



## 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 September 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 September 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.

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**Summary of results of Viva Industrial Trust**

	<b>Stapled Group</b>				
	<b>3Q2015 Actual S\$'000</b>	<b>3Q2014 Actual S\$'000</b>	<b>Variance %</b>	<b>3Q2015 Forecast<sup>(a)</sup> S\$'000</b>	<b>Variance %</b>
	Gross revenue	18,388	14,936	23.1%	15,738
Net property income	12,504	9,648	29.6%	10,460	19.5%
Distributable income <sup>(b)</sup>	11,622	10,094	15.1%	11,000	5.6%
Distribution per Stapled Security <sup>(c)</sup> (cents)	1.647 <sup>(d)</sup>	1.687	-2.4%	1.810	-9.0%

**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 3Q2015 and 9M2015.
- (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.
- (d) Distribution per Stapled Security for 3Q2015 decreased by 2.4% year-on-year to 1.647 cents, mainly due to the issuance of 80.3 million new Stapled Securities pursuant to the private placement completed on 16 June 2015 to partially fund the asset enhancement initiative ("**AEI**") project at TPCC. VI-REIT is expected to derive additional income contribution from the AEI project at TPCC starting from the first quarter of 2016.

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

1(a)(i) Consolidated Statement of Total Return for the quarter ended 30 September 2015 ("3Q2015")

	Note	3Q2015			3Q2014			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)	18,388	18,388	-	14,936	14,936	-	23.1	23.1	-
Property expenses	(b)	(5,884)	(5,884)	-	(5,288)	(5,288)	-	11.3	11.3	-
<b>Net property income</b>		<b>12,504</b>	<b>12,504</b>	<b>-</b>	<b>9,648</b>	<b>9,648</b>	<b>-</b>	<b>29.6</b>	<b>29.6</b>	<b>-</b>
Rental support / rental arrangement	(a)	3,070	3,070	-	3,149	3,149	-	(2.5)	(2.5)	-
REIT Manager's fees	(c)	(1,179)	(1,179)	-	(1,009)	(1,009)	-	16.8	16.8	-
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)	(237)	(234)	(3)	(169)	(169)	-	40.2	38.5	n.m.
Finance income		1	1	-	8	8	-	(87.5)	(87.5)	-
Finance expenses	(f)	(3,863)	(3,863)	-	(2,772)	(2,772)	-	39.4	39.4	-
<b>Net income</b>		<b>9,201</b>	<b>9,204</b>	<b>(3)</b>	<b>7,760</b>	<b>7,760</b>	<b>-</b>	<b>18.6</b>	<b>18.6</b>	<b>n.m.</b>
Change in fair value of derivative financial instruments	(g)	1,360	1,360	-	608	608	-	123.7	123.7	-
<b>Total return before income tax</b>		<b>10,561</b>	<b>10,564</b>	<b>(3)</b>	<b>8,368</b>	<b>8,368</b>	<b>-</b>	<b>26.2</b>	<b>26.2</b>	<b>n.m.</b>
Income tax expense	(h)	(497)	(497)	-	(422)	(422)	-	17.8	17.8	-
<b>Total return after income tax</b>		<b>10,064</b>	<b>10,067</b>	<b>(3)</b>	<b>7,946</b>	<b>7,946</b>	<b>-</b>	<b>26.7</b>	<b>26.7</b>	<b>n.m.</b>

n.m. – not meaningful

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**Notes:**

- (a) The breakdown of gross revenue and rental differential derived from each property in 3Q2015, and the occupancy rate and weighted average lease expiry ("WALE") of each property as at 30 September 2015 are as follows:

	Stapled Group					
	3Q2015				3Q2014	
	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>	6,824	112	63	1.6	6,315	649
<b>UEBH - Business Park</b>	5,875	2,364	86	4.2	5,797	2,478
<b>UEBH - Hotel Leased Premises</b>	2,137	-	100	3.1	2,136	-
<b>UEBH - Hotel Retail Areas</b>	220	1	100	0.4	209	22
<b>Mauser Singapore</b>	479	-	100	3.7	479	-
<b>Jackson Square</b>	2,307	593	91	1.8	-	-
<b>Jackson Design Hub</b>	546	-	100	9.2	-	-
	18,388	3,070			14,936	3,149

Note:

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

Gross revenue of S\$18.4 million for 3Q2015 was S\$3.5 million or 23.1% higher than that of 3Q2014 mainly due to:

- additional rental contribution of S\$2.9 million from JS and JDH, which were acquired by VI-REIT on 21 November 2014; and
- higher rental and other income contribution from TPCC by S\$0.5 million.

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

- 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;
- 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, which has been fully utilised by VI-REIT in 3Q2015; and
- 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.

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Income from rental support / rental arrangement of S\$3.1 million for 3Q2015 was S\$79,000 or 2.5% lower than that of 3Q2014 mainly due to:

- lower rental top-up under the TPCC rental support arrangement by S\$0.5 million as a result of (i) higher gross rental income derived from TPCC; and (ii) the expiry of the TPCC rental support arrangement as the aggregate rental support capped at S\$2.3 million has been fully utilised by VI-REIT in 3Q2015; and
- lower rental top-up under the UEBH rental arrangement by S\$0.1 million as a result of higher net rental income derived from UEBH;
- partially offset by additional rental top-up of S\$0.6 million under the JS rental support arrangement.

(b) Property expenses of S\$5.9 million for 3Q2015 was S\$0.6 million or 11.3% higher than that of 3Q2014 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 3Q2015 was S\$0.2 million or 16.8% higher than that of 3Q2014 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\$3.9 million for 3Q2015 was S\$1.1 million or 39.4% higher than that of 3Q2014 mainly due to the interest expense of S\$1.0 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 14 of this announcement for further details.

