# Viva Industrial Trust

## REITs Symposium 2016

### 4 June 2016



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- Key Highlights
- Industry 4.0
- Property Portfolio
- Financial Performance
- Growth Drivers

# Key Highlights

**DISTRIBUTION YIELD[1]**

9.2%

**DISTRIBUTION PER UNIT[2]**

6.588c

**NAV PER UNIT[3]**

81.1c

**MARKET CAPITALISATION[3]**

S$621m

**TOTAL ASSETS[4]**

S$1.180b

**GEARING RATIO[3]**

37.6%

**GFA / NLA[4]**

3.6m / 3.0m

**PROPERTIES[4]**

8 properties
19 buildings

1. VIT distribution yield is computed based on annualized Q1 2016 DPS and Closing Price of S$0.72 as at 31 March 2016
2. Annualised distribution based on Q1 2016 distribution



3. As at 31 March 2016
4. Including latest acquisition of 30 Pioneer Road completed on 15 April 2016

# Key Highlights

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



## Infocomm Technology and Industry 4.0 Tenants

- ICT and technology-intensive manufacturing companies are our key tenants, contributing more than **47% of gross rental income**.
- **69.1%** of the underlying gross rental income is contributed by Multinational Corporations and Government-linked Corporations.

3



## Clear Growth Strategy for 2016

- Asset Enhancement Initiative at Viva Business Park to drive **returns upside in 2016-17**.
- Completion of acquisition of **30 Pioneer Road** in April 2016 will contribute to revenue and distributions growth.

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Key Highlights

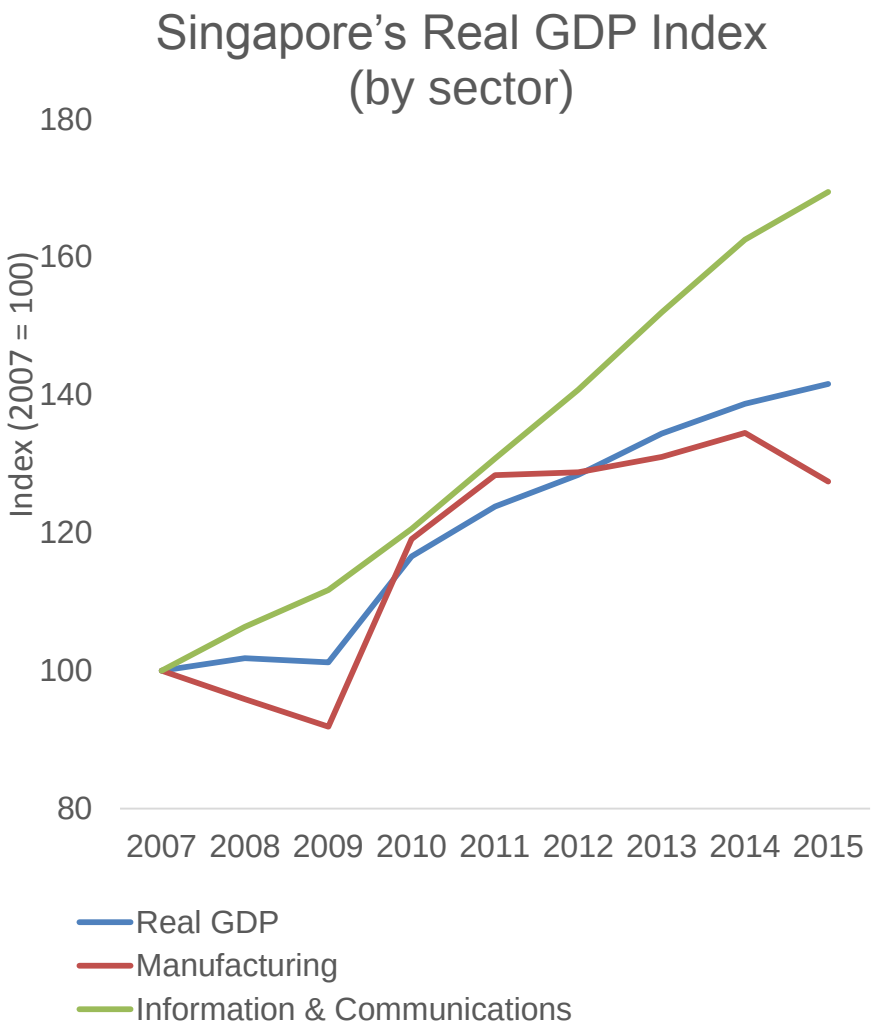
Industry 4.0

Property Portfolio

Financial Performance

Growth Drivers

# Industry 4.0 – Behind the Headline GDP Numbers




- Singapore's economy posted a muted 2.0% growth in 2015 whilst manufacturing contracted 5.2% weighed by the electronics and transport engineering clusters.
- In recent years, the manufacturing sector had underperformed overall GDP, averaging 1.5% growth over 2011-15. This reflected a tightening foreign labour policy and the decampment of less cost-efficient manufacturing activities.
- Manufacturers that remained continue to adjust their business models to low-volume, high-mix activities whilst decreasing their reliance on labour.
- Conversely, the ICT sector averaged growth of **7.1%** over the past five years, pointing the way forward for Singapore toward a data-intensive, infocomm-driven economy.

# Strong Government Support for Industry 4.0 and the ICT Sector

- **Industry 4.0** refers to the next phase in the digitisation of the manufacturing sector driven by disruptions such as big data, increased connectivity and new robotics interfaces.
- Singapore's **$4.5bn Industry Transformation Programme** will provide a big push for Singapore's manufacturing cluster by developing bespoke plans and incentives tailored to develop each industry in the cluster.
- Furthermore, the Singapore Government will be calling for a projected **S$2.8bn** of ICT tenders in FY2016 comprising mainly of IT infrastructure, security for Internet of Things, and Government agency systems.
- **VIT's business park focused portfolio meets the needs of Industry 4.0 manufacturers and ICT firms**, counting many of them among our tenants.

