Viva Industrial Trust
1Q2015
Financial Results

22 April 2015



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- Financial Performance
- Capital Management
- Portfolio Updates
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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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Financial Performance

	Year-on-Year		
	1Q2015 Actual	1Q2014 Actual	Variance
Gross Revenue (S$'000)	**18,084**	14,974	▲ 20.8%
NPI (S$'000)	**12,414**	9,866	▲ 25.8%
Distributable Income [1] (S$'000)	**11,628**	10,250	▲ 13.4%
DPS (SG cents)	**1.870**	1.722	▲ 8.6%
Annualised DPS (SG cents)	**7.584**	6.984	▲ 8.6%
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%**	8.7%	▲ 8.0%

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

	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

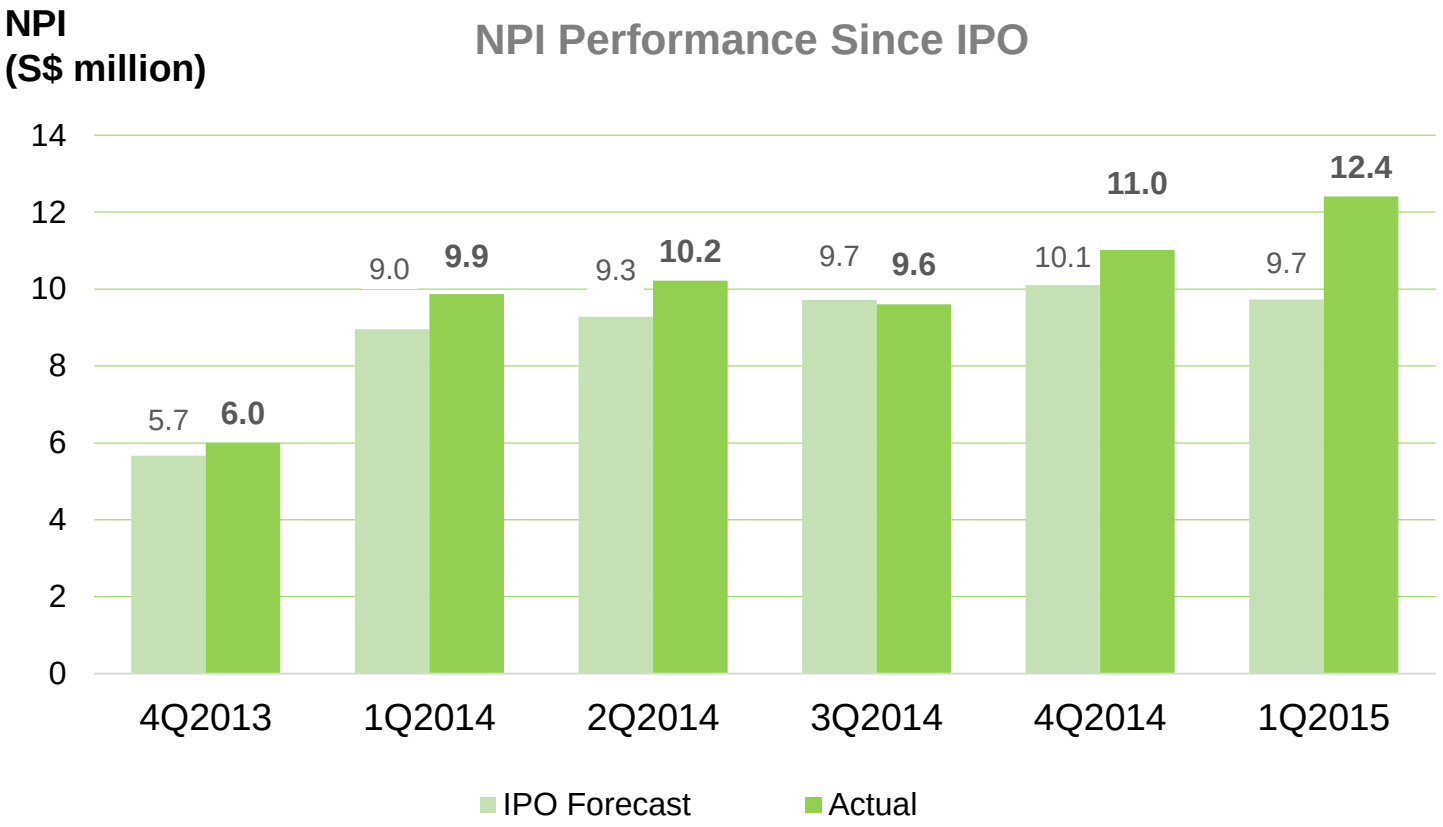
1. *The forecast figures are derived from the corresponding period of the full year projection for 2015 as disclosed in the IPO prospectus dated 28 October 2013.*
2. *Distributions of the Stapled Group represent the aggregate of distributions by VI-REIT Group and VI-BT. The distributions of the Stapled 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.*

