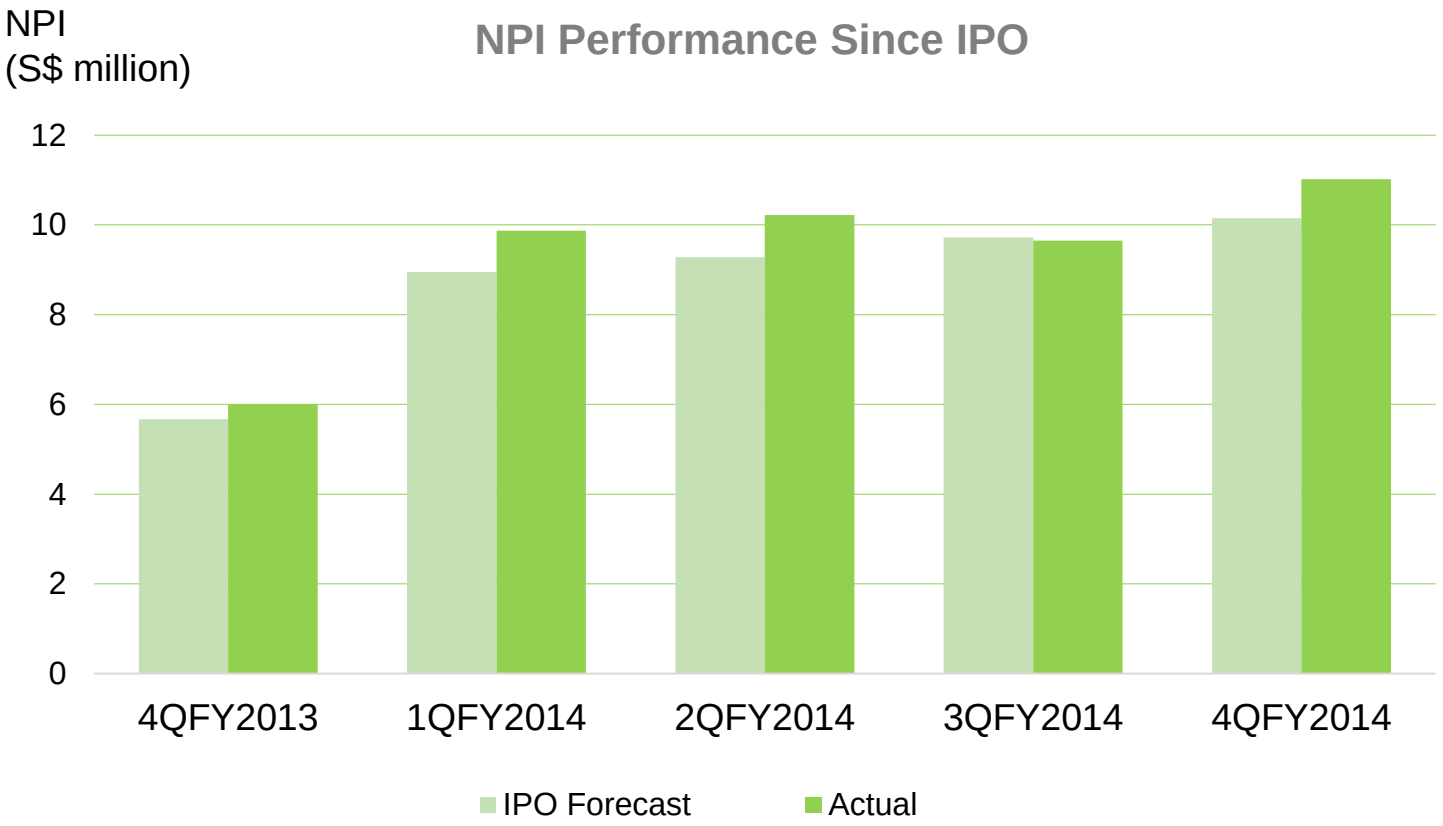
1. *The forecast figures are derived from the corresponding period of the full year projection for 2014 as disclosed in the IPO prospectus dated 28 October 2013.*
2. *Distributions of the Stapled Group represent the aggregate of distributions by VI-REIT Group and VI-BT. The distributions of the Stapled Group for 4Q2014 are contributed solely by VI-REIT Group as VI-BT was dormant during the period. 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

