



## 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 were 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 were 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 its subsidiary (collectively, “**VI-REIT Group**”) 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.

As at 30 June 2015, VI-REIT has a diversified portfolio of five properties located in Singapore comprising:

- two business parks, namely UE BizHub EAST (“**UEBH**”) which includes a hotel, and Technopark@Chai Chee (“**TPCC**”);
- a logistics property, namely Mauser Singapore; and
- two light industrial properties, namely Jackson Square (“**JS**”) and Jackson Design Hub (“**JDH**”).

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

The consolidated financial statements of the Stapled Group and of VI-REIT Group included the financial statements of a wholly-owned subsidiary, Viva iTrust MTN Pte. Ltd. (“**VMTN**”), which was established on 28 August 2014 with an initial capital of S\$1 to act as the issuer of a S\$500 million Multicurrency Medium Term Note Programme (the “**MTN Programme**”), which was established by VMTN on 28 August 2014.

## **Distribution Policy**

VI-REIT’s distribution policy is to distribute 100% of its distributable income for the period from the Listing Date to 31 December 2015 and thereafter, to distribute at least 90% of its distributable income. Distributions are made on a quarterly basis at the sole discretion of the REIT Manager.

As at 30 June 2015, VI-BT remains inactive. 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.

**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

**Summary of results of Viva Industrial Trust**

	<b>Stapled Group</b>				
	<b>2Q2015 Actual</b>	<b>2Q2014 Actual</b>	<b>Variance</b>	<b>2Q2015 Forecast<sup>(a)</sup></b>	<b>Variance</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>%</b>
Gross revenue	17,815	15,209	17.1%	15,268	16.7%
Net property income	12,195	10,219	19.3%	10,129	20.4%
Distributable income <sup>(b)</sup>	11,763	10,287	14.3%	10,523	11.8%
Distribution per Stapled Security <sup>(c)</sup> (cents)	1.849	1.723	7.3%	1.730	6.9%

**Notes:**

- (a) The forecast results are derived from the corresponding period of the full year projection for 2015 as disclosed in VIT's initial public offering prospectus dated 28 October 2013 (the "**Prospectus**"). Please refer to section 9 on page 19 of this announcement for the detailed comparison between the actual and forecast results for 2Q2015 and 1H2015.
- (b) Distributions of the Stapled Group represent the aggregate of distributions by VI-REIT Group and VI-BT. The distributions of the Stapled Group are contributed solely by VI-REIT Group as VI-BT remains inactive. Accordingly, only the income available for distribution of VI-REIT Group has been included for the purpose of calculating the Distribution per Stapled Security.
- (c) Please refer to section 6 on page 18 of this announcement for the calculation of Distribution per Stapled Security.

**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

**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 30 June 2015 ("2Q2015")**

	Note	2Q2015			2Q2014			Inc / (Dec)		
		Stapled Group S\$'000	VI-REIT Group S\$'000	VI-BT S\$'000	Stapled Group S\$'000	VI-REIT Group S\$'000	VI-BT S\$'000	Stapled Group %	VI-REIT Group %	VI-BT %
Gross revenue	(a)	17,815	17,815	-	15,209	15,209	-	17.1	17.1	-
Property expenses	(b)	(5,620)	(5,620)	-	(4,990)	(4,990)	-	12.6	12.6	-
<b>Net property income</b>		<b>12,195</b>	<b>12,195</b>	<b>-</b>	<b>10,219</b>	<b>10,219</b>	<b>-</b>	<b>19.3</b>	<b>19.3</b>	<b>-</b>
Rental support / rental arrangement	(a)	3,720	3,720	-	2,859	2,859	-	30.1	30.1	-
REIT Manager's fees	(c)	(1,194)	(1,194)	-	(1,029)	(1,029)	-	16.0	16.0	-
REIT Trustee's fees		(45)	(45)	-	(45)	(45)	-	-	-	-
Amortisation of intangible assets	(d)	(1,050)	(1,050)	-	(1,050)	(1,050)	-	-	-	-
Other trust expenses	(e)	(204)	(204)	-	(252)	(250)	(2)	(19.0)	(18.4)	n.m.
Finance income		3	3	-	-	-	-	n.m.	n.m.	-
Finance expenses	(f)	(3,768)	(3,768)	-	(2,604)	(2,604)	-	44.7	44.7	-
<b>Net income</b>		<b>9,657</b>	<b>9,657</b>	<b>-</b>	<b>8,098</b>	<b>8,100</b>	<b>(2)</b>	<b>19.3</b>	<b>19.2</b>	<b>n.m.</b>
Change in fair value of investment properties	(g)	46,382	46,382	-	-	-	-	n.m.	n.m.	-
Change in fair value of derivative financial instruments	(h)	(1,238)	(1,238)	-	(585)	(585)	-	111.6	111.6	-
<b>Total return before income tax</b>		<b>54,801</b>	<b>54,801</b>	<b>-</b>	<b>7,513</b>	<b>7,515</b>	<b>(2)</b>	<b>629.4</b>	<b>629.2</b>	<b>n.m.</b>
Income tax expense	(i)	(580)	(580)	-	(421)	(421)	-	37.8	37.8	-
<b>Total return after income tax</b>		<b>54,221</b>	<b>54,221</b>	<b>-</b>	<b>7,092</b>	<b>7,094</b>	<b>(2)</b>	<b>664.5</b>	<b>664.3</b>	<b>n.m.</b>

n.m. – not meaningful

**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

**Notes:**

- (a) The breakdown of gross revenue and rental differential derived from each property in 2Q2015, and the occupancy rate and weighted average lease expiry (“**WALE**”) of each property as at 30 June 2015 are as follows:

	Stapled Group					
	2Q2015				2Q2014	
	Gross revenue S\$'000	Rental differential S\$'000	Occupancy rate %	WALE <sup>(1)</sup> Years	Gross revenue S\$'000	Rental differential S\$'000
<b>TPCC</b>	6,469	276	63	1.8	6,499	341
<b>UEBH - Business Park</b>	5,890	2,614	85	4.0	5,862	2,522
<b>UEBH - Hotel Leased Premises</b>	2,138	-	100	3.4	2,138	-
<b>UEBH - Hotel Retail Areas</b>	231	(10)	100	0.6	231	(4)
<b>Mauser Singapore</b>	479	-	100	3.9	479	-
<b>Jackson Square</b>	2,060	840	89	2.0	-	-
<b>Jackson Design Hub</b>	548	-	100	9.4	-	-
	17,815	3,720			15,209	2,859

Note:

- (1) WALE is calculated based on the underlying committed gross rental income as at 30 June 2015 assuming renewal options are not exercised.

Gross revenue of S\$17.8 million for 2Q2015 was S\$2.6 million or 17.1% higher than that of 2Q2014 mainly due to additional rental contribution of S\$2.6 million from JS and JDH, which were acquired by VI-REIT on 21 November 2014.

Rental support / rental arrangement relates to the rental differentials which are received/receivable under:

- (i) the UEBH rental arrangement, pursuant to which the vendor of UEBH 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 an agreed amount of S\$26 million per annum for each of the first two years, with a step-up of 5% in each of the third and fifth year) for a duration of five years from the Listing Date;
- (ii) the TPCC rental support arrangement, pursuant to which the vendor of TPCC agreed to pay VI-REIT for the rental differential (where the actual gross rental income derived from TPCC is less than S\$2.15 million per month) for a duration of two years from the Listing Date subject to a cap of S\$2.3 million; and
- (iii) the JS rental support arrangement, pursuant to which the vendor of JS agreed to pay VI-REIT for the rental differential where the actual aggregate gross rental income derived from JS is less than S\$58 million over the period of five years commencing from the date of acquisition of JS on 21 November 2014.