Financial Performance

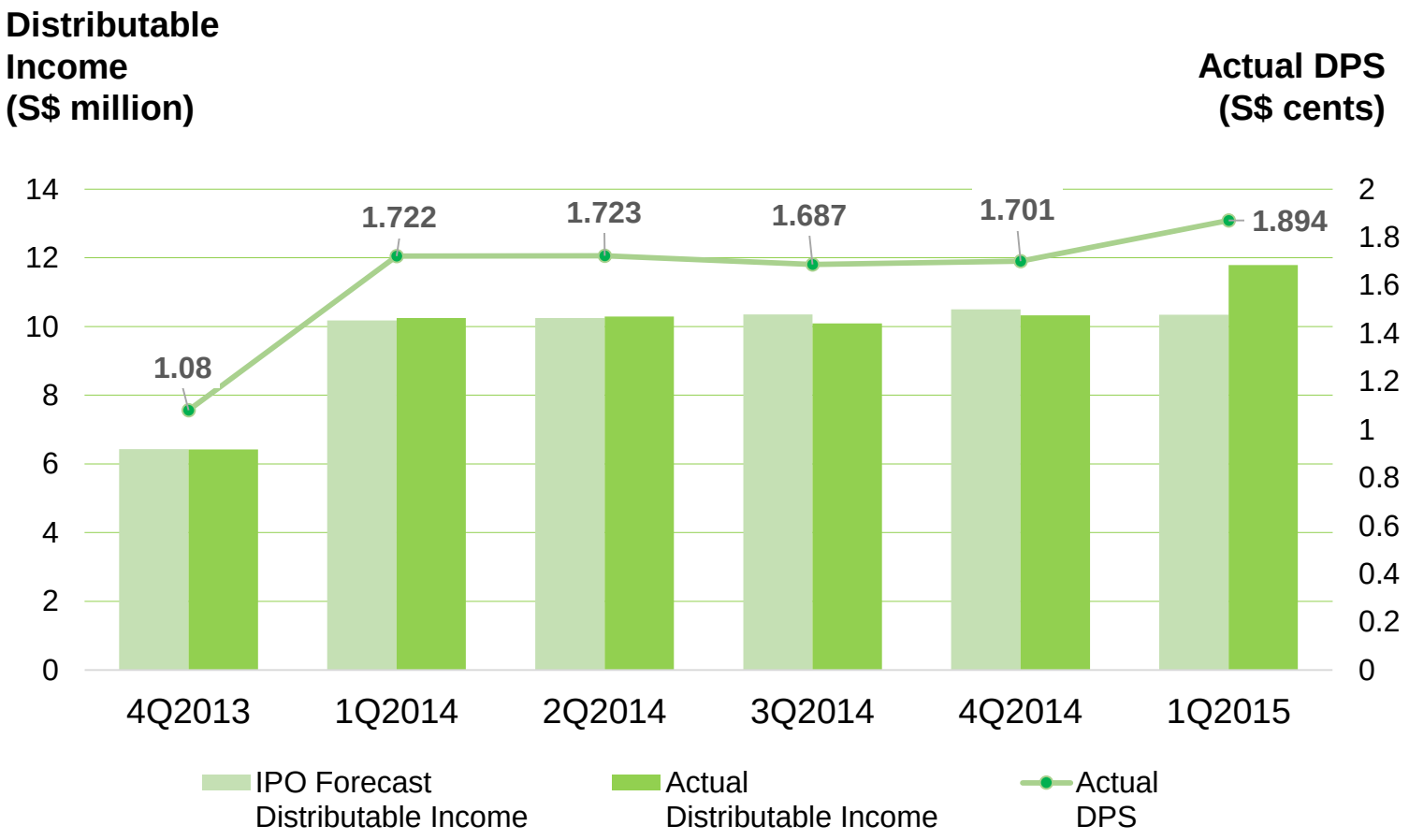
	Quarter-on-Quarter		
	1Q2015 Actual	4Q2014 Actual	Variance
Gross Revenue (S$'000)	**18,084**	16,621	▲ 8.8%
NPI (S$'000)	**12,414**	11,020	▲ 12.6%
Distributable Income[1] (S$'000)	**11,628**	10,334	▲ 12.5%
DPS (SG cents)	**1.870**	1.701	▲ 9.9%
Annualised DPS (SG cents)	**7.584**	6.749	▲ 12.4%
Distribution Yield:			
Based on IPO price of S$0.780	**9.7%**	8.7%	▲ 11.5%
Based on closing price of S$0.805 as at 31 March 2015	**9.4%**	8.4%	▲ 11.9%

