



## VIVA INDUSTRIAL TRUST

### Comprising:

#### **VIVA INDUSTRIAL REAL ESTATE INVESTMENT TRUST**

(a real estate investment trust constituted on 23 August 2013 under the laws of the Republic of Singapore) managed by

**Viva Industrial Trust Management Pte. Ltd.**

#### **VIVA INDUSTRIAL BUSINESS TRUST**

(a business trust constituted on 14 October 2013 under the laws of the Republic of Singapore) managed by

**Viva Asset Management Pte. Ltd.**

Standard Chartered Securities (Singapore) Pte. Limited, Merrill Lynch (Singapore) Pte. Ltd. and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch are the Joint Global Coordinators and Issue Managers for the initial public offering and listing of Viva Industrial Trust (the "**Offering**"). Standard Chartered Securities (Singapore) Pte. Limited, Merrill Lynch (Singapore) Pte. Ltd., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, CIMB Securities (Singapore) Pte. Ltd., Maybank Kim Eng Securities Pte. Ltd. and Credit Suisse (Singapore) Limited are the Joint Bookrunners and Underwriters for the Offering.

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**For the first quarter ended 31 March 2014**

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## **INTRODUCTION**

Viva Industrial Trust (“**VIT**”) is a stapled group (the “**Stapled Group**”) comprising Viva Industrial Real Estate Investment Trust (“**VI-REIT**”) and Viva Industrial Business Trust (“**VI-BT**”). VI-REIT and VI-BT are managed by Viva Industrial Trust Management Pte. Ltd. (the “**REIT Manager**”) and Viva Asset Management Pte. Ltd. (the “**BT Trustee-Manager**”), respectively.

VI-REIT is a Singapore-based real estate investment trust established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate which is used predominantly for business park and other industrial purposes, whether wholly or partially, in Singapore and elsewhere in the Asia-Pacific region, as well as real estate-related assets in connection with the foregoing. VI-BT is a Singapore-based business trust which has remained dormant since its constitution on 14 October 2013.

VI-REIT has an initial portfolio of three properties located in Singapore, namely UE BizHub EAST (“**UEBH**”), Technopark@Chai Chee (“**TPCC**”), and Mauser Singapore (collectively, the “**Initial Properties**”).

Stapled securities in VIT (“**Stapled Securities**”) commenced trading on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 4 November 2013 (the “**Listing Date**”).

## **Distribution Policy**

VIT’s distribution policy is to distribute 100% of its Taxable Specified Income (as defined herein) and Specified Taxed Income (as defined herein) for the period from the Listing Date to 31 December 2015 and thereafter to distribute at least 90% of its Taxable Specified Income and Specified Taxed Income. Taxable Specified Income refers to VI-REIT’s income chargeable to tax under the Income Tax Act after deduction of allowable expenses and applicable tax allowances (but excluding gains on sale of real properties which are determined to be trading gains and rental income support in respect of the UEBH rental arrangement). Under the tax transparency treatment accorded to VI-REIT, VI-REIT will not be taxed on its Taxable Specified Income to the extent of the amount distributed to the Stapled Securityholders of VI-REIT. Specified Taxed Income refers to VI-REIT’s after-tax income arising from gains on sale of real properties which are determined to be trading gains and rental income support in respect of the UEBH rental arrangement, which may be subject to income tax. For further details on the tax treatment of the rental income support arising from the UEBH rental arrangement, please refer to note (g) on page 4 of this announcement.

VI-BT remains dormant as at the date of this announcement. In the event that VI-BT becomes active and profitable, VI-BT’s distribution policy will be to distribute as much of its income as practicable, and the declaration and payment of distributions by VI-BT will be at the sole discretion of the BT Trustee-Manager.

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**Summary of results of Viva Industrial Trust**

	<b>Stapled Group</b>		
	<b>1Q2014</b>		
	<b>Actual</b>	<b>Forecast <sup>(a)</sup></b>	<b>Variance</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Gross revenue	14,974	13,875	7.9%
Net property income	9,866	8,951	10.2%
Distributable income	10,250	10,183	0.7%
Distribution per Stapled Security (cents)	1.722 <sup>(b)</sup>	1.711	0.6%

**Notes:**

- (a) The forecast results are derived from the corresponding quarter of the full year projection for 2014 as disclosed in the Prospectus.
- (b) Please refer to section 6 on page 12 of this announcement for the calculation of Distribution per Stapled Security for 1Q2014.