**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

Income from rental support / rental arrangement of S\$3.7 million for 2Q2015 was S\$0.9 million or 30.1% higher than that of 2Q2014 mainly due to:

- additional rental top-up of S\$0.8 million under the JS rental support arrangement; and
  - higher rental top-up under the UEBH rental arrangement by S\$0.1 million as a result of lower net rental income derived from UEBH; partially offset by
  - lower rental top-up under the TPCC rental support arrangement by S\$0.1 million as a result of higher gross rental income derived from TPCC.
- (b) Property expenses of S\$5.6 million for 2Q2015 was S\$0.6 million or 12.6% higher than that of 2Q2014 mainly due to property expenses of S\$0.6 million pertaining to JS.
- (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).

The REIT Base Fee of S\$1.2 million for 2Q2015 was S\$0.2 million or 16.0% higher than that of 2Q2014 due to the increase in distributable income of VI-REIT as a result of the contributions from JS and JDH, which were acquired in November 2014.

- (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 (a) 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 five years and two 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 relations costs and other miscellaneous costs.
- (f) Finance expenses include interest expense, loan commitment fees and amortisation of debt-related transaction costs. Finance expenses of S\$3.8 million for 2Q2015 was S\$1.2 million or 44.7% higher than that of 2Q2014 mainly due to the interest expense of S\$1.1 million incurred on the S\$100 million in principal amount of medium term notes ("**MTN**") issued in September 2014 to finance the acquisition of JS and JDH. Please refer to the unsecured borrowings as disclosed on page 13 of this announcement for further details.
- (g) This relates to unrealised gain on revaluation of the investment properties as at 30 June 2015, the details of which are as shown below:

	<b>S\$'000</b>
Carrying value of investment properties as at 1 April 2015	852,644
Payment of differential premium and stamp duty for an investment property	58,375
	911,019
<b>Change in fair value of investment properties recognised in the consolidated statement of total return</b>	<b>46,382</b>
Fair value of investment properties as at 30 June 2015	<b>957,401</b>

Please refer to note (a) on page 11 of this announcement for further details.

- (h) This relates to the change in fair value of interest rate swaps entered into to fix the interest rates for a substantial portion of the Stapled Group's floating rate 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 consolidated statement of total return.
- (i) As the rental income support received/receivable under the UEBH rental arrangement and the JS rental support arrangement is not accorded the tax transparency treatment by the Inland Revenue Authority of Singapore ("**IRAS**"), the Stapled Group has recognised income tax expense in respect of such rental income support. 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 received/receivable under the UEBH rental arrangement and the JS rental support arrangement. Further announcements will be made on the SGXNET when there are further developments on this matter.

**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

Income tax expense of S\$0.6 million for 2Q2015 was S\$0.2 million or 37.8% higher than that of 2Q2014 mainly due to:

- income tax expense of S\$143,000 in respect of the rental income support received/receivable under the JS rental support arrangement for 2Q2015; and
- increase in income tax expense of S\$15,000 due to higher rental income support received/receivable under the UEBH rental arrangement for 2Q2015 as mentioned in note (a) above.

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

Note	2Q2015		2Q2014		Inc / (Dec)	
	Stapled Group S\$'000	VI-REIT Group S\$'000	Stapled Group S\$'000	VI-REIT Group S\$'000	Stapled Group %	VI-REIT Group %
<b>Total return after income tax</b>	<b>54,221</b>	<b>54,221</b>	<b>7,092</b>	<b>7,094</b>	<b>664.5</b>	<b>664.3</b>
Net tax adjustments ( <b>Note A</b> )	(42,458)	(42,458)	3,193	3,193	n.m.	n.m.
<b>Net income available for distribution for the period</b>	<b>11,763</b>	<b>11,763</b>	<b>10,285</b>	<b>10,287</b>	<b>14.4</b>	<b>14.3</b>
Distribution per Stapled Security (cents):						
For the period		1.849		1.723		7.3
Annualised		7.416		6.911		7.3

**Notes:**

- (a) Distributions of the Stapled Group represent the aggregate of distributions by VI-REIT Group and VI-BT. The distributions of the Stapled Group are contributed solely by VI-REIT Group as VI-BT remains inactive. Accordingly, only the income available for distribution of VI-REIT Group has been included for the purpose of calculating the Distribution per Stapled Security.
- (b) Please refer to section 6 on page 18 of this announcement for the calculation of Distribution per Stapled Security.

**Note A**

	2Q2015		2Q2014		Inc / (Dec)	
	Stapled Group S\$'000	VI-REIT Group S\$'000	Stapled Group S\$'000	VI-REIT Group S\$'000	Stapled Group %	VI-REIT Group %
<b>Net tax adjustments comprise:</b>						
REIT Manager's fees payable in Stapled Securities	1,021	1,021	1,029	1,029	(0.8)	(0.8)
Property Manager's fees payable in Stapled Securities	342	342	341	341	0.3	0.3
REIT Trustee's fees	45	45	45	45	-	-
Adjustment for recognising rental income on a straight-line basis over the lease term	(340)	(340)	(325)	(325)	4.6	4.6
Amortisation of intangible assets	1,050	1,050	1,050	1,050	-	-
Amortisation of debt-related transaction costs	521	521	441	441	18.1	18.1
Change in fair value of investment properties	(46,382)	(46,382)	-	-	n.m.	n.m.
Change in fair value of derivative financial instruments	1,238	1,238	585	585	111.6	111.6
Other non-taxable items	47	47	27	27	74.1	74.1
<b>Net tax adjustments</b>	<b>(42,458)</b>	<b>(42,458)</b>	<b>3,193</b>	<b>3,193</b>	<b>n.m.</b>	<b>n.m.</b>