(g) 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.

(h) 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.

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Income tax expense of S\$0.5 million for 3Q2015 was S\$0.1 million or 17.8% higher than that of 3Q2014 mainly due to:

- income tax expense of S\$101,000 in respect of the rental income support received/receivable under the JS rental support arrangement for 3Q2015;
- partially offset by decrease in income tax expense of S\$20,000 due to lower rental income support received/receivable under the UEBH rental arrangement for 3Q2015 as mentioned in note (a) above.

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

Note	3Q2015		3Q2014		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>10,064</b>	<b>10,067</b>	<b>7,946</b>	<b>7,946</b>	<b>26.7</b>	<b>26.7</b>
Net tax adjustments ( <b>Note A</b> )	1,555	1,555	2,148	2,148	(27.6)	(27.6)
<b>Net income available for distribution for the period</b>	<b>11,619</b>	<b>11,622</b>	<b>10,094</b>	<b>10,094</b>	<b>15.1</b>	<b>15.1</b>
Distribution per Stapled Security (cents):						
For the period	(b)	1.647		1.687		(2.4)
Annualised		6.534		6.693		(2.4)

**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**

	3Q2015		3Q2014		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	1,009	1,009	1,009	1,009	-	-
Property Manager's fees payable in Stapled Securities	357	357	336	336	6.3	6.3
REIT Trustee's fees	45	45	45	45	-	-
Adjustment for recognising rental income on a straight-line basis over the lease term	(106)	(106)	(170)	(170)	(37.6)	(37.6)
Amortisation of intangible assets	1,050	1,050	1,050	1,050	-	-
Amortisation of debt-related transaction costs	524	524	451	451	16.2	16.2
Change in fair value of derivative financial instruments	(1,360)	(1,360)	(608)	(608)	123.7	123.7
Other non-taxable items	36	36	35	35	2.9	2.9
<b>Net tax adjustments</b>	<b>1,555</b>	<b>1,555</b>	<b>2,148</b>	<b>2,148</b>	<b>(27.6)</b>	<b>(27.6)</b>

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**1(a)(iii) Consolidated Statement of Total Return for the nine months ended 30 September 2015 ("9M2015")**

	Note	9M2015			9M2014			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)	54,287	54,287	-	45,119	45,119	-	20.3	20.3	-
Property expenses	(b)	(17,174)	(17,174)	-	(15,386)	(15,386)	-	11.6	11.6	-
<b>Net property income</b>		<b>37,113</b>	<b>37,113</b>	<b>-</b>	<b>29,733</b>	<b>29,733</b>	<b>-</b>	<b>24.8</b>	<b>24.8</b>	<b>-</b>
Rental support / rental arrangement	(a)	10,390	10,390	-	9,518	9,518	-	9.2	9.2	-
REIT Manager's fees	(c)	(3,553)	(3,553)	-	(3,063)	(3,063)	-	16.0	16.0	-
REIT Trustee's fees		(135)	(135)	-	(135)	(135)	-	-	-	-
Amortisation of intangible assets	(d)	(3,150)	(3,150)	-	(3,150)	(3,150)	-	-	-	-
Other trust expenses	(e)	(646)	(641)	(5)	(637)	(635)	(2)	1.4	0.9	150.0
Finance income		4	4	-	8	8	-	(50.0)	(50.0)	-
Finance expenses	(f)	(11,352)	(11,352)	-	(7,984)	(7,984)	-	42.2	42.2	-
<b>Net income</b>		<b>28,671</b>	<b>28,676</b>	<b>(5)</b>	<b>24,290</b>	<b>24,292</b>	<b>(2)</b>	<b>18.0</b>	<b>18.0</b>	<b>150.0</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)	2,392	2,392	-	372	372	-	n.m.	n.m.	-
<b>Total return before income tax</b>		<b>77,445</b>	<b>77,450</b>	<b>(5)</b>	<b>24,662</b>	<b>24,664</b>	<b>(2)</b>	<b>214.0</b>	<b>214.0</b>	<b>150.0</b>
Income tax expense	(i)	(1,704)	(1,704)	-	(1,379)	(1,379)	-	23.6	23.6	-
<b>Total return after income tax</b>		<b>75,741</b>	<b>75,746</b>	<b>(5)</b>	<b>23,283</b>	<b>23,285</b>	<b>(2)</b>	<b>225.3</b>	<b>225.3</b>	<b>150.0</b>

n.m. – not meaningful



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**Notes:**

- (a) The breakdown of gross revenue and rental differential derived from each property in 9M2015 are as follows:

	Stapled Group			
	9M2015		9M2014	
	Gross revenue S\$'000	Rental differential S\$'000	Gross revenue S\$'000	Rental differential S\$'000
TPCC	19,909	510	19,258	1,311
UEBH - Business Park	17,639	7,759	17,342	8,189
UEBH - Hotel Leased Premises	6,412	-	6,413	-
UEBH - Hotel Retail Areas	685	(16)	668	18
Mauser Singapore	1,437	-	1,438	-
Jackson Square	6,563	2,137	-	-
Jackson Design Hub	1,642	-	-	-
	54,287	10,390	45,119	9,518

Gross revenue of S\$54.3 million for 9M2015 was S\$9.2 million or 20.3% higher than that of 9M2014 mainly due to:

- additional rental contribution of S\$8.2 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\$0.3 million; and
- higher rental contribution from TPCC by S\$0.7 million.

