Viva Industrial Trust
2Q2014 Financial Results
(for the period from 1 April 2014 – 30 June 2014)

31 July 2014



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Key Highlights

1 2Q2014 performance exceeded forecast, delivering 8.9% annualised distribution yield

- Distributable income at $10.3 million, exceeded forecast and 1Q2014
- Distribution per Stapled Security (DPS) of 1.723 cents, exceeded forecast and 1Q2014

2 Better-than-expected Net Property Income (NPI) from UE BizHub (UEBH) resulted in lower income tax expense

- Actual NPI derived from UEBH exceeded forecast
- Actual amount of rental top-up under the UEBH rental arrangement (UEBH rental top-up) was lower than forecast
- As a result, the actual income tax expense in respect of UEBH rental top-up was $0.2 million or 26.9% lower than forecast

3 Prudent capital management

- Healthy balance sheet with aggregate leverage ratio of 38.5%
- Reduced borrowings by $7 million to $293 million
- 78.5% of interest-bearing borrowings are hedged with fixed interest rates

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Financial Performance

	2Q2014 Actual	1Q2014 Actual	Variance
Gross Revenue (S$'000)	**15,209**	14,974	▲ 1.6%
NPI (S$'000)	**10,219**	9,866	▲ 3.6%
Distributable Income[1] (S$'000)	**10,287**	10,250	▲ 0.4%
DPS (Singapore cents)	**1.723**	1.722	▲ 0.1%

1. *Distributions of the Stapled Group represent the aggregate of distributions by VI-REIT and VI-BT. The distributions of the Stapled Group for 2Q2014 and 1Q2014 are contributed solely by VI-REIT as VI-BT was dormant during the period. Accordingly, only the income available for distribution of VI-REIT has been included for the purpose of calculating the Distribution per Stapled Security.*

Financial Performance

	2Q2014		
	Actual	**Forecast [1]**	**Variance**
Gross Revenue (S$'000)	**15,209**	14,253	▲ 6.7%
NPI (S$'000)	**10,219**	9,275	▲ 10.2%
Distributable Income [2] (S$'000)	**10,287**	10,249	▲ 0.4%
DPS (Singapore cents)	**1.723**	1.717	▲ 0.3%
Annualised DPS (Singapore cents)	**6.911**	NA	NA
Annualised Distribution Yield:			
Based on IPO price of S$0.780	**8.9%**	8.8%	▲ 1.1%
Based on closing price of S$0.795 as at 30 June 2014	**8.7%**	NA	NA

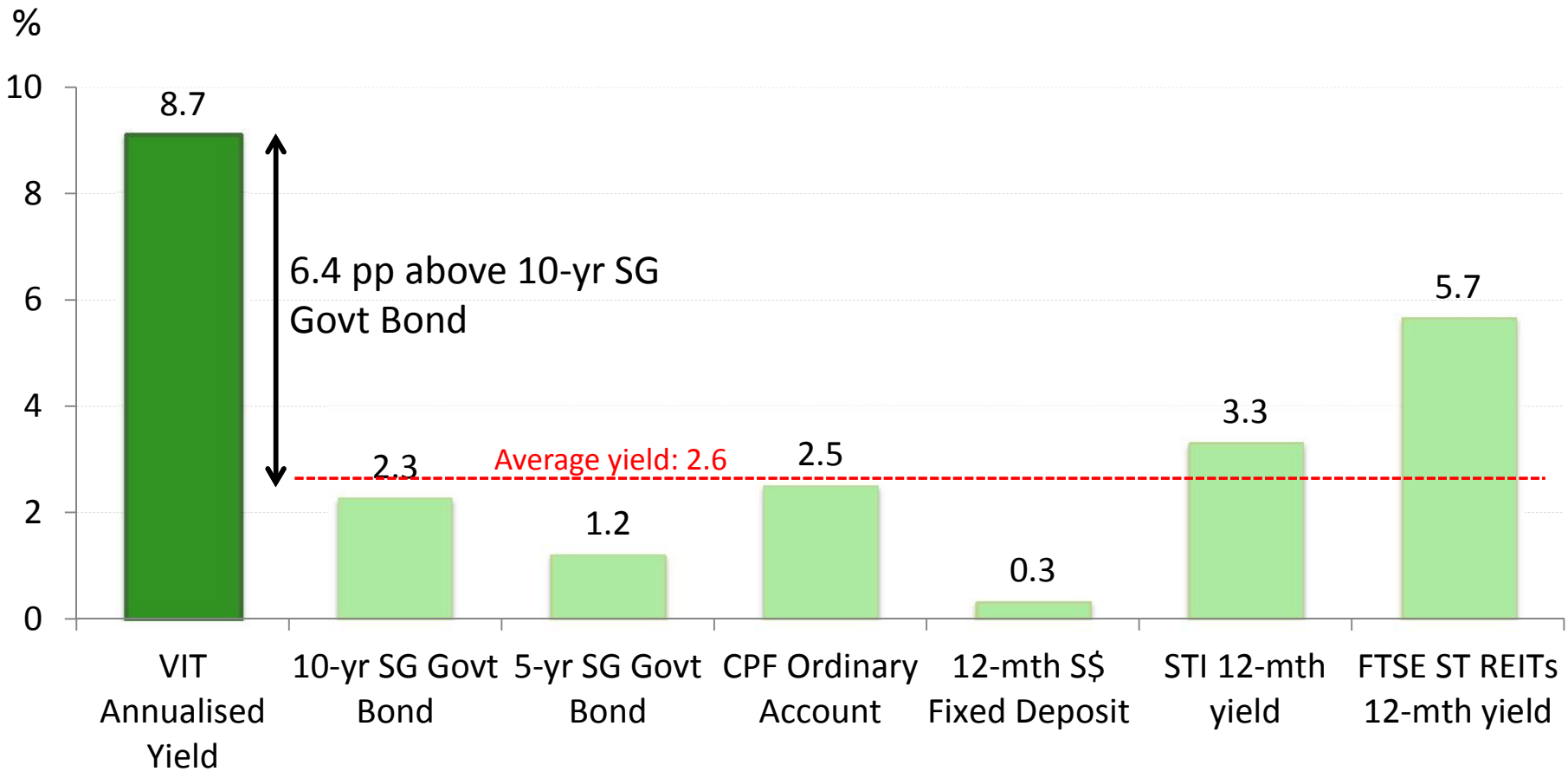
1. *The forecast figures are derived from the corresponding period of the full year projection for 2014 as disclosed in the IPO prospectus dated 28 October 2013.*
2. *Distributions of the Stapled Group represent the aggregate of distributions by VI-REIT and VI-BT. The distributions of the Stapled Group for 2Q2014 are contributed solely by VI-REIT as VI-BT was dormant during the period. Accordingly, only the income available for distribution of VI-REIT has been included for the purpose of calculating the Distribution per Stapled Security.*

