

**NEWS RELEASE**

## VIT REGISTERS SOLID INCREASE OF 29.6% IN 3Q2015 NET PROPERTY INCOME

- ✓ *Distributable income increases 15.1% year-on-year to deliver attractive annualised distribution yield of 8.9%<sup>1</sup>*
- ✓ *Secured pre-committed tenancies of close to 55% for white space at “Project Viva City”*
- ✓ *AEI works for “Project Viva City” are on schedule, with Phase 1 due for completion by end of 2015*

**Financial Highlights**

	3rd Quarter ended 30 Sep 15			9 Months ended 30 Sep 15		
	3Q2015	3Q2014	Variance	9M2015	9M2014	Variance
Gross Revenue (S\$'000)	18,388	14,936	▲ 23.1%	54,287	45,119	▲ 20.3%
Net Property Income (S\$'000)	12,504	9,648	▲ 29.6%	37,113	29,733	▲ 24.8%
Distributable Income <sup>1</sup> (S\$'000)	11,622	10,094	▲ 15.1%	35,015	30,631	▲ 14.3%
DPS (SG cents)	1.647	1.687	▼ 2.4%	5.366	5.132	▲ 4.6%
Annualised DPS (SG cents)	6.534	6.693	▼ 2.4%	7.174	6.861	▲ 4.6%
Annualised Distribution Yield: - based on closing price of S\$0.735 as at 30 Sep 2015	8.9%	9.1%	▼ 2.2%	9.8%	9.3%	▲ 5.4%

<sup>1</sup> As VI-BT is dormant, only the distributable income of VI-REIT has been included for the purpose of calculating the DPS.

**Singapore, 27 October 2015** – Viva Industrial Trust (“VIT”), a Singapore-focused business park and industrial property trust, today reported stable results for the third quarter (“3Q2015”) ended 30 September 2015, with a distribution per stapled security (“DPS”) of 1.647 cents for the quarter. Net property income for the quarter rose 29.6% year-on-year, while distributable income increased by 15.1%. Based on VIT’s closing price of S\$0.735 on 30 September 2015, the annualised DPS of 6.534 cents for 3Q2015 offers an attractive yield of 8.9%.

<sup>1</sup> Based on closing price of S\$0.735 as at 30 September 2015

Commenting on the results, Mr Wilson Ang, CEO of Viva Industrial Trust Management Pte Ltd, the manager of VI-REIT (the “Manager”), said, “Our growth in 3Q2015 was underpinned by our focus on securing and retaining tenants, as well as our proactive approach to strengthen our portfolio. We achieved healthy increments to our net property income and distributable income, and are confident that our efforts to seek further growth opportunities will continue to enhance long-term value for our stapled securityholders.”

### **3Q2015 Operational and Financial Review**

Gross revenue for 3Q2015 was S\$18.4 million, 23.1% higher than that in the corresponding period last year. The stronger performance was mainly driven by additional rental contribution of S\$2.9 million from Jackson Square and Jackson Design Hub, and higher rental and other income of S\$0.5 million from Technopark@Chai Chee (“TPCC”). Net asset value as at 30 September 2015 stood at a robust S\$0.83 per stapled security, up from S\$0.76 as at 31 December 2014. DPS for 3Q2015 declined by 2.4% year-on-year to 1.647 cents, mainly due to the issuance of 80.3 million new stapled securities under the recent placement exercise completed in June 2015 to partially fund the Asset Enhancement Initiative (“AEI”) project at TPCC which is expected to see gradual income contribution starting from the first quarter of 2016.

In the reporting quarter, VIT made good progress in securing pre-committed tenancies for the white space under the AEI project at TPCC, which has been named “Project Viva City”. In addition to anchor tenants, Decathlon, which will be opening its first Southeast Asia flagship store and relocating its Southeast Asia headquarters to TPCC, and OWL Cafe, which will bring its Straits Asian menu to diners at its drive-thru facility and cafe, new tenants secured include Aston Food & Beverage Pte Ltd, Chic A Boo, Offside Sports and Bistro<sup>2</sup>, MMMM! and The Seafood Market Place by Song Fish. To date, it has also received firm interest from two prospective tenants to further widen the retail and lifestyle options, including what is expected to be Singapore’s largest and tallest air-conditioned, world-class sports climbing facility and a renowned fitness centre. This brings the level of pre-committed tenancies for the white space of Project Viva City up to almost 55%. The Manager will continue to actively engage prospective tenants to secure commitments for the remaining white space. All AEI works are on schedule, with Phase 1 of the AEI slated for completion by end of 2015.

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<sup>2</sup> Outlet name to be confirmed

In relation to Project Viva City, Mr Ang added, “The team has worked hard over the past few months to secure tenants that will help transform TPCC into a vibrant business park development that offers retail and lifestyle amenities. Our efforts have been paying off so far, and we are confident that we will continue to see traction in the commitment of new tenants as we roll out Project Viva City.”

As part of its endeavour to enhance its portfolio with quality assets, VIT recently announced plans to acquire three industrial properties located at 19 Tai Seng Avenue, 11 Ubi Road 1 and 30 Pioneer Road, valued at close to S\$190 million. Pending the relevant approvals, these acquisitions are expected to be completed by 4Q2015.

### **Outlook & Plans**

Based on the Ministry of Trade and Industry’s (“MTI”) advance estimates, the Singapore economy grew by 1.4% on a year-on-year basis in 3Q2015, easing from the 2.0% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 0.1%, a reversal from the 2.5% contraction in the preceding quarter.<sup>3</sup>

DTZ research and data notes that rental growth of business parks and hi-tech parks in Singapore eased in 3Q2015, as signs of a slowing Chinese economy weighed down business confidence and demand for industrial space.

Ratings agency Fitch highlights that the rents of lower-specification industrial properties face stronger pressure due to weaker demand and higher supply, whereas the higher-specification properties are supported by stable demand, hence its rents are less affected. Nonetheless, average monthly gross rents for business parks and hi-tech sectors held firm quarter-on-quarter.<sup>4</sup> Fitch also notes that the industrial REIT sector in Singapore will remain resilient in the face of the current economic slowdown, underpinned by its robust financial profiles.

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<sup>3</sup> “Singapore’s GDP Growth Moderated in the Third Quarter of 2015”, Press Release, Ministry of Trade and Industry Singapore, 14 October 2015

<sup>4</sup> “Singapore Industrial REIT sector will remain resilient in slowdown: Fitch”, The Business Times, 22 September 2015

Against the backdrop of continued market uncertainties, the Manager will continue to proactively manage the portfolio to grow its income organically by improving the occupancy of the portfolio with a focus on retaining the existing tenants. It will continue to keep abreast of market and industry developments, and make the necessary adjustments to remain competitive. The Manager will also seek quality investment opportunities in line with its growth strategy with the objectives of delivering stable distribution and maximising returns to stapled securityholders.

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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 dormant. VIT’s portfolio comprises five properties located in Singapore, namely (i) UE BizHub EAST, (ii) Technopark@Chai Chee, (iii) Mauser Singapore, (iv) Jackson Square and (v) Jackson Design Hub with an aggregate gross floor area of 2.9 million sq ft.

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

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