Income from rental support / rental arrangement of S\$10.4 million for 9M2015 was S\$0.9 million or 9.2% higher than that of 9M2014 mainly due to:

- additional rental top-up of S\$2.1 million under the JS rental support arrangement; partially offset by,
  - lower rental top-up under the UEBH rental arrangement by S\$0.4 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\$0.8 million as a result of (i) higher gross rental income derived from TPCC; and (ii) the expiry of the TPCC rental support arrangement as the aggregate rental support capped at S\$2.3 million has been fully utilised by VI-REIT in 9M2015.

- (b) Property expenses of S\$17.2 million for 9M2015 was S\$1.8 million or 11.6% higher than that of 9M2014 mainly due to property expenses of S\$1.7 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\$3.6 million for 9M2015 was S\$0.5 million or 16.0% higher than that of 9M2014 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.

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- (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.
- (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\$11.4 million for 9M2015 was S\$3.4 million or 42.2% higher than that of 9M2014 mainly due to the interest expense of S\$3.2 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 14 of this announcement for further details.
- (g) This relates to an unrealised fair value gain arising from the revaluation of TPCC based on an independent valuation undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("**Colliers**") as at 30 June 2015. 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\$1.7 million for 9M2015 was S\$0.3 million or 23.6% higher than that of 9M2014 mainly due to:
- income tax expense of S\$0.4 million in respect of the rental income support received/receivable under the JS rental support arrangement for 9M2015;
  - partially offset by decrease in income tax expense of S\$0.1 million due to lower rental income support received/receivable under the UEBH rental arrangement for 9M2015 as mentioned in note (a) above.

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

Note	9M2015		9M2014		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>75,741</b>	<b>75,746</b>	<b>23,283</b>	<b>23,285</b>	<b>225.3</b>	<b>225.3</b>
Net tax adjustments ( <b>Note A</b> )	(40,731)	(40,731)	7,346	7,346	n.m.	n.m.
<b>Net income available for distribution for the period</b>	<b>35,010</b>	<b>35,015</b>	<b>30,629</b>	<b>30,631</b>	<b>14.3</b>	<b>14.3</b>
Distribution per Stapled Security (cents):						
For the period		5.366		5.132		4.6
Annualised		7.174		6.861		4.6

**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**

	9M2015		9M2014		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	3,038	3,038	3,063	3,063	(0.8)	(0.8)
Property Manager's fees paid/payable in Stapled Securities	1,040	1,040	1,008	1,008	3.2	3.2
REIT Trustee's fees	135	135	135	135	-	-
Adjustment for recognising rental income on a straight-line basis over the lease term	(1,006)	(1,006)	(1,052)	(1,052)	(4.4)	(4.4)
Amortisation of intangible assets	3,150	3,150	3,150	3,150	-	-
Amortisation of debt-related transaction costs	1,568	1,568	1,333	1,333	17.6	17.6
Change in fair value of investment properties	(46,382)	(46,382)	-	-	n.m.	n.m.
Change in fair value of derivative financial instruments	(2,392)	(2,392)	(372)	(372)	n.m.	n.m.
Other non-taxable items	118	118	81	81	45.7	45.7
<b>Net tax adjustments</b>	<b>(40,731)</b>	<b>(40,731)</b>	<b>7,346</b>	<b>7,346</b>	<b>n.m.</b>	<b>n.m.</b>

n.m. – not meaningful

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

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

	Note	30 Sep 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)	962,369	962,369	-	852,700	852,700	-
Intangible assets	(b)	10,285	10,285	-	13,435	13,435	-
		972,654	972,654	-	866,135	866,135	-
<b>Current assets</b>							
Trade and other receivables	(c)	7,126	7,126	-	11,423	11,423	-
Derivative financial instruments	(d)	2,069	2,069	-	-	-	-
Cash and cash equivalents	(e)	7,299	7,271	28	4,957	4,928	29
		16,494	16,466	28	16,380	16,351	29
<b>Total assets</b>		<b>989,148</b>	<b>989,120</b>	<b>28</b>	<b>882,515</b>	<b>882,486</b>	<b>29</b>
<b>Non-current liabilities</b>							
Interest-bearing borrowings	(f)	366,881	366,881	-	365,571	365,571	-
<b>Current liabilities</b>							
Trade and other payables	(g)	21,521	21,519	2	22,881	22,879	2
Interest-bearing borrowings	(f)	13,699	13,699	-	20,456	20,456	-
Derivative financial instruments	(d)	-	-	-	322	322	-
Income tax payable		1,712	1,712	-	1,799	1,799	-
		36,932	36,930	2	45,458	45,456	2
<b>Total liabilities</b>		<b>403,813</b>	<b>403,811</b>	<b>2</b>	<b>411,029</b>	<b>411,027</b>	<b>2</b>
<b>Net assets</b>		<b>585,335</b>	<b>585,309</b>	<b>26</b>	<b>471,486</b>	<b>471,459</b>	<b>27</b>
<b>Represented by:</b>							
Stapled Securityholders' funds		<b>585,335</b>	<b>585,309</b>	<b>26</b>	<b>471,486</b>	<b>471,459</b>	<b>27</b>

**Notes:**

(a) Increase in investment properties of S\$109.7 million was mainly due to:

- payment of differential premium and stamp duty totalling S\$58.4 million in relation to the 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 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, and based on Colliers' valuation report, 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;
- progress billings of S\$3.3 million for the AEI works at TPCC; and
- other capital expenditure incurred of S\$1.7 million.

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Movements in the carrying value of investment properties during 9M2015 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 TPCC	58,375
Cost of the AEI works at TPCC	3,325
Other capital expenditure incurred	1,643
Refund of land premium	(56)
	<b>915,987</b>
Change in fair value of investment properties recognised in the consolidated statement of total return	46,382
Carrying value of investment properties as at 30 September 2015	<b>962,369</b>

- (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\$3.2 million due to amortisation charge for 9M2015.