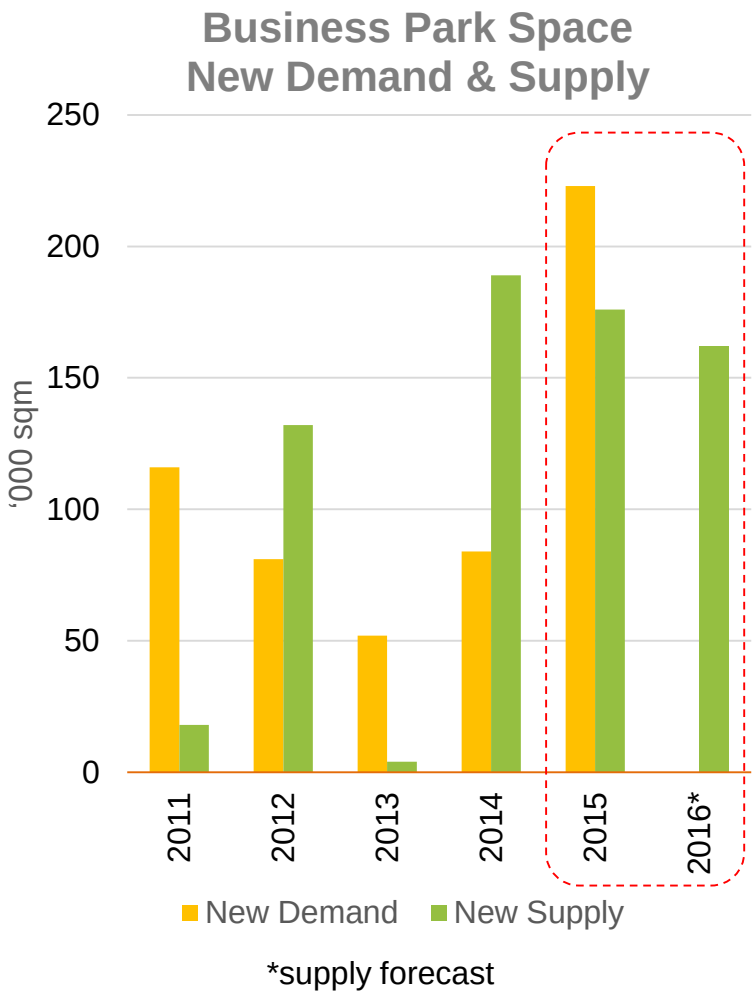


*UEBH EAST*

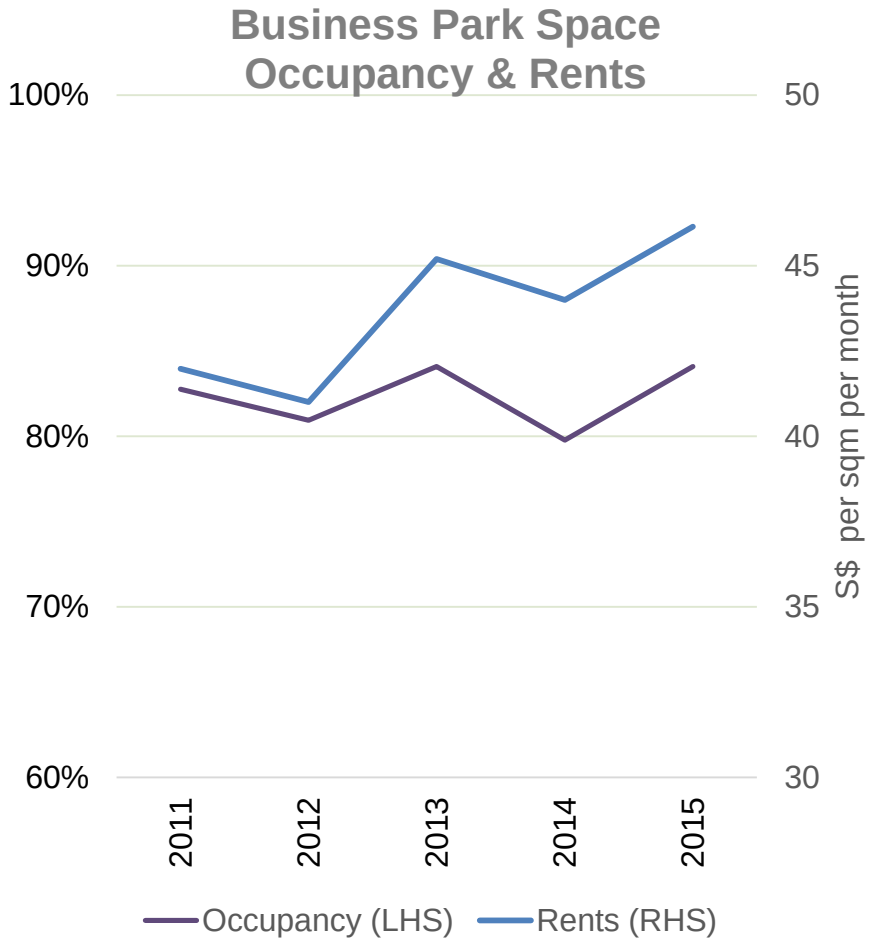


*Viva Business Park*

# Industry 4.0 – Business Park Space Needs




Source: JTC, Knight Frank Research




Source: Realis, Knight Frank Research

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# Strategically Located Quality Portfolio

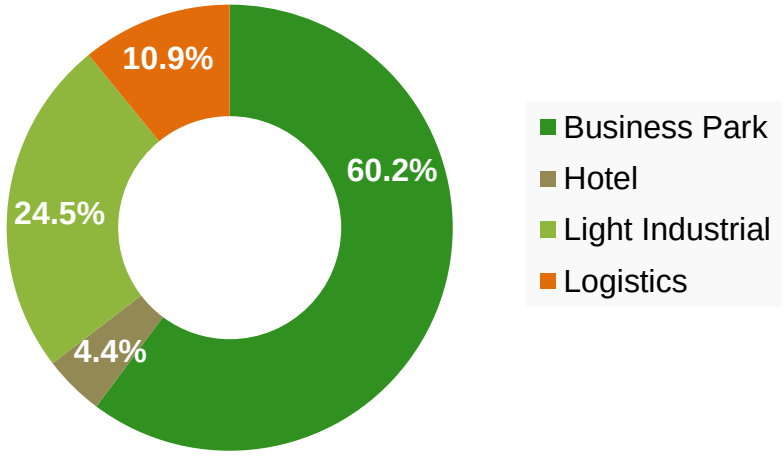



✓ Planned development of Tuas Port, where all of Singapore's port operations will be consolidated

