



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.

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 (h) on page 5 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

	Stapled Group					
	2Q2014			1H2014		
	Actual S\$'000	Forecast ^(a) S\$'000	Variance %	Actual S\$'000	Forecast ^(a) S\$'000	Variance %
Gross revenue	15,209	14,253	6.7%	30,183	28,128	7.3%
Net property income	10,219	9,275	10.2%	20,085	18,226	10.2%
Distributable income ^(b)	10,287	10,249	0.4%	20,537	20,432	0.5%
Distribution per Stapled Security (cents)	1.723 ^(c)	1.717	0.3%	3.445 ^(c)	3.428	0.5%

Notes:

- (a) The forecast results are derived from the corresponding period of the full year projection for 2014 as disclosed in the Prospectus.
- (b) Distributions of the Stapled Group represent the aggregate of distributions by VI-REIT and VI-BT. The distributions of the Stapled Group for 2Q2014 and 1H2014 are contributed solely by VI-REIT as VI-BT was dormant during the period. Accordingly, only the income available for distribution of VI-REIT has been included for the purpose of calculating the Distribution per Stapled Security.
- (c) Please refer to section 6 on page 12 of this announcement for the calculation of Distribution per Stapled Security for 2Q2014 and 1H2014.

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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 ("2Q2014") and six months ("1H2014") ended 30 June 2014

	Note	2Q2014			1H2014		
		Stapled Group S\$'000	VI-REIT S\$'000	VI-BT S\$'000	Stapled Group S\$'000	VI-REIT S\$'000	VI-BT S\$'000
Gross revenue	(b)	15,209	15,209	-	30,183	30,183	-
Property expenses		(4,990)	(4,990)	-	(10,098)	(10,098)	-
Net property income		10,219	10,219	-	20,085	20,085	-
Rental support / rental arrangement	(b)	2,859	2,859	-	6,369	6,369	-
REIT Manager's fees	(c)	(1,029)	(1,029)	-	(2,054)	(2,054)	-
REIT Trustee's fees		(45)	(45)	-	(90)	(90)	-
Amortisation of intangible assets	(d)	(1,050)	(1,050)	-	(2,100)	(2,100)	-
Other trust expenses	(e)	(252)	(250)	(2)	(468)	(466)	(2)
Finance expenses	(f)	(2,604)	(2,604)	-	(5,212)	(5,212)	-
Net income		8,098	8,100	(2)	16,530	16,532	(2)
Change in fair value of derivative financial instruments	(g)	(585)	(585)	-	(236)	(236)	-
Total return before income tax		7,513	7,515	(2)	16,294	16,296	(2)
Income tax expense	(h)	(421)	(421)	-	(957)	(957)	-
Total return after income tax		7,092	7,094	(2)	15,337	15,339	(2)

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.

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- (b) The breakdown of gross revenue and rental differential derived from each property in 2Q2014 and 1H2014, and the occupancy rate and weighted average lease expiry ("WALE") of each property as at 30 June 2014 are as follows:

	Stapled Group					
	2Q2014		1H2014			
	Gross revenue S\$'000	Rental differential S\$'000	Gross revenue S\$'000	Rental differential S\$'000	Occupancy rate %	WALE ⁽¹⁾ Years
TPCC	6,499	341	12,943	663	63	1.7
UEBH - Business Park	5,862	2,522	11,547	5,709	85	5.0
UEBH - Hotel Leased Premises	2,138	-	4,275	-	100	4.4
UEBH - Hotel Retail Areas	231	(4)	460	(3)	100	1.6
Mauser Singapore	479	-	958	-	100	4.9
	15,209	2,859	30,183	6,369		

Note:

(1) WALE is calculated based on the underlying gross rental income for the month of June 2014.

Rental support / rental arrangement 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 Leased Premises) 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.
- (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 fix 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.

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- (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 as such financial statements have been 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\$957,000 in respect of the rental income support arising from the UEBH rental arrangement for the six months ended 30 June 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.

1(a)(ii) Distribution Statement

Note	2Q2014		1H2014	
	Stapled Group S\$'000	VI-REIT S\$'000	Stapled Group S\$'000	VI-REIT S\$'000
Total return after income tax	7,092	7,094	15,337	15,339
Net tax adjustments (Note A)	3,193	3,193	5,198	5,198
Net income available for distribution for the period	10,285	10,287	20,535	20,537
Distribution per Stapled Security (cents):				
For the period		1.723		3.445
Annualised		6.911		6.947

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 distributions of the Stapled Group for 2Q2014 and 1H2014 are contributed solely by VI-REIT as VI-BT was dormant during the period. Accordingly, only the income available for distribution of VI-REIT has been included for the purpose of calculating the Distribution per Stapled Security.
- (c) Please refer to section 6 on page 12 of this announcement for the calculation of Distribution per Stapled Security for 2Q2014 and 1H2014.