- (c) Decrease in trade and other receivables of S\$4.3 million was mainly due to:
- deferred property tax of S\$4.2 million and deferred marketing commission of S\$0.2 million charged to the statement of total return in 9M2015;
  - recovery of property tax on Mauser Singapore and JDH from the respective master lessees of the said properties amounting to S\$0.2 million; and
  - decrease in trade receivables of S\$0.7 million;
  - partially offset by increase in receivables of S\$1.0 million due to the recognition of rental income on a straight-line basis over the lease term of the respective leases.

- (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 9M2015, 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 14 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 9M2015, 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 September 2015.

- (e) Cash and cash equivalents increased by S\$2.3 million as a result of net cash inflow from operating and financing activities of S\$65.6 million, partially offset by net cash used in investing activities of S\$63.3 million during 9M2015. Please refer to the consolidated statement of cash flows for 9M2015 on page 15 of this announcement for further details.
- (f) Decrease in total interest-bearing borrowings of S\$5.4 million was mainly due to repayment of S\$7.0 million of borrowings, partially offset by amortisation of debt-related transaction costs of S\$1.6 million for 9M2015.

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- (g) Decrease in trade and other payables of S\$1.4 million was mainly due to:
- payment of property tax amounting to S\$4.5 million;
  - full utilisation of the rental support received in advance from the vendor of TPCC of S\$0.5 million; and
  - decrease in interest payable of S\$1.1 million; partially offset by,
    - increase in payables and accruals for trust and property-related expenses (including AEI costs and other capital expenditure) of S\$3.7 million;
    - increase in security deposits received from tenants of S\$0.5 million;
    - increase in rental received in advance from tenants of S\$0.3 million; and
    - increase in GST payable of S\$0.2 million.
- (h) As at 30 September 2015, the Stapled Group's current liabilities exceeded its current assets by S\$20.4 million (31 December 2014: S\$29.1 million). The current liabilities of the Stapled Group as at 30 September 2015 included S\$13.7 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 September 2015, the Stapled Group does not intend to fully repay the outstanding RCF within the next 12 months.

As the outstanding RCF of S\$13.7 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\$6.7 million as at 30 September 2015. As the Stapled Group still has unutilised committed RCF of S\$31.0 million as at 30 September 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.

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

Note	Stapled Group	
	30 Sep 2015 S\$'000	31 Dec 2014 S\$'000
<b>Secured borrowings</b>		
Amount repayable within one year	14,000	21,000
Less: Unamortised transaction costs	(301)	(544)
	13,699	20,456
Amount repayable after one year	270,000	270,000
Less: Unamortised transaction costs	(2,178)	(3,255)
	267,822	266,745
<b>Total secured borrowings</b>	<b>281,521</b>	<b>287,201</b>
<b>Unsecured borrowings</b>		
Amount repayable after one year	100,000	100,000
Less: Unamortised transaction costs	(941)	(1,174)
	99,059	98,826
<b>Total borrowings</b>	<b>380,580</b>	<b>386,027</b>
Current	13,699	20,456
Non-current	366,881	365,571
	<b>380,580</b>	<b>386,027</b>

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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.

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\$14 million of the Revolving Credit Facility has been utilised as at 30 September 2015 for general working capital purposes.

VI-REIT has entered into interest rate swaps to fix the interest rates for 81.0% of the outstanding Credit Facilities as at 30 September 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.

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

Note	Stapled Group			
	3Q2015 S\$'000	3Q2014 S\$'000	9M2015 S\$'000	9M2014 S\$'000
<b>Cash flows from operating activities</b>				
Total return for the period before income tax	10,561	8,368	77,445	24,662
<b>Adjustments for:</b>				
Effects of recognising rental income on a straight-line basis over the lease term	(106)	(170)	(1,006)	(1,052)
Finance income	(1)	(8)	(4)	(8)
Finance expenses	3,863	2,772	11,352	7,984
Change in fair value of investment properties	-	-	(46,382)	-
Change in fair value of derivative financial instruments	(1,360)	(608)	(2,392)	(372)
Amortisation of intangible assets	1,050	1,050	3,150	3,150
REIT Manager's fees paid/payable in Stapled Securities	1,009	1,009	3,038	3,063
Property Manager's fees paid/payable in Stapled Securities	357	336	1,040	1,008
<b>Operating income before working capital changes</b>	<b>15,373</b>	<b>12,749</b>	<b>46,241</b>	<b>38,435</b>
<b>Changes in working capital:</b>				
Trade and other receivables	6,042	1,306	5,302	11,796
Trade and other payables	1,417	(2,234)	(267)	(5,569)
<b>Cash generated from operations</b>	<b>22,832</b>	<b>11,821</b>	<b>51,276</b>	<b>44,662</b>
Income taxes paid	(448)	(141)	(1,791)	(234)
<b>Net cash generated from operating activities</b>	<b>22,384</b>	<b>11,680</b>	<b>49,485</b>	<b>44,428</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	(a) -	-	(58,375)	-
Capital expenditure incurred	(4,968)	(92)	(4,968)	(92)
<b>Net cash used in investing activities</b>	<b>(4,968)</b>	<b>(92)</b>	<b>(63,287)</b>	<b>(92)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of new Stapled Securities	(a) -	-	63,072	-
Issue expenses paid	-	-	(1,899)	(4,797)
Proceeds from borrowings	-	100,000	-	100,000
Repayment of borrowings	(1,000)	(2,000)	(7,000)	(9,000)
Payment of transaction costs on borrowings	(9)	(883)	(15)	(1,285)
Interest received	1	-	4	-
Finance expenses paid	(4,375)	(2,189)	(10,875)	(5,941)
Distribution to Stapled Securityholders	(11,755)	(10,283)	(27,143)	(26,946)
<b>Net cash (used in) / generated from financing activities</b>	<b>(17,138)</b>	<b>84,645</b>	<b>16,144</b>	<b>52,031</b>
<b>Net increase in cash and cash equivalents</b>	<b>278</b>	<b>96,233</b>	<b>2,342</b>	<b>96,367</b>
Cash and cash equivalents at beginning of the period	7,021	11,817	4,957	11,683
<b>Cash and cash equivalents at end of the period</b>	<b>7,299</b>	<b>108,050</b>	<b>7,299</b>	<b>108,050</b>