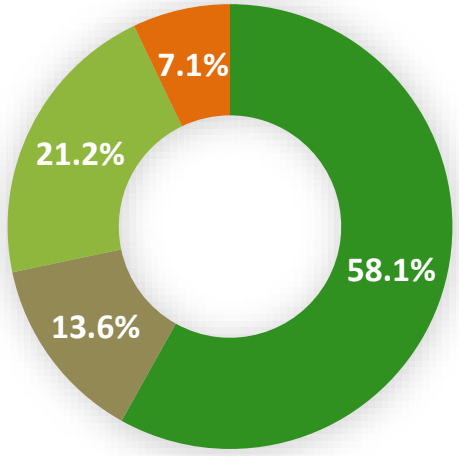
# Business Park Focused Portfolio

| Portfolio Summary | |
|---|---|
| Total Number of Properties | **8** |
| Total Portfolio GFA | **3,574,026 sq ft** |
| Net Lettable Area (NLA) | **2,996,115 sq ft** |
| WALE (by rental income)* | **3.6 years** |
| Weighted Average Land Lease (by valuation) | **36.4 years** |
| Weighted Average Age of Building (by valuation) | **9.7 years** |
| Weighted Average Portfolio Occupancy<br>*- Weighted Average Portfolio Occupancy as at listing date (4 November 2013)* | **88.4%**<br>70.1% |
| Total Portfolio Valuation | **S$1.18 billion** |

**Asset Type by GFA**



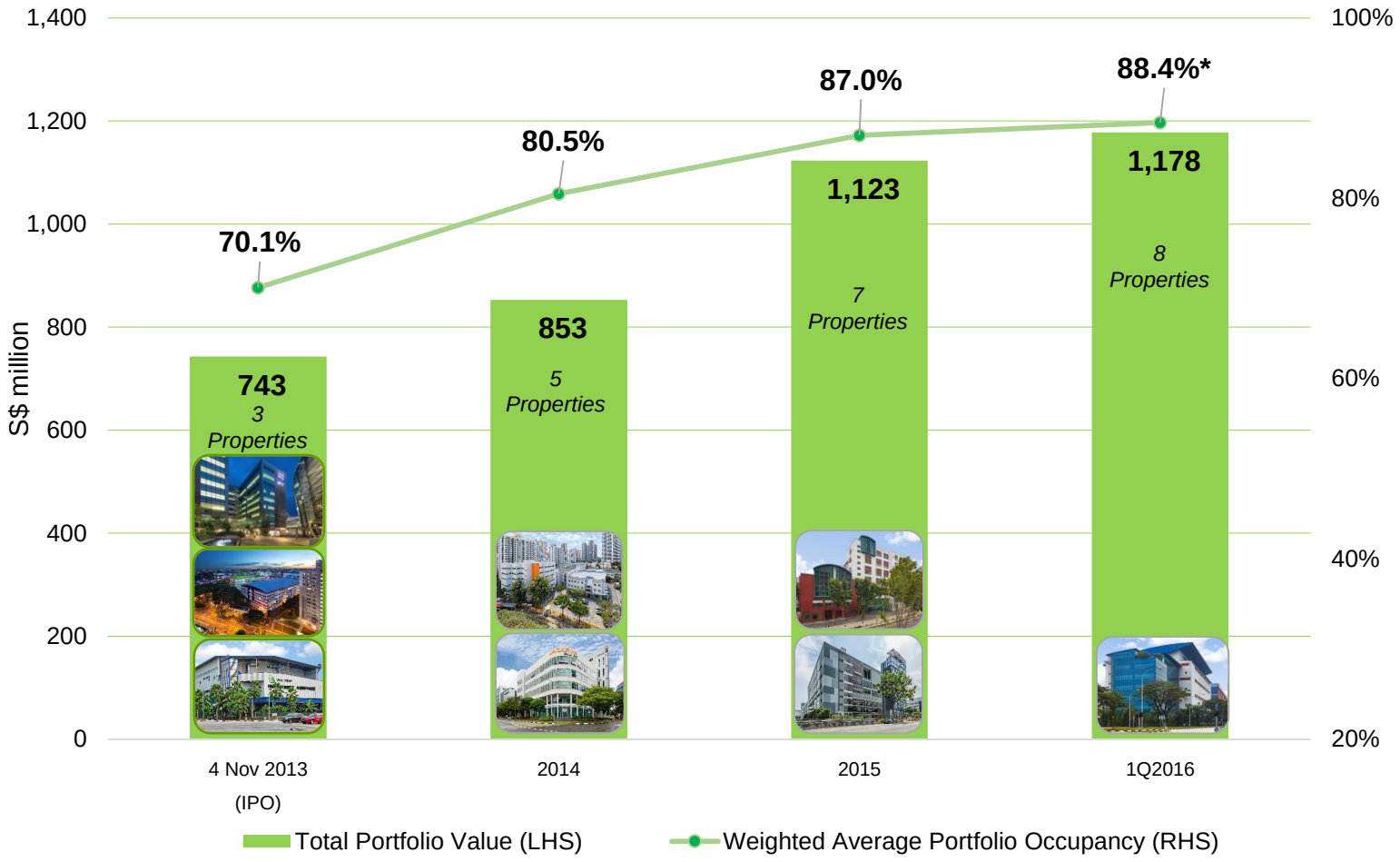

**Asset Type by Valuation**






** By Rental Income - based on net property income and rental support post acquisition of 30 Pioneer Road, taking into account the master lease arrangements and rental support arrangements, assuming that renewal options are not exercised.*

# Steady Portfolio and Occupancy Growth since IPO




** Weighted average portfolio occupancy post acquisition of 30 Pioneer Road.*

# Best in Class Portfolio – Properties Profile

| | UE BizHub EAST ("UEBH") | | Viva Business Park ("VBP") | Mauser Singapore |
|---|---|---|---|---|
| |  |  |  |  |
| **Property Type** | Business Park | Hotel | Business Park | Logistics |
| **Valuation** | S$355.0mn[1] | S$160.0mn[1] | S$330.0mn[2] | S$28.0mn[1] |
| **GFA** | 626,018 sq. ft. | 157,397 sq. ft. | 1,524,685 sq. ft. | 107,566 sq. ft. |
| **Age** | 3.9 years | 3.9 years | 19.5 years | 3.8 years |
| **Remaining Land Lease** | 51.9 years | 51.9 years | 15.0 years | 50.3 years |
| **Occupancy** | 90.4% | 99.5% | 66.6% | 100% |
| **No of Tenants** | 35 | 5 | 68 | 1 |
| **No of Carpark Lots** | 299 | | 742 | 14 |

*1. Based on independent valuation performed by Savills Valuation and Professional Services (S) 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.*