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.*

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.*

Distribution Details

For the first quarter ended 31 March 2015		
Distribution per Stapled Security (Singapore cents)	**1.870 comprising:**	
	(a) taxable income:	**1.417**
	(b) tax exempt income:	**0.453**
Ex-Date	**28 April 2015**	
Books Closure Date	**30 April 2015**	
Distribution Payment Date	**25 May 2015**	

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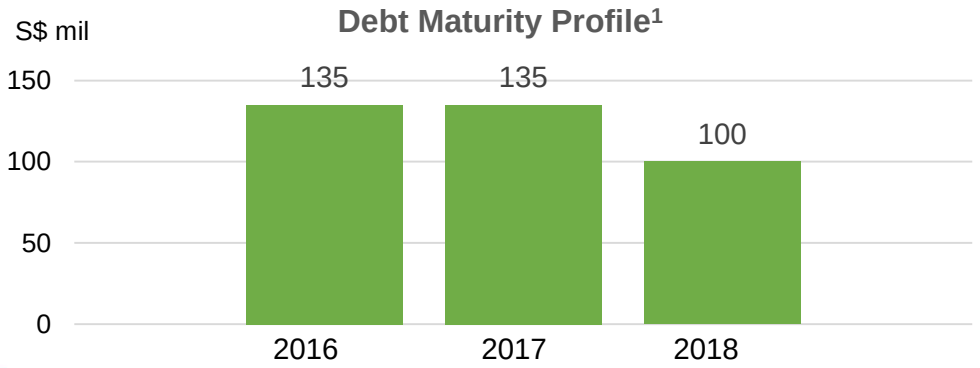
Balance Sheet

	31 Mar 2015 S$ mil	31 Dec 2014 S$ mil
Investment Properties	852.6	852.7
Intangible Assets*	12.4	13.4
Current Assets	21.1	16.4
Total Assets	**886.1**	**882.5**
Borrowings (net of transaction costs)	380.5	386.0
Other Liabilities	25.1	25.0
Total Liabilities	**405.6**	411.0
Net Assets	**480.5**	**471.5**
No. of Stapled Securities issued and issuable (in mil)	623.6	621.9
Net Asset Value per Stapled Security (Singapore cents)	**77.1**	**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 Technopark@Chai Chee ("TPCC") pursuant to the UEBH rental arrangement and the TPCC rental support arrangement.*