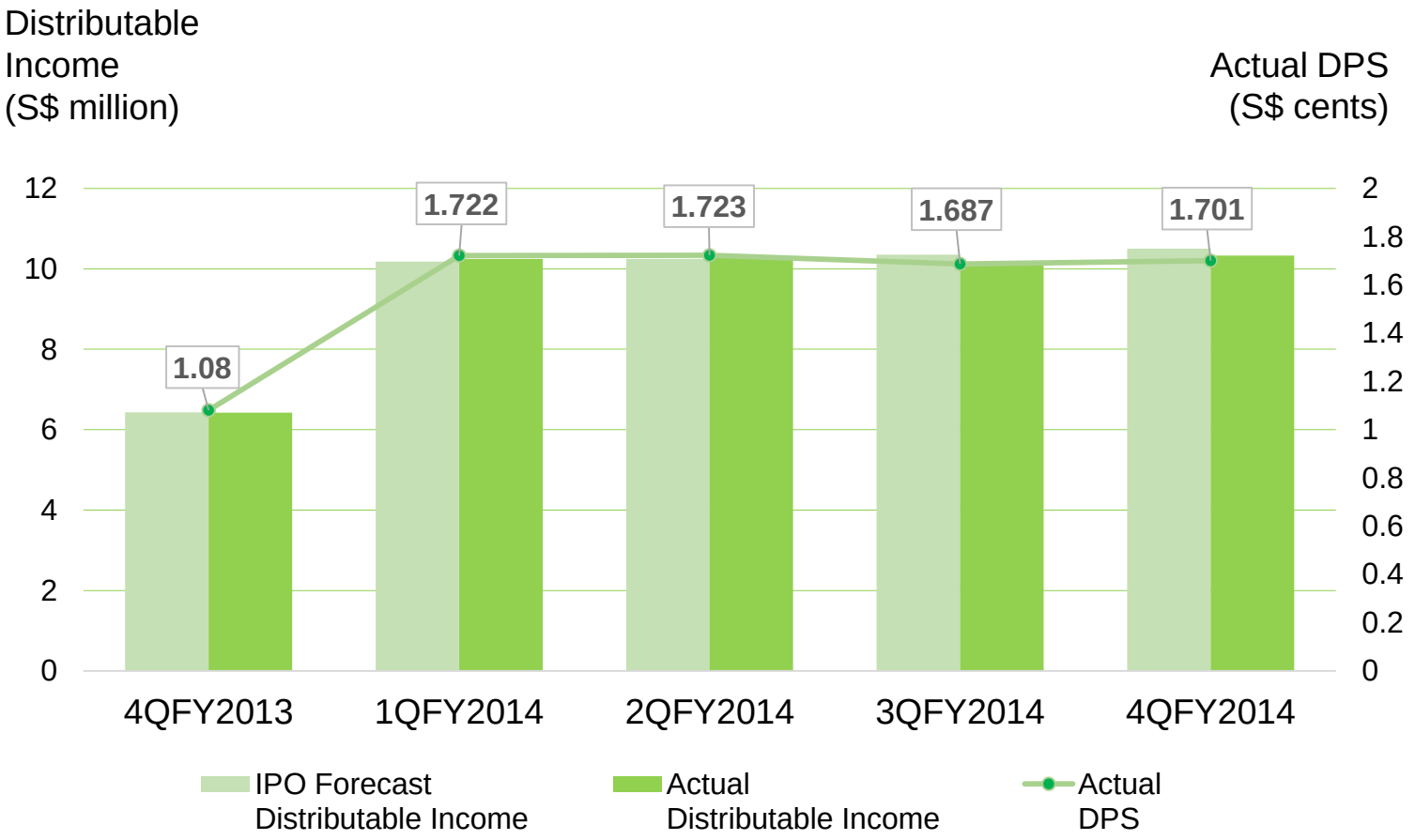
| | FY2014 | | |
|---|---|---|---|
| | **Actual** | **Forecast [1]** | **Variance** |
| Gross Revenue (S$'000) | **61,740** | 58,255 | ▲ 6.0% |
| NPI (S$'000) | **40,753** | 38,088 | ▲ 7.0% |
| Distributable Income [2] (S$'000) | **40,963** | 41,284 | ▼ 0.8% |
| DPS (Singapore cents) | **6.833** | 6.870 | ▼ 0.5% |
| Distribution Yield: | | | |
| Based on IPO price of S$0.780 | **8.8%** | 8.8% | - |
| Based on closing price of S$0.795 as at 31 December 2014 | **8.6%** | NA | NA |

1. *The forecast figures are derived from the corresponding period of the full year projection for 2014 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 for FY2014 are contributed solely by VI-REIT Group as VI-BT was dormant during the period. 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



# Stable Distribution Since IPO



# Distribution Details

| For the Period from 2 December 2014 to 31 December 2014 | |
|---|---|
| Distribution per Stapled Security (Singapore cents) | **0.606 comprising:**<br>**(a) taxable income: 0.502**<br>**(b) tax exempt income: 0.104** |
| Ex-Date | **30 January 2015** |
| Books Closure Date | **3 February 2015** |
| Distribution Payment Date | **27 February 2015** |