Financial Performance

	1H2014		
	Actual	**Forecast [1]**	**Variance**
Gross Revenue (S$'000)	**30,183**	28,128	▲ 7.3%
NPI (S$'000)	**20,085**	18,226	▲ 10.2%
Distributable Income [2] (S$'000)	**20,537**	20,432	▲ 0.5%
DPS (Singapore cents)	**3.445**	3.428	▲ 0.5%
Annualised DPS (Singapore cents)	**6.947**	NA	NA
Annualised Distribution Yield:			
Based on IPO price of S$0.780	**8.9%**	8.8%	▲ 1.1%
Based on closing price of S$0.795 as at 30 June 2014	**8.7%**	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 and VI-BT. The distributions of the Stapled Group for 1H2014 are contributed solely by VI-REIT as VI-BT was dormant during the period. Accordingly, only the income available for distribution of VI-REIT has been included for the purpose of calculating the Distribution per Stapled Security.*

Attractive Yield Versus Other Investments



Source: Bloomberg, Central Provident Fund Board, Monetary Authority of Singapore, as at 30 June 2014

Distribution Details

For the Period from 1 April 2014 to 30 June 2014	
Distribution per Stapled Security (Singapore cents)	**1.723, comprising** **(a) taxable income: 1.378** **(b) tax exempt income: 0.345**
Ex-Date	**6 August 2014**
Books Closure Date	**8 August 2014**
Distribution Payment Date	**29 August 2014**

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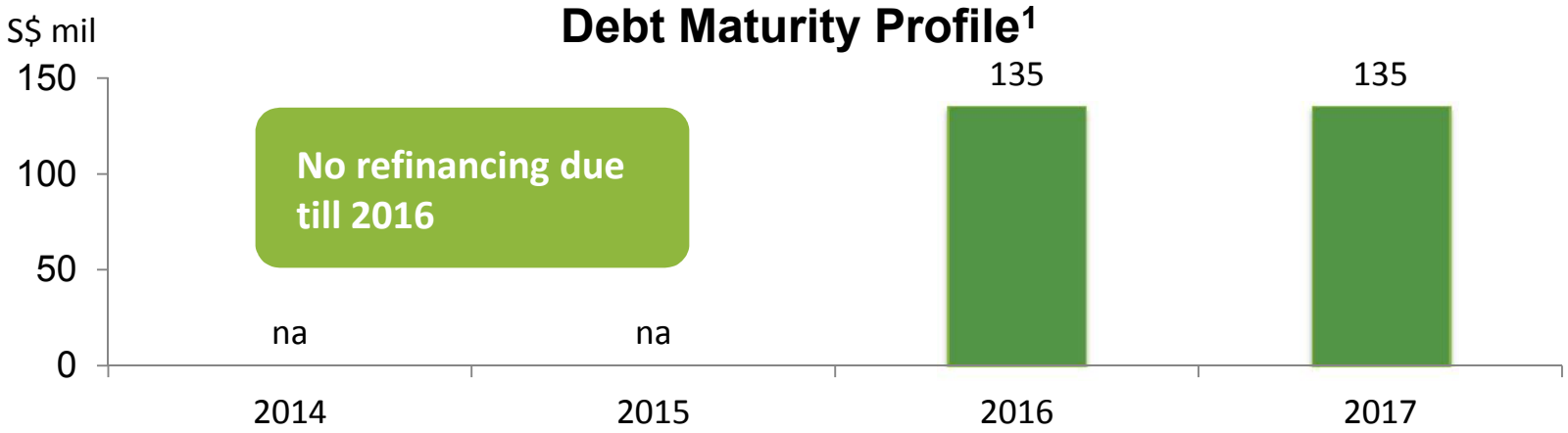


Balance Sheet

	30 Jun 2014 S$ mil	31 Dec 2013 S$ mil
Investment Properties	725.6	725.6
Intangible Assets[1]	15.5	17.6
Current Assets	19.9	29.4
Total Assets	**761.0**	**772.6**
Borrowings (net of transaction costs)	288.4	294.5
Other Liabilities	22.8	29.5
Total Liabilities	**311.2**	324.0
Net Assets	**449.8**	**448.6**
No. of Stapled Securities issued and issuable (in mil)	598.6	595.1
Net Asset Value per Stapled Security (Singapore cents)	**75.1**	**75.4**

