

NEWS RELEASE

VIVA INDUSTRIAL TRUST TAPS ON SINGAPORE'S RESILIENT AND GROWING FOOD SERVICES SECTOR WITH S\$87.3 MILLION PROPERTY ACQUISITION

- ✓ Proposed acquisition of a newly completed 5-storey ramp-up high specifications logistics/warehouse development catering to the food services sector is set to grow VIT's existing portfolio by 7.9% to approximately S\$1.28 billion
- ✓ Yield-accretive asset to be leased to Sharikat Logistics Pte. Ltd. under a triple-net master lease agreement for 7+3 years with rental escalations over the lease term
- ✓ Increases VIT's net property income ("NPI"), portfolio WALE and occupancy, and strengthens VIT's balance sheet and capital structure
- ✓ Launched private placement to partly fund the acquisition, thereby enlarging VIT's free float with the likelihood of improving trading liquidity
- ✓ Private placement strongly oversubscribed with firm demand from existing and new institutional investors, which raised gross proceeds of approximately S\$45.0 million

Singapore, 27 October 2016 – Viva Industrial Trust ("VIT"), a Singapore-listed business park and industrial property trust, announced that it has entered into an agreement with Sharikat National (Pte) Limited (the "Vendor") to acquire a newly completed high specifications ramp-up logistics development located at 6 Chin Bee Avenue (the "Property") for a purchase consideration of S\$87.3 million (the "Proposed Acquisition"). In addition to the purchase consideration, VIT is required to pay an upfront land premium for the balance of the 30-year JTC lease term estimated at S\$5.7 million. The agreed purchase price was arrived at after taking into consideration the Property's independent valuation of S\$94.3 million as valued by Suntec Real Estate Consultants Pte Ltd.

Tapping Singapore's Resilient and Growing Food Services Sector

Built to cater to the resilient and growing food services sector in Singapore, the Property is an integrated ramp-up logistics development with five levels of high specifications logistics/warehouse facilities, including two levels of integrated cold room facility, one level of ambient temperature foods storage facility, as well as a mezzanine level on each warehouse floor accommodating storage, kitchen and ancillary showroom and offices.

Strategically located along Chin Bee Avenue, within the established Jurong Industrial Estate, the Property occupies a gross floor area ("GFA") of 324,166 sq ft and obtained its Temporary Occupation Permit ("TOP") on 12 April 2016. It is also in close proximity to both Boon Lay

and Lakeside MRT stations and enjoys good connectivity to major expressways, including Ayer Rajah Expressway, Pan Island Expressway and West Coast Highway.

With this latest acquisition, VIT is now able to tap on the immense potential of the food services industry and is well positioned to meet the increased demand for centralised food management facilities. According to recent research, Singapore's retail food sector is one of the most advanced in the world, with food spending expected to grow to nearly S\$9.0 billion by 2020¹. There is also a growing demand in food storage and distribution facilities due to the robust growth in the food franchising sector. E-commerce and direct to consumer deliveries of temperature-sensitive products represent a great opportunity for cold chain service providers and create additional demand for refrigerated deliveries and warehouses near major population centres.

Established Master Lease Tenant

Upon completion of the Proposed Acquisition, the Property will be leased to Sharikat Logistics Pte. Ltd. ("Sharikat Logistics"), an ISO certified 3PL and warehouse space solution provider. The lease will be a 7-year triple-net master lease contributing annual revenue of S\$7.44 million to VIT, with an option to renew for a further term of 3 years. There will also be a 1.5% rental escalation per annum at the beginning of the third year and for every subsequent year of the lease term.



