

## NEWS RELEASE

### VIVA INDUSTRIAL TRUST CONTINUES TO DELIVER IN 2Q2017 WITH 38.4% Y-O-Y INCREASE IN DISTRIBUTABLE INCOME TO S\$21.0 MILLION

- ✓ *Gross Revenue and Net Property Income rose by 21.4% and 22.9% y-o-y respectively for 1H2017*
- ✓ *Distribution per stapled security (“DPS”) continues on uptrend, increasing by 6.3% y-o-y to 1.861 cents in 2Q2017*
- ✓ *Asset Enhancement at Viva Business Park (“VBP”) completed, bringing greater vibrancy and returns to VBP with new 38,500 sq ft Harvey Norman Factory Outlet opened*
- ✓ *Occupancy at Jackson Square (“JS”) remains robust while property expenses remain level*

#### Financial Highlights

	Year-on-Year			Quarter-on-Quarter	
	2Q2017	2Q2016	Variance	1Q2017	Variance
Gross Revenue (S\$'000)	27,606	23,387	▲ 18.0%	27,379	▲ 0.8%
Net Property Income (S\$'000)	20,211	17,197	▲ 17.5%	20,340	▼ 0.6%
Distributable Income (S\$'000)	20,971	15,147	▲ 38.4%	17,807	▲ 17.8%
Distribution Declared <sup>1</sup> (S\$'000)	18,005 <sup>2</sup>	15,147	▲ 18.9%	17,807	▲ 1.1%
Number of stapled securities for calculation of DPS ('000)	967,473	865,497	▲ 11.8%	959,954	▲ 0.8%
DPS (SG cents)	1.861	1.750	▲ 6.3%	1.854	▲ 0.4%
Annualised Distribution Yield	8.4% <sup>3</sup>	9.2% <sup>4</sup>	--	9.5% <sup>5</sup>	--

**Singapore, 26 July 2017 – Viva Industrial Trust (“VIT”),** a Singapore-focused business park and industrial property trust, today announced a robust y-o-y increase in Gross Revenue and

<sup>1</sup> As VI-BT is inactive, only the distribution of VI-REIT Group has been included for the purpose of calculating the DPS.

<sup>2</sup> The distribution declared for 2Q2017 is made on the basis as if the JS rental support arrangement is still in place notwithstanding the settlement agreement entered into with Jackson International Private Limited (“JIPL”) on 19 May 2017 pursuant to which JIPL had been fully released and discharged from all its obligations under the JS rental support arrangement and as a result, S\$4.9 million of rental support had been recognized in 2Q2017.

<sup>3</sup> Based on closing price of S\$0.885 as at 30 June 2017.

<sup>4</sup> Based on actual DPS for FY2016 and closing price of S\$0.755 as at 30 December 2016.

<sup>5</sup> Based on closing price of S\$0.795 as at 31 March 2017.

Net Property Income for 2Q2017 by 18.0% and 17.5%, achieving S\$27.6 million and S\$20.2 million, respectively. Meanwhile, DPS for the quarter expanded by 6.3% y-o-y to 1.861 cents translating to an annualised distribution yield of 8.4% based on the closing share price of S\$0.885 as at 30 June 2017.

The improved y-o-y performance was mainly driven by higher revenue contribution from VBP due to its successful asset enhancement initiative (“AEI”) and additional rental contributions from 6 Chin Bee Avenue and 30 Pioneer Road, which were acquired by VI-REIT in January 2017 and April 2016, respectively.

Mr Wilson Ang, CEO of Viva Industrial Trust Management Pte Ltd, the manager of VI-REIT (the “Manager”), said, “We are pleased to report another quarter of robust distribution to our stapled securityholders. The 2Q2017 results are testament to VIT’s ability to create transformational value from its properties and deliver on committed strategies. We are excited to see the full effects of the successful AEI at VBP positively impacting returns with further spill-over effects to VBP’s business park space in the coming quarters.”

### **Portfolio Update**

**Viva Business Park** has been rejuvenated to become a ‘work-shop-dine-play’ destination and achieved occupancy of more than 92% for its total ‘white’ space with 23 tenants offering Sports & Fitness, Food & Beverage (“F&B”) and family-oriented amenities. Harvey Norman opened its first ever factory outlet store taking up 38,500 sq ft on two floors. Together with Decathlon, which occupies 35,600 sq ft, they make up the two large format retailers in VBP that provide a differentiated experiential retail-showroom offering amid the challenging retail climate. Spill-over effects from a more vibrant VBP are apparent as shown by the positive rental reversion of 5% recorded for the business park space at VBP so far in 1H2017.

Meanwhile, occupancy at **Jackson Square** remained resilient at 89% as at end of 2Q2017. Vacancy concerns were mitigated by JIPL’s subsidiaries, occupying 24% of the total gross floor area, remaining as tenants with additional security deposits of S\$1.7 million provided to VI-REIT pursuant to the Settlement Agreement<sup>6</sup> with JIPL, as well as by the successful back-filling of a substantial portion of the space vacated by McDermott when its leases expired on

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<sup>6</sup> Please refer to the announcement dated 21 May 2017 titled “Settlement Agreement with Jackson International Private Limited and Mr Tan Phong Guan” for further details.

30 April 2017. New tenants from the telecommunications and industrial training/education sectors have taken up space totalling over 70,000 sq ft in 2Q2017. Furthermore, the Manager does not expect the property expenses at JS to increase significantly after taking over the facilities management of JS from JIPL.

#### **Clarification on Tax Transparency Treatment**

The Income Tax Act was amended in 1Q2017 to allow tax transparency treatment to be accorded to rental income support payments subject to certain conditions being met. VI-REIT is awaiting the outcome of an advance tax ruling from the Inland Revenue Authority of Singapore on the tax transparency treatment for rental support received/receivable by VI-REIT from 29 December 2016 onwards. Pending the outcome of the advance tax ruling, VI-REIT has continued to make provision for income tax expense in respect of the rental support received/receivable as there is no assurance that VI-REIT will receive a favourable tax ruling.

#### **Looking Ahead**

Trade continues to lead Singapore's economic growth recovery, as NODX regained momentum in June expanding by 8.2% from a year ago. Based on the latest 2Q2017 GDP estimates, the Singapore economy grew by 2.5% y-o-y bolstered by the manufacturing sector expansions particularly in the precision engineering and electronic clusters. Speaking on VIT's longer-term prospects, Mr Ang said, "VIT remains committed to aligning our growth with the government's pro-growth programmes, with our business park-focused properties well suited for technology tenants that will drive the Singapore economy."

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## **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 inactive. VIT’s portfolio comprises nine properties located in Singapore, namely (i) UE BizHub EAST, (ii) Viva Business Park, (iii) Mauser Singapore, (iv) Jackson Square, (v) Jackson Design Hub, (vi) Home-Fix Building, (vii) 11 Ubi Road 1, (viii) 30 Pioneer Road, and (ix) 6 Chin Bee Avenue, with an aggregate gross floor area of 3.90 million sq ft.

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

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