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 -

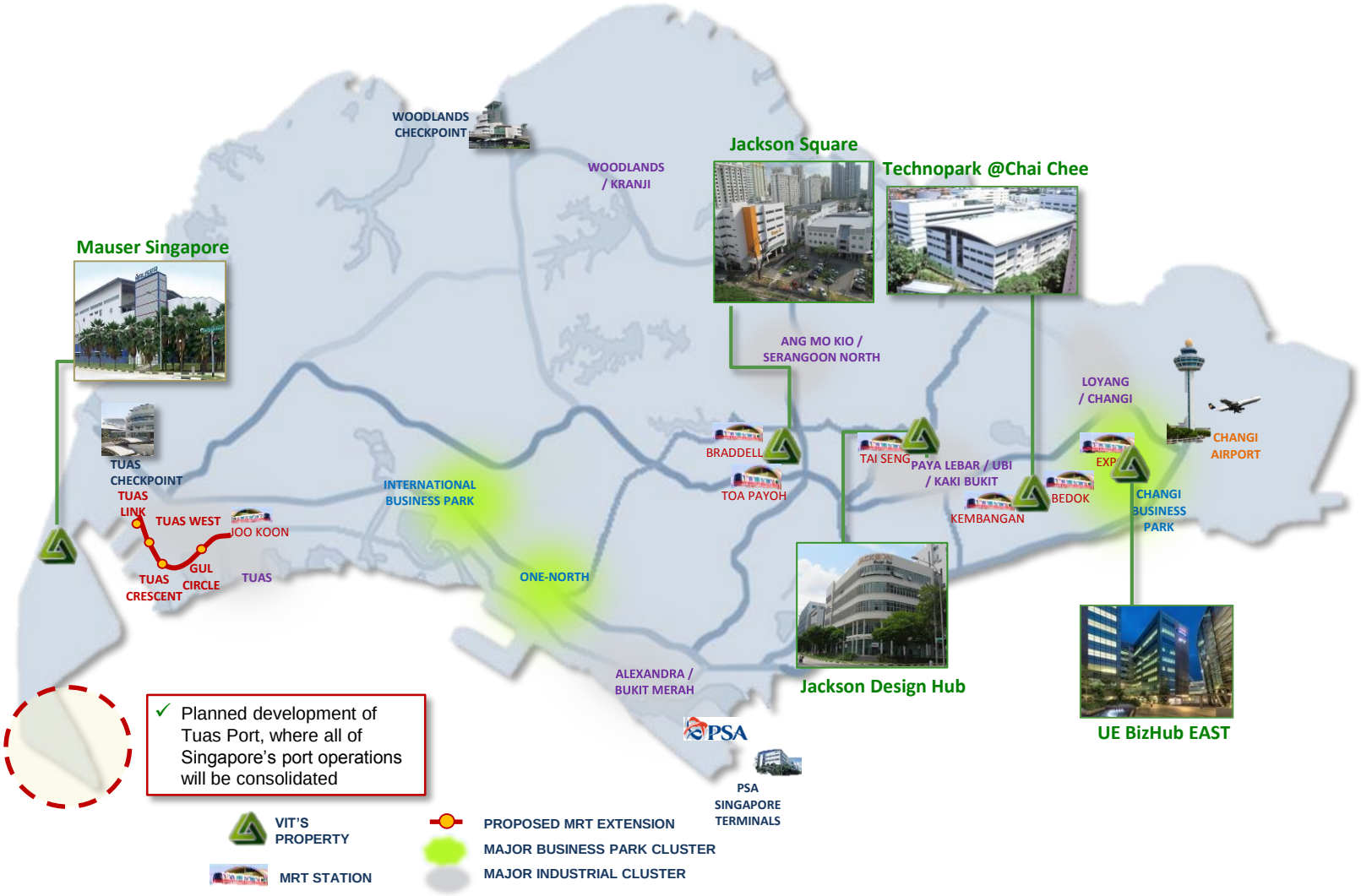


1. *Excludes the outstanding revolving credit facility of S$15 million.*
2. *Based on outstanding borrowings as at 31 March 2015.*

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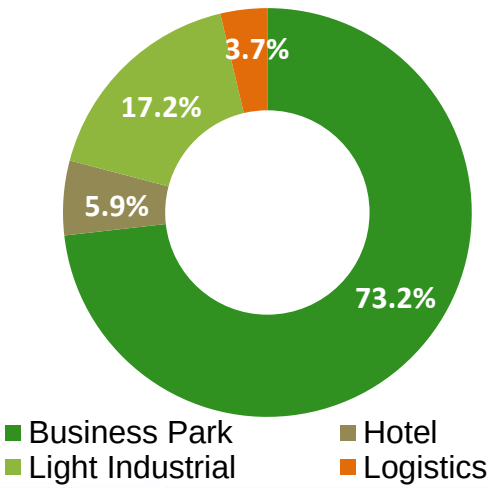
Strategically Located Quality Portfolio



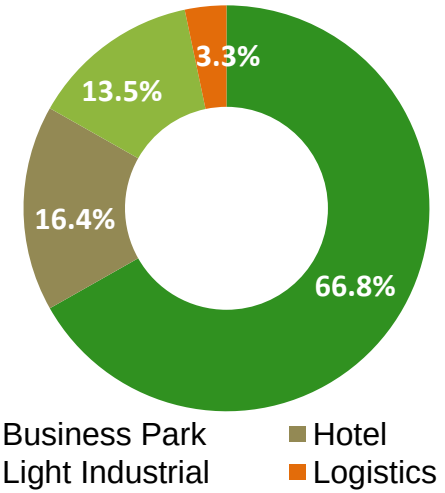
Business Park Focused Portfolio

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 tenants:	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 tenants:	1