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**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>3Q2015 S\$'000</b>	<b>3Q2014 S\$'000</b>	<b>9M2015 S\$'000</b>	<b>9M2014 S\$'000</b>
<b>Balance at beginning of the period</b>	<b>585,660</b>	<b>449,789</b>	<b>471,486</b>	<b>448,555</b>
<b>Operations</b>				
Total return for the period after income tax	10,064	7,946	75,741	23,283
<b>Net increase in net assets resulting from operations</b>	<b>10,064</b>	<b>7,946</b>	<b>75,741</b>	<b>23,283</b>
<b>Stapled Securityholders' transactions</b>				
Issuance of new Stapled Securities pursuant to a private placement	-	-	63,072	-
Issue expenses	-	-	(1,899)	(166)
Stapled Securities issued and issuable:				
- As payment of REIT Manager's fees	1,009	1,009	3,038	3,063
- As payment of Property Manager's fees	357	336	1,040	1,008
Distribution to Stapled Securityholders	(11,755)	(10,283)	(27,143)	(26,946)
<b>Net (decrease) / increase in net assets resulting from Stapled Securityholders' transactions</b>	<b>(10,389)</b>	<b>(8,938)</b>	<b>38,108</b>	<b>(23,041)</b>
<b>Balance at end of the period</b>	<b>585,335</b>	<b>448,797</b>	<b>585,335</b>	<b>448,797</b>

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

	Note	Stapled Group			
		3Q2015 Units	3Q2014 Units	9M2015 Units	9M2014 Units
<b>Stapled Securities in issue at beginning of the period</b>		703,915,101	596,859,680	620,241,958	594,000,275
Issuance of new Stapled Securities pursuant to a private placement	(a)	-	-	80,347,100	-
New Stapled Securities issued as payment of:					
- REIT Manager's fees		1,286,644	1,293,026	3,752,337	3,459,436
- Property Manager's fees		430,704	428,321	1,291,054	1,121,316
<b>Total issued Stapled Securities</b>		<b>705,632,449</b>	<b>598,581,027</b>	<b>705,632,449</b>	<b>598,581,027</b>
New Stapled Securities issuable as payment of:					
- REIT Manager's fees		1,377,528	1,246,054	1,377,528	1,246,054
- Property Manager's fees		487,038	414,877	487,038	414,877
<b>Total issued and issuable Stapled Securities at end of the period</b>		<b>707,497,015</b>	<b>600,241,958</b>	<b>707,497,015</b>	<b>600,241,958</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.

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

	Note	Stapled Group			
		3Q2015	3Q2014	9M2015	9M2014
<b>EPS is calculated based on:</b>					
Total return after income tax (S\$'000)		10,064	7,946	75,741	23,283
Weighted average number of issued and issuable Stapled Securities during the period ('000)		705,653	598,599	655,090	596,863
Basic and diluted EPS (cents)	(a)	1.426	1.328	11.562	3.901
<b>DPS is calculated based on:</b>					
Net income available for distribution for the period (S\$'000)	(b)	11,622	10,094	35,015	30,631
Applicable number of Stapled Securities for calculation of DPS ('000)		705,632	598,581	652,534	596,835
DPS (cents)	(c)	1.647	1.687	5.366	5.132

**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 3Q2015 and 9M2015 without the effects of rental support / rental arrangement would be 1.290 cents (3Q2014: 1.231 cents) and 4.060 cents (9M2014: 3.768 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 Sep 2015	31 Dec 2014
<b>NAV per Stapled Security is calculated based on:</b>		
Net assets (S\$'000)	585,335	471,486
Number of Stapled Securities ('000):		
- issued	705,632	620,242
- issuable	1,865	1,642
	707,497	621,884
NAV per Stapled Security (cents)	82.73	75.82

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**8 A review of the performance for the quarter and nine months ended 30 September 2015**

