



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.

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**”). Viva Industrial Trust Management Pte. Ltd. is the manager of VI-REIT (the “**REIT Manager**”) and Viva Asset Management Pte. Ltd. is the trustee-manager of VI-BT (the “**BT Trustee-Manager**”, and collectively with the REIT Manager, the “**Managers**”).

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 estates which are 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 31 March 2016, VI-REIT has a diversified portfolio of seven properties located in Singapore comprising:

- two business parks, namely UE BizHub EAST (“**UEBH**”) which includes a hotel, and Viva Business Park (“**VBP**”) (formerly known as Technopark@Chai Chee);
- a logistics property, namely Mauser Singapore; and
- four light industrial properties, namely Jackson Square (“**JS**”), Jackson Design Hub (“**JDH**”), Home-Fix Building (“**HFB**”) and 11 Ubi Road 1 (“**11 Ubi Road 1**”).

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 at least 90% of its distributable income. Distributions are made on a quarterly basis at the sole discretion of the REIT Manager.

As at 31 March 2016, 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

	Stapled Group		
	1Q2016 S\$'000	1Q2015 S\$'000	Variance %
Gross revenue	21,912	18,084	21.2%
Net property income	15,798	12,414	27.3%
Distributable income ^(a)	14,143	11,630	21.6%
Distribution per Stapled Security ^(b) (cents)	1.638	1.870	-12.4%

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 (“DPS”).
- (b) Please refer to section 6 on page 14 of this announcement for the calculation of DPS.
- (c) Notwithstanding that the distributable income for 1Q2016 was higher than that of 1Q2015, the DPS for 1Q2016 was lower than that of 1Q2015 as a result of an enlarged share base following the completion of two private placements and a preferential offering in FY2015 to partially fund (i) the acquisition of three properties, namely HFB, 11 Ubi Road 1 and 30 Pioneer Road (“**30 Pioneer Road**”); and (ii) the asset enhancement initiative (“**AEI**”) at VBP, which increased the number of issued Stapled Securities by approximately 233.4 million or 37.4%.

The acquisition of HFB and 11 Ubi Road 1 was completed on 24 November 2015 and they have since started contributing additional income to VIT. The acquisition of 30 Pioneer Road has been completed on 15 April 2016 and it has since started contributing additional income to VIT.

The AEI works for 750A VBP have obtained Temporary Occupation Permit (“**TOP**”) in January 2016 and have started contributing additional income to VIT in 1Q2016. The AEI works for 750 VBP have been completed and are pending issuance of TOP. The remaining AEI works pertaining to 750B VBP have commenced and are expected to be completed by end of 3Q2016. With the progressive completion of the AEI works, VBP is expected to continue to progressively contribute additional income to VIT.

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

1(a)(i) Consolidated Statement of Total Return for the quarter ended 31 March 2016 ("1Q2016")

Note	1Q2016			1Q2015			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) 21,912	21,912	-	18,084	18,084	-	21.2	21.2	-
Property expenses	(b) (6,114)	(6,114)	-	(5,670)	(5,670)	-	7.8	7.8	-
Net property income	15,798	15,798	-	12,414	12,414	-	27.3	27.3	-
Rental support / rental arrangement	(a) 3,415	3,415	-	3,600	3,600	-	(5.1)	(5.1)	-
REIT Manager's fees	(c) (1,432)	(1,432)	-	(1,180)	(1,180)	-	21.4	21.4	-
REIT Trustee's fees	(45)	(45)	-	(45)	(45)	-	-	-	-
Amortisation of intangible assets	(d) (825)	(825)	-	(1,050)	(1,050)	-	(21.4)	(21.4)	-
Other trust expenses	(e) (366)	(365)	(1)	(205)	(203)	(2)	78.5	79.8	(50.0)
Finance income	25	25	-	-	-	-	n.m.	n.m.	-
Finance expenses	(f) (7,255)	(7,255)	-	(3,721)	(3,721)	-	95.0	95.0	-
Net income	9,315	9,316	(1)	9,813	9,815	(2)	(5.1)	(5.1)	(50.0)
Change in fair value of derivative financial instruments	(g) (5,055)	(5,055)	-	2,270	2,270	-	n.m.	n.m.	-
Total return before income tax	4,260	4,261	(1)	12,083	12,085	(2)	(64.7)	(64.7)	(50.0)
Income tax expense	(h) (576)	(576)	-	(627)	(627)	-	(8.1)	(8.1)	-
Total return after income tax	3,684	3,685	(1)	11,456	11,458	(2)	(67.8)	(67.8)	(50.0)

n.m. – not meaningful

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Notes:

- (a) The breakdown of gross revenue and rental differential derived from each property in 1Q2016, and the occupancy rate and weighted average lease expiry (“WALE”) of each property as at 31 March 2016 are as follows:

	Stapled Group					
	1Q2016				1Q2015	
	Gross revenue S\$'000	Rental differential S\$'000	Occupancy rate %	WALE ⁽¹⁾ Years	Gross revenue S\$'000	Rental Differential S\$'000
VBP	7,541	-	67	1.8	6,617	122
UEBH - Business Park	5,822	3,049	90	4.2	5,874	2,781
UEBH - Hotel Leased Premises	2,138	-	100	2.6	2,138	-
UEBH - Hotel Retail Areas	212	22	87	1.7	232	(7)
Mauser Singapore	479	-	100	3.2	479	-
JS	2,556	344	99	1.5	2,197	704
JDH	559	-	100	8.6	547	-
HFB	802	-	100	9.7	-	-
11 Ubi Road 1	1,803	-	100	9.7	-	-
	21,912	3,415			18,084	3,600

Note:

- (1) WALE is calculated based on the underlying committed gross rental income as at 31 March 2016 assuming renewal options are not exercised.

Gross revenue of S\$21.9 million for 1Q2016 was S\$3.8 million or 21.2% higher than that of 1Q2015 mainly due to:

- additional rental contribution of S\$2.6 million from HFB and 11 Ubi Road 1, which were acquired by VI-REIT on 24 November 2015;
- higher rental and other income contribution from VBP by S\$0.9 million; and
- higher rental contribution from JS by S\$0.3 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 VBP rental support arrangement, pursuant to which the vendor of VBP agreed to pay VI-REIT for the rental differential (where the actual gross rental income derived from VBP 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\$3.4 million for 1Q2016 was S\$0.2 million or 5.1% lower than that of 1Q2015 mainly due to:

- lower rental top-up under the JS rental support arrangement by S\$0.4 million as a result of higher gross revenue; and
- the absence of rental top-up under the VBP rental support arrangement of S\$0.1 million due to the expiry of the VBP rental support arrangement as the aggregate rental support capped at S\$2.3 million has been fully utilised by VI-REIT in 3Q2015;
- partially offset by higher rental top-up under the UEBH rental arrangement by S\$0.3 million as a result of the step-up of 5% on the agreed amount of S\$26 million per annum as described in note (a)(i) above with effect from November 2015.

(b) Property expenses of S\$6.1 million for 1Q2016 was S\$0.4 million or 7.8% higher than that of 1Q2015 mainly due to:

- additional property expenses of S\$0.3 million pertaining to 11 Ubi Road 1, which was acquired on 24 November 2015; and
- higher property expenses of S\$0.2 million pertaining to VBP;
- partially offset by lower property expenses of S\$0.1 million pertaining to UEBH.

(c) This comprises the REIT Manager's base fee ("**Base Fee**"), which is calculated based on 10% per annum of the distributable income of VI-REIT (before accounting for the Base Fee).

The REIT Manager's fees of S\$1.4 million for 1Q2016 were S\$0.3 million or 21.4% higher than that of 1Q2015 due to the increase in distributable income of VI-REIT as a result of additional income contributions from HFB and 11 Ubi Road 1 which were acquired in November 2015, and higher income contributions from VBP and UEBH.

(d) This relates to the amortisation of the rental differential to be provided to VI-REIT by the respective vendors of UEBH and VBP pursuant to the UEBH rental arrangement and VBP 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 VBP rental support arrangement of five years and two years from the Listing Date, respectively. The rental differential arising from the VBP rental support arrangement has been fully amortised in November 2015 and as a result, the amortisation charge for 1Q2016 was lower than that of 1Q2015 by S\$0.2 million or 21.4%.

(e) Other trust expenses include recurring expenses such as annual listing fee, registrar and secretarial fees, distribution related costs, audit and tax compliance fees, valuation fees, costs associated with the preparation of annual reports, investor relations costs and other miscellaneous costs. Other trust expenses of S\$0.4 million for 1Q2016 were S\$0.2 million or 78.5% higher than that of 1Q2015 mainly due to the write-off of professional fees incurred on an aborted transaction.