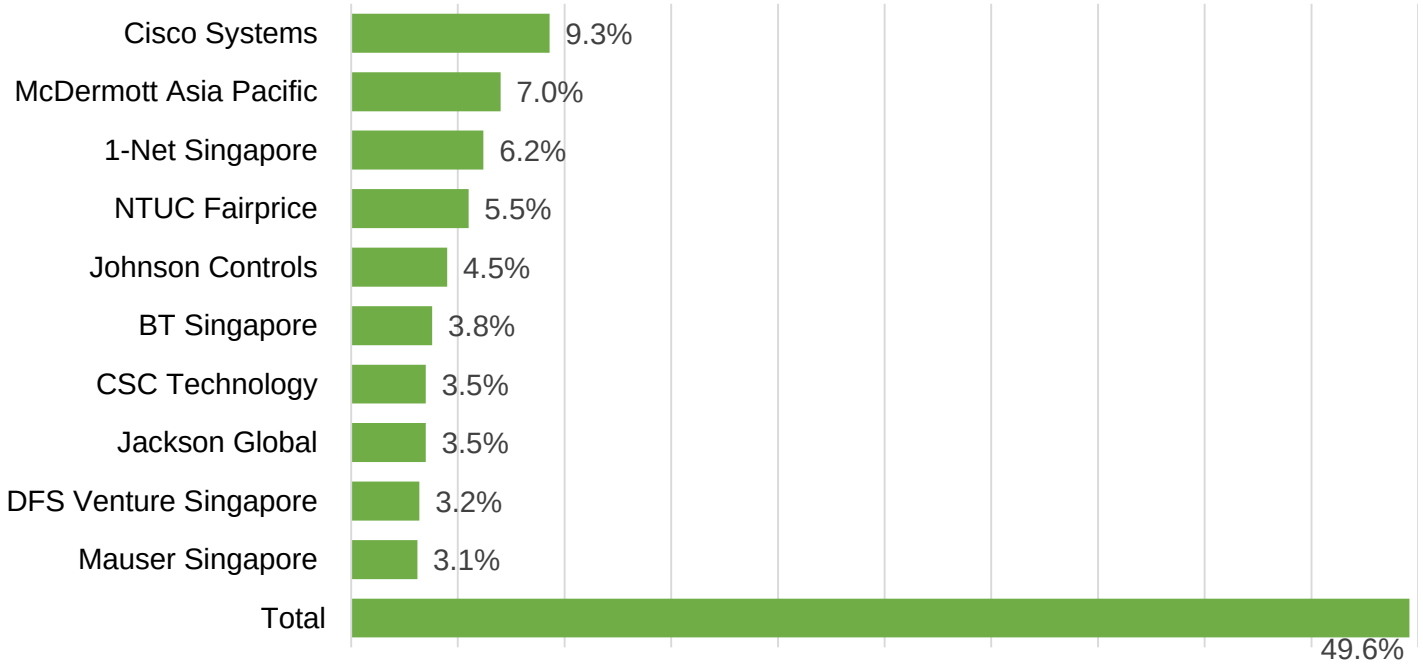


- 5-storey modern light industrial building with basement car park located in Tai Seng
- Located within Paya Lebar iPark, a location master-planned as an industrial park for the 21st century
- Short walking distance to Tai Seng MRT station
- Easy access to KPE and PIE

** As at 31 December 2014*

Diversified Quality Tenant Mix*

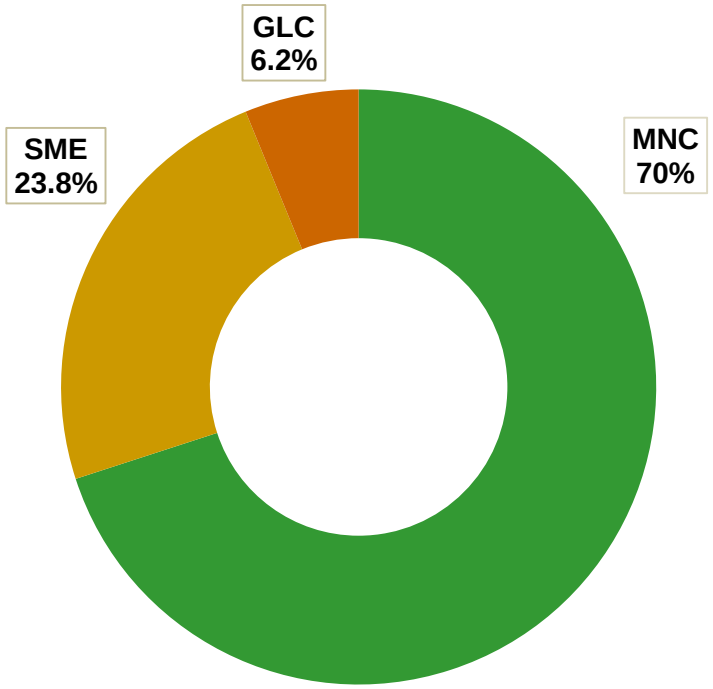
Top 10 tenants/sub-tenants account for 49.6% of monthly committed rental income