**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

**1(a)(iii) Consolidated Statement of Total Return for the six months ended 30 June 2015 ("1H2015")**

	Note	1H2015			1H2014			Inc / (Dec)		
		Stapled Group S\$'000	VI-REIT Group S\$'000	VI-BT S\$'000	Stapled Group S\$'000	VI-REIT Group S\$'000	VI-BT S\$'000	Stapled Group %	VI-REIT Group %	VI-BT %
Gross revenue	(a)	35,899	35,899	-	30,183	30,183	-	18.9	18.9	-
Property expenses	(b)	(11,290)	(11,290)	-	(10,098)	(10,098)	-	11.8	11.8	-
<b>Net property income</b>		<b>24,609</b>	<b>24,609</b>	<b>-</b>	<b>20,085</b>	<b>20,085</b>	<b>-</b>	<b>22.5</b>	<b>22.5</b>	<b>-</b>
Rental support / rental arrangement	(a)	7,320	7,320	-	6,369	6,369	-	14.9	14.9	-
REIT Manager's fees	(c)	(2,374)	(2,374)	-	(2,054)	(2,054)	-	15.6	15.6	-
REIT Trustee's fees		(90)	(90)	-	(90)	(90)	-	-	-	-
Amortisation of intangible assets	(d)	(2,100)	(2,100)	-	(2,100)	(2,100)	-	-	-	-
Other trust expenses	(e)	(409)	(407)	(2)	(468)	(466)	(2)	(12.6)	(12.7)	-
Finance income		3	3	-	-	-	-	n.m.	n.m.	-
Finance expenses	(f)	(7,489)	(7,489)	-	(5,212)	(5,212)	-	43.7	43.7	-
<b>Net income</b>		<b>19,470</b>	<b>19,472</b>	<b>(2)</b>	<b>16,530</b>	<b>16,532</b>	<b>(2)</b>	<b>17.8</b>	<b>17.8</b>	<b>-</b>
Change in fair value of investment properties	(g)	46,382	46,382	-	-	-	-	n.m.	n.m.	-
Change in fair value of derivative financial instruments	(h)	1,032	1,032	-	(236)	(236)	-	n.m.	n.m.	-
<b>Total return before income tax</b>		<b>66,884</b>	<b>66,886</b>	<b>(2)</b>	<b>16,294</b>	<b>16,296</b>	<b>(2)</b>	<b>310.5</b>	<b>310.5</b>	<b>-</b>
Income tax expense	(i)	(1,207)	(1,207)	-	(957)	(957)	-	26.1	26.1	-
<b>Total return after income tax</b>		<b>65,677</b>	<b>65,679</b>	<b>(2)</b>	<b>15,337</b>	<b>15,339</b>	<b>(2)</b>	<b>328.2</b>	<b>328.2</b>	<b>-</b>

n.m. – not meaningful



**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

**Notes:**

- (a) The breakdown of gross revenue and rental differential derived from each property in 1H2015 are as follows:

	Stapled Group			
	1H2015		1H2014	
	Gross revenue S\$'000	Rental differential S\$'000	Gross revenue S\$'000	Rental differential S\$'000
<b>TPCC</b>	13,085	398	12,943	663
<b>UEBH - Business Park</b>	11,764	5,395	11,547	5,709
<b>UEBH - Hotel Leased Premises</b>	4,275	-	4,275	-
<b>UEBH - Hotel Retail Areas</b>	465	(17)	460	(3)
<b>Mauser Singapore</b>	958	-	958	-
<b>Jackson Square</b>	4,256	1,544	-	-
<b>Jackson Design Hub</b>	1,096	-	-	-
	35,899	7,320	30,183	6,369

Gross revenue of S\$35.9 million for 1H2015 was S\$5.7 million or 18.9% higher than that of 1H2014 mainly due to:

- additional rental contribution of S\$5.4 million from JS and JDH, which were acquired by VI-REIT on 21 November 2014;
- higher rental contribution from the business park space at UEBH by S\$0.2 million; and
- higher rental contribution from TPCC by S\$0.1 million.

Income from rental support / rental arrangement of S\$7.3 million for 1H2015 was S\$0.9 million or 14.9% higher than that of 1H2014 mainly due to:

- additional rental top-up of S\$1.5 million under the JS rental support arrangement;
- partially offset by lower rental top-up under the UEBH rental arrangement by S\$0.3 million as a result of higher net rental income derived from UEBH; and
- lower rental top-up under the TPCC rental support arrangement by S\$0.3 million as a result of higher gross rental income derived from TPCC.

- (b) Property expenses of S\$11.3 million for 1H2015 was S\$1.2 million or 11.8% higher than that of 1H2014 mainly due to property expenses of S\$1.2 million pertaining to JS.

- (c) This relates to the 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).

The REIT Base Fee of S\$2.4 million for 1H2015 was S\$0.3 million or 15.6% higher than that of 1H2014 due to the increase in distributable income of VI-REIT as a result of the contributions from JS and JDH, which were acquired in November 2014.

- (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 (a) on page 4 of this announcement. Such rental differential is amortised on a straight line basis over the duration of the UEBH rental arrangement and TPCC rental support arrangement of five years and two years from the Listing Date, respectively.

**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

- (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 relations costs and other miscellaneous costs.
- (f) Finance expenses include interest expense, loan commitment fees and amortisation of debt-related transaction costs. Finance expenses of S\$7.5 million for 1H2015 was S\$2.3 million or 43.7% higher than that of 1H2014 mainly due to the interest expense of S\$2.2 million incurred on the S\$100 million in principal amount of MTN issued in September 2014 to finance the acquisition of JS and JDH. Please refer to the unsecured borrowings as disclosed on page 13 of this announcement for further details.
- (g) This relates to unrealised gain on revaluation of the investment properties as at 30 June 2015, the details of which are as shown below:

	<b>S\$'000</b>
Carrying value of investment properties as at 1 January 2015	852,700
Payment of differential premium and stamp duty for an investment property	58,375
Refund of land premium for an investment property	(56)
	911,019
<b>Change in fair value of investment properties recognised in the consolidated statement of total return</b>	<b>46,382</b>
Fair value of investment properties as at 30 June 2015	<b>957,401</b>

Please refer to note (a) on page 11 of this announcement for further details.

- (h) This relates to the change in fair value of interest rate swaps entered into to fix the interest rates for a substantial portion of the Stapled Group's floating rate borrowings. In accordance with FRS 39 – *Financial Instruments*, the change in fair value of interest rate swaps is recognised in the consolidated statement of total return.
- (i) Income tax expense of S\$1.2 million for 1H2015 was S\$0.3 million or 26.1% higher than that of 1H2014 mainly due to income tax expense of S\$0.3 million in respect of the rental income support received/receivable under the JS rental support arrangement for 1H2015.

**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

**1(a) (iv) Distribution Statement**

Note	1H2015		1H2014		Inc / (Dec)	
	Stapled Group S\$'000	VI-REIT Group S\$'000	Stapled Group S\$'000	VI-REIT Group S\$'000	Stapled Group %	VI-REIT Group %
<b>Total return after income tax</b>	<b>65,677</b>	<b>65,679</b>	<b>15,337</b>	<b>15,339</b>	<b>328.2</b>	<b>328.2</b>
Net tax adjustments ( <b>Note A</b> )	(42,286)	(42,286)	5,198	5,198	n.m.	n.m.
<b>Net income available for distribution for the period</b>	<b>23,391</b>	<b>23,393</b>	<b>20,535</b>	<b>20,537</b>	<b>13.9</b>	<b>13.9</b>
Distribution per Stapled Security (cents):						
For the period		3.719		3.445		8.0
Annualised		7.500		6.947		8.0

**Notes:**

- (j) Distributions of the Stapled Group represent the aggregate of distributions by VI-REIT Group and VI-BT. The distributions of the Stapled Group are contributed solely by VI-REIT Group as VI-BT remains inactive. Accordingly, only the income available for distribution of VI-REIT Group has been included for the purpose of calculating the Distribution per Stapled Security.
- (b) Please refer to section 6 on page 18 of this announcement for the calculation of Distribution per Stapled Security.