Please refer to section 9 for a comparison of the Stapled Group's actual results for 3Q2015 and 9M2015 against its forecast results for 3Q2015 and 9M2015 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					
		3Q2015 Actual S\$'000	3Q2015 Forecast <sup>(a)</sup> S\$'000	Inc / (Dec) %	9M2015 Actual S\$'000	9M2015 Forecast <sup>(a)</sup> S\$'000	Inc / (Dec) %
Gross revenue	(a)	18,388	15,738	16.8	54,287	45,834	18.4
Property expenses	(b)	(5,884)	(5,278)	11.5	(17,174)	(15,514)	10.7
<b>Net property income</b>		<b>12,504</b>	<b>10,460</b>	<b>19.5</b>	<b>37,113</b>	<b>30,320</b>	<b>22.4</b>
Rental support / rental arrangement	(c)	3,070	3,327	(7.7)	10,390	9,932	4.6
REIT Manager's fees	(d)	(1,179)	(1,164)	1.3	(3,553)	(3,375)	5.3
REIT Trustee's fees		(45)	(45)	-	(135)	(135)	-
Amortisation of intangible assets	(e)	(1,050)	(825)	27.3	(3,150)	(2,925)	7.7
Other trust expenses	(f)	(237)	(388)	(38.9)	(646)	(1,162)	(44.4)
Finance income		1	12	(91.7)	4	35	(88.6)
Finance expenses	(g)	(3,863)	(2,660)	45.2	(11,352)	(7,980)	42.3
<b>Net income</b>		<b>9,201</b>	<b>8,717</b>	<b>5.6</b>	<b>28,671</b>	<b>24,710</b>	<b>16.0</b>
Change in fair value of investment properties		-	-	n.m	46,382	-	n.m
Change in fair value of derivative financial instruments		1,360	-	n.m	2,392	-	n.m
<b>Total return before income tax</b>		<b>10,561</b>	<b>8,717</b>	<b>21.2</b>	<b>77,445</b>	<b>24,710</b>	<b>213.4</b>
Income tax expense	(h)	(497)	(568)	(12.5)	(1,704)	(1,700)	0.2
<b>Total return after income tax</b>		<b>10,064</b>	<b>8,149</b>	<b>23.5</b>	<b>75,741</b>	<b>23,010</b>	<b>229.2</b>
Net tax adjustments		1,555	2,851	(45.5)	(40,731)	8,854	n.m
<b>Net income available for distribution for the period</b>	(i)	<b>11,619</b>	<b>11,000</b>	<b>5.6</b>	<b>35,010</b>	<b>31,864</b>	<b>9.9</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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**9(b) A review of the performance (3Q2015 actual vs 3Q2015 forecast)**

- (a) The actual gross revenue of S\$18.4 million for 3Q2015 was S\$2.7 million or 16.8% higher than the forecast mainly due to:
- higher actual rental contribution from new tenancies in respect of the 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\$0.1 million; and
  - additional revenue contribution of S\$2.9 million from JS and JDH, which were acquired in November 2014;
  - partially offset by lower actual revenue derived from TPCC, which was S\$0.9 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\$5.9 million for 3Q2015 was S\$0.6 million or 11.5% higher than the forecast mainly due to actual property expenses of S\$0.6 million pertaining to JS and JDH, which were acquired in November 2014 and hence, such property expenses were not included in the forecast.
- (c) The actual income from rental support / rental arrangement of S\$3.1 million for 3Q2015 was S\$0.3 million or 7.7% lower than the forecast mainly due to:
- lower actual rental top-up received/receivable under the UEBH rental arrangement, which was S\$1.0 million lower than the forecast as the actual net property income derived from UEBH in 3Q2015 was higher than the forecast mainly due to new tenancies in respect of the business park space at UEBH as mentioned in note (a) above; partially offset by,
    - the actual rental top-up of S\$0.1 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 3Q2015 was less than the aforesaid guaranteed amount, thus resulting in the rental top-up of S\$0.1 million in 3Q2015; and
    - the actual rental top-up of S\$0.6 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.
- (d) The actual REIT Manager's fees of S\$1.2 million for 3Q2015 were in line with the forecast.
- (e) The actual amortisation of intangible assets of S\$1.1 million for 3Q2015 was S\$0.2 million or 27.3% higher than the forecast as it was assumed under the forecast that the intangible assets relating to the rental differential arising from the TPCC rental support arrangement had been fully amortised in 2Q2015.
- (f) The actual other trust expenses of S\$0.2 million for 3Q2015 were S\$0.2 million or 38.9% lower than the forecast mainly due to lower professional fees incurred.
- (g) The actual finance expenses of S\$3.9 million for 3Q2015 were S\$1.2 million or 45.2% 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, which was not included in the forecast.

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- (h) As disclosed in note (h) 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 3Q2015.

The actual income tax expense of S\$0.5 million for 3Q2015 was 12.5% lower than the forecast mainly due to:

- lower actual income tax expense in respect of the rental income support received/receivable under the UEBH rental arrangement, which was S\$171,000 lower than the forecast as the actual rental top-up received/receivable under the UEBH rental arrangement for 3Q2015 was lower than the forecast as mentioned in note (c) above;
  - partially offset by the actual income tax expense of S\$100,000 in respect of the rental income support received/receivable under the JS rental support arrangement, which was not included in the forecast.
- (i) The actual net income available for distribution of S\$11.6 million for 3Q2015 was 5.6% higher than the forecast.

**A review of the performance (9M2015 actual vs 9M2015 forecast)**

- (a) The actual gross revenue of S\$54.3 million for 9M2015 was S\$8.5 million or 18.4% higher than the forecast mainly due to:

- higher actual rental contribution from new tenancies in respect of the business park space at UEBH, which was S\$2.0 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\$8.2 million from JS and JDH, which were acquired in November 2014;
- partially offset by lower actual revenue derived from TPCC, which was S\$2.6 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\$17.2 million for 9M2015 was S\$1.7 million or 10.7% higher than the forecast mainly due to:

- actual property expenses of S\$1.8 million pertaining to JS and JDH, which were acquired in November 2014 and hence, such property expenses were not included in the forecast; and
- actual property expenses at UEBH were S\$0.1 million higher than the forecast;
- partially offset by lower actual property expenses at TPCC which was S\$0.2 million lower than the forecast.

- (c) The actual income from rental support / rental arrangement of S\$10.4 million for 9M2015 was S\$0.4 million or 4.6% higher than the forecast mainly due to:

- the actual rental top-up of S\$2.1 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\$0.5 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 9M2015 was less than the aforesaid guaranteed amount, thus resulting in the rental top-up of S\$0.5 million in 9M2015;
- partially offset by lower actual rental top-up received/receivable under the UEBH rental arrangement, which was S\$2.2 million lower than the forecast as the actual net property income derived from UEBH in 9M2015 was higher than the forecast mainly due to new tenancies in respect of the business park space at UEBH as mentioned in note (a) above.