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1(a) Income statements together with comparatives for corresponding periods in immediately preceding financial year

1(a)(i) Consolidated Statement of Total Return for the quarter ended 31 March 2014 (“1Q2014”)

	Note (a)	VIT 1Q2014 S\$'000
Gross revenue		14,974
Property expenses		(5,108)
<b>Net property income</b>		<b>9,866</b>
Rental support / rental arrangement	(b)	3,510
REIT Manager's fees	(c)	(1,025)
REIT Trustee's fees		(45)
Amortisation of intangible assets	(d)	(1,050)
Other trust expenses	(e)	(216)
Finance expenses	(f)	(2,608)
<b>Net income</b>		<b>8,432</b>
Change in fair value of derivative financial instruments	(g)	349
<b>Total return before income tax</b>		<b>8,781</b>
Income tax expense	(h)	(536)
<b>Total return after income tax</b>		<b>8,245</b>

**Notes:**

- (a) No comparative figures have been presented as the Stapled Group became listed on SGX-ST on 4 November 2013. The first financial period of the Stapled Group was from 23 August 2013 (date of constitution of VI-REIT) to 31 December 2013.
- (b) This relates to the rental differentials which are received/receivable under the UEBH rental arrangement and TPCC rental support arrangement, pursuant to which, each of the respective vendors of UEBH and TPCC has agreed to pay VI-REIT for the rental differential where the actual net rental income derived from UEBH (excluding the hotel component) is less than S\$26.0 million per annum and where the actual gross rental income derived from TPCC is less than S\$2.15 million per month, as the case may be. The duration of the UEBH rental arrangement and TPCC rental support arrangement is 5 years and 2 years from the Listing Date, respectively. The aggregate amount of the rental differential to be provided by the vendor of TPCC under the TPCC rental support arrangement is capped at S\$2.3 million.
- (c) This relates to the REIT Manager's base fee (“**REIT Base Fee**”), which is calculated based on 10% per annum of the distributable income of VI-REIT (before accounting for the REIT Base Fee).
- (d) This relates to the amortisation of the rental differential to be provided to VI-REIT by the respective vendors of UEBH and TPCC pursuant to the UEBH rental arrangement and TPCC rental support arrangement, respectively as described in note (b) above. Such rental differential is amortised on a straight line basis over the duration of the UEBH rental arrangement and TPCC rental support arrangement of 5 years and 2 years from the Listing Date, respectively.
- (e) Other trust expenses include recurring expenses such as annual listing fee, registrar and secretarial fees, audit and tax compliance fees, valuation fees, costs associated with the preparation of annual reports, investor communications costs and other miscellaneous costs.

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- (f) Finance expenses include interest expense, loan commitment fees and amortisation of debt-related transaction costs.
- (g) This relates to the change in fair value of interest rate swaps entered into to hedge against fluctuations in the interest rates on the Stapled Group's interest-bearing borrowings. In accordance with Singapore Financial Reporting Standard ("**FRS**") 39 - *Financial Instruments*, the change in fair value of interest rate swaps is recognised in the statement of total return.
- (h) The Inland Revenue Authority of Singapore ("**IRAS**") has, on 11 October 2013, granted VI-REIT a provisional approval for tax transparency treatment to be accorded to the rental income support in respect of the UEBH rental arrangement, subject to certain conditions being met (the "**Provisional Approval**").

The IRAS has, on 23 April 2014, issued a letter to withdraw the aforesaid Provisional Approval. The withdrawal of the Provisional Approval by the IRAS has no financial impact on the financial statements of the Stapled Group for the quarter ended 31 March 2014 as such financial statements were prepared on the basis that the tax transparency treatment would not be applicable to the rental income support in respect of the UEBH rental arrangement and consequently, the Stapled Group made an income tax provision of approximately S\$536,000 in respect of the rental income support arising from the UEBH rental arrangement for the quarter ended 31 March 2014.

Together with VI-REIT's tax advisers, the REIT Manager will continue to engage with the IRAS to seek its approval for tax transparency treatment to be accorded to the rental income support in respect of the UEBH rental arrangement. Further announcements will be made on the SGXNET when there are further developments on this matter.