**Note A**

	1H2015		1H2014		Inc / (Dec)	
	Stapled Group S\$'000	VI-REIT Group S\$'000	Stapled Group S\$'000	VI-REIT Group S\$'000	Stapled Group %	VI-REIT Group %
<b>Net tax adjustments comprise:</b>						
REIT Manager's fees paid/payable in Stapled Securities	2,029	2,029	2,054	2,054	(1.2)	(1.2)
Property Manager's fees paid/payable in Stapled Securities	683	683	672	672	1.6	1.6
REIT Trustee's fees	90	90	90	90	-	-
Adjustment for recognising rental income on a straight-line basis over the lease term	(900)	(900)	(882)	(882)	2.0	2.0
Amortisation of intangible assets	2,100	2,100	2,100	2,100	-	-
Amortisation of debt-related transaction costs	1,044	1,044	882	882	18.4	18.4
Change in fair value of investment properties	(46,382)	(46,382)	-	-	-	-
Change in fair value of derivative financial instruments	(1,032)	(1,032)	236	236	n.m.	n.m.
Other non-taxable items	82	82	46	46	78.3	78.3
<b>Net tax adjustments</b>	<b>(42,286)</b>	<b>(42,286)</b>	<b>5,198</b>	<b>5,198</b>	<b>n.m.</b>	<b>n.m.</b>

**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

**1(b) Statement of Financial Position**

**1(b)(i) Statement of Financial Position as at 30 June 2015**

	Note	30 Jun 2015			31 Dec 2014		
		Stapled Group S\$'000	VI-REIT Group S\$'000	VI-BT S\$'000	Stapled Group S\$'000	VI-REIT Group S\$'000	VI-BT S\$'000
<b>Non-current assets</b>							
Investment properties	(a)	957,401	957,401	-	852,700	852,700	-
Intangible assets	(b)	11,335	11,335	-	13,435	13,435	-
		968,736	968,736	-	866,135	866,135	-
<b>Current assets</b>							
Trade and other receivables	(c)	13,061	13,061	-	11,423	11,423	-
Derivative financial instruments	(d)	709	709	-	-	-	-
Cash and cash equivalents	(e)	7,021	6,990	31	4,957	4,928	29
		20,791	20,760	31	16,380	16,351	29
<b>Total assets</b>		<b>989,527</b>	<b>989,496</b>	<b>31</b>	<b>882,515</b>	<b>882,486</b>	<b>29</b>
<b>Non-current liabilities</b>							
Interest-bearing borrowings	(f)	366,447	366,447	-	365,571	365,571	-
<b>Current liabilities</b>							
Trade and other payables	(g)	21,140	21,138	2	22,881	22,879	2
Interest-bearing borrowings	(f)	14,618	14,618	-	20,456	20,456	-
Derivative financial instruments	(d)	-	-	-	322	322	-
Income tax payable		1,662	1,662	-	1,799	1,799	-
		37,420	37,418	2	45,458	45,456	2
<b>Total liabilities</b>		<b>403,867</b>	<b>403,865</b>	<b>2</b>	<b>411,029</b>	<b>411,027</b>	<b>2</b>
<b>Net assets</b>		<b>585,660</b>	<b>585,631</b>	<b>29</b>	<b>471,486</b>	<b>471,459</b>	<b>27</b>
<b>Represented by:</b>							
Stapled Securityholders' funds		<b>585,660</b>	<b>585,631</b>	<b>29</b>	<b>471,486</b>	<b>471,459</b>	<b>27</b>

**Notes:**

- (a) Increase in investment properties of S\$104.7 million was mainly due to the payment of differential premium and stamp duty totalling S\$58.4 million in relation to the asset enhancement initiative ("AEI") at TPCC, and a fair value gain of S\$46.3 million arising from the revaluation of TPCC at S\$300.0 million by Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers") as at 30 June 2015 following the aforesaid payment of differential premium and stamp duty for the conversion of certain industrial space to "white" space for commercial and retail use. Upon completion of the AEI which is expected to be in June 2016, the fair value of TPCC is estimated to be S\$380.0 million. Independent valuations were also conducted by Colliers for JS and JDH as at 30 June 2015 with no resultant change in their respective fair values. Please refer to note (g) on page 9 of this announcement for further details.
- (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 5 of this announcement.

Intangible assets decreased by S\$2.1 million due to amortisation charge for 1H2015.

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**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

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- (c) Increase in trade and other receivables of S\$1.6 million was mainly due to:
- increase in receivables of S\$0.9 million due to the recognition of rental income on a straight-line basis over the lease term of the respective leases;
  - increase in prepayments of S\$0.4 million; and
  - net GST receivable of S\$3.2 million due to the input GST incurred on the differential premium in relation to the AEI at TPCC; partially offset by
  - deferred property tax of S\$2.8 million charged to the statement of total return in 1H2015; and
  - recovery of property tax on Mauser Singapore and JDH from the respective master lessees of the said properties amounting to S\$0.1 million.
- (d) This represents the fair value of interest rate swaps entered into to hedge against fluctuations in interest rates for a substantial portion of the Stapled Group's floating rate borrowings.

During 1H2015, the Stapled Group entered into a forward start interest rate swap to fix the interest rate for the entire principal amount of the two secured term loans of S\$135 million each for the last year of their respective tenors. Please refer to the secured borrowings as disclosed on page 13 of this announcement for further details.

Under the interest rate swaps, the Stapled Group pays interest at fixed rates and receives interest at floating rates based on the Singapore dollar Swap Offer Rate ("**SOR**"). Due to the significant increase in SOR during 1H2015, all of the Stapled Group's interest rate swaps have turned from being derivative financial liabilities as at 31 December 2014 to derivative financial assets as at 30 June 2015.

- (e) Cash and cash equivalents increased by S\$2.1 million as a result of net cash inflow from operating and financing activities of S\$60.4 million, partially offset by net cash used in investing activities of S\$58.3 million during 1H2015. Please refer to the consolidated statement of cash flows for 1H2015 on page 15 of this announcement for further details.
- (f) Decrease in total interest-bearing borrowings of S\$5.0 million was mainly due to repayment of S\$6.0 million of borrowings, partially offset by amortisation of debt-related transaction costs of S\$1.0 million for 1H2015.
- (g) Decrease in trade and other payables of S\$1.7 million was mainly due to:
- payment of property tax amounting to S\$2.5 million;
  - decrease in rental support received in advance from the vendor of TPCC by S\$0.4 million due to utilisation by VI-REIT during 1H2015 where the remaining balance of such rental support received in advance amounted to S\$0.1 million as at 30 June 2015; and
  - GST payable of S\$0.4 million as at 31 December 2014 as compared to GST receivable as at 30 June 2015; partially offset by
  - increase in payables and accruals for property and trust expenses of S\$0.8 million;
  - increase in rental received in advance from tenants of S\$0.7 million; and
  - increase in security deposits received from tenants of S\$0.1 million.
- (h) As at 30 June 2015, the Stapled Group's current liabilities exceeded its current assets by S\$16.6 million (31 December 2014: S\$29.1 million). The current liabilities of the Stapled Group as at 30 June 2015 included S\$14.6 million (31 December 2014: S\$20.5 million) of outstanding Revolving Credit Facility (net of transaction costs).

Although the outstanding Revolving Credit Facility ("**RCF**") has been classified as current liabilities in the statement of financial position, 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 2015, the Stapled Group does not intend to fully repay the outstanding RCF within the next 12 months.

As the outstanding RCF of S\$14.6 million is not expected to be repayable within the next 12 months; by excluding this amount from current liabilities, the Stapled Group would have a negative working capital of S\$2.0 million as at 30 June 2015. As the Stapled Group still has unutilised committed RCF of S\$30.0 million as at 30 June 2015, 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.