Note A

Net tax adjustments comprise:

REIT Manager's fees payable in Stapled Securities 1,029
Property Manager's fees payable in Stapled Securities 341
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 585
Other non-taxable items (298)

Net tax adjustments

2Q2014		1H2014	
Stapled Group S\$'000	VI-REIT S\$'000	Stapled Group S\$'000	VI-REIT S\$'000
1,029	1,029	2,054	2,054
341	341	672	672
45	45	90	90
1,050	1,050	2,100	2,100
441	441	882	882
585	585	236	236
(298)	(298)	(836)	(836)
3,193	3,193	5,198	5,198

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(b) Balance Sheet

1(b)(i) Balance Sheet as at 30 June 2014

	Note	As at 30-Jun-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
Non-current assets							
Investment properties	(a)	725,600	725,600	-	725,600	725,600	-
Intangible assets	(b)	15,535	15,535	-	17,635	17,635	-
		741,135	741,135	-	743,235	743,235	-
Current assets							
Trade and other receivables	(c)	8,056	8,056	-	17,664	17,664	30
Cash and cash equivalents	(d)	11,817	11,789	28	11,683	11,683	-
		19,873	19,845	28	29,347	29,347	30
Total assets		761,008	760,980	28	772,582	772,582	30
Non-current liabilities							
Interest-bearing borrowings	(e)	266,025	266,025	-	265,264	265,264	-
Current liabilities							
Trade and other payables	(f)	19,880	19,880	-	27,670	27,700	-
Interest-bearing borrowings	(e)	22,344	22,344	-	29,223	29,223	-
Derivative financial instruments	(g)	1,724	1,724	-	1,488	1,488	-
Income tax payable		1,246	1,246	-	382	382	-
		45,194	45,194	-	58,763	58,793	-
Total liabilities		311,219	311,219	-	324,027	324,057	-
Net assets		449,789	449,761	28	448,555	448,525	30
Represented by:							
Stapled Securityholders' funds		449,789	449,761	28	448,555	448,525	30

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 4 of this announcement.

Intangible assets decreased by S\$2.1 million due to amortisation charge for 1H2014.

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- (c) Decrease in trade and other receivables of S\$9.6 million was mainly due to:
- decrease in rental receivable of S\$0.6 million;
 - 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\$0.9 million from the lessee of the Hotel Leased Premises, which relates to the year ending 31 December 2014;
 - deferred property tax of S\$2.8 million charged to the statement of total return for 1H2014; and
 - decrease in net GST receivable of S\$1.4 million.
- (d) Cash and cash equivalents increased by S\$0.1 million as a result of net cash inflow from operating activities of S\$32.7 million, offset by net cash outflow from financing activities of S\$32.6 million during 1H2014. Please refer to the consolidated statement of cash flows for 1H2014 on page 10 of this announcement for further details.
- (e) Decrease in total interest-bearing borrowings of S\$6.1 million was due to repayment of S\$7.0 million of borrowings, partially offset by amortisation of debt-related transaction costs of S\$0.9 million for 1H2014.
- (f) Decrease in trade and other payables of S\$7.8 million was mainly due to:
- payment of IPO issue expenses amounting to S\$4.6 million;
 - payment of property tax amounting to S\$2.9 million; and
 - decrease in property tax payable due to property tax refund for vacancy claims in respect of TPCC for the previous year amounting to S\$0.2 million.
- (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 30 June 2014, the Stapled Group's current liabilities exceeded its current assets by S\$25.3 million (31 December 2013: S\$29.4 million). The current liabilities of the Stapled Group as at 30 June 2014 included (i) S\$22.3 million (31 December 2013: S\$29.2 million) of outstanding Revolving Credit Facility (net of transaction costs); and (ii) S\$1.4 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 ("**RCF**") 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 RCF on a monthly or quarterly basis until its final maturity date on 28 October 2016. As at 30 June 2014, the Stapled Group does not intend to fully repay the outstanding RCF 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 RCF of S\$22.3 million and the rental support amount received in advance of S\$1.4 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 negative working capital of only S\$1.6 million as at 30 June 2014. In addition, as the Stapled Group still has unutilised RCF of S\$22.0 million as at 30 June 2014 and taking into consideration the other factors above, 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

	Stapled Group	
	30-Jun-14 S\$'000	31-Dec-13 S\$'000
Secured borrowings		
Amount repayable within one year	23,000	30,000
Less: Unamortised transaction costs	(656)	(777)
	22,344	29,223
Amount repayable after one year	270,000	270,000
Less: Unamortised transaction costs	(3,975)	(4,736)
	266,025	265,264
Total secured borrowings	288,369	294,487

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\$23.0 million of the Revolving Credit Facility has been utilised as at 30 June 2014 for general working capital purposes.