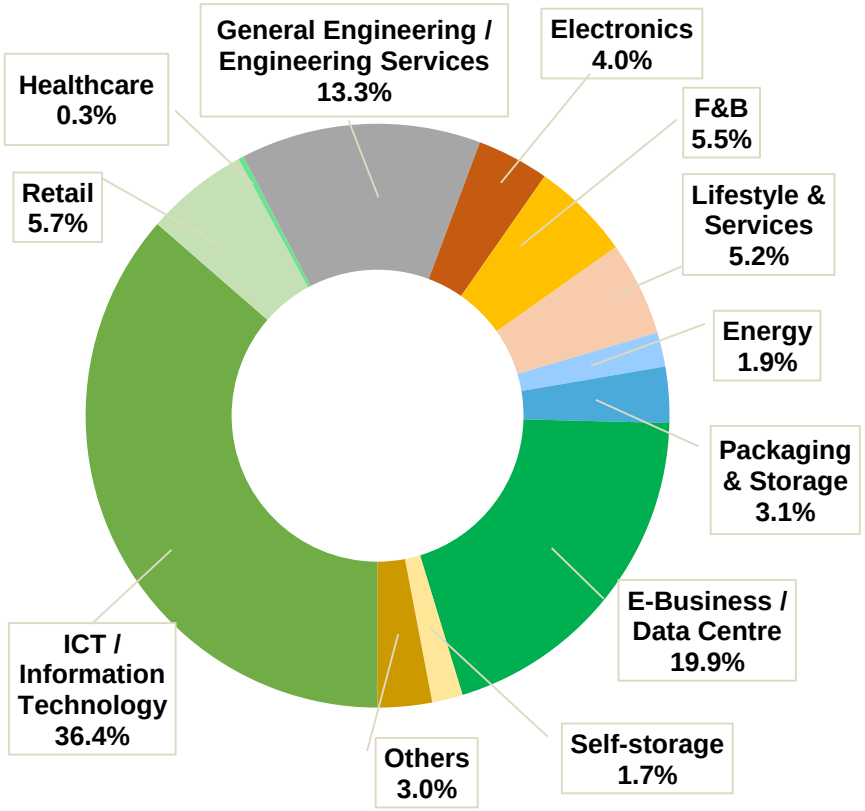
* *As at 31 March 2015. Excluding United Engineers Developments Pte Ltd as lessee of the UEBH Hotel Leased Premises*