Advanced Distribution of 1.095 cents in respect of the period from 1 October 2014 to 1 December 2014 has been paid out on 23 December 2014

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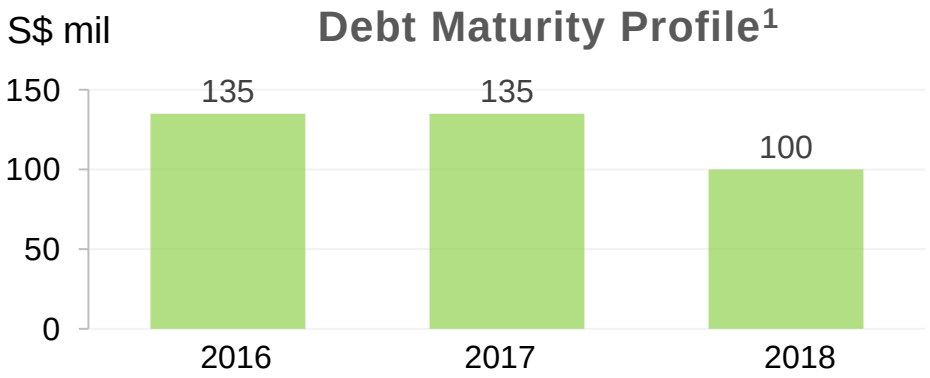
# Balance Sheet

| | 31 Dec 2014 S$ mil | 31 Dec 2013 S$ mil |
|---|---|---|
| Investment Properties | 852.7 | 725.6 |
| Intangible Assets* | 13.4 | 17.6 |
| Current Assets | 16.4 | 29.4 |
| **Total Assets** | **882.5** | **772.6** |
| Borrowings (net of transaction costs) | 386.0 | 294.5 |
| Other Liabilities | 25.0 | 29.5 |
| **Total Liabilities** | **411.0** | 324.0 |
| **Net Assets** | **471.5** | **448.6** |
| No. of Stapled Securities issued and issuable (in mil) | 621.9 | 595.1 |
| **Net Asset Value per Stapled Security (Singapore cents)** | **75.8** | **75.4** |

** 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 Technopark@Chai Chee ("TPCC") pursuant to the UEBH rental arrangement and the TPCC rental support arrangement.*

# Capital Management

| As at 31 December 2014 | |
|---|---|
| Total Borrowings | S$391 million |
| Gearing Ratio (Total Borrowings over Total Assets) | 44.3% |
| All-in Borrowing Cost | 3.79% |
| Weighted Average Maturity[1] | 2.7 years |
| Interest Rate Exposure Fixed[2] | 84.4% |
| Interest Cover | 4.9 times |
| *Credit Ratings assigned by Standard & Poor's:* | |
| Corporate Credit Rating | BB + |
| MTN Programme | BBB - |
| MTN Series 001 | BBB - |