(f) Finance expenses generally include interest expense, loan commitment fees and amortisation of debt-related transaction costs. Finance expenses of S\$7.3 million for 1Q2016 were S\$3.5 million or 95.0% higher than that of 1Q2015 mainly due to:

- additional interest expense of S\$0.7 million incurred on the S\$73 million secured term loan, which was drawn down in November 2015 to partially fund the acquisition of HFB and 11 Ubi Road 1;
- write-off of unamortised debt-related transaction costs of S\$1.9 million relating to the S\$315 million loan facilities obtained in 2013 (the "**2013 Loan Facilities**"), which have been refinanced with the new S\$330 million loan facilities in February 2016; and
- prepayment and cancellation fees of S\$0.8 million incurred for the repayment and cancellation of the 2013 Loan Facilities before maturity as a result of the aforesaid refinancing.

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- (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.

The fair value loss on interest rate swaps of S\$5.1 million in 1Q2016 was mainly due to the significant decrease in the Singapore dollar Swap Offer Rate ("SOR") during 1Q2016, which was in turn driven by the weakening of the US dollar against the Singapore dollar.

- (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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1(a)(ii) Distribution Statement

Note	1Q2016		1Q2015		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 %
Total return after income tax	3,684	3,685	11,456	11,458	(67.8)	(67.8)
Net tax adjustments (Note A)	10,458	10,458	172	172	n.m.	n.m.
Net income available for distribution for the period	14,142	14,143	11,628	11,630	21.6	21.6
Distribution per Stapled Security (cents):						
For the period		1.638		1.870		(12.4)
Annualised		6.588		7.584		(13.1)

n.m. – not meaningful

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 14 of this announcement for the calculation of Distribution per Stapled Security.

Note A

	1Q2016		1Q2015		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 %
Net tax adjustments comprise:						
REIT Manager's fees payable in Stapled Securities	1,257	1,257	1,008	1,008	24.7	24.7
Property Manager's fees payable in Stapled Securities	444	444	341	341	30.2	30.2
REIT Trustee's fees	45	45	45	45	-	-
Adjustment for recognising rental income on a straight-line basis over the lease term	(599)	(599)	(560)	(560)	7.0	7.0
Amortisation of intangible assets	825	825	1,050	1,050	(21.4)	(21.4)
Amortisation of debt-related transaction costs	526	526	523	523	0.6	0.6
Unamortised debt-related transaction costs written off	1,890	1,890	-	-	n.m.	n.m.
Debt prepayment and cancellation fees	801	801	-	-	n.m.	n.m.
Change in fair value of derivative financial instruments	5,055	5,055	(2,270)	(2,270)	n.m.	n.m.
Other non-taxable items	214	214	35	35	n.m.	n.m.
Net tax adjustments	10,458	10,458	172	172	n.m.	n.m.

n.m. – not meaningful

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1(b) Statement of Financial Position

1(b)(i) Statement of Financial Position as at 31 March 2016

Note	31 Mar 2016			31 Dec 2015		
	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
Non-current assets						
Investment properties	(a) 1,130,683	1,130,683	-	1,123,200	1,123,200	-
Intangible assets	(b) 8,553	8,553	-	9,378	9,378	-
	1,139,236	1,139,236	-	1,132,578	1,132,578	-
Current assets						
Trade and other receivables	(c) 14,020	14,020	-	14,546	14,546	-
Derivative financial instruments	(d) -	-	-	2,314	2,314	-
Pledged deposits	(e) 1,000	1,000	-	1,000	1,000	-
Cash and cash equivalents	(f) 25,442	25,406	36	47,884	47,848	36
	40,462	40,426	36	65,744	65,708	36
Total assets	1,179,698	1,179,662	36	1,198,322	1,198,286	36
Non-current liabilities						
Interest-bearing borrowings	(g) 436,221	436,221	-	305,173	305,173	-
Derivative financial instruments	(d) 2,741	2,741	-	-	-	-
	438,962	438,962	-	305,173	305,173	-
Current liabilities						
Trade and other payables	(h) 36,023	36,017	6	35,250	35,245	5
Interest-bearing borrowings	(g) -	-	-	154,044	154,044	-
Income tax payable	2,811	2,811	-	2,235	2,235	-
	38,834	38,828	6	191,529	191,524	5
Total liabilities	477,796	477,790	6	496,702	496,697	5
Net assets	701,902	701,872	30	701,620	701,589	31
Represented by:						
Stapled Securityholders' funds	701,902	701,872	30	701,620	701,589	31

Notes:

- (a) Increase in investment properties of S\$7.5 million was due to additional costs of AEI works and capital expenditure at VBP incurred during 1Q2016.
- (b) This represents the carrying amount of unamortised rental differential to be provided to VI-REIT by the vendor of UEBH pursuant to the UEBH rental arrangement as described in note (d) on page 5 of this announcement.