Diversified Quality Tenant Mix

Breakdown of Tenant Type by Underlying Gross Rental Income*

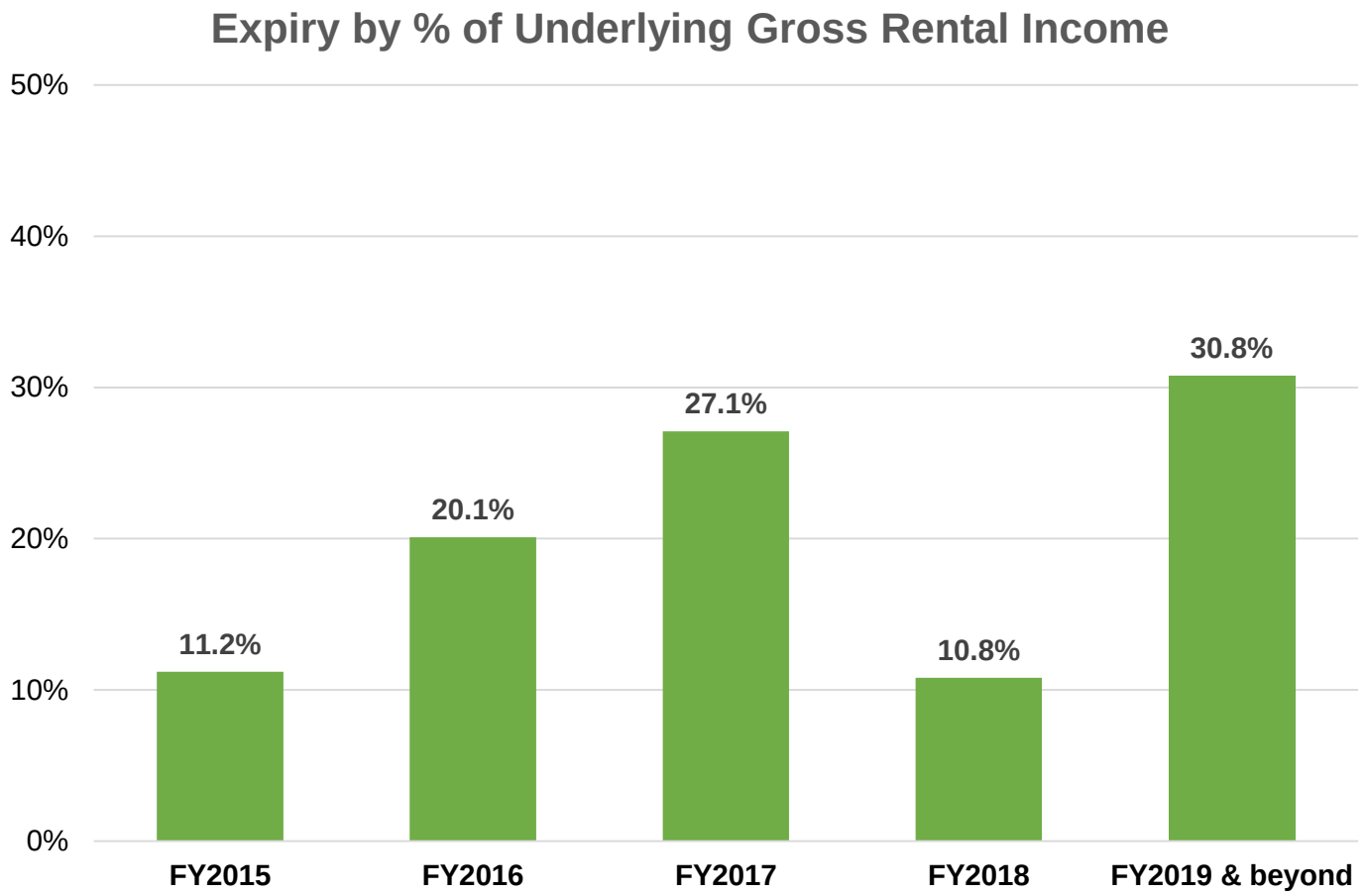


Breakdown of Trade Sector by Underlying Gross Income*



** 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.*

Updates on AEI at Technopark@Chai Chee

- **Obtained provisional permission and plan endorsement from URA and HDB respectively**
- **Secured global sports retail giant, Decathlon, as its first retail anchor tenant:**
  - First flagship store in SE Asia
  - Approximately 35,000 sq ft
  - Target to open by end 2015

8 | COMPANIES & MARKETS

Viva secures Decathlon as a key retail tenant

First anchor tenant for Viva under its asset enhancement initiative at Technopark@Chai Chee

By Lee Meixian
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Singapore

VIVA Industrial Trust (VIT) has secured its first retail anchor tenant, global sporting goods retailer Decathlon, for its asset enhancement initiative (AEI) at Technopark@Chai Chee.

This will be Decathlon's first flagship store in Singapore and South-east Asia. The chain store operator of French origin is leasing 35,000 square feet (sq ft) of space on the ground floor of one of the blocks at the business park.

Decathlon is known for carrying only its own in-house brands which are competitively-priced. In fact, part of its strategy is to drive down its own operating costs to keep product prices low for consumers, hence its decision to locate in an industrial property rather than a shopping mall, Bastien Grandgeorge, CEO of Decathlon Singapore, told *The Business Times* on Thursday.

Decathlon operates more than 900 stores worldwide but up to now, has only transacted its sales online in Singapore. The new brick-and-mortar store, targeted to be ready by year-end, will allow customers to make cash-and-carry purchases for the first time.

VIT is sprucing up the business park which it acquired from CapitaLand in November 2013 at an occupancy level of just over 60 per cent.

Wilson Ang, CEO of Viva Industrial Trust Management, on Thursday said: "We are confident to bring the occupancy to 80 per cent or more."

His plan is to change the use of up to 15 per cent of the property's 1.5 million sq ft of gross floor area to "white" uses. This will yield up to 230,000 sq ft of retail/commercial space, subject to regulatory approvals. These uses will include retail, food & beverage, education and sports-related services. It is exploring batting cages and rockclimbing walls.

VIT has received in-principle consent and provisional permission for the proposed alterations & additions and change of use.

Work is targeted to start in Q2 2015. The proposed full scale will involve three of the six blocks in the park where the ground floor carparks of two buildings will be repurposed to maximise prime leasable areas.