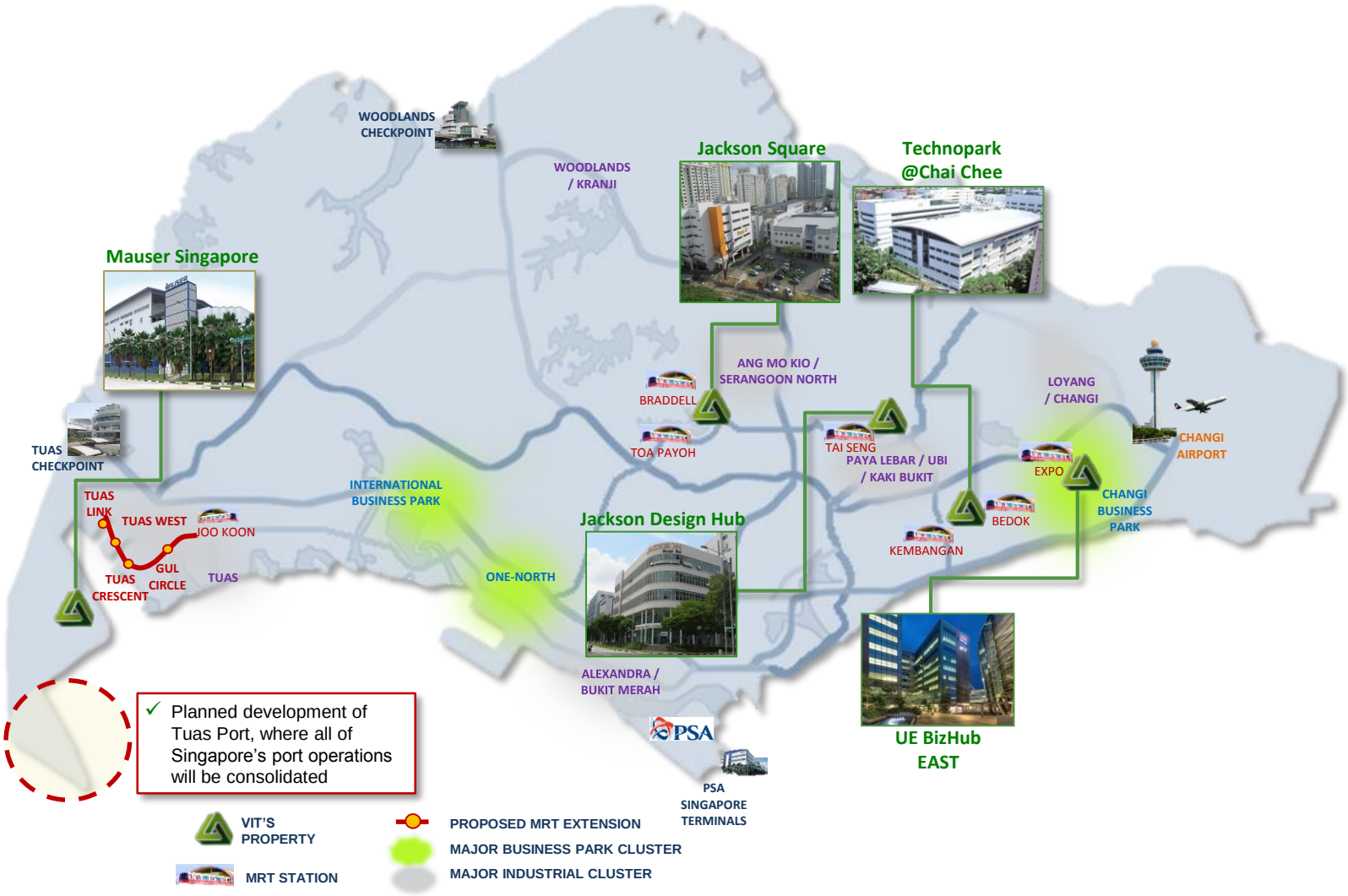



1. *Excludes the outstanding revolving credit facility of S$21 mil.*
2. *Based on outstanding borrowings as at 31 December 2014.*

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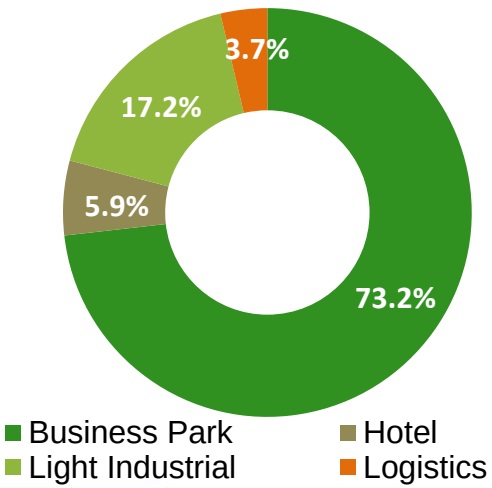
# Strategically Located Quality Portfolio



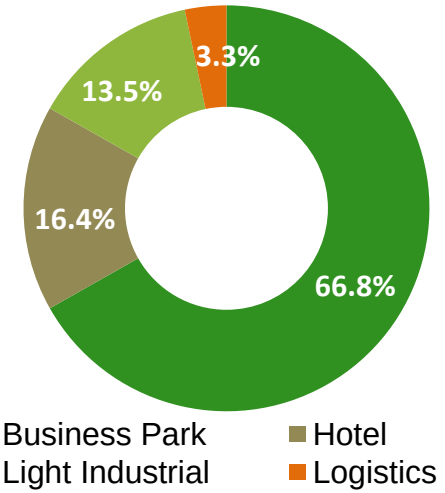
# Business Park Focused Portfolio

| Portfolio Summary | |
|---|---|
| Total Number of Properties | **5** |
| Total Portfolio GFA (sq ft) | **2,919,911 sq ft** |
| Net Lettable Area (NLA) | **2,346,472 sq ft** |
| WALE (by rental income)* | **3.8 years** |
| Weighted Average Land Lease (by valuation) | **40.9 years** |
| Weighted Average Age of Building (by valuation) | **7.4 years** |
| Total Portfolio Value | **S$852.7 million** |

**Asset Type by GFA**




**Asset Type by Valuation**






** By Rental Income - based on net property income and rental support for the month of December 2014, taking into account the master lease arrangements and rental support arrangements, assuming that renewal options are not exercised.*