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**1(a)(ii) Distribution Statement**

	<b>Note (a)</b>	<b>Stapled Group 1Q2014 S\$'000</b>
<b>Total return after income tax</b>		<b>8,245</b>
Net tax adjustments ( <b>Note A</b> )		2,005
<b>Net income available for distribution for the period</b>	<b>(b)</b>	<b>10,250</b>
Distribution per Stapled Security (cents):		
For the quarter ended 31 March 2014	<b>(c)</b>	1.722
Annualised		6.984

**Notes:**

- (a) No comparative figures have been presented as the Stapled Group became listed on SGX-ST on 4 November 2013. The first financial period of the Stapled Group was from 23 August 2013 (date of constitution of VI-REIT) to 31 December 2013.
- (b) Distributions of the Stapled Group represent the aggregate of distributions by VI-REIT and VI-BT. The distribution of the Stapled Group for 1Q2014 is contributed solely by VI-REIT as VI-BT was dormant during 1Q2014.
- (c) Based on 595,090,710 issued Stapled Securities.

**Note A**

	<b>Stapled Group 1Q2014 S\$'000</b>
<b>Net tax adjustments comprise:</b>	
REIT Manager's fees payable in Stapled Securities	1,025
Property Manager's fees payable in Stapled Securities	331
REIT Trustee's fees	45
Amortisation of intangible assets	1,050
Amortisation of debt-related transaction costs	441
Change in fair value of derivative financial instruments	(349)
Other non-taxable items	(538)
<b>Net tax adjustments</b>	<b>2,005</b>

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**1(b) Balance Sheet**

**1(b)(i) Balance Sheet as at 31 March 2014**

	Note	As at 31-Mar-14			As at 31-Dec-13		
		Stapled Group S\$'000	VI-REIT S\$'000	VI-BT S\$'000	Stapled Group S\$'000	VI-REIT S\$'000	VI-BT S\$'000
<b>Non-current assets</b>							
Investment properties	(a)	725,600	725,600	-	725,600	725,600	-
Intangible assets	(b)	16,585	16,585	-	17,635	17,635	-
		742,185	742,185	-	743,235	743,235	-
<b>Current assets</b>							
Trade and other receivables	(c)	10,681	10,681	-	17,664	17,664	30
Cash and cash equivalents	(d)	17,884	17,854	30	11,683	11,683	-
		28,565	28,535	30	29,347	29,347	30
<b>Total assets</b>		<b>770,750</b>	<b>770,720</b>	<b>30</b>	<b>772,582</b>	<b>772,582</b>	<b>30</b>
<b>Non-current liabilities</b>							
Interest-bearing borrowings	(e)	265,666	265,666	-	265,264	265,264	-
<b>Current liabilities</b>							
Trade and other payables	(f)	22,190	22,190	-	27,670	27,700	-
Interest-bearing borrowings	(e)	29,263	29,263	-	29,223	29,223	-
Derivative financial instruments	(g)	1,139	1,139	-	1,488	1,488	-
Income tax payable		917	917	-	382	382	-
		53,509	53,509	-	58,763	58,793	-
<b>Total liabilities</b>		<b>319,175</b>	<b>319,175</b>	<b>-</b>	<b>324,027</b>	<b>324,057</b>	<b>-</b>
<b>Net assets</b>		<b>451,575</b>	<b>451,545</b>	<b>30</b>	<b>448,555</b>	<b>448,525</b>	<b>30</b>
<b>Represented by:</b>							
Stapled Securityholders' funds		<b>451,575</b>	<b>451,545</b>	<b>30</b>	<b>448,555</b>	<b>448,525</b>	<b>30</b>

**Notes:**

- (a) This represents the average of the two independent valuations conducted by Suntec Real Estate Consultants Pte Ltd and Jones Lang LaSalle Property Consultants Pte Ltd for each of the investment properties as at 31 December 2013.
- (b) This represents the carrying amounts of unamortised rental differential to be provided to VI-REIT by the respective vendors of UEBH and TPCC pursuant to the UEBH rental arrangement and TPCC rental support arrangement, respectively as described in note (d) on page 3 of this announcement.

Intangible assets decreased by S\$1.1 million due to amortisation charge for 1Q2014.