**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

**1(b)(ii) Aggregate amount of borrowings**

	Note	Stapled Group	
		30 Jun 2015 S\$'000	31 Dec 2014 S\$'000
<b>Secured borrowings</b>	(a)		
Amount repayable within one year		15,000	21,000
Less: Unamortised transaction costs		(382)	(544)
		14,618	20,456
Amount repayable after one year		270,000	270,000
Less: Unamortised transaction costs		(2,538)	(3,255)
		267,462	266,745
<b>Total secured borrowings</b>		282,080	287,201
<b>Unsecured borrowings</b>	(b)		
Amount repayable after one year		100,000	100,000
Less: Unamortised transaction costs		(1,015)	(1,174)
		98,985	98,826
<b>Total borrowings</b>		<b>381,065</b>	<b>386,027</b>
Current		14,618	20,456
Non-current		366,447	365,571
		<b>381,065</b>	<b>386,027</b>

Details of borrowings and collateral:

(a) Secured borrowings

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 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 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 SOR plus a margin per annum and are secured by way of the following:

- mortgages over three properties, namely UEBH, TPCC and Mauser Singapore (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.

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**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

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S\$270 million in aggregate of the Term Loan Facilities has been drawn down on the Listing Date to partially finance the acquisition of the Mortgaged Properties and S\$15 million of the Revolving Credit Facility has been utilised as at 30 June 2015 for general working capital purposes.

VI-REIT has entered into interest rate swaps to fix the interest rates for 80.7% of the outstanding Credit Facilities as at 30 June 2015.

(b) Unsecured borrowings

The Stapled Group issued S\$100 million in principal amount of four-year Singapore dollar MTN comprised in series 001 (the "**Series 001 Notes**") in September 2014 (maturing in September 2018) under its S\$500 million Multicurrency MTN Programme. The Series 001 Notes are unsecured and bear interest at a fixed rate of 4.15% per annum payable semi-annually in arrears.

**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

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

Note	Stapled Group			
	2Q2015 S\$'000	2Q2014 S\$'000	1H2015 S\$'000	1H2014 S\$'000
<b>Cash flows from operating activities</b>				
Total return for the period before income tax	54,801	7,513	66,884	16,294
<b>Adjustments for:</b>				
Effects of recognising rental income on a straight-line basis over the lease term	(340)	(325)	(900)	(882)
Finance income	(3)	-	(3)	-
Finance expenses	3,768	2,604	7,489	5,212
Change in fair value of investment properties	(46,382)	-	(46,382)	-
Change in fair value of derivative financial instruments	1,238	585	(1,032)	236
Amortisation of intangible assets	1,050	1,050	2,100	2,100
REIT Manager's fees paid/payable in Stapled Securities	1,021	1,029	2,029	2,054
Property Manager's fees paid/payable in Stapled Securities	342	341	683	672
<b>Operating income before working capital changes</b>	<b>15,495</b>	<b>12,797</b>	<b>30,868</b>	<b>25,686</b>
<b>Changes in working capital:</b>				
Trade and other receivables	(2,266)	2,950	(740)	10,490
Trade and other payables	(2,531)	(2,323)	(1,684)	(3,335)
<b>Cash generated from operations</b>	<b>10,698</b>	<b>13,424</b>	<b>28,444</b>	<b>32,841</b>
Income taxes paid	(1,343)	(93)	(1,343)	(93)
<b>Net cash generated from operating activities</b>	<b>9,355</b>	<b>13,331</b>	<b>27,101</b>	<b>32,748</b>
<b>Cash flows from investing activities</b>				
Refund of land premium for an investment property	-	-	56	-
Payment of differential premium and stamp duty for an investment property	(58,375)	-	(58,375)	-
<b>Net cash used in investing activities</b>	<b>(58,375)</b>	<b>-</b>	<b>(58,319)</b>	<b>-</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of new Stapled Securities	63,072	-	63,072	-
Issue expenses paid	(1,899)	-	(1,899)	(4,797)
Repayment of borrowings	-	(7,000)	(6,000)	(7,000)
Payment of transaction costs on borrowings	-	-	(6)	(402)
Interest received	3	-	3	-
Finance expenses paid	(2,203)	(2,150)	(6,500)	(3,752)
Distribution to Stapled Securityholders	(11,629)	(10,248)	(15,388)	(16,663)
<b>Net cash generated from / (used in) financing activities</b>	<b>47,344</b>	<b>(19,398)</b>	<b>33,282</b>	<b>(32,614)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(1,676)</b>	<b>(6,067)</b>	<b>2,064</b>	<b>134</b>
Cash and cash equivalents at beginning of the period	8,697	17,884	4,957	11,683
<b>Cash and cash equivalents at end of the period</b>	<b>7,021</b>	<b>11,817</b>	<b>7,021</b>	<b>11,817</b>



**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

**Note:**

- (a) Pursuant to a private placement, 80.3 million new Stapled Securities were issued on 16 June 2015 for gross proceeds of S\$63.1 million in cash. The net proceeds of approximately S\$61.1 million have been fully utilised to finance the AEI at TPCC including S\$58.4 million for the differential premium and stamp duty, and S\$2.7 million for the related GST, which has been announced on the SGXNET on 18 June 2015.

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

	<b>Stapled Group</b>			
	<b>2Q2015 S\$'000</b>	<b>2Q2014 S\$'000</b>	<b>1H2015 S\$'000</b>	<b>1H2014 S\$'000</b>
<b>Balance at beginning of the period</b>	<b>480,532</b>	<b>451,575</b>	<b>471,486</b>	<b>448,555</b>
<b>Operations</b>				
Total return for the period after income tax	54,221	7,092	65,677	15,337
<b>Net increase in net assets resulting from operations</b>	<b>54,221</b>	<b>7,092</b>	<b>65,677</b>	<b>15,337</b>
<b>Stapled Securityholders' transactions</b>				
Issuance of new Stapled Securities pursuant to a private placement	63,072	-	63,072	-
Issue expenses	(1,899)	-	(1,899)	(166)
Stapled Securities issued and issuable:				
- As payment of REIT Manager's fees	1,021	1,029	2,029	2,054
- As payment of Property Manager's fees	342	341	683	672
Distribution to Stapled Securityholders	(11,629)	(10,248)	(15,388)	(16,663)
<b>Net increase / (decrease) in net assets resulting from Stapled Securityholders' transactions</b>	<b>50,907</b>	<b>(8,878)</b>	<b>48,497</b>	<b>(14,103)</b>
<b>Balance at end of the period</b>	<b>585,660</b>	<b>449,789</b>	<b>585,660</b>	<b>449,789</b>

**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

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

	Note	Stapled Group			
		2Q2015 Units	2Q2014 Units	1H2015 Units	1H2014 Units
<b>Stapled Securities in issue at beginning of the period</b>		621,883,637	594,000,275	620,241,958	594,000,275
Issuance of new Stapled Securities pursuant to a private placement	(a)	80,347,100	-	80,347,100	-
New Stapled Securities issued as payment of:					
- REIT Manager's fees		1,258,217	2,166,410	2,465,693	2,166,410
- Property Manager's fees		426,147	692,995	860,350	692,995
<b>Total issued Stapled Securities</b>		<b>703,915,101</b>	<b>596,859,680</b>	<b>703,915,101</b>	<b>596,859,680</b>
New Stapled Securities issuable as payment of:					
- REIT Manager's fees		1,286,644	1,293,026	1,286,644	1,293,026
- Property Manager's fees		430,704	428,321	430,704	428,321
<b>Total issued and issuable Stapled Securities at end of the period</b>		<b>705,632,449</b>	<b>598,581,027</b>	<b>705,632,449</b>	<b>598,581,027</b>

**Note:**

(a) Pursuant to a private placement, 80.3 million new Stapled Securities were issued on 16 June 2015 for gross proceeds of S\$63.1 million in cash.