# Acquisitions Completed in 4Q2014

| | |
|---|---|
| **Properties** | Jackson Square and Jackson Design Hub |
| **GFA** | 503,656.7 sq ft |
| **Purchase Price** | S$111.5 million |
| **Valuation** | S$115.4 million[1] |
| **Weighted Average Age of Properties[2]** | 5.3 years |
| **Weighted Average Land Lease Expiry[2]** | 25.4 years |
| **WALE[3]** | 5.8 years |
| **NPI Yield[4]** | 10.1% |

1. *Based on valuation as at 31 December 2014 performed by Suntec Real Estate Consultations Pte Ltd*
2. *By valuation as at 31 December 2014*
3. *By rental income based on Net Property Income (NPI) and rental support for the month of December 2014, taking into account the master lease arrangement in respect of Jackson Design Hub and the rental support arrangement in respect of Jackson Square, assuming that renewal options are not exercised.*
4. *Based on NPI and rental support for the month of December 2014*

# Enlarged Portfolio with Enhanced Characteristics

| | Pre-Acquisition[1] | Post-Acquisition[2] |
|---|---|---|
| Total Number of Properties | **3** | **5** |
| Total Portfolio GFA | **2,416,254 sq ft** | **2,919,911 sq ft** |
| Net Lettable Area (NLA) | **1,906,128 sq ft** | **2,346,472 sq ft** |
| WALE (by rental income)[3] | **3.5 years** | **3.8 years** |
| Weighted Average Land Lease (by valuation) | **43.6 years** | **40.9 years** |
| Weighted Average Age of Buildings (by valuation) | **7.4 years** | **7.4 years** |
| Total Portfolio Value | **S$725.6m** | **S$852.7m**[4] |
| Portfolio Weighted Average Occupancy | **76.9%** | **80.5%** |

1. *As at 30 September 2014*
2. *As at 31 December 2014*
3. *Based on net property income and rental support, taking into account the master lease arrangements, UE BizHub EAST and Jackson Square rental support arrangements and the Hotel Lease Arrangement, assuming that renewal options are not exercised*
4. *Based on valuation as at 31 December 2014 performed by Suntec Real Estate Consultants Pte. Ltd.*

# Enhanced Portfolio Across Four Asset Classes

| Asset Class | Valuation as at 31 Dec 2014 (S$ million) | Valuation as at 31 Dec 2013 (S$ million) |
|---|---|---|
| **Business Park** | | |
| - UE BizHub EAST - Business Park Component | 374.0 | 365.0 |
| - Technopark@Chai Chee | 195.3 | 194.1 |
| **Hotel** | | |
| - UE BizHub EAST – Hotel Component | 140.0 | 138.5 |
| **Logistics** | | |
| - Mauser Singapore | 28.0 | 28.0 |
| **Light Industrial** | | |
| - Jackson Square | 82.0 | - |
| - Jackson Design Hub | 33.4 | - |
| **TOTAL** | **852.7** | **725.6** |

# Key Competitive Strengths of Portfolio Properties

**UE BizHub EAST**
**(Business Park Component)**

| | |
|---|---|
| Value: | S$374.0mn* |
| GFA: | 611,471 sq. ft. |
| Age: | 2.7 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: | 2.7 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: | $195.3mn* |
| GFA: | 1,524,685 sq. ft. |
| Age: | 21.6 years |
| Remaining Land Lease: | 16 years |
| Occupancy: | 63% |
| No of tenants: | 69 |



- Only business park development in the vicinity
- Diverse mix of 69 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: | 2.5 years |
| Remaining Land Lease: | 52 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: | 5.1 years |
| Remaining Land Lease: | 14.4 years |
| Occupancy: | 91% |
| 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: | 5.9 years |
| Remaining Land Lease: | 52.4 years |
| Occupancy: | 100% |
| No of tenants: | 1 |