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- (c) Decrease in trade and other receivables of S\$7.0 million was mainly due to:
- the recovery of property tax on UEBH amounting to S\$3.9 million from the vendor of UEBH, which relates to the period prior to the acquisition of UEBH;
  - the recovery of property tax on the Hotel Leased Premises of UEBH amounting to S\$0.5 million from the lessee of the Hotel Leased Premises, which relates to the year ending 31 December 2014;
  - deferred property tax of S\$1.4 million charged to the statement of total return for 1Q2014; and
  - decrease in net GST receivable of S\$0.9 million.
- (d) Cash and cash equivalents increased by S\$6.2 million as a result of net cash inflow from operating activities of S\$19.0 million, partially offset by net cash outflow from financing activities of S\$12.8 million during 1Q2014. Please refer to the consolidated statement of cash flows for 1Q2014 on page 9 of this announcement for further details.
- (e) Increase in total interest-bearing borrowings of S\$0.4 million was due to amortisation of debt-related transaction costs for 1Q2014.
- (f) Decrease in trade and other payables of S\$5.5 million was mainly due to:
- payment of IPO issue expenses amounting to S\$4.6 million; and
  - payment of property tax amounting to S\$1.7 million;
  - partially offset by an increase of S\$0.6 million in finance costs payable.
- (g) This represents the fair value of interest rate swaps entered into to hedge against fluctuations in the interest rates on the Stapled Group's interest-bearing borrowings.
- (h) As at 31 March 2014, the Stapled Group's current liabilities exceeded its current assets by S\$24.9 million (31 December 2013: S\$29.4 million). The current liabilities of the Stapled Group as at 31 March 2014 included (i) S\$29.3 million (31 December 2013: S\$29.2 million) of outstanding Revolving Credit Facility (net of transaction costs); and (ii) S\$1.8 million (31 December 2013: S\$2.1 million) of rental support amount received in advance from the vendor of TPCC pursuant to the TPCC rental support arrangement.

Although the outstanding Revolving Credit Facility has been classified as current liabilities in the balance sheet, the Stapled Group has contractual rights under the Credit Facilities Agreement to roll over the outstanding Revolving Credit Facility on a monthly or quarterly basis until its final maturity date on 28 October 2016. As at 31 March 2014, the Stapled Group does not intend to fully repay the outstanding Revolving Credit Facility within the next 12 months.

Although the rental support amount received in advance has been recognised as current liabilities in the balance sheet, the Stapled Group expects to fully utilise the rental support amount to top-up its gross rental income for TPCC and recognise such rental top-ups as income in the statement of total return within the next 12 months. As such, the Stapled Group does not expect to repay the rental support amount to the vendor of TPCC. In the event that the Stapled Group does not fully utilise the rental support amount, the remaining unutilised balance of the rental support amount will only be repayable to the vendor of TPCC after expiry of the TPCC rental support arrangement on 3 November 2015.

As the outstanding Revolving Credit Facility of S\$29.3 million and the rental support amount received in advance of S\$1.8 million are not expected to be repayable within the next 12 months, by excluding these amounts from current liabilities, the Stapled Group would have a positive working capital of S\$6.1 million as at 31 March 2014 (31 December 2013: S\$1.9 million). In addition, the Stapled Group still has unutilised Revolving Credit Facility of S\$15.0 million as at 31 March 2014 (31 December 2013: S\$15.0 million). As such, after taking into consideration the above factors, the REIT Manager and the BT Trustee-Manager (collectively, the "Managers") are of the view that the Stapled Group will be able to meet its obligations as and when they fall due.

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1(b)(ii) Aggregate amount of borrowings

	<b>Stapled Group</b>	
	<b>31-Mar-14</b>	<b>31-Dec-13</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Secured borrowings</b>		
Amount repayable within one year	30,000	30,000
Less: Unamortised transaction costs	(737)	(777)
	29,263	29,223
Amount repayable after one year	270,000	270,000
Less: Unamortised transaction costs	(4,334)	(4,736)
	265,666	265,264
<b>Total secured borrowings</b>	<b>294,929</b>	<b>294,487</b>

Details of borrowings and collateral:

VI-REIT has in place a Singapore Dollar senior three-year secured term loan facility and a Singapore Dollar senior four-year secured term loan facility, each amounting to S\$135.0 million, from a syndicate of lenders (the "**Syndicated Lenders**") (the "**Term Loan Facilities**"). In addition, VI-REIT has in place a committed revolving credit facility of S\$45.0 million from the Syndicated Lenders (the "**Revolving Credit Facility**", together with the Term Loan Facilities, the "**Credit Facilities**").