# Best in Class Portfolio – Properties Profile

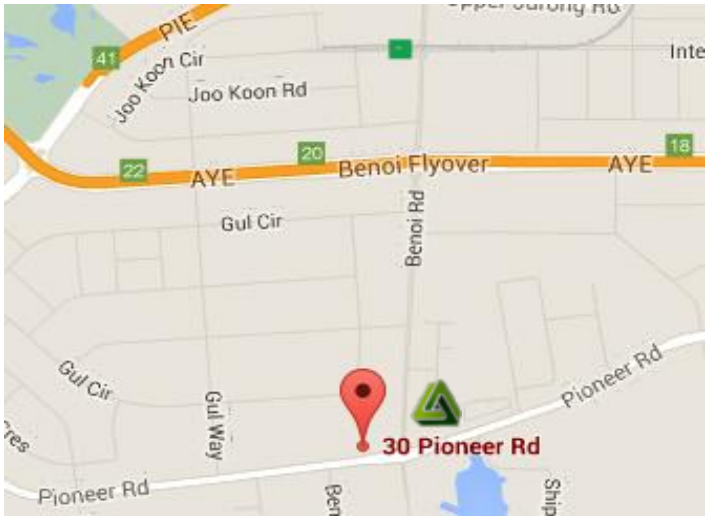
| | Jackson Square | Jackson Design Hub | 11 Ubi Road 1 | Home-Fix Building |
|---|---|---|---|---|
| |  |  |  |  |
| **Property Type** | Light Industrial | Light Industrial | Light Industrial | Light Industrial |
| **Valuation** | S$82.0mn[1] | S$33.4mn[1] | S$87.0mn[2] | S$47.8mn[1] |
| **GFA** | 418,586 sq. ft. | 85,070 sq. ft. | 253,058 sq. ft. | 120,556 sq. ft. |
| **Age** | 6.3 years | 7.1 years | 18.4 years | 4.8 years |
| **Remaining Land Lease** | 13.1 years | 51.1 years | 39.4 years | 51.5 years |
| **Occupancy** | 98.9% | 100% | 100% | 100% |
| **No of Tenants** | 17 | 1 | 5 | 1 |
| **No of Carpark Lots** | 223 | 45 | 69 | 109 |

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 Suntec Real Estate Consultants Pte Ltd as at 31 December 2015.*

# Best in Class Portfolio – Latest Acquisition

| 30 Pioneer Road | |
|---|---|
| Property Type | Logistics |
| Valuation | S$55.0 million[1] |
| GFA | 281,090 sq. ft. |
| Age | 5.6 years |
| Remaining Land Lease | 20.9 years |
| Occupancy | 100% |
| No of Tenants | 1 |
| No of Carpark Lots | 57 carpark lots<br>51 heavy vehicle parking lots |

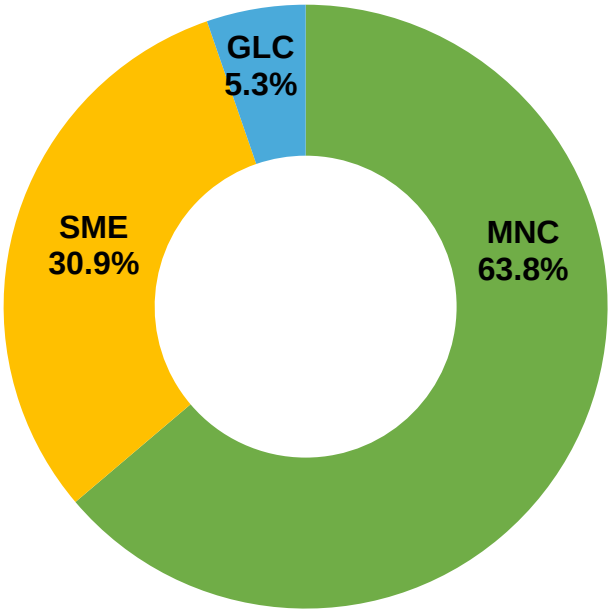




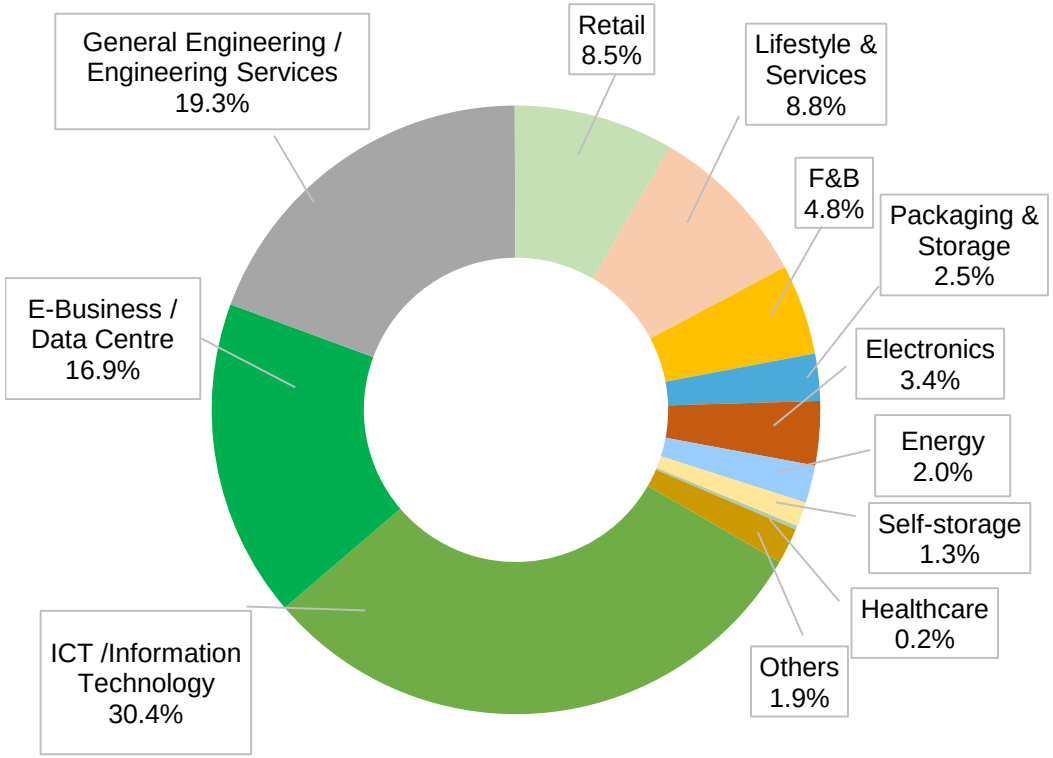

1. *Based on independent valuation performed by Savills Valuation and Professional Services (S) Pte Ltd as at 14 April 2016, including the upfront land premium for the balance of the initial 30-year lease term.*