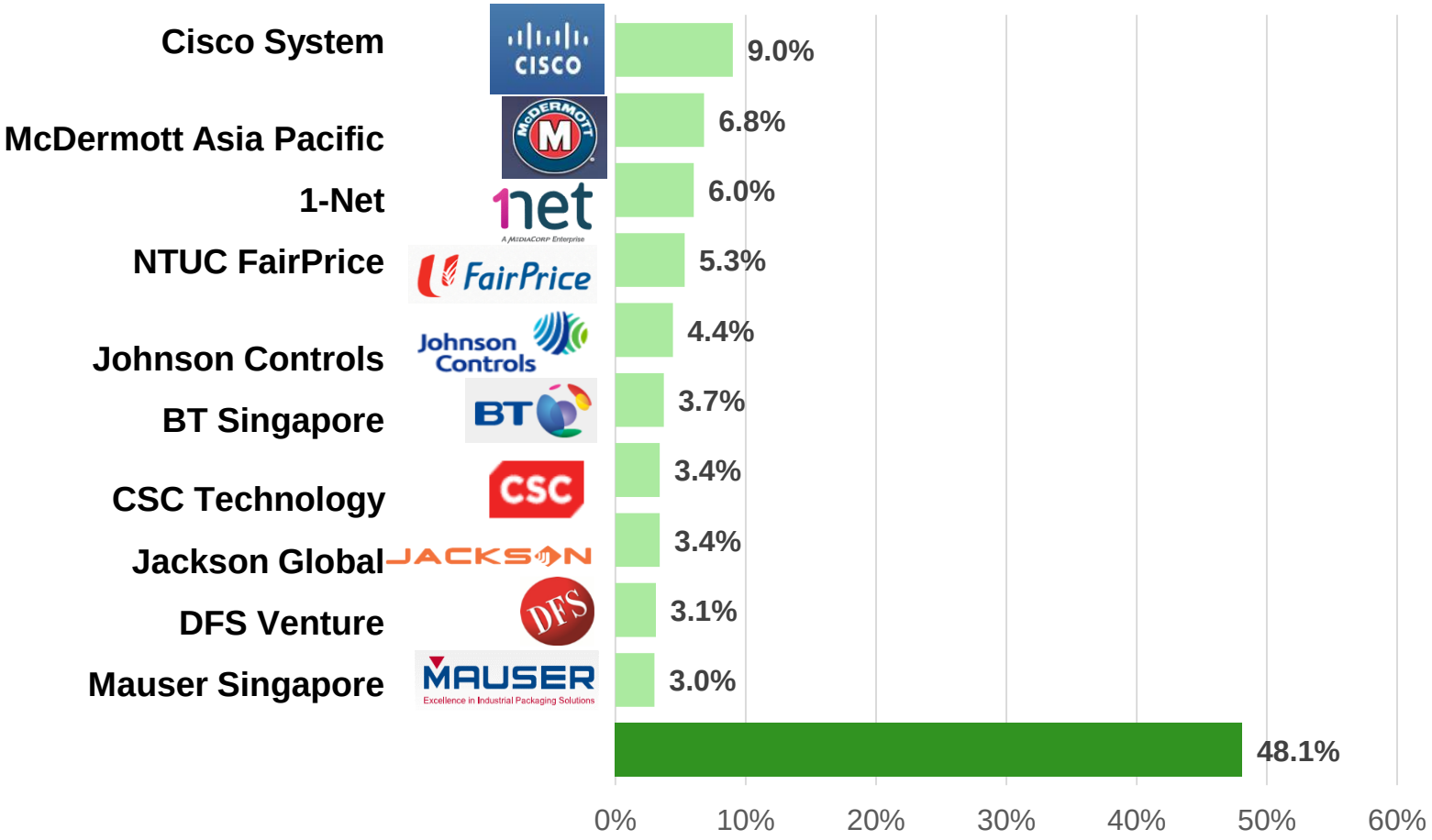


- 5-storey modern light industrial building with basement car park located in Tai Seng
- Located within Paya Lebar iPark, a location master-planned as an industrial park for the 21st century
- Short walking distance to Tai Seng MRT station
- Easy access to KPE and PIE

** As at 31 December 2014*

# Diversified Quality Tenant Mix*

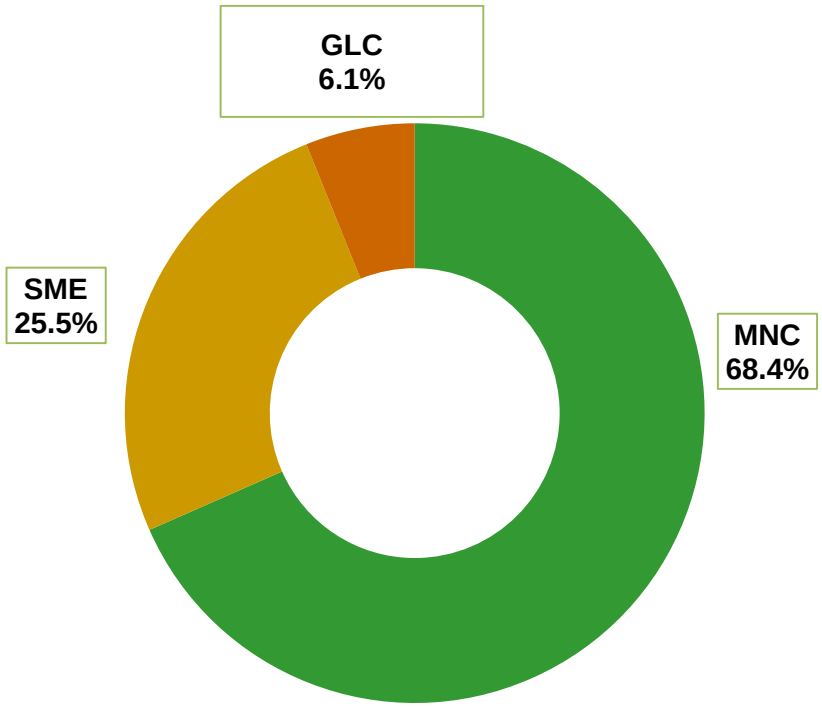
**Top 10 tenants/sub-tenants account for 48.1% of monthly committed rental income**