VI-REIT has entered into interest rate swaps to fix the interest rates for 78.5% of the outstanding Credit Facilities as at 30 June 2014.

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1(c) Consolidated Statement of Cash Flows

	Stapled Group	
	2Q2014 ^(a)	1H2014 ^(a)
	S\$'000	S\$'000
Cash flows from operating activities		
Total return for the period before income tax	7,513	16,294
Adjustments for:		
Effects of recognising accounting income on a straight-line basis over the lease term	(325)	(882)
Finance expenses	2,604	5,212
Change in fair value of derivative financial instruments	585	236
Amortisation of intangible assets	1,050	2,100
REIT Manager's fees payable in Stapled Securities	1,029	2,054
Property Manager's fees payable in Stapled Securities	341	672
Operating income before working capital changes	12,797	25,686
Changes in working capital:		
Trade and other receivables	2,950	10,490
Trade and other payables	(2,323)	(3,335)
Cash generated from operations	13,424	32,841
Income taxes paid	(93)	(93)
Net cash generated from operating activities	13,331	32,748
Cash flows from financing activities		
Issue expenses paid	-	(4,797)
Repayment of borrowings	(7,000)	(7,000)
Payment of transaction costs on borrowings	-	(402)
Finance expenses paid	(2,150)	(3,752)
Distribution to Stapled Securityholders	(10,248)	(16,663)
Net cash used in financing activities	(19,398)	(32,614)
Net (decrease) / increase in cash and cash equivalents	(6,067)	134
Cash and cash equivalents at beginning of the period	17,884	11,683
Cash and cash equivalents at end of the period	11,817	11,817

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

	Stapled Group	
	2Q2014 ^(a)	1H2014 ^(a)
	S\$'000	S\$'000
Balance at beginning of the period	451,575	448,555
Operations		
Total return for the period after income tax	7,092	15,337
Net increase in net assets resulting from operations	7,092	15,337
Stapled Securityholders' transactions		
IPO issue expenses	-	(166)
Stapled Securities issued and issuable:		
- As payment of REIT Manager's fees	1,029	2,054
- As payment of Property Manager's fees	341	672
Distribution to Stapled Securityholders	(10,248)	(16,663)
Net decrease in net assets resulting from Stapled Securityholders' transactions	(8,878)	(14,103)
Balance at end of the period	449,789	449,789

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

	Stapled Group	
	2Q2014 ^(a)	1H2014 ^(a)
Stapled Securities in issue at beginning of the period	594,000,275	594,000,275
New Stapled Securities issued as payment of:		
- REIT Manager's fees	2,166,410	2,166,410
- Property Manager's fees	692,995	692,995
Total issued Stapled Securities	596,859,680	596,859,680
Stapled Securities to be issued as payment of:		
- REIT Manager's fees	1,293,026	1,293,026
- Property Manager's fees	428,321	428,321
Total issued and issuable Stapled Securities at end of the period	598,581,027	598,581,027

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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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 the period

	Note (a)	Stapled Group	
		2Q2014	1H2014
EPS is calculated based on:			
Total return after income tax (S\$'000)		7,092	15,337
Weighted average number of issued and issuable Stapled Securities during the period		596,878,596	595,989,592
Basic and diluted EPS (cents)	(b)	1.188	2.574
DPS is calculated based on:			
Net income available for distribution for the period (S\$'000)	(c)	10,287	20,537
Applicable number of Stapled Securities for calculation of DPS		596,859,680	595,976,759
DPS (cents)	(d)	1.723	3.445

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.
- (c) Distributions of the Stapled Group represent the aggregate of distributions by VI-REIT and VI-BT. The distributions of the Stapled Group for 2Q2014 and 1H2014 are contributed solely by VI-REIT as VI-BT was dormant during the period. Accordingly, only the income available for distribution of VI-REIT has been included for the purpose of calculating the DPS.
- (d) The DPS for 2Q2014 and 1H2014 without the effects of rental support / rental arrangement would be 1.315 cents and 2.537 cents, respectively.