The Credit Facilities bear interest at rates based on the aggregate of a margin plus swap offer rate per annum and are secured by way of the following:

- mortgages over the Initial Properties (the "**Mortgaged Properties**");
- debenture creating fixed and floating charges on all present and future assets in relation to the Mortgaged Properties;
- an assignment of the relevant lease agreements, acquisition agreements, services agreement and other key agreements in relation to the Mortgaged Properties;
- an assignment of all tenancy agreements, insurance policies, rental assignments, rental support arrangements and bankers' guarantees in relation to the Mortgaged Properties; and
- an assignment of all rental, sale and insurance proceeds and all sums from time to time which VI-REIT is entitled to receive from the Mortgaged Properties.

S\$270.0 million in aggregate of the Term Loan Facilities has been drawn down on the Listing Date to partially finance the acquisition of the Initial Properties and S\$30.0 million of the Revolving Credit Facility has been utilised as at 31 March 2014 for general working capital purposes.

VI-REIT has entered into interest rate swaps to fix the interest rates for 76.7% of the outstanding Credit Facilities as at 31 March 2014.

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**1(c) Consolidated Statement of Cash Flows**

	<b>Stapled Group 1Q2014 <sup>(a)</sup> S\$'000</b>
<b>Cash flows from operating activities</b>	
Total return for the period before income tax	8,781
<b>Adjustments for:</b>	
Effects of recognising accounting income on a straight-line basis over the lease term	(557)
Finance expenses	2,608
Change in fair value of derivative financial instruments	(349)
Amortisation of intangible assets	1,050
REIT Manager's fees payable in Stapled Securities	1,025
Property Manager's fees payable in Stapled Securities	331
<b>Operating income before working capital changes</b>	<b>12,889</b>
<b>Changes in working capital:</b>	
Trade and other receivables	7,540
Trade and other payables	(1,414)
<b>Net cash generated from operating activities</b>	<b>19,015</b>
<b>Cash flows from financing activities</b>	
Finance expenses paid	(1,602)
Issue expenses paid	(4,797)
Distribution to Stapled Securityholders	(6,415)
<b>Net cash used in financing activities</b>	<b>(12,814)</b>
<b>Net increase in cash and cash equivalents</b>	<b>6,201</b>
Cash and cash equivalents at beginning of the period	11,683
<b>Cash and cash equivalents at end of the period</b>	<b>17,884</b>

**Note:**

- (a) No comparative figures have been presented as the Stapled Group became listed on SGX-ST on 4 November 2013. The first financial period of the Stapled Group was from 23 August 2013 (date of constitution of VI-REIT) to 31 December 2013.

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**1(d)(i) Consolidated Statement of Changes in Stapled Securityholders' Funds**

	<b>Stapled Group 1Q2014 <sup>(a)</sup> S\$'000</b>
<b>Balance at beginning of the period</b>	<b>448,555</b>
<b>Operations</b>	
Total return for the period after income tax	8,245
<b>Net increase in net assets resulting from operations</b>	<b>8,245</b>
<b>Stapled Securityholders' transactions</b>	
IPO issue expenses	(166)
Stapled Securities to be issued:	
- As payment of REIT Manager's fees	1,025
- As payment of Property Manager's fees	331
Distribution to Stapled Securityholders	(6,415)
<b>Net decrease in net assets resulting from Stapled Securityholders' transactions</b>	<b>(5,225)</b>
<b>Balance at end of the period</b>	<b>451,575</b>

**Note:**

- (a) No comparative figures have been presented as the Stapled Group became listed on SGX-ST on 4 November 2013. The first financial period of the Stapled Group was from 23 August 2013 (date of constitution of VI-REIT) to 31 December 2013.