**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 year ended 31 December 2014.

**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.

**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

**6 Earnings per Stapled Security (“EPS”) and Distribution per Stapled Security (“DPS”) for the period**

	Note	Stapled Group			
		2Q2015	2Q2014	1H2015	1H2014
<b>EPS is calculated based on:</b>					
Total return after income tax (S\$'000)		54,221	7,092	65,677	15,337
Weighted average number of issued and issuable Stapled Securities during the period		636,830,900	596,878,596	629,398,559	595,989,592
Basic and diluted EPS (cents)	(a)	8.514	1.188	10.435	2.574
<b>DPS is calculated based on:</b>					
Net income available for distribution for the period (S\$'000)	(b)	11,763	10,287	23,393	20,537
Applicable number of Stapled Securities for calculation of DPS		636,170,895	596,859,680	629,010,178	595,976,759
DPS (cents)	(c)	1.849	1.723	3.719	3.445

**Notes:**

- (a) Diluted EPS is the same as the basic EPS as there were no potential dilutive instruments in issue during the period.
- (b) Distributions of the Stapled Group represent the aggregate of distributions by VI-REIT Group and VI-BT. The distributions of the Stapled Group are contributed solely by VI-REIT Group as VI-BT remains inactive. Accordingly, only the income available for distribution of VI-REIT Group has been included for the purpose of calculating the DPS.
- (c) The pro forma DPS for 2Q2015 and 1H2015 without the effects of rental support / rental arrangement would be 1.368 cents (2Q2014: 1.315 cents) and 2.770 cents (1H2014: 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 2015	31 Dec 2014
<b>NAV per Stapled Security is calculated based on:</b>		
Net assets (S\$'000)	585,660	471,486
Number of Stapled Securities:		
- issued	703,915,101	620,241,958
- issuable	1,717,348	1,641,679
	705,632,449	621,883,637
NAV per Stapled Security (cents)	83.00	75.82

**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

**8 A review of the performance for the quarter and six months ended 30 June 2015**

Please refer to section 9 for a comparison of the Stapled Group's actual results for 2Q2015 and 1H2015 against its forecast results for 2Q2015 and 1H2015 respectively derived from the full year projection for 2015 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)**

	Note	Stapled Group					
		2Q2015 Actual S\$'000	2Q2015 Forecast <sup>(a)</sup> S\$'000	Inc / (Dec) %	1H2015 Actual S\$'000	1H2015 Forecast <sup>(a)</sup> S\$'000	Inc / (Dec) %
Gross revenue	(a)	17,815	15,268	16.7	35,899	30,096	19.3
Property expenses	(b)	(5,620)	(5,139)	9.4	(11,290)	(10,236)	10.3
<b>Net property income</b>		<b>12,195</b>	<b>10,129</b>	<b>20.4</b>	<b>24,609</b>	<b>19,860</b>	<b>23.9</b>
Rental support / rental arrangement	(c)	3,720	3,166	17.5	7,320	6,605	10.8
REIT Manager's fees	(d)	(1,194)	(1,114)	7.2	(2,374)	(2,211)	7.4
REIT Trustee's fees		(45)	(45)	-	(90)	(90)	-
Amortisation of intangible assets		(1,050)	(1,050)	-	(2,100)	(2,100)	-
Other trust expenses	(e)	(204)	(387)	(47.3)	(409)	(774)	(47.2)
Finance income		3	12	(75.0)	3	23	(87.0)
Finance expenses	(f)	(3,768)	(2,660)	41.7	(7,489)	(5,320)	40.8
<b>Net income</b>		<b>9,657</b>	<b>8,051</b>	<b>19.9</b>	<b>19,470</b>	<b>15,993</b>	<b>21.7</b>
Change in fair value of investment properties		46,382	-	n.m	46,382	-	n.m
Change in fair value of derivative financial instruments		(1,238)	-	n.m	1,032	-	n.m
<b>Total return before income tax</b>		<b>54,801</b>	<b>8,051</b>	<b>580.7</b>	<b>66,884</b>	<b>15,993</b>	<b>318.2</b>
Income tax expense	(g)	(580)	(543)	6.8	(1,207)	(1,132)	6.6
<b>Total return after income tax</b>		<b>54,221</b>	<b>7,508</b>	<b>622.2</b>	<b>65,677</b>	<b>14,861</b>	<b>341.9</b>
Net tax adjustments		(42,458)	3,015	n.m	(42,286)	6,003	n.m
<b>Net income available for distribution for the period</b>	(h)	<b>11,763</b>	<b>10,523</b>	<b>11.8</b>	<b>23,391</b>	<b>20,864</b>	<b>12.1</b>

**Notes:**

(a) The forecast results are derived from the corresponding period of the full year projection for 2015 as disclosed in the Prospectus.

(b) n.m – not meaningful.

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**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

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**9(b) A review of the performance (2Q2015 actual vs 2Q2015 forecast)**

- (a) The actual gross revenue of S\$17.8 million for 2Q2015 was S\$2.5 million or 16.7% 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\$0.6 million higher than the forecast;
  - the effect of recognising higher rental income on a straight-line basis over the contracted lease term of the respective leases, which amounted to S\$0.3 million; and
  - additional revenue contribution of S\$2.6 million from JS and JDH, which were acquired in November 2014;
  - partially offset by lower actual revenue derived from TPCC, which was S\$1.0 million lower than the forecast as the actual occupancy rate at TPCC was below the forecast. The under-performance of TPCC was largely due to the AEI where certain lettable areas affected by the AEI were not marketed to potential tenants.
- (b) The actual property expenses of S\$5.6 million for 2Q2015 was S\$0.5 million or 9.4% higher than the forecast mainly due to:
- actual property expenses of S\$0.6 million pertaining to JS, which was acquired in November 2014 and hence, such property expenses were not included in the forecast;
  - partially offset by lower actual property expenses at TPCC which was S\$0.1 million lower than the forecast.
- (c) The actual income from rental support / rental arrangement of S\$3.7 million for 2Q2015 was S\$0.5 million or 17.5% higher than the forecast mainly due to:
- the actual rental top-up of S\$0.8 million received/receivable under the JS rental support arrangement provided by the vendor of JS, which was acquired in November 2014 and hence, such rental top-up was not included in the forecast; and
  - the actual rental top-up of S\$0.3 million received under the TPCC rental support arrangement as compared to the forecast where no such rental top-up was included as the projected monthly gross rental income from TPCC was expected to exceed the guaranteed amount of S\$2.15 million per month under the TPCC rental support arrangement but due to the AEI as mentioned in note (a) above, the actual monthly gross rental income derived from TPCC in 2Q2015 was less than the aforesaid guaranteed amount, thus resulting in the rental top-up of S\$0.3 million in 2Q2015;
  - partially offset by lower actual rental top-up received/receivable under the UEBH rental arrangement, which was S\$0.6 million lower than the forecast as the actual net property income derived from UEBH in 2Q2015 was higher than the forecast mainly due to new tenancies in respect of business park space at UEBH as mentioned in note (a) above.
- (d) The actual REIT Manager's fees of S\$1.2 million for 2Q2015 were S\$0.1 million or 7.2% higher than the forecast as the distributable income of VI-REIT for 2Q2015 was higher than the forecast.
- (e) The actual other trust expenses of S\$0.2 million for 2Q2015 were S\$0.2 million or 47.3% lower than the forecast mainly due to lower professional fees incurred.
- (f) The actual finance expenses of S\$3.8 million for 2Q2015 were S\$1.1 million or 41.7% higher than the forecast mainly due to the interest expense of S\$1.1 million incurred on the S\$100 million in principal amount of MTN issued in September 2014 to finance the acquisition of JS and JDH, thus the interest expense on the aforesaid amount of MTN was not included in the forecast.
- (g) As disclosed in note (i) on page 5 of this announcement, the Stapled Group has recognised income tax expense in respect of the rental income support received/receivable under the UEBH rental arrangement and the JS rental support arrangement for 2Q2015.