Currently, the business park is leased out to 69 tenants mostly in the information and communications technology, e-business/data centres, as well as engineering and engineering services trade sectors.

Giving a ballpark figure, Mr Ang said Decathlon's anchor tenancy will raise occupancy at the business park by just about 3 per cent, so the impact to its income and distributions will not be material. "But if you look at it as a whole, post-AEI, we are confident to fill up the other space On the business park side, we are confident of bringing up occupancy as well," he said.

VIT is the smallest industrial Reit in Singapore but has the biggest proportion of business parks in its portfolio of five properties.

"I like business parks because they are one of the best asset class within the industrial sector; they are more like proxies to offices," said Mr Ang.

Its overall occupancy level, at 80.5 per cent at end-2014, is also the lowest among industrial Reits, dragged down by high vacancy at Technopark@Chai Chee.

With a considerably high gearing of 44.3 per cent at end-2014, the Reit has said

BT, 10 April 2015

ST Money, 10 April 2015

B14 | MONEY FRIDAY, APRIL 10, 2015 THE STRAITS TIMES

Sports retail giant to open S'pore store

Decathlon's Technopark@Chai Chee outlet will be its S-E Asia flagship

By RENNIE WHANG

SPORTS retail giant Decathlon SA is set to open its first physical store here, with a 35,000 sq ft presence at Technopark@Chai Chee (TPCC).

The French-based retailer has 909 stores with more than 63,000 employees in 24 nations. The TPCC store will be its flagship for Singapore and South-east Asia.

Securing this prestigious tenant is also a feather in the cap for Viva Industrial Trust, which is driving an asset enhancement initiative (AEI) at TPCC.

The AEI will take place at three of the business park's six blocks, and will involve a change of use of up to 15 per cent of the property's gross floor area to "white" uses. This will yield up to 230,000 sq ft of retail and commercial space, subject to regulatory approval.

The ground-floor space, with maximum accessibility and visibility from New Upper Changi Road, makes sense for Decathlon Singapore, which champions a low-cost, low-price concept.

"All our prices are cheaper than our competitors' – up to 50 per cent, if we can do it. We are innovators, we believe we can make a revolution in the sports market," Mr Bastien Grandgeorge, chief executive officer of Decathlon Singapore and Decathlon Indonesia, said yesterday.

The company has been on a growth streak, averaging 80 store openings yearly, and opening 103 stores last year. It has 19 unique brands and sold about 700 million units of its products – all designed in France – last year.

The new store here will be an extension of its online presence – it set up a Singapore-dedicated site in 2013 and already has 30,000 user accounts and 24,000 visits per day on average.

Its focus, apart from value for money, is on customer experience. Customers can test products in its stores, such as trampolines that are set up, or a small portion of a rock-climbing wall.

The company intends to have five stores in Singapore, one in each region "as soon as possible", Mr Grandgeorge added.

It is also ideal for the firm to be in Bedok, with a catchment of about 350,000 people living within a 10-minute radius. That many of them are Singaporean is important, he said. "We want to be a Singaporean company, hiring Singaporeans and providing Singaporeans with our products."

The firm started off with eight people in 2013 but now employs 70, across e-commerce, logistics and finance functions. By the year end, Mr Grandgeorge expects a headcount of 150.

As anchor tenant, Decathlon Singapore "will create life through our store", given its average footfall of 1.1 million people yearly, per store, he said.

Mr Wilson Ang, chief executive officer of the trust's manager, Viva Industrial Trust Management, said that as part of the AEI, the tenant mix will be diversified to include retail, food and beverage outlets, and a supermarket.

This will support the population of 2,800 working at TPCC, across 69 companies in information and communications technology, e-business and data centres, and engineering.

The trust's manager aims to start work by June, with the first phase completed by the year end. "Post-AEI, we are confident of bringing up occupancy and rental rates. The whole environment will change, it will be much more vibrant and attract other business park tenants."

According to its 2014 annual report, Technopark@Chai Chee had an occupancy rate of 63 per cent, but Mr Ang said this should go up to more than 80 per cent post-AEI. The business park is one of Viva's five properties.

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An artist's impression of Technopark@Chai Chee (above), and (top) Mr Bastien Grandgeorge and Mr Wilson Ang at Decathlon Singapore's concept space, from where Decathlon has been running its Singapore operations so far. It set up its online website for Singapore in 2013. PHOTOS: VIVA INDUSTRIAL TRUST

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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

Thank you

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