Intangible assets decreased by S\$0.8 million due to amortisation charge for 1Q2016.

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- (c) Decrease in trade and other receivables of S\$0.5 million was mainly due to:
- deferred property tax of S\$0.6 million charged to the statement of total return in 1Q2016;
 - recovery of property tax on Mauser Singapore, JDH, HFB and 11 Ubi Road 1 from the respective lessees of the said properties amounting to S\$0.3 million; and
 - decrease in trade receivables of S\$0.2 million;
 - partially offset by increase in receivables of S\$0.6 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 1Q2016, the Stapled Group refinanced the 2013 Loan Facilities, which are maturing in 2016 and 2017, with the new Loan Facility I (as defined hereinafter). In connection with the aforesaid refinancing, the Stapled Group terminated the interest rate swaps under the 2013 Loan Facilities and entered into new interest rate swaps with a total notional amount of S\$270 million for tenors of two to four years to hedge the interest rates for the new Loan Facility I.

In addition, the Stapled Group also entered into an interest rate swap with a notional amount of S\$50 million for a tenor of two years to partially hedge the interest rates for Loan Facility II (as defined hereinafter). Please refer to the secured borrowings as disclosed on page 10 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 SOR. Due to the significant decrease in SOR during 1Q2016, all of the Stapled Group's interest rate swaps have turned from being derivative financial assets as at 31 December 2015 to derivative financial liabilities as at 31 March 2016.

- (e) Pledged deposits represent bank balances that are pledged as security for Loan Facility II as disclosed on page 11 of this announcement.
- (f) Cash and cash equivalents decreased by S\$22.4 million as a result of net cash used in financing and investing activities of S\$42.9 million, partially offset by net cash generated from operating activities of S\$20.5 million during 1Q2016. Please refer to the consolidated statement of cash flows for 1Q2016 on page 12 of this announcement for further details.

- (g) Decrease in total interest-bearing borrowings of S\$23.0 million was mainly due to:
- repayment of S\$290 million of outstanding loans under the 2013 Loan Facilities; and
 - debt-related transaction costs of S\$5.4 million incurred on the new Loan Facility I; partially offset by:
 - drawdown of S\$270 million of term loans under the new Loan Facility I;
 - amortisation of debt-related transaction costs of S\$0.5 million in 1Q2016; and
 - write-off of unamortised debt-related transaction costs of S\$1.9 million relating to the 2013 Loan Facilities.

- (h) Increase in trade and other payables of S\$0.8 million was mainly due to:
- increase in payables and accruals for trust and property-related expenses (including AEI costs and other capital expenditure) of S\$2.7 million;
 - partially offset by decrease in property tax payable of S\$1.9 million.

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

	Note	Stapled Group	
		31 Mar 2016 S\$'000	31 Dec 2015 S\$'000
Secured borrowings	(a)		
Amount repayable within one year		-	155,000
Less: Unamortised transaction costs		-	(956)
		-	154,044
Amount repayable after one year		343,000	208,000
Less: Unamortised transaction costs		(5,999)	(1,966)
		337,001	206,034
Total secured borrowings		337,001	360,078
Unsecured borrowings	(b)		
Amount repayable after one year		100,000	100,000
Less: Unamortised transaction costs		(780)	(861)
		99,220	99,139
Total borrowings		436,221	459,217
Current		-	154,044
Non-current		436,221	305,173
		436,221	459,217

Details of borrowings and collateral:

(a) Secured borrowings

- (i) VI-REIT has in place a Singapore dollar senior four-year secured term loan facility and a Singapore dollar senior five-year secured term loan facility, each amounting to S\$140 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\$50 million from the Syndicated Lenders (the "**Revolving Credit Facility**", together with the Term Loan Facilities, the "**Loan Facility I**").