1. *This represents the carrying amounts of unamortized rental differential to be provided to VI-REIT by the respective vendors of UEBH and Technopark@Chai Chee ("TPCC") pursuant to the UEBH rental arrangement and the TPCC rental support arrangement.*

Capital Management



As at 30 June 2014	
Total Borrowings	S$293 mil
Gearing Ratio (Total Borrowings over Total Assets)	38.5%
All-in Cost	3.5%
Weighted Average Maturity[1]	2.8 years
Interest Rate Exposure Fixed[2]	78.5%
Interest Cover	5.6 times
Credit Rating[3]	BB+

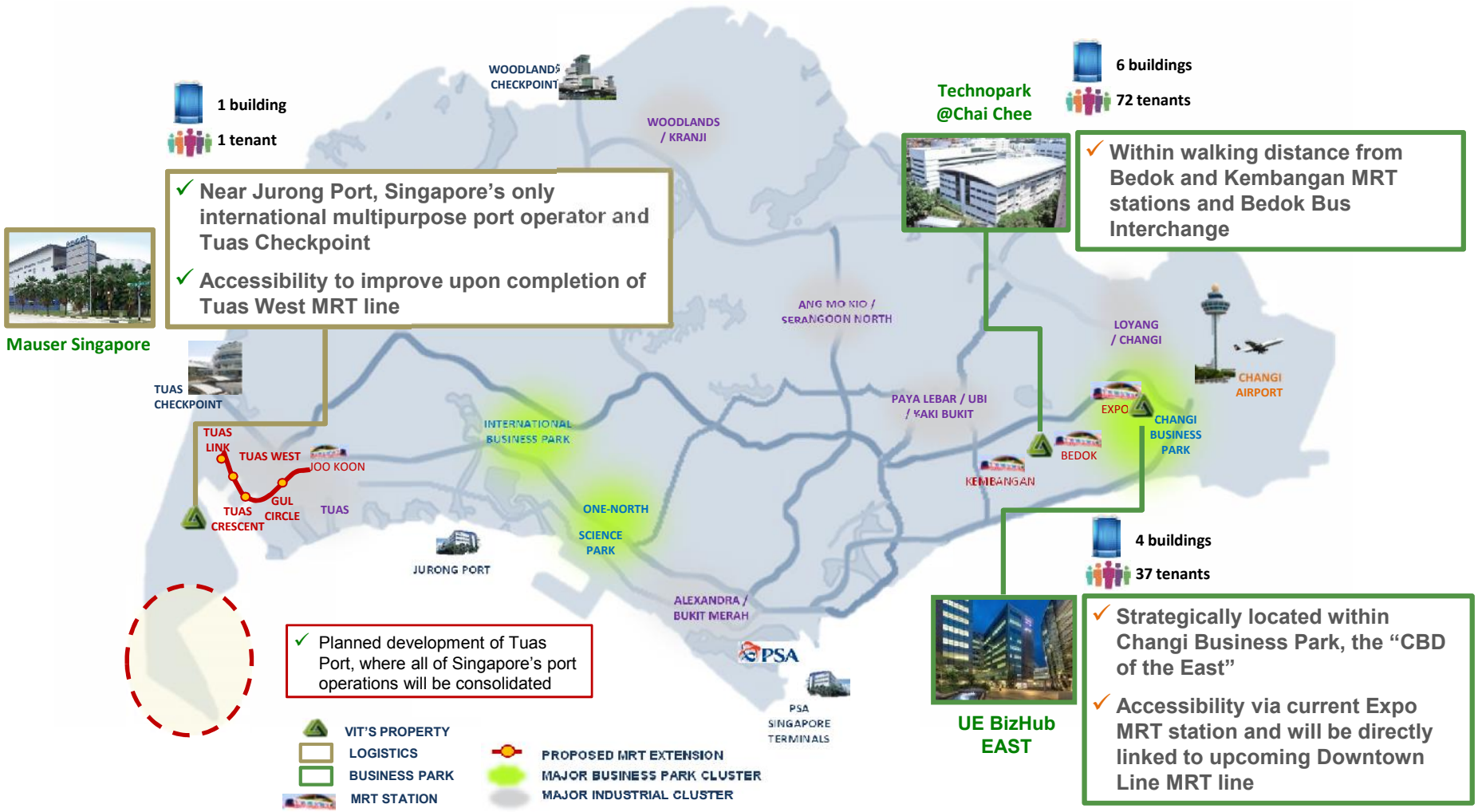
1. *Excludes the outstanding revolving credit facility of S$23 mil.*
2. *Based on outstanding borrowings as at 30 June 2014.*
3. *Rating reaffirmed by Standard & Poor's on 19 March 2014.*

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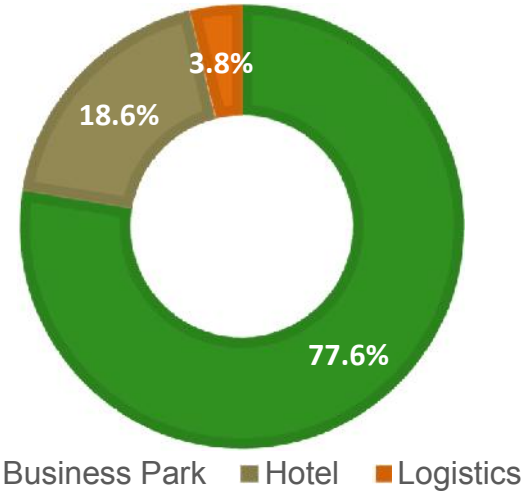
Strategically Located Portfolio