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	
	30-Jun-14	31-Dec-13
NAV per Stapled Security is calculated based on:		
Net assets (S\$'000)	449,789	448,555
Number of Stapled Securities:		
- issued	596,859,680	594,000,275
- issuable	1,721,347	1,090,435
	598,581,027	595,090,710
NAV per Stapled Security (cents)	75.14	75.37

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8 A review of the performance for the quarter and six months ended 30 June 2014

Please refer to section 9 for a comparison of the Stapled Group's actual results for 2Q2014 and 1H2014 against the forecast results for 2Q2014 and 1H2014 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							
	2Q2014	1Q2014	Inc /	2Q2014	Inc /	1H2014	1H2014	Inc /
	Actual	Actual	(Dec)	Forecast ^(a)	(Dec)	Actual	Forecast ^(a)	(Dec)
	S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	15,209	14,974	1.6	14,253	6.7	30,183	28,128	7.3
Property expenses	(4,990)	(5,108)	(2.3)	(4,978)	0.2	(10,098)	(9,902)	2.0
Net property income	10,219	9,866	3.6	9,275	10.2	20,085	18,226	10.2
Rental support / rental arrangement	2,859	3,510	(18.5)	3,797	(24.7)	6,369	7,925	(19.6)
Finance income	-	-	-	13	n.m	-	26	n.m
REIT Manager's fees	(1,029)	(1,025)	0.4	(1,025)	0.4	(2,054)	(2,043)	0.5
REIT Trustee's fees	(45)	(45)	-	(45)	-	(90)	(90)	-
Amortisation of intangible assets	(1,050)	(1,050)	-	(1,050)	-	(2,100)	(2,100)	-
Other trust expenses	(252)	(216)	16.7	(378)	(33.3)	(468)	(754)	(37.9)
Finance expenses	(2,604)	(2,608)	(0.2)	(2,660)	(2.1)	(5,212)	(5,320)	(2.0)
Net income	8,098	8,432	(4.0)	7,927	2.2	16,530	15,870	4.2
Change in fair value of derivative financial instruments	(585)	349	n.m	-	n.m	(236)	-	n.m
Total return before income tax	7,513	8,781	(14.4)	7,927	(5.2)	16,294	15,870	2.7
Income tax expense	(421)	(536)	(21.5)	(576)	(26.9)	(957)	(1,220)	(21.6)
Total return after income tax	7,092	8,245	(14.0)	7,351	(3.5)	15,337	14,650	4.7
Net tax adjustments	3,193	2,005	59.3	2,898	10.2	5,198	5,782	(10.1)
Net income available for distribution for the period	10,285	10,250	0.3	10,249	0.40	20,535	20,432	0.5

Notes:

- (a) The forecast results are derived from the corresponding period of the full year projection for 2014 as disclosed in the Prospectus.
(b) n.m – not meaningful.

9(b) A review of the performance

2Q2014 vs 1Q2014

- (a) Gross revenue was S\$0.2 million or 1.6% higher mainly due to rental contribution from new tenants at TPCC and a tenant at UEBH who commenced its lease term in March 2014.
(b) Rental support / rental arrangement was S\$0.7 million or 18.5% lower mainly due to lower property expenses incurred in 2Q2014 for UEBH amounting to S\$0.3 million resulting in lower rental top-up and rent-free incentive of S\$0.4 million given to a tenant at UEBH in 1Q2014 pursuant to the tenancy agreement giving rise to higher rental top-up in 1Q2014.

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- (c) Other trust expenses increased by 16.7% mainly due to higher professional fees incurred in 2Q2014.
- (d) Income tax expense was S\$0.1 million or 21.5% lower as a result of lower rental top-up under the UEBH rental arrangement in 2Q2014.

2Q2014 actual vs forecast

- (a) The actual gross revenue of S\$15.2 million for 2Q2014 was S\$1.0 million or 6.7% 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\$0.9 million higher than the forecast;
 - 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\$0.3 million;
 - partially offset by lower actual revenue derived from TPCC, which was S\$0.2 million lower than the forecast, as the actual occupancy rate at TPCC was below the forecast.
- (b) The actual income from rental support / rental arrangement of S\$2.9 million for 2Q2014 was S\$0.9 million or 24.7% lower than the forecast mainly because the actual net property income derived from UEBH for 2Q2014 was higher than the forecast and as a result, the actual amount of rental top-up under the UEBH rental arrangement for 2Q2014 was lower than the forecast.
- (c) The actual other trust expenses of S\$0.3 million for 2Q2014 were S\$0.1 million or 33.3% lower than the forecast mainly due to lower professional fees incurred.
- (d) As disclosed in note (h) on page 5 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 2Q2014. As the actual amount of rental top-up under the UEBH rental arrangement for 2Q2014 was lower than the forecast, the actual income tax expense of S\$0.4 million for 2Q2014 was S\$0.2 million or 26.9% lower than the forecast.
- (e) The actual net income available for distribution for 2Q2014 was 0.4% higher than the forecast.