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**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

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The actual income tax expense of S\$0.6 million for 2Q2015 was 6.8% higher than the forecast mainly due to:

- the actual income tax expense of S\$143,000 in respect of the rental income support received/receivable under the JS rental support arrangement, which was not included in the forecast;
- partially offset by lower actual income tax expense in respect of the rental income support received/receivable under the UEBH rental arrangement, which was S\$106,000 lower than the forecast as the actual rental top-up received/receivable under the UEBH rental arrangement for 2Q2015 was lower than the forecast as mentioned in note (c) above.

(h) The actual net income available for distribution for 2Q2015 was 11.8% higher than the forecast.

**A review of the performance (1H2015 actual vs 1H2015 forecast)**

(a) The actual gross revenue of S\$35.9 million for 1H2015 was S\$5.8 million or 19.3% 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\$1.3 million higher than the forecast;
- the effect of recognising higher rental income on a straight-line basis over the contracted lease term of the respective leases, which amounted to S\$0.9 million; and
- additional revenue contribution of S\$5.3 million from JS and JDH, which were acquired in November 2014;
- partially offset by lower actual revenue derived from TPCC, which was S\$1.7 million lower than the forecast as the actual occupancy rate at TPCC was below the forecast. The under-performance of TPCC was largely due to the AEI where certain lettable areas affected by the AEI were not marketed to potential tenants.

(b) The actual property expenses of S\$11.3 million for 1H2015 was S\$1.1 million or 10.3% higher than the forecast mainly due to:

- actual property expenses of S\$1.2 million pertaining to JS, which was acquired in November 2014 and hence, such property expenses were not included in the forecast;
- partially offset by lower actual property expenses at TPCC which was S\$0.1 million lower than the forecast.

(c) The actual income from rental support / rental arrangement of S\$7.3 million for 1H2015 was S\$0.7 million or 10.8% higher than the forecast mainly due to:

- the actual rental top-up of S\$1.5 million received/receivable under the JS rental support arrangement provided by the vendor of JS, which was acquired in November 2014 and hence, such rental top-up was not included in the forecast; and
- the actual rental top-up of S\$0.4 million received under the TPCC rental support arrangement as compared to the forecast where no such rental top-up was included as the projected monthly gross rental income from TPCC was expected to exceed the guaranteed amount of S\$2.15 million per month under the TPCC rental support arrangement but due to the AEI as mentioned in note (a) above, the actual monthly gross rental income derived from TPCC in 1H2015 was less than the aforesaid guaranteed amount, thus resulting in the rental top-up of S\$0.4 million in 1H2015;
- partially offset by lower actual rental top-up received/receivable under the UEBH rental arrangement, which was S\$1.2 million lower than the forecast as the actual net property income derived from UEBH in 1H2015 was higher than the forecast mainly due to new tenancies in respect of business park space at UEBH as mentioned in note (a) above.

(d) The actual REIT Manager's fees of S\$2.4 million for 1H2015 were S\$0.2 million or 7.4% higher than the forecast as the distributable income of VI-REIT for 1H2015 was higher than the forecast.

(e) The actual other trust expenses of S\$0.4 million for 1H2015 were S\$0.4 million or 47.2% lower than the forecast mainly due to lower professional fees incurred.

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**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

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- (f) The actual finance expenses of S\$7.5 million for 1H2015 were S\$2.2 million or 40.8% higher than the forecast mainly due to the interest expense of S\$2.2 million incurred on the S\$100 million in principal amount of MTN issued in September 2014 to finance the acquisition of JS and JDH, thus the interest expense on the aforesaid amount of MTN was not included in the forecast.
- (g) As disclosed in note (i) on page 5 of this announcement, the Stapled Group has recognised income tax expense in respect of the rental income support received/receivable under the UEBH rental arrangement and the JS rental support arrangement for 1H2015.

The actual income tax expense of S\$1.2 million for 1H2015 was S\$0.1 million or 6.6% higher than the forecast mainly due to:

- the actual income tax expense of S\$0.3 million in respect of the rental income support received/receivable under the JS rental support arrangement, which was not included in the forecast;
  - partially offset by lower actual income tax expense in respect of the rental income support received/receivable under the UEBH rental arrangement, which was S\$0.2 million lower than the forecast as the actual rental top-up received/receivable under the UEBH rental arrangement for 1H2015 was lower than the forecast as mentioned in note (c) above.
- (h) The actual net income available for distribution for 1H2015 was 12.1% higher than the forecast.

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

According to Ministry of Trade and Industry (“MTI”), based on advance estimates, the Singapore economy grew by 1.7% on a year-on-year basis in the second quarter of 2015, lower than the 2.8% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy contracted by 4.6%, a reversal from the 4.2% expansion in the preceding quarter<sup>1</sup>.

According to Colliers International, as of 1 July 2015, the total number of leasing deals – including warehouse, factory and business park premises – had increased from 651 in March 2015 to 756 in April 2015, to 836 in May 2015. The encouraging pick-up in the number of leasing deals was due to the sustained interest from firms in growth industries – such as data centres and businesses in the manufacturing chain of high-technology products. Nonetheless, the quarter saw minimal rental movements of between (-1%) and (+1%) across the various types of industrial premises. This is on the back of landlords generally maintaining realistic rental expectations, as the overall competition for qualifying tenants remained stiff and industrialists stayed cost sensitive. For business park, the average monthly gross rent remained unchanged at \$4.17 per sq ft in 2Q2015. For independent high-specifications industrial developments, of which new multi-user supply is limited, the average monthly gross rents for ground- and upper-level spaced registered marginal quarterly increases of 0.3% and 0.6% to reach \$3.31 per sq ft and \$3.13 per sq ft, respectively<sup>2</sup>.

According to CBRE Singapore Market View 2Q 2015 Report, the business park market turned in a strong performance for Q2 2015, backed by the expansion of pharmaceutical and technology firms, recording an islandwide quarterly net absorption of approximately 306,000 sq ft. Demand was concentrated mostly on the city fringe sub-market which led to vacancy rate tightening further for this segment of the market. Vacancy rate declined 1.3 percentage points for the second consecutive quarter from 10.4% to 9.1%<sup>3</sup>.