6 Chin Bee Avenue (To be leased to Sharikat Logistics Pte. Ltd. for 7+3 years on a triple-net basis)

¹ "2016 Cold Chain Top Markets Report", 2016 Top Markets Report, International Trade Administration, dated May 2016. The International Trade Administration has not provided its consent to the inclusion of the information extracted from the relevant report published by it and is therefore not liable for such information. While the Managers have taken reasonable actions to ensure that the information from the relevant report published by the International Trade Administration is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, the Managers or any other party have not conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

Positive Portfolio Impact from the Proposed Acquisition

The Proposed Acquisition will diversify VIT's current portfolio and increase its total portfolio value by 7.9% to approximately S\$1.28 billion. Post-acquisition, the Property will also have a positive impact on VIT's portfolio with total net leasable area ("NLA") expected to increase by 10.8% from 3.00 million sq ft to 3.33 million sq ft, while NPI is expected to increase by 11.0% from S\$67.3 million² to S\$74.7 million. The weighted average lease expiry ("WALE") (by net rental income) is expected to further increase from 3.3 years³ to 3.6 years. In addition, the Proposed Acquisition further diversifies VIT's tenant profile and raises the overall weighted average portfolio occupancy to 89.8% post-acquisition, compared to 88.6% as at 30 September 2016.

Although the Proposed Acquisition will reduce the weighted average land lease balance slightly from 35.8 years⁴ to 35.1 years, the dip is offset by the greater benefits gained from tenant and asset diversification, an accretive distribution yield, and the inclusion of a brand new asset within VIT's portfolio.

Proposed Funding Strengthens VIT's Balance Sheet and Capital Structure

The estimated total cost of the Proposed Acquisition is approximately S\$96.8 million, which comprises the purchase consideration of S\$87.3 million for the Property, estimated upfront land premium of S\$5.7 million payable to JTC for the balance 30-year JTC lease term, stamp duty payable of S\$2.8 million for the Property, with the rest comprising acquisition fee payable to Viva Industrial Trust Management Pte Ltd, the manager of Viva Industrial Real Estate Investment Trust ("VI-REIT"), and other professional fees and transaction costs.

To partly fund the Proposed Acquisition, VIT launched a private placement (the "Private Placement") of 60,811,000 new stapled securities ("New Stapled Securities") at an issue price of S\$0.74 per New Stapled Security to raise gross proceeds of approximately S\$45.0 million. The Private Placement was strongly oversubscribed by new and existing institutional investors. Oversea-Chinese Banking Corporation Limited, Religare Capital Markets (Singapore) Pte. Limited and RHB Securities Singapore Pte. Ltd. are the joint underwriters and placement agents in relation to the Private Placement.

² Based on 9M2016 annualised figures.

³ Using portfolio information as at 30 September 2016.

⁴ Using portfolio information as at 30 September 2016.

In addition, the Proposed Acquisition will be partly funded by way of the issuance of S\$23.0 million worth of stapled securities in VIT (the “Consideration Stapled Securities”) to be issued to the Vendor on the date of completion of the Proposed Acquisition at an issue price equal to the volume weighted average price for the period of 10 business days immediately preceding the date of issuance of the Consideration Stapled Securities⁵.

With the additional stapled securities to be issued pursuant to the Private Placement and the issuance of the Consideration Stapled Securities, VIT’s post-acquisition free float will rise by 32.2% to an estimated 377.3 million stapled securities which will further diversify VIT’s shareholding base and will likely improve the stapled security’s trading liquidity. Furthermore, in line with VIT’s prudent capital management strategy, VIT’s aggregate leverage ratio⁶ will decline from 39.8% to 39.3% post-acquisition.

Commenting on the Proposed Acquisition and investors’ strong interest in the Private Placement, Mr Wilson Ang, CEO of the Managers, said, **“Despite the competitive environment, we are still able to secure a quality asset that adds value to VIT’s portfolio and 6 Chin Bee Avenue is a great addition which not only diversifies VIT’s asset and tenant mix, but also enable us to tap on Singapore’s growing food services sector which is more recession resilient.”**

Mr Ang added, **“We are also gratified by the oversubscription for the Private Placement. This shows that investors, especially discerning institutional investors, increasingly appreciate VIT’s investment merits, and we warmly welcome them as VIT’s stapled securityholders.”**

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Note: This press release should be read and understood only in conjunction with the announcements issued on SGXNET on 26 October 2016.

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⁵ Based on an illustrative issue price of S\$0.74 per Stapled Security, 31,081,081 Consideration Stapled Securities will be issued.

⁶ Debt to Deposited Property ratio

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 eight 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, and (viii) 30 Pioneer Road, with an aggregate gross floor area of 3.58 million sq ft.

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

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