The Loan Facility I bears interest at rates based on the aggregate of SOR plus a margin per annum and is secured by way of the following:

- mortgages over three properties, namely UEBH, VBP and Mauser Singapore (the "**Loan Facility I Mortgaged Properties**");
- a debenture creating first fixed and floating charges on all present and future assets in relation to the Loan Facility I Mortgaged Properties and replacement properties (if any);
- an assignment of the relevant lease agreements, acquisition agreement, services agreement, rental support arrangement, bankers' guarantees and other key agreements in relation to the Loan Facility I Mortgaged Properties;
- an assignment of all tenancy agreements, sale agreements (including sale proceeds and rental proceeds), certain bank accounts and all sums from time to time which VI-REIT is entitled to receive from the Loan Facility I Mortgaged Properties; and
- an assignment of all insurance policies (including insurance proceeds) in relation to the Loan Facility I Mortgaged Properties.

S\$270 million in aggregate of the Term Loan Facilities was drawn down on 11 February 2016 to refinance the outstanding term loans of the same amount under the 2013 Loan Facilities. The Revolving Credit Facility has not been utilised as at 31 March 2016.

- (ii) VI-REIT has in place a Singapore dollar senior five-year secured bilateral term loan facility amounting to S\$73 million (the “**Loan Facility II**”).

The Loan Facility II bears interest at a rate which is based on the aggregate of SOR plus a margin per annum. The Loan Facility II is secured by way of the following:

- a mortgage over 11 Ubi Road 1, and a deed of assignment of the building agreement (together with a mortgage-in-escrow) in relation to HFB (11 Ubi Road 1 and HFB collectively known as the “**Loan Facility II Mortgaged Properties**”);
- a debenture creating fixed and floating charges on all present and future assets in relation to the Loan Facility II Mortgaged Properties;
- an assignment of the relevant lease agreements and acquisition agreements in relation to the Loan Facility II Mortgaged Properties;
- an assignment of the relevant sale agreements (including sale proceeds), insurance policies, tenancy agreements (including tenancy proceeds) and bankers’ guarantees given, in each case, in relation to the Loan Facility II Mortgaged Properties;
- charges over the rental proceeds bank accounts and a sale proceeds bank account in relation to the Loan Facility II Mortgaged Properties; and
- a charge over a fixed deposit of S\$1.0 million.

The entire amount of the Loan Facility II was drawn down on 24 November 2015 to partially fund the acquisition of the Loan Facility II Mortgaged Properties.

VI-REIT has entered into interest rate swaps to fix the interest rates for 93.3% of its outstanding floating rate borrowings as at 31 March 2016.

(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**

	Stapled Group	
	1Q2016	1Q2015
	S\$'000	S\$'000
Cash flows from operating activities		
Total return for the period before income tax	4,260	12,083
Adjustments for:		
Effects of recognising rental income on a straight-line basis over the lease term	(599)	(560)
Finance income	(25)	-
Finance expenses	7,255	3,721
Change in fair value of derivative financial instruments	5,055	(2,270)
Amortisation of intangible assets	825	1,050
REIT Manager's fees payable in Stapled Securities	1,257	1,008
Property Manager's fees payable in Stapled Securities	444	341
Operating income before working capital changes	18,472	15,373
Changes in working capital:		
Trade and other receivables	1,122	1,526
Trade and other payables	935	847
Net cash generated from operating activities	20,529	17,746
Cash flows from investing activities		
Refund of land premium for an investment property	-	56
Capital expenditure incurred	(7,483)	-
Interest received	28	-
Net cash (used in) / generated from investing activities	(7,455)	56
Cash flows from financing activities		
Proceeds from borrowings	270,000	-
Repayment of borrowings	(290,000)	(6,000)
Payment of debt-related transaction costs	(5,413)	(6)
Payment of debt prepayment and cancellation fees	(801)	-
Payment of finance expenses	(4,199)	(4,297)
Distributions paid to Stapled Securityholders	(5,103)	(3,759)
Net cash used in financing activities	(35,516)	(14,062)
Net (decrease)/increase in cash and cash equivalents	(22,442)	3,740
Cash and cash equivalents at beginning of the period	47,884	4,957
Cash and cash equivalents at end of the period	25,442	8,697