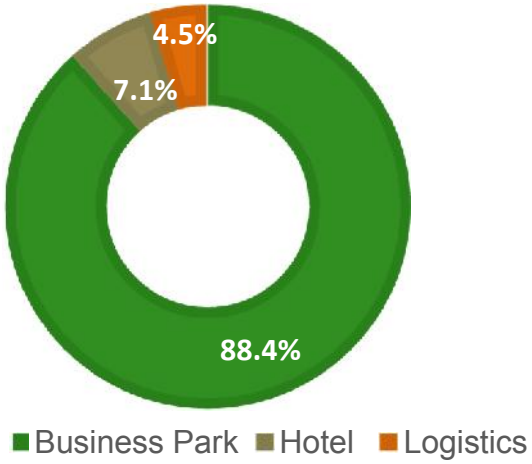
Business Park Focused Portfolio

Portfolio Summary as at 30 June 2014	
Total Number of Properties	**3**
Total Portfolio GFA (sq ft)	**2,416,254 sq ft**
Net Lettable Area (NLA)	**1,905,893 sq ft**
Weighted Average Land Lease (by valuation)	**43.9 years**
Weighted Average Age of Building (by valuation)	**7.1 years**
Total Portfolio Value	**S$743m** [1]

Asset Type by Average Valuation



Asset Type by GFA



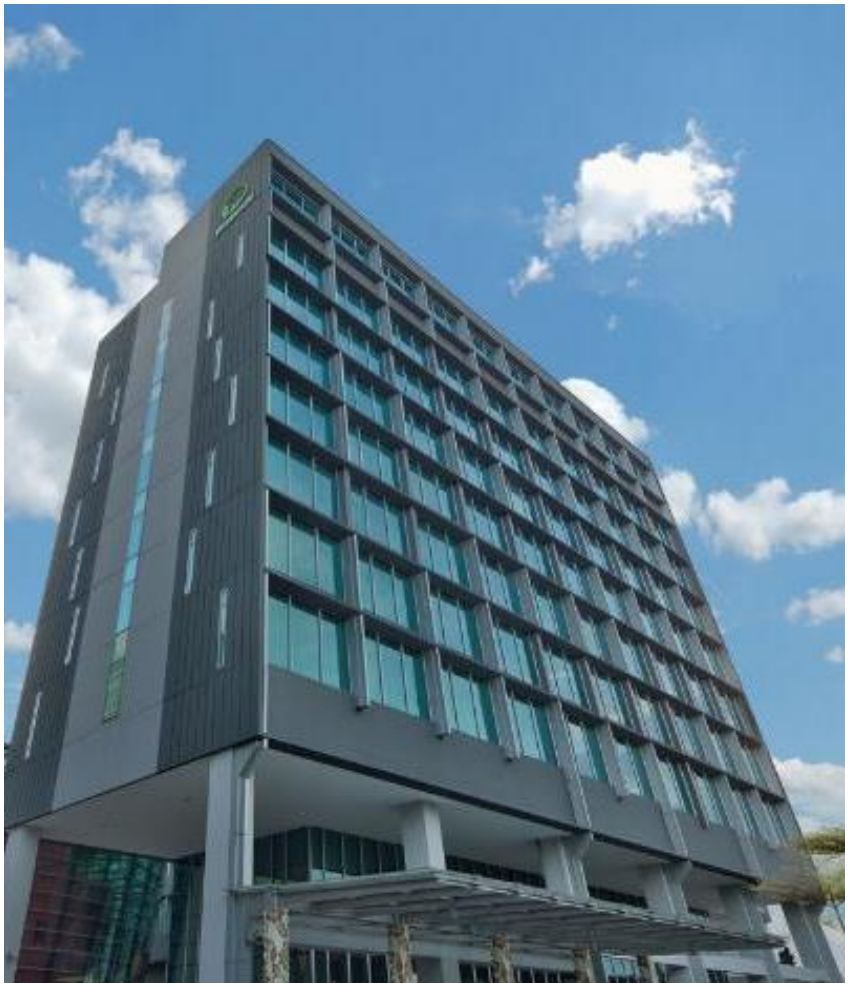
1. Being the average of the independent valuations as at 31 December 2013 by Suntec Real Estate Consultants Pte Ltd and Jones Lang LaSalle Property Consultants Pte Ltd, after taking into account the rental arrangement to be provided by the vendor of UE BizHub EAST in respect of the Business Park Component for a period of five years from the Listing Date ("**UEBH rental arrangement**") and the rental support to be provided by the vendor of Technopark@Chai Chee for a period of two years from the Listing Date ("**TPCC rental support arrangement**"). The average of the independent valuations as at 31 December 2013 without taking into account the UEBH rental arrangement and TPCC rental support arrangement is S$725.6 million.

UE BizHub EAST (Business Park Component)



Property Type	Business Park - White
GFA	**611,471 sq ft**
Age	**2.2 years**
Remaining land lease as at 30 June 2014	**54 years**
Occupancy as at 30 June 2014	**85%**
Occupancy as at 31 December 2013	**84%**
Valuation as at 31 December 2013	**S$381.5m**
Number of Tenants / Sub - Tenants	**32**

UE BizHub EAST (Hotel Component)



Property Type	Hotel
GFA	**172,532 sq ft**
Age	**2.2 years**
Remaining land lease as at 30 June 2014	**54 years**
Occupancy as at 30 June 2014	**100%**
Occupancy as at 31 December 2013	**100%**
Valuation as at 31 December 2013	**S$138.5m**
Number of Tenants / Sub-Tenants	**5**

Technopark@Chai Chee



Property Type	Business Park
GFA	**1,524,685 sq ft**
Age	**21.1 years**
Remaining land lease as at 30 June 2014	**17 years**
Occupancy as at 30 June 2014	**63.4%**
Occupancy as at 31 December 2013	**60.8%**
Valuation as at 31 December 2013	**S$195.0m**
Number of Tenants / Sub-Tenants	**72**