1H2014 actual vs forecast

- (a) The actual gross revenue of S\$30.2 million for 1H2014 was S\$2.0 million or 7.3% 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\$1.6 million higher than the forecast;
 - 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\$0.9 million;
 - partially offset by lower actual revenue derived from TPCC, which was S\$0.5 million lower than the forecast, as the actual occupancy rate at TPCC was below the forecast.
- (b) The actual income from rental support / rental arrangement of S\$6.4 million for 1H2014 was S\$1.6 million or 19.6% lower than the forecast mainly because the actual net property income derived from UEBH for 1H2014 was higher than the forecast and as a result, the actual amount of rental top-up under the UEBH rental arrangement for 1H2014 was lower than the forecast.
- (c) The actual other trust expenses of S\$0.5 million for 1H2014 were S\$0.3 million or 37.9% lower than the forecast mainly due to lower professional fees incurred.
- (d) As disclosed in note (h) on page 5 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 1H2014. As the actual amount of rental top-up under the UEBH rental arrangement for 1H2014 was lower than the forecast, the actual income tax expense of S\$0.9 million for 1H2014 was S\$0.3 million or 21.6% lower than the forecast.
- (e) The actual net income available for distribution for 1H2014 was 0.5% higher than the forecast.

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

The global economic outlook is expected to improve further led by a sustained recovery in the US and Eurozone economies. According to Ministry of Trade and Industry, Singapore economy is expected to maintain its modest growth of 2.0% to 4.0% in 2014 ⁽¹⁾. A stronger growth in Asian e-commerce sector will help to boost demand for logistics space.

Recently, JTC Corporation ("JTC") revised the subletting policy adjusting the minimum sublet quantum to be occupied by approved anchor subtenants for lessees who are Third-Party Facility Providers from 50% to 70% of total gross floor area after five years from obtaining Temporary Occupation Permit ("TOP"). Stricter regulations from JTC might pose challenges to industrial properties under JTC leases.

The Managers will continue to stay focused on proactive lease and asset management to grow the portfolio organically and maximize the total portfolio returns. The Managers will continue to actively pursue opportunities for asset acquisition in Singapore and elsewhere in the Asia-Pacific region, and may explore yield accretive acquisitions beyond the Asia-Pacific region with strong fundamentals and promising outlook. Should there be such investment opportunities, the Managers will seek the necessary approvals from the Stapled Securityholders.

Supported by a strong business park-centric portfolio, VIT is well on track to deliver stable distributions to its 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.

Source:

1. Ministry of Trade and Industry, MTI Maintains 2014 GDP Growth at 2.0 to 4.0 Per Cent, 20 February 2014.

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11 Distributions

11(a) Current financial period

Any distribution declared for the current period? Yes.

Name of distribution: Third distribution for the period from 1 April 2014 to 30 June 2014

Distribution type: Taxable income / tax-exempt income

Distribution rate: 1.723 cents per Stapled Security comprising:
(a) taxable income - 1.378 cents
(b) tax exempt income - 0.345 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: 8 August 2014

11(d) Date Payable: 29 August 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

	Stapled Group							
	2Q2014 ^(a)				1H2014 ^(a)			
	Business Park S\$'000	Hotel S\$'000	Logistics S\$'000	Total S\$'000	Business Park S\$'000	Hotel S\$'000	Logistics S\$'000	Total S\$'000
Gross revenue	12,361	2,369	479	15,209	24,490	4,735	958	30,183
Property expenses	(4,891)	(89)	(10)	(4,990)	(9,901)	(177)	(20)	(10,098)
Net property income	7,470	2,280	469	10,219	14,589	4,558	938	20,085
Rental support / rental arrangement	2,863	(4)	-	2,859	6,372	(3)	-	6,369
Reportable segment results	10,333	2,276	469	13,078	20,961	4,555	938	26,454
Unallocated items:								
- REIT Manager's fees				(1,029)				(2,054)
- REIT Trustee's fees				(45)				(90)
- Amortisation of intangible assets				(1,050)				(2,100)
- Other trust expenses				(252)				(468)
- Finance expenses				(2,604)				(5,212)
Net income				8,098				16,530
Change in fair value of derivative financial instruments				(585)				(236)
Total return for the period before income tax				7,513				16,294
Income tax expense				(421)				(957)
Total return for the period after income tax				7,092				15,337

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 and six months ended 30 June 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

31 July 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.