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- (d) The actual REIT Manager's fees of S\$3.6 million for 9M2015 were S\$0.2 million or 5.3% higher than the forecast as the distributable income of VI-REIT for 9M2015 was higher than the forecast.
  
- (e) The actual amortisation of intangible assets of S\$3.2 million for 9M2015 was S\$0.2 million or 7.7% higher than the forecast as it was assumed under the forecast that the intangible assets relating to the rental differential arising from the TPCC rental support arrangement had been fully amortised in 2Q2015.
  
- (f) The actual other trust expenses of S\$0.6 million for 9M2015 were S\$0.5 million or 44.4% lower than the forecast mainly due to lower professional fees incurred.
  
- (g) The actual finance expenses of S\$11.4 million for 9M2015 were S\$3.4 million or 42.3% higher than the forecast mainly due to the interest expense of S\$3.3 million incurred on the S\$100 million in principal amount of MTN issued in September 2014 to finance the acquisition of JS and JDH, which was not included in the forecast.
  
- (h) As disclosed in note (h) 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 9M2015.  
  
The actual income tax expense of S\$1.7 million for 9M2015 was largely in line with the forecast.
  
- (i) The actual net income available for distribution of S\$35.0 million for 9M2015 was 9.9% 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**

Based on the Ministry of Trade and Industry's ("MTI") advance estimates, the Singapore economy grew by 1.4% on a year-on-year basis in the third quarter of 2015, easing from the 2.0% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 0.1%, a reversal from the 2.5% contraction in the preceding quarter<sup>1</sup>.

Prices and rentals of industrial space continued to soften in 3Q2015. According to JTC 3Q2015 statistics in their latest quarterly market report, overall industrial property prices fell 0.3% over the preceding quarter. Overall rents fell 0.8%, while occupancy dipped 0.2% over the preceding quarter<sup>2</sup>.

Colliers International's latest quarterly report on industrial property sector showed that the mood in the industrial property market was subdued and cautious in 3Q 2015, with fewer leasing transactions and stagnant rents. Industrialists remain cost conscious and cautious with their business and real estate needs. Moving forward, rents for prime multi-user conventional industrial space are projected to dip further by up to 1% in 4Q2015, while business park rents could experience a small rate of decline, similar to that seen in 3Q 2015<sup>3</sup>.

DTZ research and data also notes that rental growth of business parks and hi-tech parks eased in 3Q2015, as signs of a slowing Chinese economy weighed down business confidence and demand for industrial space in Singapore. Average monthly gross rents for business parks and hi-tech sectors held firm quarter-on-quarter at S\$5.10 psf and S\$3.30 psf respectively. Given the weaker macro environment and uncertain economic outlook, most tenants have adopted the wait-and-see approach and prefer not to incur the cost of moving and retrofitting. Looking ahead, rents for business parks will be subject to further downward pressure with around 3 million sq ft of business park space coming on board from Q4 2015 to the end of next year<sup>4</sup>.

According to ratings agency Fitch, the industrial REIT sector in Singapore will remain resilient in the face of the current economic slowdown, underpinned by its robust financial profiles. There is more pressure on rents of lower-specification industrial properties because of weaker demand and higher supply, while the higher-specification properties are less affected as demand remains stable. In addition, some 80% of the sector's debt have fixed rates. This coupled with the narrow mismatch between the duration and its lease and debt contracts, will help support the sector's resilience in a downturn<sup>5</sup>.

JTC's recent revision of anchor subtenant policies for third party facility providers might have positive impact on the sector, given that more industrialists will be qualified for anchor tenants and also be given more flexibility for their renewals. The changes include (1) reduced gross floor area ("GFA") requirement by anchor sub-tenants to 1,000 sqm from 1,500 sqm; (2) anchor sub-tenants without GFA/usage change at renewal need not be reassessed; and (3) no minimum occupation period for anchor sub-tenants' subsequent leases<sup>6</sup>.

During 9M2015, the REIT Manager has been successful in securing new leases and renewing existing tenancies for approximately 298,000 sq ft of space as of 30 September 2015. Against the backdrop of continued market uncertainties, the REIT Manager will continue to proactively manage the portfolio to grow its income organically by improving the occupancy of the portfolio with a focus on retaining the existing tenants. It will continue to keep abreast of market and industry developments, and make the necessary adjustments to remain competitive. The REIT Manager will also seek quality investment opportunities in line with its growth strategy with the objectives of delivering stable distribution and maximising returns to the Stapled Securityholders.

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<sup>1</sup> Singapore's GDP Growth Moderated in the Third Quarter of 2015, Ministry of Trade and Industry Singapore, Press Release, 14 October 2015

<sup>2</sup> Quarterly Market Report, Industrial Properties, Third Quarter 2015, JTC

<sup>3</sup> Cost Concern is Among the Top Priorities for Industrialists in 3Q 2015, Colliers International, News Release Library, 19 October 2015

<sup>4</sup> Rental Growth of Business Parks, High-tech Parks eases in Q3, The Business Times, 13 October 2015

<sup>5</sup> Singapore Industrial REIT Sector will be Resilient in Slowdown: Fitch, The Business Times, 22 September 2015

<sup>6</sup> Policies for Third-Party Facility Providers, Latest Policy Review (with effect from 1 October 2015), JTC



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AEI at TPCC

The REIT Manager has, on 8 October 2015, announced the commitment of new tenants to the growing list of retailers, restaurants and lifestyle services providers for the white space under the AEI project, including renowned brands such as Aston Food & Beverage Pte Ltd, Chic A Boo, OWL café, Offside Sports and Bistro, MMMM! and The Seafood Market Place by Song Fish, as well as a sports climbing facility and a renowned fitness centre. Sporting goods giant Decathlon will also be relocating its Southeast Asia headquarters to TPCC in addition to the space that it has taken up for its first Southeast Asia flagship store earlier this year, which is slated to open in December 2015. With the inclusion of these new tenants, TPCC has secured close to 55% tenancies pre-commitment for its white space. The REIT Manager will continue to actively work with prospective tenants for the leasing of the remaining white space. To date, all AEI works are on schedule, with Phase 1 of the AEI slated for completion by end of 2015, while works for Phase 2 are slated to begin in early 2016 with completion targeted by mid-2016.