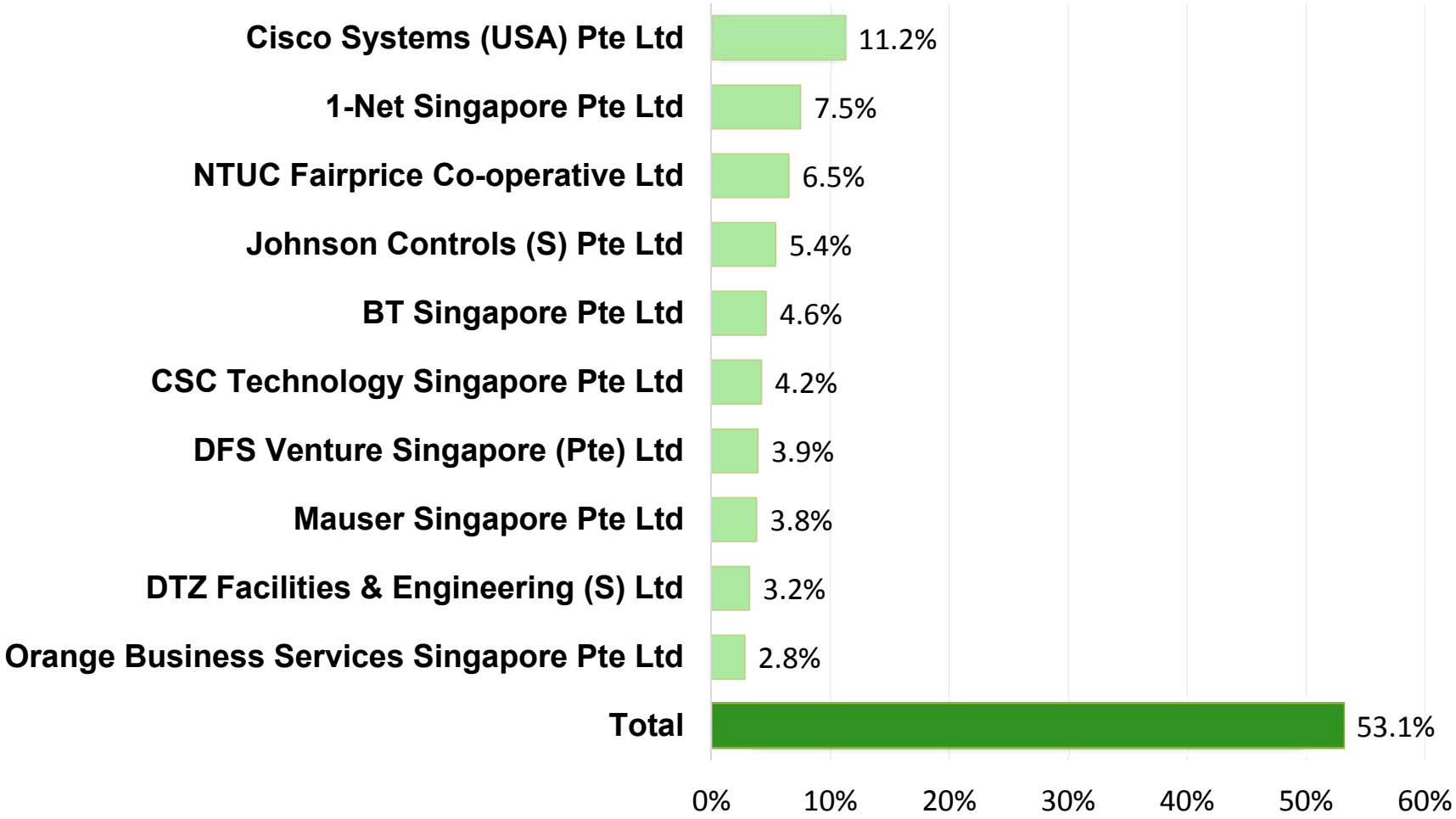
Mauser Singapore

Property Type	Logistics
GFA	**107,566 sq ft**
Age	**2.0 years**
Remaining land lease as at 30 June 2014	**52 years**
Occupancy as at 30 June 2014	**100%**
Occupancy as at 31 December 2013	**100%**
Valuation as at 31 December 2013	**S$28.0m**
Number of Tenants / Sub-Tenants	**1**



Diversified Tenant Mix [1]

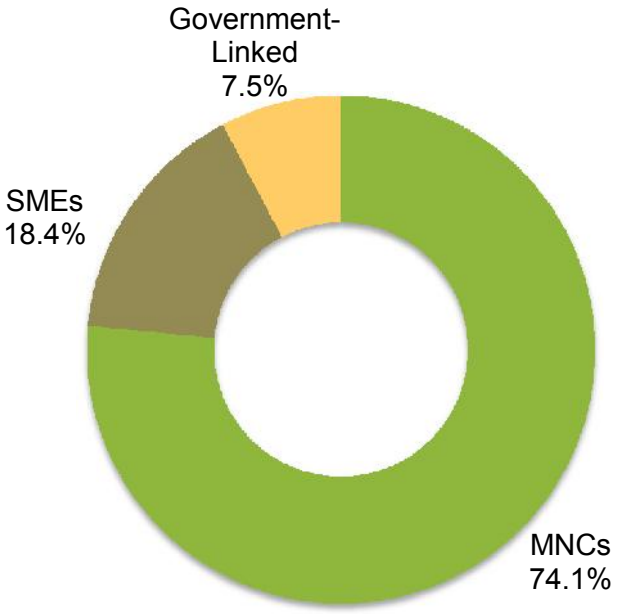
Top 10 tenants/sub-tenants account for 53.1% of monthly committed rental