# Diversified Quality Tenant Mix

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




## Breakdown of Trade Sector by Underlying Gross Rental Income*



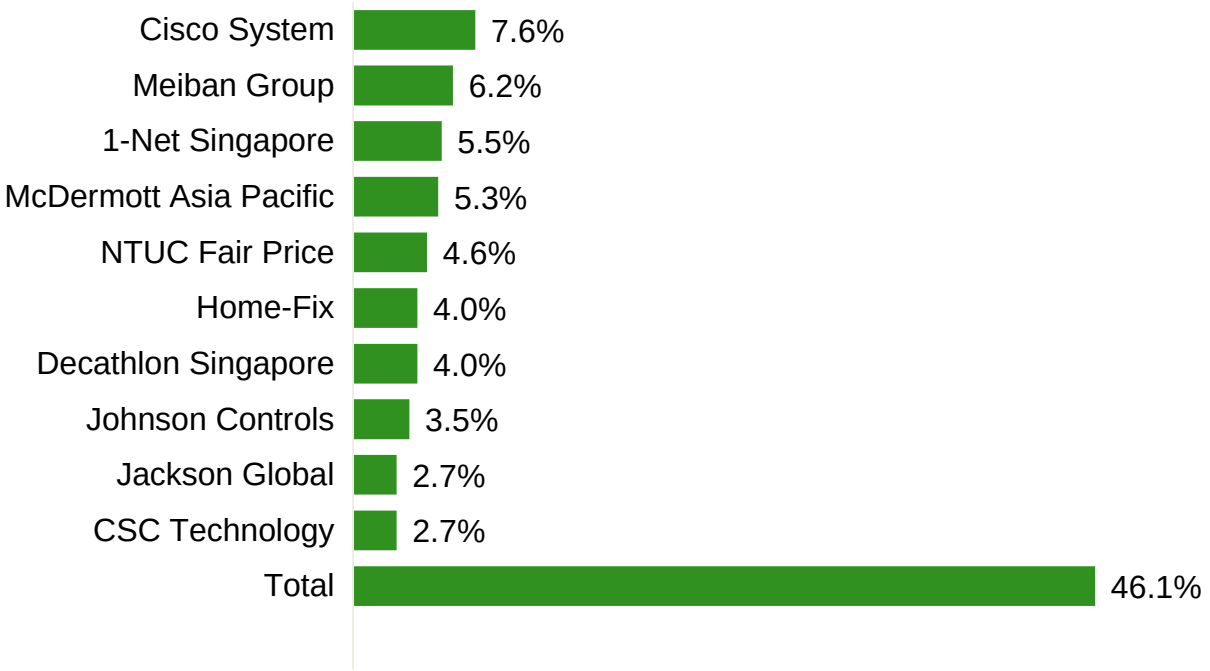

- **47.3%** of tenants are in information technology, e-business or data centre operations.
- **69.1%** of tenants are multinational corporations or government-linked corporations.
- **Minimal direct exposure** to hard-hit oil & gas energy sectors.



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

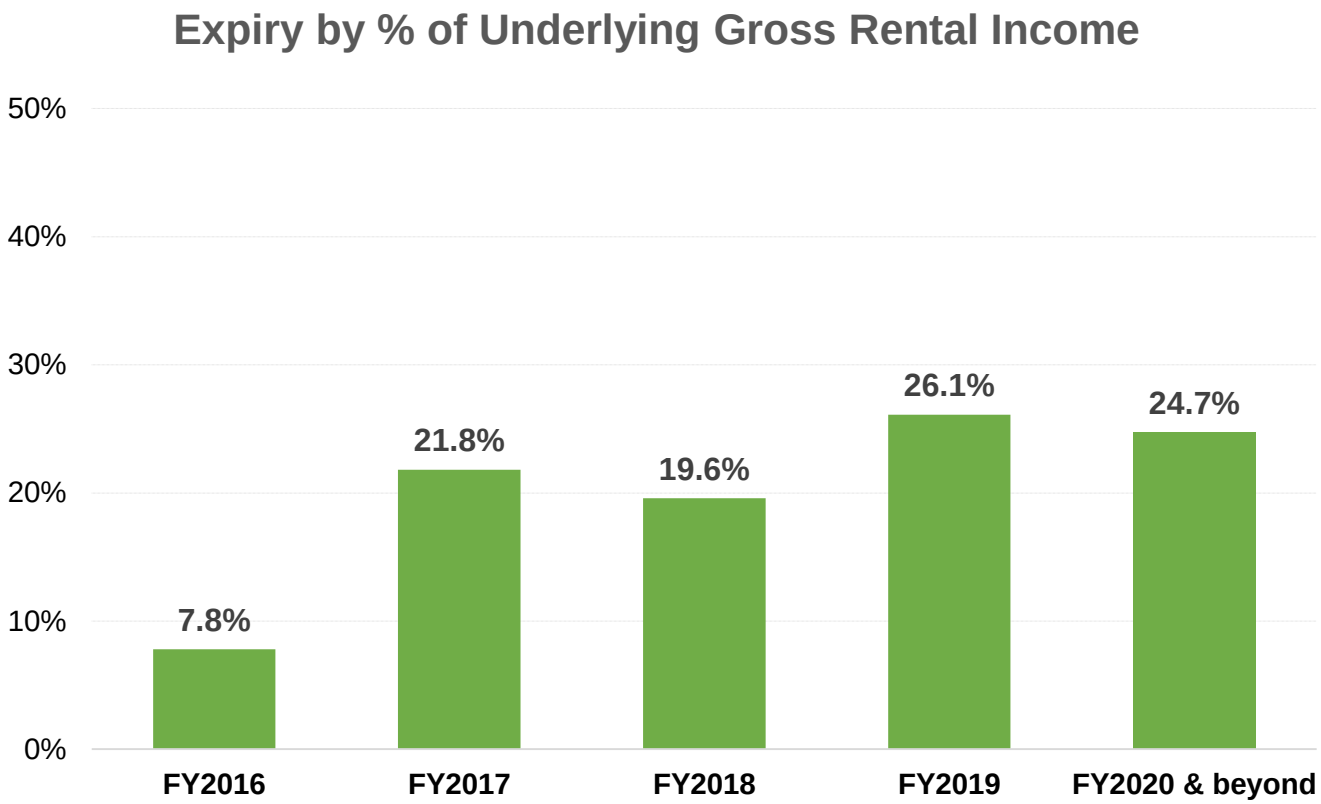
# Diversified Quality Tenant Mix*

**Top 10 tenants/sub-tenants account for 46.1% of monthly committed rental income**




* *As at 31 March 2016, excluding United Engineers Developments Pte Ltd as lessee of the UEBH Hotel Leased Premises.*

# Staggered Lease Expiry Provides Income Stability




Secured approximately **205,000 sq ft** of lease renewals and new leases in 1Q2016.

