

Viva Industrial Trust

Analyst Briefing Key Takeaways

SINGAPORE | REAL ESTATE (REIT) | NON-RATED NOTE

27 January 2015

Viva Industrial Trust ("VIT") announced its Full Year FY2014 (Y/E Dec) results on 26 January after trading hours. We attended the Analyst Briefing that was held earlier this morning. These are the key takeaways from the briefing.

- **Asset Enhancement Initiatives (AEI) on Technopark@Chai Chee (TPCC)** – AEI to develop the 15% of "white" space at TPCC (Total TPCC GFA of 1.525 million sq ft.). The Manager guided that AEI will be about S\$50 million to S\$60 million. The AEI will take place in phases, with the first expected to be completed by this year. The Manager expects occupancy to be above 80% post-AEI (currently: 63%).
- **Well-staggered debt maturity; 79% of floating-rates hedged** – No debt is due this year. Debt maturity profile consists of S\$135 million bank loans (2016), S\$135 million bank loans (2017) and S\$100 million Medium Term Note (MTN) (2018), all due in Nov respectively. This results in an average weighted maturity of 2.7 years. Hedging is done only on the floating-rate bank loans (79%). Revolving Credit Facility (RCF) remains unhedged, while MTN are at 4.15% p.a. fixed rate.
- **Gearing at 44.3%; equity raising this year** – The Manager guided that long-term target gearing since the Initial Public Offering (IPO) had been 40% to 45%. New long-term gearing target at 35%. Equity raising will be carried this year to reduce gearing and fund AEI at TPCC. No indication yet on whether it will be through Placement or Rights Issue.
- **Full contribution from Jackson Square & Jackson Design Hub from 1QFY15 onwards** – Jackson Square & Jackson Design Hub were acquired in 4Q FY14, so did not contribute fully to FY14 Gross Revenue. Portfolio GFA increased by 20.8% to 2.920 million sq ft, post-acquisition of Jackson Square & Jackson Design Hub. Both acquisitions were accretive to DPU.
- **Improved transport connectivity for two properties** – The Manager shared that UE Biz Hub East to be connected via underground link to Downtown Line (c. 2017); while Jackson Design Hub to be connected also via underground link to Tai Seng MRT station (about 1 to 2 years' time).

Investment Action

No stock rating or price target provided, as we do not have coverage on VIT.

Non-rated

LAST DONE PRICE	SGD 0.805
FORECAST DIV	N/A
TARGET PRICE	N/A
TOTAL RETURN	N/A

COMPANY DATA

O/S SHARES (MN) :	620
MARKET CAP (USD mn / SGD mn) :	371 / 499
52 - WK HI/LO (SGD) :	0.82 / 0.75
3M Average Daily T/O (mn) :	0.07

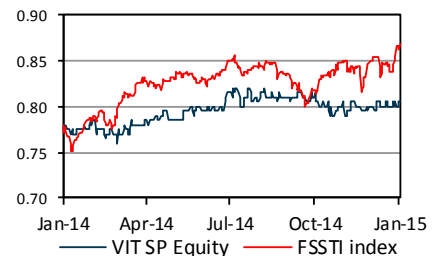
MAJOR SHAREHOLDERS (%)

JINQUAN TONG	62.1%
HO LEE GROUP TRUST	9.3%
CHINA ENTERPRISES LTD	5.2%

PRICE PERFORMANCE (%)

	1M TH	3M TH	1Y R
COMPANY	0.6	2.9	13.0
STI RETURN	1.3	5.8	13.9

PRICE VS. STI



Source: Bloomberg, P SR

KEY FINANCIALS

Y / E Dec	FY 13	FY 14
Gross Rev. (SGD mn)	9.0	61.7
NPI (SGD mn)	6.0	40.8
Dist. Inc. (SGD mn)	6.4	41.0
P/NAV (x)	1.08	1.06
DPU, adj (Cents)	1.08	6.83
Distribution Yield, %	8.8	8.6

Source: Company Data, Bloomberg

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