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

	Stapled Group	
	1Q2016 S\$'000	1Q2015 S\$'000
Balance at beginning of the period	701,620	471,486
Operations		
Total return for the period after income tax	3,684	11,456
Net increase in net assets resulting from operations	3,684	11,456
Stapled Securityholders' transactions		
Stapled Securities issued and issuable:		
- As payment of REIT Manager's fees	1,257	1,008
- As payment of Property Manager's fees	444	341
Distribution to Stapled Securityholders	(5,103)	(3,759)
Net decrease in net assets resulting from Stapled Securityholders' transactions	(3,402)	(2,410)
Balance at end of the period	701,902	480,532

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

	Stapled Group	
	1Q2016 Units	1Q2015 Units
Stapled Securities in issue at beginning of the period	860,615,215	620,241,958
New Stapled Securities issued as payment of:		
- REIT Manager's fees	1,949,634	1,207,476
- Property Manager's fees	553,748	434,203
Total issued Stapled Securities	863,118,597	621,883,637
New Stapled Securities issuable as payment of:		
- REIT Manager's fees	1,757,999	1,258,217
- Property Manager's fees	620,755	426,147
Total issued and issuable Stapled Securities at end of the period	865,497,351	623,568,001

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.

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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 2015.

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.

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

	Note	Stapled Group	
		1Q2016	1Q2015
EPS is calculated based on:			
Total return after income tax (S\$'000)		3,684	11,456
Weighted average number of issued and issuable Stapled Securities during the period ('000)		863,145	621,902
Basic and diluted EPS (cents)	(a)	0.427	1.842
DPS is calculated based on:			
Net income available for distribution for the period (S\$'000)	(b)	14,143	11,630
Applicable number of Stapled Securities for calculation of DPS ('000)		863,119	621,884
DPS (cents)	(c)	1.638	1.870

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 1Q2016 without the effects of rental support / rental arrangement would be 1.313 cents (1Q2015: 1.402 cents).

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

	Stapled Group	
	31 Mar 2016	31 Dec 2015
NAV per Stapled Security is calculated based on:		
Net assets (S\$'000)	701,902	701,620
Number of Stapled Securities ('000):		
- issued	863,119	860,615
- issuable	2,378	2,504
	865,497	863,119
NAV per Stapled Security (cents)	81.10	81.29

8 A review of the performance for the quarter ended 31 March 2016

A review of the performance for the quarter ended 31 March 2016 is set out in Section 1(a)(i) – Consolidated Statement of Total Return for 1Q2016 and Section 1(b)(i) – Statement of Financial Position as at 31 March 2016.

9 Where a forecast, or a prospect statement, has been previously disclosed to Stapled Securityholders, any variance between it and the actual results

No forecast or prospect statement for the financial year ending 31 December 2016 has been previously disclosed to Stapled Securityholders.

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 advance estimates from the Ministry of Trade and Industry (“MTI”), the Singapore economy grew by 1.8% on a year-on-year basis in the first quarter of 2016, the same pace of growth as in the previous quarter. Growth was flat on a quarter-on-quarter seasonally-adjusted annualised basis, in contrast to the 6.2% expansion in the preceding quarter¹.

Local manufacturing activity remained in contraction in March 2016 for the ninth straight month, although the performance was better compared with February 2016. The latest Purchasing Managers’ Index (“PMI”) reading released on 4 April 2016 came in at 49.4, a 0.9 point increase from the reading of 48.5 in February 2016. New orders and new export orders improved in March 2016 while factory output, manufacturing employment and input prices did better. Readings for imports, inventory, and stocks of finished goods also continued to record expansion, although the rate of supplier deliveries slowed. The improvement in Singapore’s PMI readings in March 2016 was in line with the spring recovery seen in other global and regional manufacturing PMIs, namely US, Eurozone, China and across Asia².

According to Deutsche Bank’s market research, growth of Singapore REITs remains challenging in the year ahead. Occupancy and rental reversion are the two key issues troubling the sector. Occupancy rates for both retail and industrial REITs have bottomed out in the last two quarters, and are likely to remain stable at current levels³. While occupancy is expected to have stabilized, rental reversions are likely to trend down.

Despite the subdued property market conditions, the REIT Manager has been successful in securing approximately 205,000 square feet of lease renewals and new leases in 1Q2016. Against the backdrop of this challenging market, the REIT Manager will strive to grow the portfolio organically by improving the occupancy of the portfolio with a focus on retaining the existing tenants.