**1(d)(ii) Details of any changes in the number of Stapled Securities**

	<b>Note (a)</b>	<b>Stapled Group 1Q2014</b>
<b>Issued Stapled Securities at beginning of the period</b>		594,000,275
Stapled Securities to be issued as payment of fees for the period ended 31 December 2013:		
- REIT Manager's fees	(b)	829,645
- Property Manager's fees	(b)	260,790
<b>Total issued and issuable Stapled Securities at beginning of the period</b>		<b>595,090,710</b>
Stapled Securities to be issued as payment of fees for the quarter ended 31 March 2014:		
- REIT Manager's fees		1,336,765
- Property Manager's fees		432,205
<b>Total issued and issuable Stapled Securities at end of the period</b>		<b>596,859,680</b>

**Notes:**

- (a) No comparative figures have been presented as the Stapled Group became listed on SGX-ST on 4 November 2013. The first financial period of the Stapled Group was from 23 August 2013 (date of constitution of VI-REIT) to 31 December 2013.
- (b) Such number of Stapled Securities has been issued on 2 May 2014.

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**2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the auditors of the Stapled Group.

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The accounting policies and methods of computation applied in the Stapled Group's financial statements for the current financial period are consistent with those applied in its audited financial statements for the financial period ended 31 December 2013.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

There has been no change in the accounting policies and methods of computation adopted by the Stapled Group.

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**6 Earnings per Stapled Security (“EPS”) and Distribution per Stapled Security (“DPS”) for 1Q2014**

	Note (a)	Stapled Group 1Q2014
<b>EPS is calculated based on:</b>		
Total return after income tax (S\$'000)		8,245
Weighted average number of issued and issuable Stapled Securities during the period		595,110,365
Basic and diluted EPS (cents)	(b)	1.385
<b>DPS is calculated based on:</b>		
Net income available for distribution for the period (S\$'000)		10,250
Number of Stapled Securities entitled to distribution		595,090,710
DPS (cents)		1.722

**Notes:**

- (a) No comparative figures have been presented as the Stapled Group became listed on SGX-ST on 4 November 2013. The first financial period of the Stapled Group was from 23 August 2013 (date of constitution of VI-REIT) to 31 December 2013.
- (b) Diluted EPS is the same as the basic EPS as there were no potential dilutive instruments in issue during the period.

**7 Net asset value (“NAV”) per Stapled Security based on the number of issued and issuable Stapled Securities at the end of the period**

	Stapled Group	
	31-Mar-14	31-Dec-13
<b>NAV per Stapled Security is calculated based on:</b>		
Net assets (S\$'000)	451,575	448,555
Number of Stapled Securities:		
- issued	594,000,275	594,000,275
- issuable	2,859,405	1,090,435
	596,859,680	595,090,710
NAV per Stapled Security (cents)	75.66	75.37

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**8 A review of the performance for the quarter ended 31 March 2014**

Please refer to section 9 for a comparison of the Stapled Group's actual results for 1Q2014 against the forecast results for 1Q2014 derived from the full year projection for 2014 as disclosed in the Prospectus.

**9 Variance between the actual results and forecast**

**9(a) Statement of total return and income available for distribution (actual vs forecast)**

	Stapled Group 1Q2014		
	Actual S\$'000	Forecast <sup>(a)</sup> S\$'000	Variance %
Gross revenue	(b) 14,974	13,875	7.9
Property expenses	(c) (5,108)	(4,924)	3.7
<b>Net property income</b>	<b>9,866</b>	<b>8,951</b>	<b>10.2</b>
Rental support / rental arrangement	(d) 3,510	4,128	(15.0)
Finance income	-	13	n.m
REIT Manager's fees	(1,025)	(1,018)	0.7
REIT Trustee's fees	(45)	(45)	0.0
Amortisation of intangible assets	(1,050)	(1,050)	0.0
Other trust expenses	(e) (216)	(376)	(42.6)
Finance expenses	(2,608)	(2,660)	(2.0)
<b>Net income</b>	<b>8,432</b>	<b>7,943</b>	<b>6.2</b>
Change in fair value of derivative financial instruments	349	-	n.m
<b>Total return before income tax</b>	<b>8,781</b>	<b>7,943</b>	<b>10.6</b>
Income tax expense	(f) (536)	(644)	(16.8)
<b>Total return after income tax</b>	<b>8,245</b>	<b>7,299</b>	<b>13.0</b>
Net tax adjustments	2,005	2,884	(30.5)
<b>Net income available for distribution for the period</b>	<b>(g) 10,250</b>	<b>10,183</b>	<b>0.7</b>

**Notes:**

- (a) The forecast results are derived from the corresponding quarter of the full year projection for 2014 as disclosed in the Prospectus.
- (b) The actual gross revenue of S\$15.0 million for 1Q2014 was S\$1.1 million or 7.9% higher than the forecast mainly due to:
- higher actual rental contribution from new tenancies in respect of business park space at UEBH, which was S\$0.7 million higher than the forecast; and
  - the effect of recognising higher accounting income on a straight-line basis over the contracted lease term of the respective leases, which amounted to S\$0.6 million;
  - partially offset by lower actual rental income derived from TPCC, which was S\$0.3 million less than the forecast, as the actual occupancy rate at TPCC was below the forecast.