The Proposed Acquisitions

Further to the announcements dated 29 July 2015 and 28 August 2015 in relation to the proposed acquisitions of the Tai Seng Property, the Ubi Property and the Pioneer Property (collectively, the “**Proposed Acquisitions**”), the Managers have, on 23 October 2015, announced that an Extraordinary General Meeting of VIT will be held on 16 November 2015 for the purpose of seeking the Stapled Securityholders’ approval in relation to, among others, the proposed issue of up to 160,819,000 new Stapled Securities to raise gross proceeds of up to S\$110.0 million for the purposes of, among others, partially funding the Proposed Acquisitions, which are expected to be completed in 4Q2015.

**11 Distributions**

**11(a) Current financial period**

Any distribution declared for the current period?

Yes.

Name of distribution: Distribution for the period from 1 July 2015 to 30 September 2015

Distribution type: Taxable income / Tax-exempt income

Distribution rate: 1.647 cents per Stapled Security comprising:  
(a) taxable income - 1.303 cents  
(b) tax exempt income - 0.344 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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**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 July 2014 to 30 September 2014

Distribution type: Taxable income / Tax-exempt income

Distribution rate: 1.687 cents per Stapled Security comprising:  
(a) taxable income - 1.343 cents  
(b) tax exempt income - 0.344 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:** 4 November 2015

**11(d) Date Payable:** 26 November 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.

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**14 Segment revenue and results**

	<b>Stapled Group</b>									
	<b>3Q2015</b>					<b>3Q2014</b>				
	<b>Business Park S\$'000</b>	<b>Hotel S\$'000</b>	<b>Logistics S\$'000</b>	<b>Light Industrial S\$'000</b>	<b>Total S\$'000</b>	<b>Business Park S\$'000</b>	<b>Hotel S\$'000</b>	<b>Logistics S\$'000</b>	<b>Light Industrial S\$'000</b>	<b>Total S\$'000</b>
Gross revenue	12,699	2,357	479	2,853	18,388	12,111	2,346	479	-	14,936
Property expenses	(5,187)	(88)	(10)	(599)	(5,884)	(5,187)	(91)	(10)	-	(5,288)
<b>Net property income</b>	<b>7,512</b>	<b>2,269</b>	<b>469</b>	<b>2,254</b>	<b>12,504</b>	<b>6,924</b>	<b>2,255</b>	<b>469</b>	<b>-</b>	<b>9,648</b>
Rental support / rental arrangement	2,476	1	-	593	3,070	3,128	21	-	-	3,149
<b>Reportable segment results</b>	<b>9,988</b>	<b>2,270</b>	<b>469</b>	<b>2,847</b>	<b>15,574</b>	<b>10,052</b>	<b>2,276</b>	<b>469</b>	<b>-</b>	<b>12,797</b>
Unallocated items:										
- REIT Manager's fees					(1,179)					(1,009)
- REIT Trustee's fees					(45)					(45)
- Amortisation of intangible assets					(1,050)					(1,050)
- Other trust expenses					(237)					(169)
- Finance income					1					8
- Finance expenses					(3,863)					(2,772)
<b>Net income</b>					<b>9,201</b>					<b>7,760</b>
Change in fair value of derivative financial instruments					1,360					608
<b>Total return for the period before income tax</b>					<b>10,561</b>					<b>8,368</b>
Income tax expense					(497)					(422)
<b>Total return for the period after income tax</b>					<b>10,064</b>					<b>7,946</b>

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	Stapled Group									
	9M2015					9M2014				
	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	37,548	7,097	1,437	8,205	54,287	36,600	7,081	1,438	-	45,119
Property expenses	(15,102)	(266)	(33)	(1,773)	(17,174)	(15,089)	(266)	(31)	-	(15,386)
<b>Net property income</b>	<b>22,446</b>	<b>6,831</b>	<b>1,404</b>	<b>6,432</b>	<b>37,113</b>	<b>21,511</b>	<b>6,815</b>	<b>1,407</b>	-	<b>29,733</b>
Rental support / rental arrangement	8,269	(16)	-	2,137	10,390	9,500	18	-	-	9,518
<b>Reportable segment results</b>	<b>30,715</b>	<b>6,815</b>	<b>1,404</b>	<b>8,569</b>	<b>47,503</b>	<b>31,011</b>	<b>6,833</b>	<b>1,407</b>	-	<b>39,251</b>
Unallocated items:										
- REIT Manager's fees					(3,553)					(3,063)
- REIT Trustee's fees					(135)					(135)
- Amortisation of intangible assets					(3,150)					(3,150)
- Other trust expenses					(646)					(637)
- Finance income					4					8
- Finance expenses					(11,352)					(7,984)
<b>Net income</b>					<b>28,671</b>					<b>24,290</b>
Change in fair value of investment properties					46,382					-
Change in fair value of derivative financial instruments					2,392					372
<b>Total return for the period before income tax</b>					<b>77,445</b>					<b>24,662</b>
Income tax expense					(1,704)					(1,379)
<b>Total return for the period after income tax</b>					<b>75,741</b>					<b>23,283</b>

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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 nine months ended 30 September 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

27 October 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.