** Based on committed leases as at 31 March 2016, 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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# Financial Performance

| | Quarter-on-Quarter | | |
|---|---|---|---|
| | **1Q2016** | **4Q2015** | **Variance** |
| Gross Revenue (S$'000) | **21,912** | 19,702 | ▲ 11.2% |
| NPI (S$'000) | **15,798** | 13,725 | ▲ 15.1% |
| Distributable Income [1] (S$'000) | **14,143** | 12,463 | ▲ 13.5% |
| DPS (SG cents) | **1.638** | 1.634 | ▲ 0.2% |
| Annualised DPS (SG cents) | **6.588** | 6.483 | ▲ 1.6% |
| Distribution Yield<br>(Based on closing price of S$0.720 as at 31 March 2016) | **9.2%** | 9.0% | ▲ 2.2% |

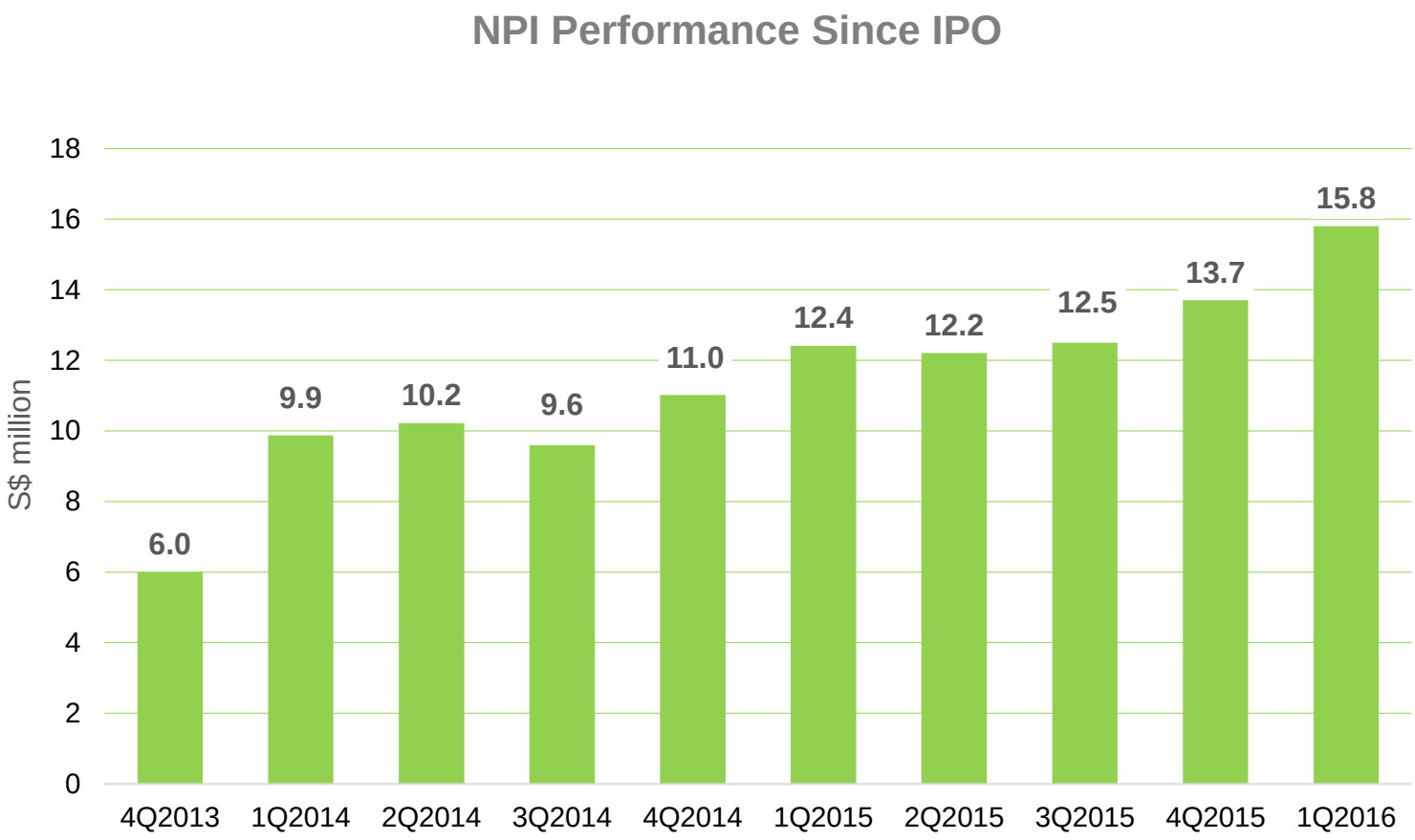
1. *Distributions of the Stapled Group represent the aggregate of distributions by VI-REIT Group and VI-BT. The distributions of the Stapled Group are contributed solely by VI-REIT Group as VI-BT remains inactive. Accordingly, only the income available for distribution of VI-REIT Group has been included for the purpose of calculating the Distribution per Stapled Security.*