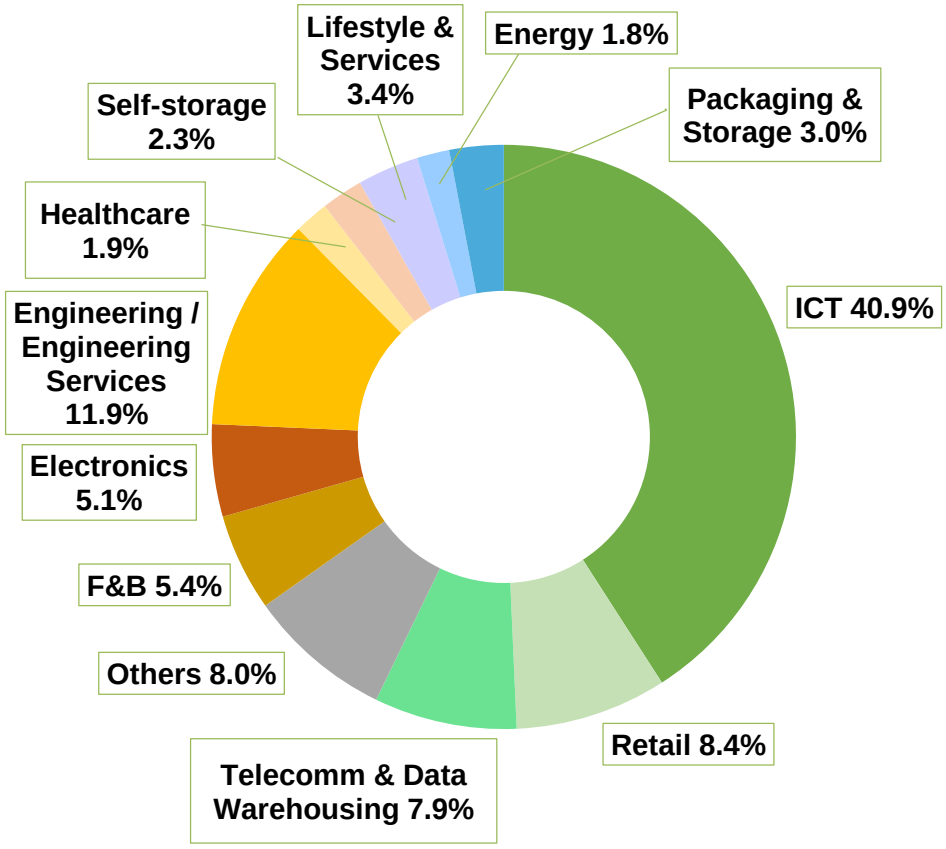

* *As at 31 December 2014. Excluding United Engineers Developments Pte Ltd as lessee of the UEBH Hotel Leased Premises*