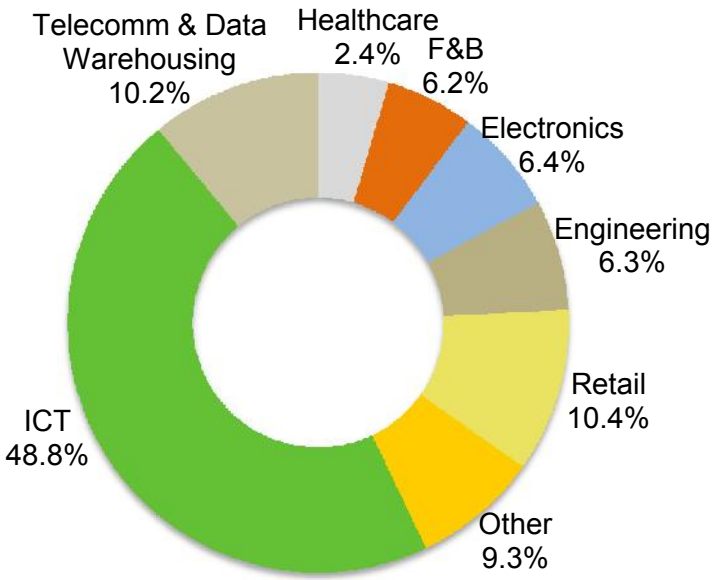
1. *Excluding United Engineers Developments Pte Ltd as lessee of the UEBH Hotel Leased Premises*

Diversified Tenant Mix

Breakdown of Tenant Type by Underlying Gross Income

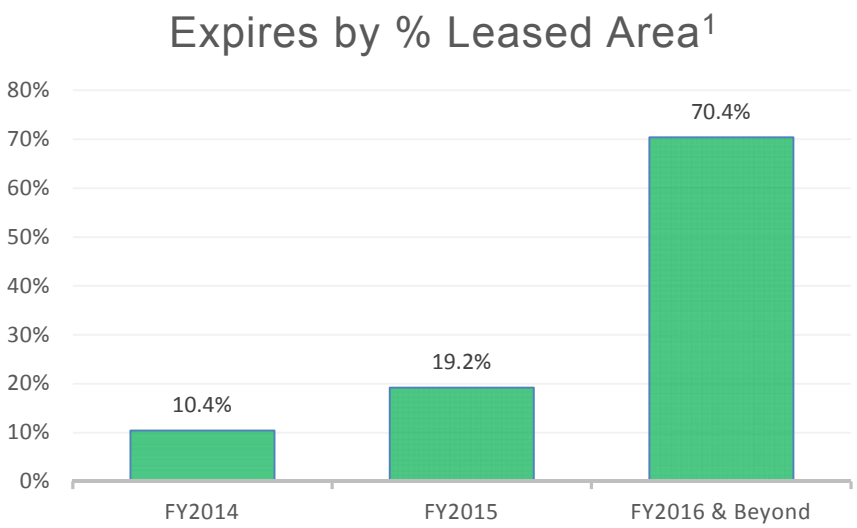


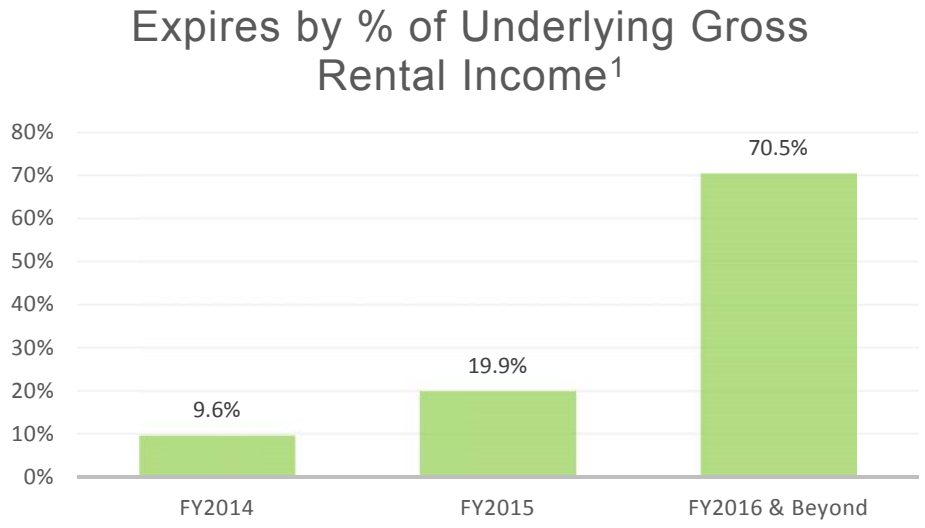
Breakdown of Trade Sector by Underlying Gross Income



Weighted Average Lease Expiry

Lease Profile of underlying tenants as at 30 June 2014





Weighted Average Lease Expiry ("WALE") Profile [1]

Portfolio Underlying Tenancies and Sub-Tenancies	
WALE by Leased Area as at 30 June 2014	3.2 years
WALE by Underlying Gross Rental Income for the month of June 2014	3.6 years

1. *Based on the assumption that renewal options are not exercised and taking into account the Master Lease Arrangement.*