# Financial Performance

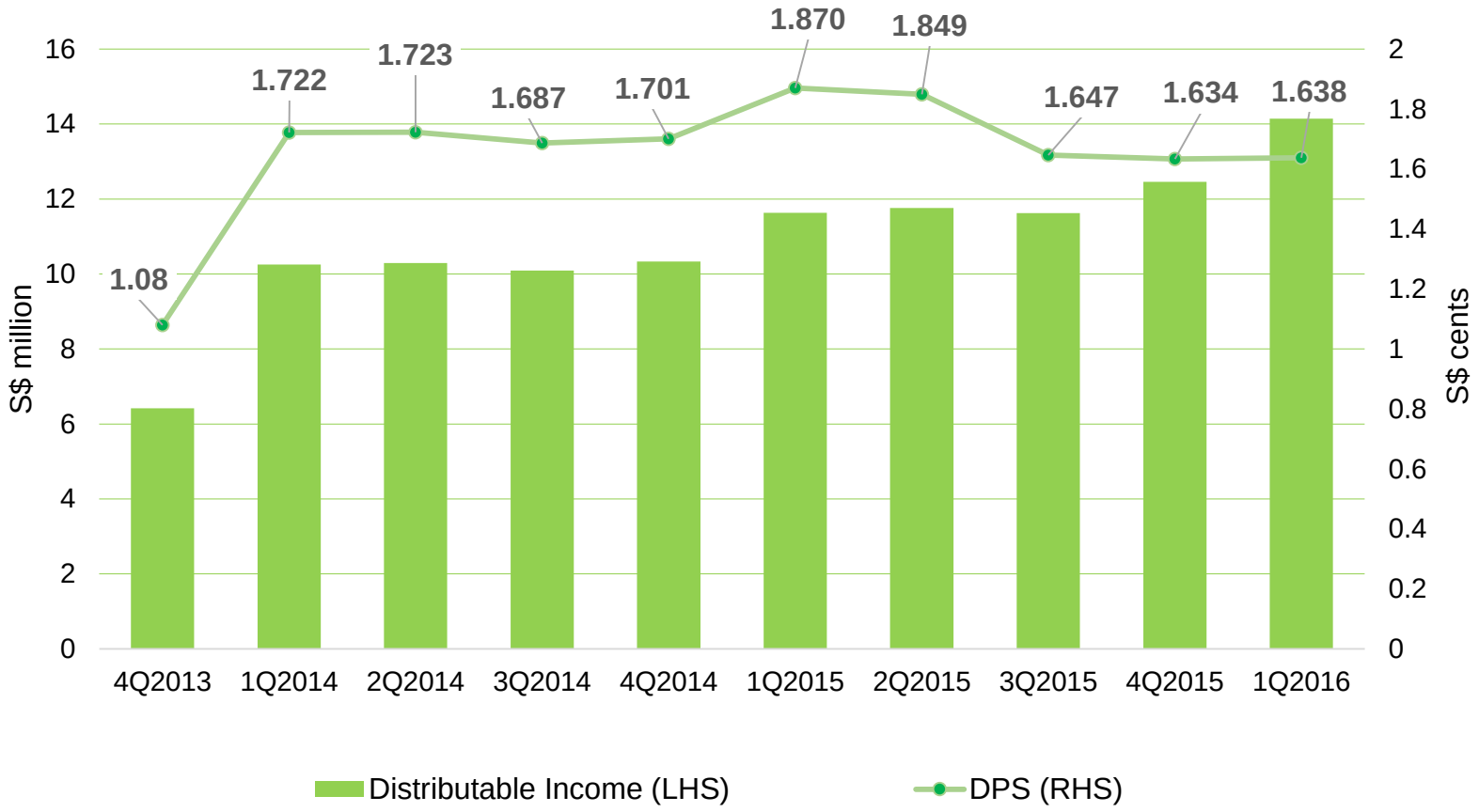
| | Year-on-Year | | |
|---|---|---|---|
| | **FY2015** | **FY2014** | **Variance** |
| Gross Revenue (S$'000) | **73,989** | 61,740 | ▲ 19.8% |
| NPI (S$'000) | **50,838** | 40,753 | ▲ 24.7% |
| Distributable Income [1] (S$'000) | **47,478** | 40,963 | ▲ 15.9% |
| DPS (SG cents) | **7.000** | 6.833 | ▲ 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% |

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.*

# Stable Net Property Income (NPI)



# Distribution Performance since IPO



# Attractive Return on Investment since IPO

| | FP2013[1] | 1Q2014 | 2Q2014 | 3Q2014 | 4Q2014 | 1Q2015 | 2Q2015 | 3Q2015 | 4Q2015 | 1Q2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| 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 |
| 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 |
| Price Appreciation (%) | (0.6) | (1.3) | 1.9 | 3.2 | 1.9 | 3.2 | 1.9 | (5.8) | (9.0) | (7.7) |
| Cumulative Distribution Yield (%) | 1.4 | 3.6 | 5.8 | 8.0 | 10.1 | 12.5 | 14.9 | 17.0 | 19.1 | 21.2 |
| **Total Return (%)[3]** | **0.8** | **2.3** | **7.7** | **11.2** | **12.0** | **15.7** | **16.8** | **11.2** | **10.1** | **13.5** |

