Viva Industrial Trust Management Pte. Ltd.
Viva Asset Management Pte. Ltd.
750 Chai Chee Road
#04-03 Viva Business Park
Singapore 469000

NEWS RELEASE

VIVA INDUSTRIAL TRUST REPORTS 3.5% YEAR-ON-YEAR INCREASE IN NET PROPERTY INCOME TO S$21 MILLION AND DPS OF 1.838 CENTS FOR 1Q2018

- ✓ *Gross Revenue and Net Property Income growth trend intact with 4.8% and 3.5% increase respectively.*
- ✓ *The REIT Manager has elected to pay all management fees in cash starting from 1 January 2018.*
- ✓ *Distributed all of the previously retained distributable income of S$1.78 million arising from the Jackson Square Rental Support Settlement.*
- ✓ *The REIT Manager secured over 149,000 sq ft of new leases and lease renewals in 1Q2018 with 2.6% positive rental reversion for lease renewals.*
- ✓ *The vehicular link connecting 30 Pioneer Road to the adjoining property at 39 Benoi Road has been completed, thereby allowing container trucks to access the loading and unloading bays on every floor of 30 Pioneer Road via the vehicular ramp of 39 Benoi Road.*

Financial Highlights

	Year-on-Year			Quarter-on-Quarter	
	1Q2018	1Q2017	Variance	4Q2017	Variance
Gross Revenue (S$'000)	28,692	27,379	▲ 4.8%	28,341	▲ 1.2%
Net Property Income (S$'000)	21,051	20,340	▲ 3.5%	20,657	▲ 1.9%
Distributable Income[1] (S$'000)	16,170	17,807	▼ 9.2%	17,455	▼ 7.4%
Distribution Declared (S$'000)	17,949[2]	17,807	▲ 0.8%	18,063[3]	▼ 0.6%
Number of stapled securities for calculation of DPS ('000)	975,759	959,954	▲ 1.6%	972,658	▲ 0.3%
DPS (SG cents)	1.838	1.854	▼ 0.9%	1.857	▼ 1.0%
Annualised Distribution Yield	8.4%[4]	9.4%[5]	--	8.0%[6]	--

[1] *As VI-BT is inactive, only the distribution of VI-REIT Group has been included for the purpose of calculating the DPS.*
[2] *The distribution declared for 1Q2018 included the release of all the previously retained distributable income of S$1.78 million arising from the Jackson Square Rental Support Settlement.*
[3] *The distribution declared for 4Q2017 was made on the basis as if the Jackson Square rental support arrangement was still in place.*
[4] *Based on closing price of S$0.885 on 29 March 2018.*
[5] *Based on actual FY2017 DPS and closing price of S$0.795 on 31 March 2017.*
[6] *Based on actual FY2017 DPS and closing price of S$0.935 on 29 December 2017.*

Singapore, 15 May 2018 – Viva Industrial Trust ("VIT"), a Singapore-focused business park and industrial property trust, today announced Gross Revenue and Net Property Income of S$28.7 million and S$21.1 million, respectively. Distribution declared for 1Q2018 was S$17.9 million, translating to DPS of 1.838 cents as compared to DPS of 1.854 cents for 1Q2017.

The decline in DPS was mainly due to all of the management fees payable to the REIT Manager and the Property Manager of VIT for 1Q2018 being paid in cash (instead of a combination of cash and VIT stapled securities), partially offset by the release of all the previously retained distributable income of S$1.78 million arising from the Jackson Square Rental Support Settlement. Had (a) the Jackson Square rental support arrangement remained in place for 1Q2018; and (b) the management fees payable to the REIT Manager and the Property Manager of VIT for 1Q2018 continued to be paid by a combination of cash and VIT stapled securities, the DPS for 1Q2018 would have been 1.945 cents or an increase of 4.9% as compared to the DPS of 1.854 cents for 1Q2017.

Pursuant to the terms of the proposal received from ESR Funds Management (S) Limited (as manager of ESR-REIT) in relation to the proposed merger of VIT and ESR-REIT as disclosed in VIT's announcement dated 29 January 2018, Viva Industrial Trust Management Pte Ltd, as manager of Viva Industrial Real Estate Investment Trust (the "REIT Manager"), has elected to pay all of the management fees payable to the REIT Manager and the Property Manager of VIT in cash (instead of a combination of cash and VIT stapled securities) starting from 1 January 2018. As management fees paid in the form of VIT stapled securities are added back to VIT's profit after tax to arrive at its distributable income, the payment of management fees in the form of VIT stapled securities has resulted in higher distributable income for the stapled securityholders of VIT during the initial years following its IPO in November 2013. The payment of management fees in cash would alleviate the potential dilutive effect on DPS in future periods resulting from further issuances of new VIT stapled securities.

Proactive Leasing and Asset Management

The REIT Manager secured over 149,000 sq ft of new leases and lease renewals in 1Q2018. Over 10% of the leases expiring in 2018 have been renewed while achieving portfolio positive rental reversion of 2.6%.

New economy tenants continue to be a mainstay in VIT's tenant mix as a result of the REIT's core business park and high-specs light industrial assets. The REIT Manager has secured a new digital technology tenant who has committed to lease an entire floor of a block at Viva Business Park ("VBP"). VBP is solidifying its position as a vibrant place to "work-play-dine-shop" with a campus-like environment favoured by many technology and innovative companies.

The construction of the vehicular link connecting 30 Pioneer Road to the adjoining property at 39 Benoi Road has been completed. The owner of 39 Benoi Road, GKE Warehousing & Logistics Pte Ltd, has granted VI-REIT vehicular access rights over the ramp and certain parts of 39 Benoi Road, thereby allowing container trucks to access the loading and unloading bays on every floor of 30 Pioneer Road via the vehicular ramp of 39 Benoi Road. With access via the vehicular ramp of 39 Benoi Road, 30 Pioneer Road has been transformed into a ramp-up logistics facility with container access to all levels.

Outlook

The Singapore economy grew by 4.3% on a year-on-year ("y-o-y") basis in 1Q2018 (based on MTI's advanced estimates), higher than the 3.6% growth in the fourth quarter of last year. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 1.4%. The manufacturing sector grew by 10.1% on a y-o-y basis in the first quarter, faster than the 4.8% growth in the previous quarter. All the clusters within the sector expanded, with the electronics and precision engineering clusters contributing the most to the sector's growth.

While the manufacturing sector had been experiencing robust growth, performance in the industrial real estate sector had been more muted. According to JTC's Quarterly Market Report for 1Q2018, both the occupancy and rentals of industrial space experienced some decline, with occupancy rate of the overall industrial property market dipping marginally by 0.4 percentage points y-o-y and rental indices shrinking by 2.0% y-o-y. However, the business park segment stood out with a 6.9% rental recovery and 1.1 percentage points improvement in occupancy compared to a year ago. This robust out-turn by the business park segment was underpinned by steady demand amid the growth of the digital economy, lack of new supply, as well as the spill-over effects from the rise in office rents.

Mr Wilson Ang, CEO of the REIT Manager said, “The industrial property market remains soft although business parks have emerged as the most resilient asset type. We are pleased to have in our portfolio, quality business parks and high-specs light industrial properties that cater to the growing new economy tenants. VIT’s portfolio occupancy reached a new high of 91.5% in 1Q2018, a testament to our proactive leasing and asset management strategy. We remain committed to delivering value and growth to our stapled securityholders in FY2018.”

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For further enquiry, please contact:
Ms. Lyn Ong
Investor Relations Manager
DID: +65 6229 5564
Email: lyn.ong@vivaitrust.com

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 estates which are 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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