

## NEWS RELEASE

### VIVA INDUSTRIAL TRUST POSTS Q3 DPS OF 1.687 CENTS

- ✓ *Enhancing portfolio with acquisition of Jackson Square and Jackson Design Hub for S\$111.5 million*
- ✓ *Diversification of funding sources with inaugural issuance of S\$100 million in principal amount of 4-year MTN at 4.15% p.a.*

#### Financial Highlights

	Quarter ended 30 Sep 14			Nine months ended 30 Sep 14		
	Actual	Forecast <sup>1</sup>	Variance	Actual	Forecast <sup>1</sup>	Variance
Gross Revenue (S\$'000)	14,936	14,836	▲ 0.7%	45,119	42,964	▲ 5.0%
Net Property Income (S\$'000)	9,648	9,717	▼ 0.7%	29,733	27,943	▲ 6.4%
Distributable Income <sup>2</sup> (S\$'000)	10,094	10,350	▼ 2.5%	30,629	30,782	▼ 0.5%
DPS (SG cents)	1.687	1.729	▼ 2.4%	5.132	5.157	▼ 0.5%
Annualised DPS (SG cents)	6.693	NA	NA	6.861	NA	NA
Annualised Distribution Yield:						
- based on IPO price of S\$0.780	8.6%	8.8%	▼ 2.3%	8.8%	8.8%	NIL
- based on closing price of S\$0.805 as at 30 Sep 14	8.3%	NA	NA	8.5%	NA	NA

<sup>1</sup> Forecast figures are derived from the corresponding period of the full year projection for 2014 as disclosed in the Prospectus dated 28 October 2013.

<sup>2</sup> As VI-BT is dormant, only the distributable income of VI-REIT has been included for the purpose of calculating the DPS.

**Singapore, 21 October 2014** – Viva Industrial Trust (“VIT”), a Singapore-focused business park and industrial property trust, today announced a distribution per stapled security (“DPS”) of 1.687 cents for the financial quarter ended 30 September 2014 (“3Q14”). The DPS translates into an adjusted annualised distribution yield of 8.6% based on the IPO price of S\$0.78. The distribution will be paid on 21 November 2014.

Mr Wilson Ang, CEO of Viva Industrial Trust Management Pte Ltd, the manager of VI-REIT (the “Manager”), said, “The results which were generally in line with forecast reflects the prudent management of our core business park assets. We are pleased to have our maiden

yield accretive acquisition of two prime assets that will contribute to VIT's distributions and enhance the return to our investors."

### **Performance Review**

Gross revenue for 3Q14 was higher than forecast mainly driven by higher actual rental contribution from new tenancies secured at UE BizHub EAST (UEBH), along with the effect of recognising accounting rental income of S\$0.2 million. Rental income contribution from Technopark@Chai Chee (TPCC) remains below forecast as a result of the upcoming asset enhancement initiative (AEI). Actual finance expenses were higher than forecast due to the interest expense on the S\$100 million of Medium Term Notes (MTN) issued in September 2014.

The to-be-completed acquisition of two light industrial properties – Jackson Square and Jackson Design Hub, for a total sum of S\$111.5 million is in line with VIT's strategy of building a resilient portfolio with quality assets that deliver stable distributions and returns. The said acquisition will be financed by a combination of debt and equity, and is expected to start contributing to VIT's performance in the fourth quarter of 2014.

VIT has also issued its inaugural 4-year MTN of S\$100 million at 4.15% p.a. under its S\$500 million Multicurrency MTN Programme to diversify its sources of financing. The net proceeds from the issuance of the MTN will be utilized to partially fund the acquisition of Jackson Square and Jackson Design Hub.

### **Outlook & Plans**

The Ministry of Trade and Industry reported in its advance estimates that the Singapore economy grew by 2.4% on a year-on-year basis in the third quarter of 2014, the same pace of growth as in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 1.2%, a reversal from the 0.1% contraction in the previous quarter<sup>1</sup>.

There was no significant change in leasing activity level in 3Q14 when compared to the preceding quarter, and industrialists' real estate decisions remained largely guided by cost

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<sup>1</sup> "Singapore's GDP Grew 2.4 Per Cent in the Third Quarter of 2014", Press Release, Ministry of Trade and Industry Singapore, 14 October 2014

containment and longer term cost savings objectives. Similar to 3Q14, rents for higher specification properties, such as those located within the business parks, and independent high-specs buildings are expected to hold steady in 4Q14 due mainly to a tightening in supply<sup>2</sup>.

On 9 October 2014, the Monetary Authority of Singapore issued a consultation paper that proposes changes to the regulatory framework for S-REITs, which are intended to enhance the transparency and corporate governance of the S-REIT market and improve its attractiveness to issuers and investors<sup>3</sup>. The Manager will closely monitor the development and eventual implementation of such proposed changes.

In connection with the AEI at TPCC, the Manager has received a letter from HDB stating that the HDB has in-principle no objection to the proposed conversion of a portion of the existing space to certain “white” uses within the allowable “white” quantum for business park. The Manager is working closely with the relevant authorities to obtain the necessary approvals for the aforesaid conversion while discussions with potential anchor tenants are ongoing.

The Manager will continue to take a proactive and prudent approach towards lease and asset management to grow the portfolio organically and maximize total portfolio returns.

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<sup>2</sup> “Stable leasing activity and weak sales amid mixed sentiments”, Research & Forecast Report, Singapore Industrial 3Q2014, Colliers International

<sup>3</sup> “Enhancements to the Regulatory Regime Governing REITs and REIT Managers”, Consultation Paper, P023-2014, Monetary Authority of Singapore, 9 October 2014

## **ABOUT VIVA INDUSTRIAL TRUST**

Viva Industrial Trust ("VIT") is a Singapore-focused business park and industrial property trust listed on the Mainboard of the Singapore Exchange, which comprises Viva Industrial Real Estate Investment Trust ("VI-REIT") and Viva Industrial Business Trust ("VI-BT"). VIT focuses on building a diversified portfolio of income-producing real estate which is used predominantly for business park and other industrial purposes in Singapore and elsewhere in the Asia-Pacific region, while VI-BT is presently dormant. VIT's portfolio comprises three properties located in Singapore, namely (i) UE BizHub EAST, (ii) Technopark@Chai Chee and (iii) Mauser Singapore, with an aggregate gross floor area of 2.4 million sq ft.

For more information on VIT, please visit <http://www.vivaitrust.com>.

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