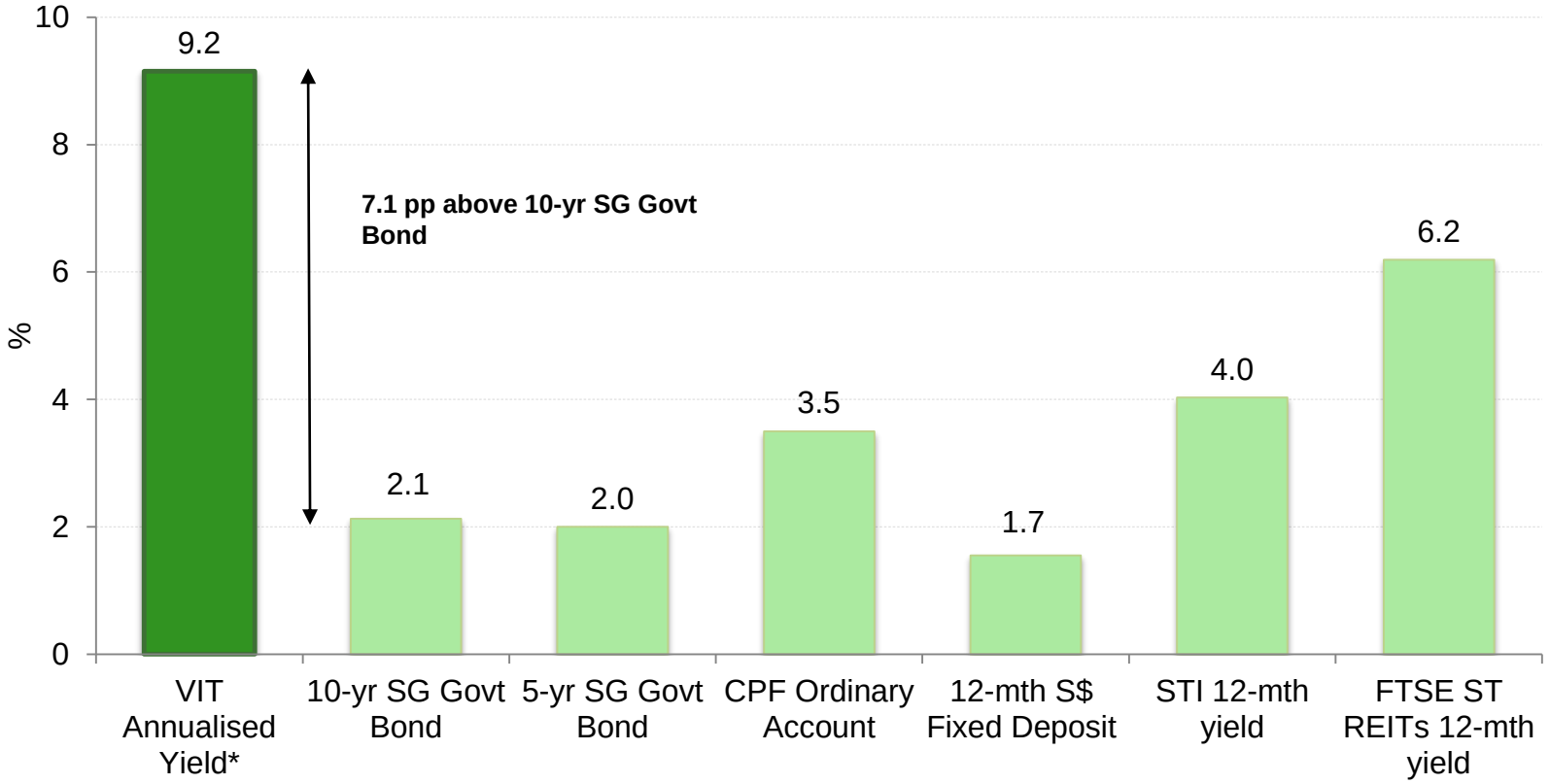



| Scenario: Distribution yield based on 1Q2016 annualised DPS of S$0.06588 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Price | S$0.700 | S$0.710 | S$0.720 | S$0.730 | S$0.740 | S$0.750 | S$0.760 |
| Annualised Distribution Yield | 9.4% | 9.3% | 9.2% | 9.0% | 8.9% | 8.8% | 8.7% |



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.*

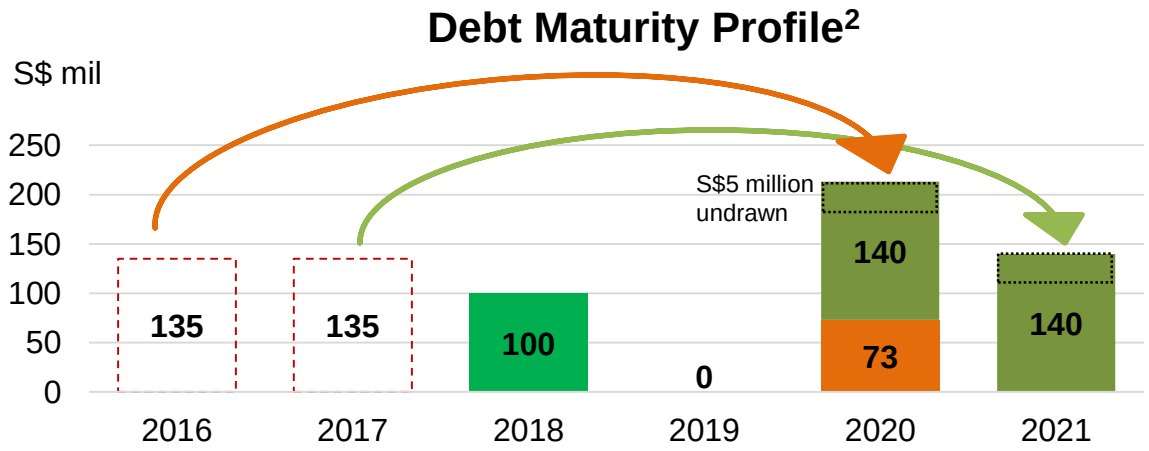
# Attractive Yield versus Other Investments




** VIT Annualised Yield is computed based on the actual DPS for 1Q2016 and Closing Price of S$0.720 as at 31 March 2016.*
*Source: Bloomberg, Central Provident Fund Board, Monetary Authority of Singapore, OCBC, as at 1 June 2016.*

# Proactive Capital Management

- ✓ **Successfully refinanced S$315 million** loan facilities obtained at IPO with **new S$330 million loan facilities** in February 2016.
- ✓ Weighted average debt maturity lengthened **from 2.2 years** as at 31 December 2015 **to 4.0 years** as at 31 March 2016.
- ✓ Further **lowered gearing from 38.6%** as at 31 December 2015 **to 37.6%** as at 31 March 2016.
- ✓ **94.8%** of VIT's total outstanding borrowings were on **fixed interest rates.**
- ✓ **No major refinancing until FY2018.**



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# Growth Drivers – AEI at VBP



# Growth Drivers – AEI Updates

| | | | |
|---|---|---|---|
| **AEI Project** | An initiative to unlock the value of VBP (formerly known as TPCC) by converting up to 15% of GFA to "white" use, allowable under BP zoning | | |
| **Total GFA converted to "white"** | 214,951 sq ft | | |
| **Progress status** | 750 – Level 1 | TOP obtained on 4 May 2016 |  |
| | 750A – Level 1 | TOP obtained on 11 January 2016 and fully leased |  |
| | 750B – Level 1 & 2 & part of Level 3 | AEI works in progress, expected to complete by end 3Q2016 |  |
| **Committed occupancy for the "white" space as at 31 March 2016** | 58% | DECATHLON SPORT FOR ALL. ALL FOR SPORT; OWL SINCE 1956; TRUE FITNESS; ASTONS specialities; Chuc-a-boo; mmm! | |
| **Increase in valuation of VBP as a result of AEI** | **Increase of 69% to S$330 million as at 31 December 2015** *(from S$195.0 million as at listing date on 4 November 2013)* | | |

# AEI Media Highlights



A4 THURSDAY JANUARY 14, 2016 MYPAPER

TopStories

BY LYDIA LAM

# Get fit at new Bedok mixed business park

*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*

# Growth Drivers – Latest Acquisition Completed

- Completed acquisition of 30 Pioneer Road on 15 April 2016, raising total portfolio valuation to approximately S$1.2 billion. **The acquisition started contributing additional income to VIT from 2Q2016.**

| Property Details | |
|---|---|
| Location | 30 Pioneer Road, Singapore 628502 |
| Purchase Cost | S$50.3 million (including land premium) |
| Valuation | S$55.0 million[1] |
| **Net Rental** | **S$4.36m for 1st year** with rental escalations of 5% in Year 3 and Year 5. |








1. *Based on independent valuation performed by Savills Valuation and Professional Services (S) Pte Ltd as at 14 April 2016, including the upfront land premium for the balance of the initial 30-year lease term.*

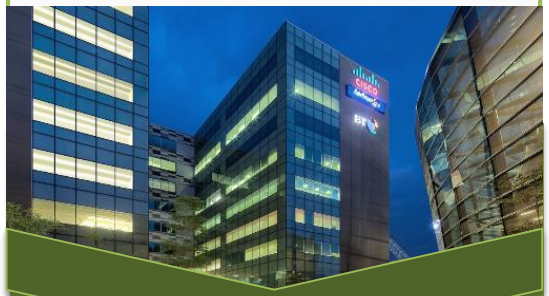
# Strategy

## 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 DPU
- Maintain prudent financial policy with gearing ratio within 40%
- Diversify sources of funding

# *Thank you*

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