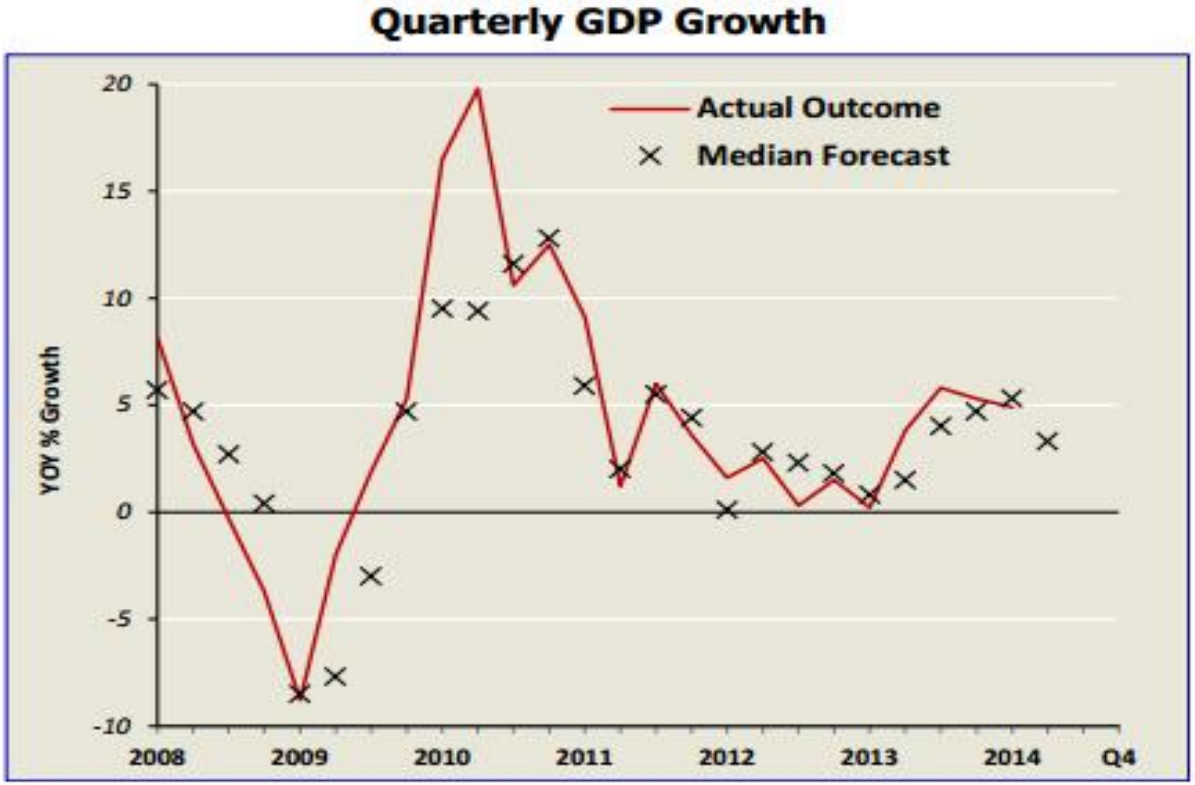
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Economic Outlook

- Based on advance estimates, the Singapore economy grew by 2.1% on a year-on-year basis in 2Q2014, slower than the 4.7% growth in the previous quarter.
- On a year-on-year basis, the manufacturing sector grew by 0.2% in 2Q2014, moderating from the 9.9% expansion in the previous quarter.[1]



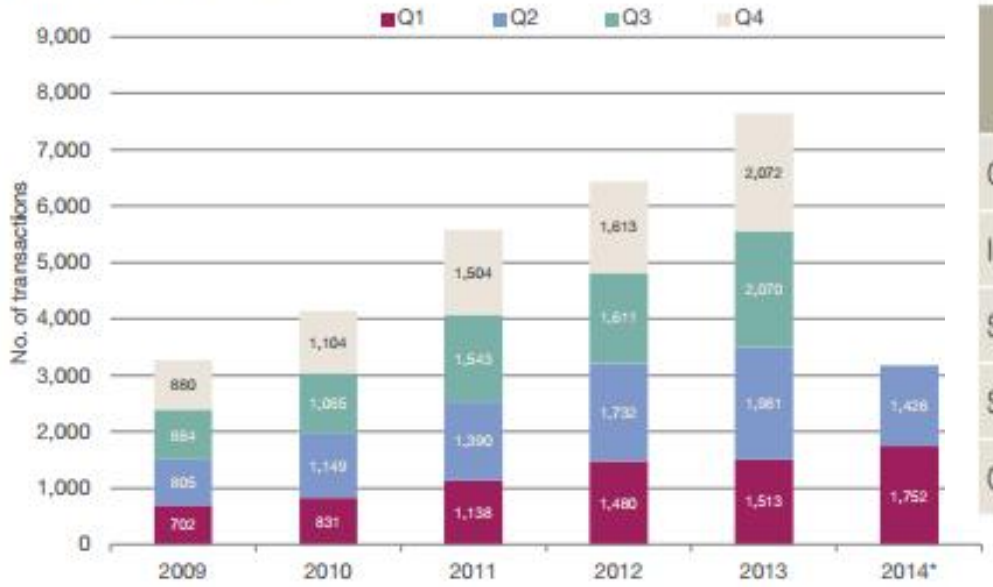
1. *Ministry of Trade and Industry: Singapore's GDP Growth Moderated in the Second Quarter of 2014, 14 July 2014*

Source: MAS Survey of Professional Forecasters: June 2014

Industrial Sector Outlook

- Leasing activities were active in the month of April and May, with a total of 1,426 leasing transactions and is likely to surpass Q1's total of 1,752 deals.
- The business park leasing market was also very active with a total of 61 leasing transactions recorded in April and May.