# Diversified Quality Tenant Mix

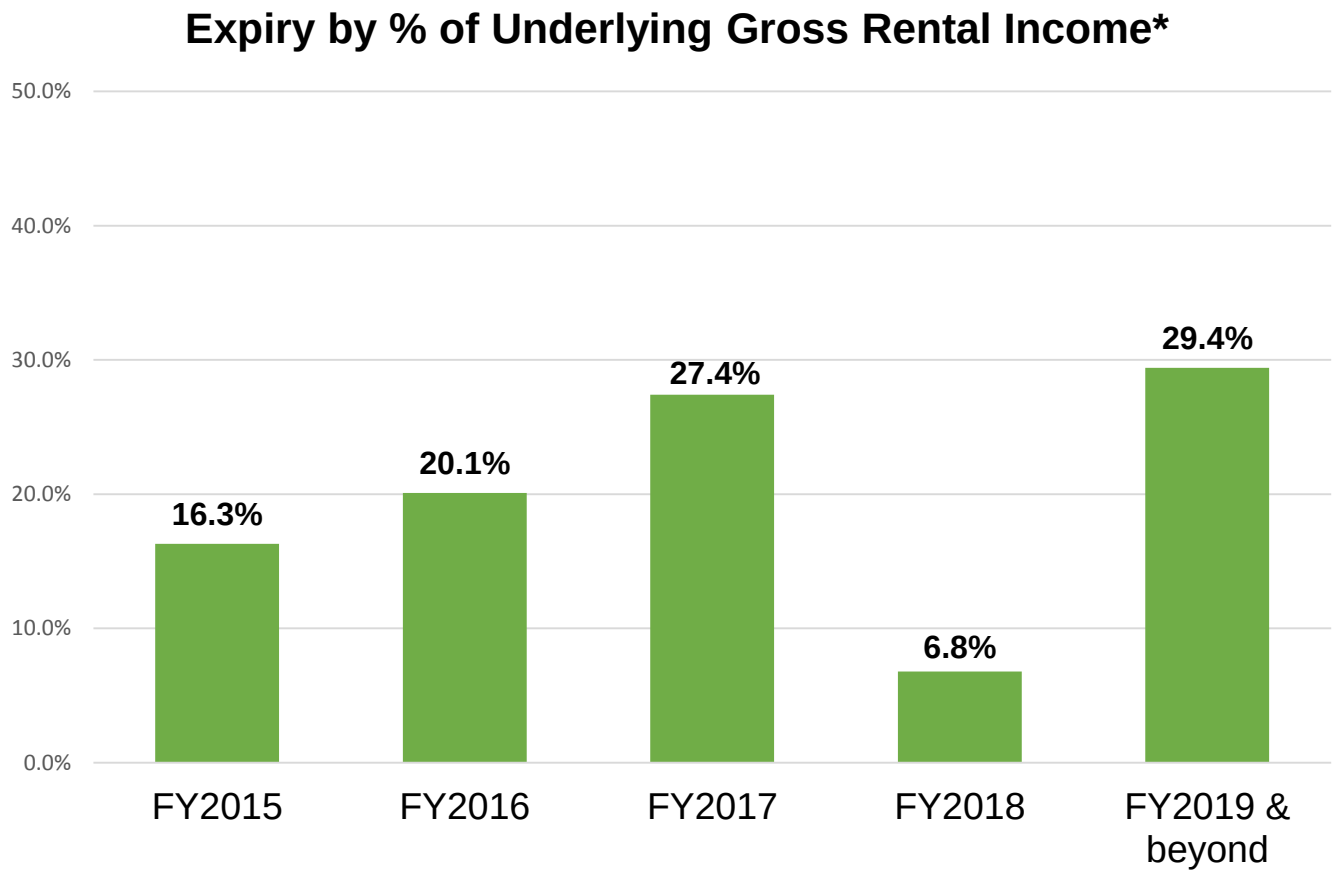
## Breakdown of Tenant Type by Underlying Gross Income




## Breakdown of Trade Sector by Underlying Gross Income



# Staggered Lease Expiry Provides Income Stability




** Based on committed leases as at 31 December 2014, 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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# Outlook

## Singapore Economy

- Singapore economy grew by 1.5% on a year-on-year basis in the fourth quarter of 2014, compared to 2.8% in the previous quarter[1].
- On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 1.6%, slower than the 3.1% expansion in the previous quarter. For the whole of 2014, the economy is estimated to have grown by 2.8% which is in line with MTI's earlier announced growth forecast of around 3.0%[1].

## Industrial Property Sector

- Activity level in the industrial leasing segment remained healthy in Q4 2014. Leasing interest continues to stem from firms in the growth industries, such as biomedical and clean technology[2].
- Moving into 2015, the outlook of the industrial property market is expected to be mixed, taking into account the fragile global economic outlook and lingering risks[2].
- Business parks and high-specs space are also expected to benefit from the increase in office rents, which may drive tenants who also qualify for industrial space to look to more affordable alternatives[3].

## VIT Plan

- Lower aggregate leverage ratio through diversification of funding sources.
- Seeking planning approval from URA to commence TPCC AEI project. Marketing is ongoing and feedback has been positive.
- Continue 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 1.5 Per Cent in Fourth Quarter of 2014", Press Release, Ministry of Trade and Industry Singapore, 02 January 2015*
2. *"A year of weak sales and healthy leasing activity", Research & Forecast Report, Singapore Industrial 4Q2014, Colliers International*
3. "Outlook for Singapore's Industrial Property Market This Year Continues to be Mixed", Media Centre, News Release Library, Colliers International, 12 January 2015

# *Thank you*

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