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- (c) The actual property expenses of S\$5.1 million for 1Q2014 were S\$0.2 million or 3.7% higher than the forecast mainly due to higher repair and maintenance costs and property tax incurred for the two Business Park properties, partially offset by lower marketing expenses incurred for TPCC.
- (d) The actual income from rental support / rental arrangement of S\$3.5 million for 1Q2014 was S\$0.6 million or 15% lower than the forecast mainly because the actual net property income derived from UEBH for 1Q2014 was higher than the forecast and as a result, the actual amount of rental top-up under the UEBH rental arrangement for 1Q2014 was lower than the forecast.
- (e) The actual other trust expenses of S\$0.2 million for 1Q2014 were S\$0.2 million or 42.6% lower than the forecast mainly due to lower professional fees incurred.
- (f) As disclosed in note (h) on page 4 of this announcement, the Stapled Group has made income tax provision in respect of the rental income support arising from the UEBH rental arrangement for 1Q2014. As the actual amount of rental top-up under the UEBH rental arrangement for 1Q2014 was lower than the forecast, the actual income tax expense of S\$0.5 million for 1Q2014 was S\$0.1 million or 16.8% lower than the forecast.
- (g) The actual net income available for distribution for 1Q2014 was 0.7% higher than the forecast.
- (h) n.m – not meaningful.

**10 Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

According to Ministry of Trade and Industry<sup>1</sup> (“MTI”), Singapore’s gross domestic product expanded at an annualised 0.1% in the first quarter of 2014 over the previous quarter, with a year-on-year economic growth of 5.1%, down from a 5.5% rate recorded in the previous quarter.

On a quarter-on-quarter basis, Singapore’s manufacturing sector grew 4.5% in the first quarter of 2014. With manufacturing remaining relevant, growth is expected from export-driven industries due to gaining momentum from the gradual improvements seen in Japan, Europe and the United States of America. However, the manpower crunch and rising business costs will moderate growth, and industrial capital values will remain flat for the rest of the year as the market stabilises.

In general, useable industrial space remains tight despite the substantial quantum that has been planned for completion over the next two years. There is demand for factories with large useable space for operations as these units are all fully leased in the present market.

The effects of JTC Corporation’s tighter regulations on lease assignment, and sale and leaseback programmes, coupled with the earlier MAS measure of Total Debt Servicing Ratio framework, have weakened sentiments considerably in both private and public sector industrial investment sales. Not helped by the availability of sizeable completed buildings, total investment sales dropped by about 50% quarter on quarter<sup>2</sup>.

The statistics for the business park rental market show strong take up going into the second quarter of 2014. This reflects the present growing trend of flight-to-quality for the business park market. Occupiers also expressed their preference for newer and better quality developments across business parks. Owners are seizing the opportunity of the pent-up demand and are planning asset enhancement initiatives (“AEI”).

VIT is well-anchored by a high quality portfolio delivering attractive yields. It also has significant AEI opportunity for its asset at TPCC, which was re-zoned to Business Park with an allowable white component of 15%.

Moving forward, the REIT Manager will continue to explore acquisition opportunities both locally and in overseas markets to enhance the competitive strengths of VIT’s portfolio and to deliver stable and attractive yields to VIT’s Stapled Securityholders.

Project VivaCity (AEI on TPCC)

Project VivaCity is at the advanced planning stage and the REIT Manager is working closely with the relevant authorities to obtain the necessary approvals, and discussions with potential anchor tenants are ongoing.

Notes:

1. Ministry of Trade and Industry, Singapore’s GDP Grew by 5.1 Per Cent in the First Quarter of 2014, 14 April 2014.
2. Savills World Research Singapore, Briefing – Industrial Sector, April 2014.