On the other hand, market conditions remained challenging for the manufacturing sector as the poor performance of industrial economic indicators persisted in Q2 2015. However, the silver-lining is that manufacturing activity appears to have bottomed out while external trade, despite its high volatility, is on a general upward trend<sup>3</sup>.

Moving forward, the increase in occupancy rate over the past two quarters underscore the positive sentiments in the business park sector, a result of its competitive product offerings and the substantial cost savings over occupying an equivalent office space. With no planned business park developments beyond 2016, CBRE Research expects vacancy for this segment to grow tighter. Nevertheless, given the slowing office market, rents are projected to remain stable in the near term as occupancy continues to be the main focus of landlords. The outlook for the industrial market, on the other hand, remains subdued in the near term. While demand is expected to remain resilient, the strong supply pipeline along with the 30% subletting ruling is expected to weigh down on rents and occupancy for the rest of the year<sup>3</sup>.

The REIT Manager will continue to grow the portfolio organically by improving the occupancy of the portfolio with a focus on renewing the existing tenancies. As at 30 June 2015, 70.4% of the leases due for renewal in 2015 have been renewed. The REIT Manager will also continue to proactively pursue investment opportunities for good quality assets that will deliver stable distribution and maximize returns to Stapled Securityholders.

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<sup>1</sup> “Singapore’s GDP Growth Moderated in the Second Quarter of 2015”, Press Release, Ministry of Trade and Industry Singapore, 14 July 2015

<sup>2</sup> “The Singapore Industrial Property Market Sees Healthy Leasing Activity but Languishing Sales in 2Q 2015”, Media, News Release Library, Colliers International, 8 July 2015

<sup>3</sup> “Singapore, Q2 2015, An Occupier’s Market”, Singapore MarketView Q2 2015, CBRE Research, Q2 2015



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**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

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**AEI at TPCC**

The Stapled Group has, in June 2015, paid the differential premium and stamp duty for the conversion of certain industrial space to “white” space for commercial and retail use. The REIT Manager is actively working with prospective tenants for the leasing of the commercial and retail space, which includes retail, food & beverage, education and sports-related tenants. The addition & alteration (“A&A”) works for Phase One of the AEI have commenced in June 2015 and are expected to be completed by the end of 2015 while the A&A works for Phase Two of the AEI are expected to be completed by the second quarter of 2016.

**11 Distributions**

**11(a) Current financial period**

Any distribution declared for the current period?

Yes.

Name of distribution: Distribution for the period from 16 June 2015 to 30 June 2015

Distribution type: Taxable income / Tax-exempt income

Distribution rate: 0.28 cents per Stapled Security comprising:  
(a) taxable income - 0.211 cents  
(b) tax exempt income - 0.069 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.

Name of distribution: Distribution for the period from 1 April 2015 to 15 June 2015 (paid on 7 July 2015)

Distribution type: Taxable income / Tax-exempt income

Distribution rate: 1.569 cents per Stapled Security comprising:  
(c) taxable income - 1.193 cents  
(d) tax exempt income - 0.376 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.

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**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

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

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

Yes.

Name of distribution: 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(c) Books closure date:** 3 August 2015

**11(d) Date Payable:** 26 August 2015

**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.**

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

**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

**14 Segment revenue and results**

	Stapled Group									
	2Q2015					2Q2014				
	Business Park S\$'000	Hotel S\$'000	Logistics S\$'000	Light Industrial S\$'000	Total S\$'000	Business Park S\$'000	Hotel S\$'000	Logistics S\$'000	Light Industrial S\$'000	Total S\$'000
Gross revenue	12,359	2,369	479	2,608	17,815	12,361	2,369	479	-	15,209
Property expenses	(4,934)	(90)	(10)	(586)	(5,620)	(4,891)	(89)	(10)	-	(4,990)
<b>Net property income</b>	<b>7,425</b>	<b>2,279</b>	<b>469</b>	<b>2,022</b>	<b>12,195</b>	<b>7,470</b>	<b>2,280</b>	<b>469</b>	-	<b>10,219</b>
Rental support / rental arrangement	2,890	(10)	-	840	3,720	2,863	(4)	-	-	2,859
<b>Reportable segment results</b>	<b>10,315</b>	<b>2,269</b>	<b>469</b>	<b>2,862</b>	<b>15,915</b>	<b>10,333</b>	<b>2,276</b>	<b>469</b>	-	<b>13,078</b>
Unallocated items:										
- REIT Manager's fees					(1,194)					(1,029)
- REIT Trustee's fees					(45)					(45)
- Amortisation of intangible assets					(1,050)					(1,050)
- Other trust expenses					(204)					(252)
- Finance income					3					-
- Finance expenses					(3,768)					(2,604)
<b>Net income</b>					<b>9,657</b>					<b>8,098</b>
Change in fair value of investment properties					46,382					-
Change in fair value of derivative financial instruments					(1,238)					(585)
<b>Total return for the period before income tax</b>					<b>54,801</b>					<b>7,513</b>
Income tax expense					(580)					(421)
<b>Total return for the period after income tax</b>					<b>54,221</b>					<b>7,092</b>

**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

	Stapled Group									
	1H2015					1H2014				
	Business Park S\$'000	Hotel S\$'000	Logistics S\$'000	Light Industrial S\$'000	Total S\$'000	Business Park S\$'000	Hotel S\$'000	Logistics S\$'000	Light Industrial S\$'000	Total S\$'000
Gross revenue	24,849	4,740	958	5,352	35,899	24,490	4,735	958	-	30,183
Property expenses	(9,915)	(178)	(23)	(1,174)	(11,290)	(9,901)	(177)	(20)	-	(10,098)
<b>Net property income</b>	<b>14,934</b>	<b>4,562</b>	<b>935</b>	<b>4,178</b>	<b>24,609</b>	<b>14,589</b>	<b>4,558</b>	<b>938</b>	<b>-</b>	<b>20,085</b>
Rental support / rental arrangement	5,793	(17)	-	1,544	7,320	6,372	(3)	-	-	6,369
<b>Reportable segment results</b>	<b>20,727</b>	<b>4,545</b>	<b>935</b>	<b>5,722</b>	<b>31,929</b>	<b>20,961</b>	<b>4,555</b>	<b>938</b>	<b>-</b>	<b>26,454</b>
Unallocated items:										
- REIT Manager's fees					(2,374)					(2,054)
- REIT Trustee's fees					(90)					(90)
- Amortisation of intangible assets					(2,100)					(2,100)
- Other trust expenses					(409)					(468)
- Finance income					3					-
- Finance expenses					(7,489)					(5,212)
<b>Net income</b>					<b>19,470</b>					<b>16,530</b>
Change in fair value of investment properties					46,382					-
Change in fair value of derivative financial instruments					1,032					(236)
<b>Total return for the period before income tax</b>					<b>66,884</b>					<b>16,294</b>
Income tax expense					(1,207)					(957)
<b>Total return for the period after income tax</b>					<b>65,677</b>					<b>15,337</b>

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**Viva Industrial Trust**  
**Unaudited Financial Statements Announcement**  
**For the second quarter and six months ended 30 June 2015**

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**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 2015 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

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

24 July 2015

**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.