Leasing volumes of factories and warehouses, 2009–Q2/2014*



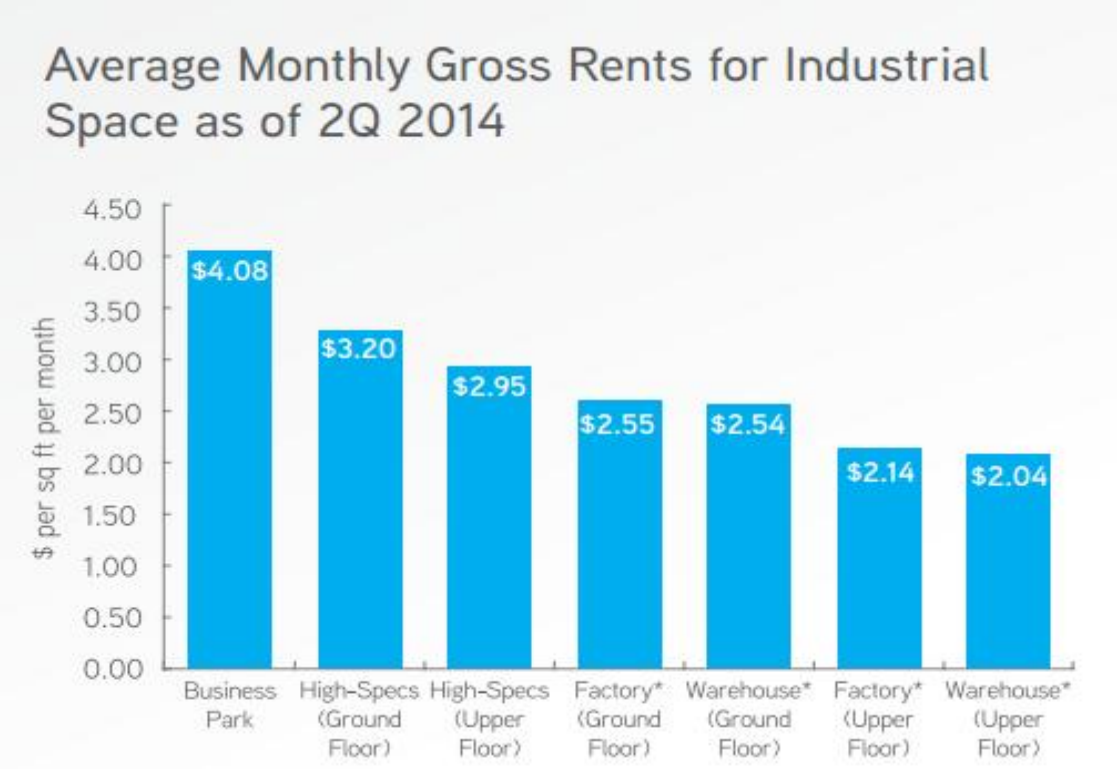
Business park leasing volumes and values, Q2/2014

	No. of deals	Total value (S$)	Average value per transaction (S$)	Median rent (S$ per sq ft)
Changi Business Park	8	267,106	33,388	4.15
International Business Park	16	211,085	13,193	4.07
Science Park 1	5	70,786	14,157	3.85
Science Park 2	27	364,113	13,486	4.00
One-North	5	170,604	34,121	5.65

Source: Urban Redevelopment Authority, Savills Research & Consultancy
**Q2/2014 only includes April and May figures*

Industrial Sector Outlook

- The average monthly gross rents of **business park space** increased marginally by 0.7% quarter-on-quarter (QoQ) to $4.08 psf in 2Q2014.
- The average monthly gross rents of **prime conventional warehouse** space declined by 1.6% QoQ to $2.54 psf (ground floor) and 2.4% QoQ to $2.04 psf (upper floor).



Source:
Urban Redevelopment Authority, JTC Corporation, Colliers International Singapore Research

Industrial Sector Outlook

- 2Q2014 saw increasing number of leasing enquiries with interest coming from firms in growth industries including clean technology, oil & gas and info-communications sector (e.g. data center service providers)

- EDB's latest survey conducted between March and April 2014 showed a net weighted balance of 7% of manufacturers anticipated business conditions to improve over the April to September 2014 period. This sentiment has generated increasing leasing inquiries especially for Business 2-zoned industrial space.

- E-commerce is gaining popularity with increasing presence in Asia expecting to grow at a compounded annual growth rate of 29% over the next four years. The strategic collaboration of SingPost and Alibaba marks a major step in the transformation of Singapore e-commerce logistics on a larger scale.

- In July 2014, JTC revised the subletting policy adjusting the minimum sublet quantum to be occupied by approved anchor subtenants for lessees who are Third-Party Facility Providers from 50% to 70% of total GFA after five years from Temporary Occupation Permit (TOP). This might pose some challenges to REITs in the search for anchor tenants that could meet the requirements.

Looking Ahead

Economic Outlook

- Singapore economy is expected to maintain its modest growth of 2.0% to 4.0% in 2014.
- The global economic outlook is expected to improve with a sustained recovery in the US and Eurozone economies.

Industrial Sector Outlook

- Overall industrial rents are expected to remain stable as industrialists are still expected to be cost-conscious in view of the market uncertainties.
- Strong growth in Asian e-commerce sector might boost demand for logistics space in the near future.

VIT Outlook

- Occupancy at UEBH and TPCC remains healthy and continues to grow modestly.
- VIT is on track to deliver its forecast distribution for FY2014
- Continues to look for yield-accretive property for acquisition in Singapore and elsewhere in the Asia-Pacific region.
- On the lookout beyond the Asia-Pacific region for properties in markets with strong fundamentals and promising outlook.

Thank you

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