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**11 Distributions**

**11(a) Current financial period**

Any distribution declared for the current period? Yes.

Name of distribution: Second distribution for the period from 1 January 2014 to 31 March 2014

Distribution type: Taxable income / tax-exempt income

Distribution rate: 1.722 cents per Stapled Security comprising:  
(a) taxable income - 1.283 cents  
(b) tax exempt income - 0.439 cents

Tax Rate: Taxable income distribution  
The distribution is made out of VI-REIT's taxable income. Stapled Securityholders receiving distributions will be subject to Singapore income tax on the distributions received except for individuals where the distribution is exempt from tax (unless they hold their Stapled Securities through partnership or as trading assets).

Tax exempt income distribution  
The distribution is made out of income that has been taxed on VI-REIT's trustee and will be exempt from tax in the hands of all Stapled Securityholders, regardless of their nationality, corporate identity or tax residence status. Stapled Securityholders are not entitled to claim tax credit against their Singapore income tax liability in respect of the tax paid at VI-REIT's trustee level.

**11(b) Corresponding period of the immediately preceding financial year**

Any distributions declared for the corresponding period of the immediately preceding financial year?

Not applicable.

**11(c) Books closure date:** 22 May 2014

**11(d) Date Payable:** 13 June 2014

**12 If no dividend has been declared/recommended, a statement to that effect**

Not applicable.

**13 If the Stapled Group has obtained a general mandate from Stapled Securityholders for IPTs, the aggregate value of each transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

VIT has not obtained a general mandate from its Stapled Securityholders for IPTs.

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**14 Segment information**

	<b>Stapled Group</b>			
	<b>1Q2014 <sup>(a)</sup></b>			
	<b>Business Park</b>	<b>Hotel</b>	<b>Logistics</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Gross revenue	12,128	2,367	479	14,974
Property expenses	(5,010)	(88)	(10)	(5,108)
<b>Net property income</b>	<b>7,118</b>	<b>2,279</b>	<b>469</b>	<b>9,866</b>
Rental support / rental arrangement	3,510	-	-	3,510
<b>Reportable segment results</b>	<b>10,628</b>	<b>2,279</b>	<b>469</b>	<b>13,376</b>
Unallocated items:				
- REIT Manager's fees				(1,025)
- REIT Trustee's fees				(45)
- Amortisation of intangible assets				(1,050)
- Other trust expenses				(216)
- Finance expenses				(2,608)
<b>Net income</b>				<b>8,432</b>
Change in fair value of derivative financial instruments				349
<b>Total return for the period before income tax</b>				<b>8,781</b>
Income tax expense				(536)
<b>Total return for the period after income tax</b>				<b>8,245</b>

**Note:**

- (a) No comparative figures have been presented as the Stapled Group became listed on SGX-ST on 4 November 2013. The first financial period of the Stapled Group was from 23 August 2013 (date of constitution of VI-REIT) to 31 December 2013.

**15 CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

Pursuant to Rule 705(5) of the Listing Manual of Singapore Exchange Securities Trading Limited, we, on behalf of the directors of the Managers, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Managers which may render the unaudited financial results of the Stapled Group for the quarter ended 31 March 2014 to be false or misleading in any material respect.

On behalf of the Board of Directors

Leong Horn Kee  
Chairman

Wilson Ang Poh Seong  
Chief Executive Officer and  
Executive Director

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By Order of the Board

Wilson Ang Poh Seong  
Chief Executive Officer

Viva Industrial Trust Management Pte. Ltd.  
(Company Registration No. 201204203W)  
As manager of Viva Industrial Real Estate Investment Trust

Viva Asset Management Pte. Ltd.  
(Company Registration No. 201316690M)  
As trustee-manager of Viva Industrial Business Trust

14 May 2014

**IMPORTANT NOTICE**

This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any Stapled Securities of VIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of the Stapled Securities and the income derived from them may fall as well as rise. The Stapled Securities are not obligations of, deposits in, or guaranteed by the Managers, The Trust Company (Asia) Limited (as trustee of VI-REIT) or any of their respective affiliates.

An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Stapled Securityholders have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that Stapled Securityholders may only deal in their Stapled Securities through trading on Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of VIT. The forecast financial performance of VIT is not guaranteed. A potential investor is cautioned not to place undue reliance on these forward-looking statements, which are based on the Managers' current view of future events.