With the successful completion of the acquisition of 30 Pioneer Road on 15 April 2016, VIT’s portfolio now comprises eight properties with a total valuation of close to S\$1.2 billion spanning across approximately 3.57 million square feet of gross floor area. 30 Pioneer Road has been leased back to the vendor for a term of five years commencing from 15 April 2016, with rental escalations of 5.0% in the third and fifth year of the initial lease term, and an option to renew for another five-year term. The REIT Manager will continue to proactively look for good quality assets and pursue investment opportunities that will deliver stable distribution and maximize returns to Stapled Securityholders.

AEI at VBP

The AEI works for 750A have obtained TOP in January 2016 with anchor tenant, Decathlon, commencing its operations in the same month. The AEI works for 750 have been completed and are pending issuance of TOP. The remaining AEI works pertaining to 750B have commenced and are expected to be completed by end of 3Q2016. With the progressive completion of the AEI works, VBP is expected to progressively contribute additional income to VIT. The REIT Manager will continue to work towards securing tenants for the remaining “White” and business park space to boost the occupancy of VBP.

¹ “Singapore’s GDP Grew by 1.8 Per Cent in the First Quarter of 2016”, Ministry of Trade and Industry Singapore, Press Release, 14 April 2016

² “Singapore’s manufacturing activity improves in March”, Channel News Asia, 4 April 2016

³ “1Q16 results preview – look out for hints of inorganic growth”, Singapore REITs, Deutsche Bank Market Research, 5 April 2016

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11 Distributions

11(a) Current financial period

Any distribution declared for the current period?

Yes.

Name of distribution: Distribution for the period from 1 January 2016 to 31 March 2016

Distribution type: Taxable income / Tax-exempt income

Distribution rate: 1.638 cents per Stapled Security comprising:
(a) taxable income - 1.313 cents
(b) tax-exempt income - 0.325 cents

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

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

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

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

Yes.

Name of distribution: Distribution for the period from 1 January 2015 to 31 March 2015

Distribution type: Taxable income / Tax-exempt income

Distribution rate: 1.870 cents per Stapled Security comprising:
(a) taxable income - 1.417 cents
(b) tax-exempt income - 0.453 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(c) **Books closure date:** 9 May 2016

11(d) **Date Payable:** 31 May 2016

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.

14 **Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)**

The Managers confirm that they have procured undertakings from all their directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

15 **Utilisation of proceeds from the Preferential Offering**

With reference to the Managers' announcements dated 23 December 2015, 28 December 2015, 7 January 2016, 14 January 2016, 11 February 2016, 5 April 2016 and 15 April 2016 (collectively, the "Use of Proceeds Announcements"), the gross proceeds of S\$72.3 million raised from the preferential offering completed on 17 December 2015 (the "Preferential Offering") have been fully utilised as shown below:

	S\$'000
Gross proceeds raised	72,266
Utilisation of gross proceeds:	
- Partially fund the acquisition of 11 Ubi Road 1	(15,000)
- Repayment of Revolving Credit Facility ("RCF") under the 2013 Loan Facilities previously drawn down to partially fund the acquisition of HFB and 11 Ubi Road 1	(10,000)
- Acquisition fee paid to the REIT Manager	(1,227)
- Partially fund the AEI costs at VBP comprising the costs of the addition and alteration works	(7,000)
- Professional fees	(809)
- Repayment of RCF under the 2013 Loan Facilities	(25,000)
- Upfront debt costs for the new Loan Facility I entered into on 1 February 2016	(5,123)
- Partially fund the acquisition of 30 Pioneer Road	(8,107)
Unutilised proceeds as at the date of this announcement	-

Such use of proceeds is in accordance with the intended use and is materially in accordance with the allocated percentage of the proceeds of the Preferential Offering as originally stated and further updated by the Managers in the various Use of Proceeds Announcements.

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16 Segment revenue and results

	Stapled Group									
	1Q2016					1Q2015				
	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	13,363	2,350	479	5,720	21,912	12,491	2,370	479	2,744	18,084
Property expenses	(5,128)	(84)	(11)	(891)	(6,114)	(4,980)	(88)	(13)	(589)	(5,670)
Net property income	8,235	2,266	468	4,829	15,798	7,511	2,282	466	2,155	12,414
Rental support / rental arrangement	3,049	22	-	344	3,415	2,903	(7)	-	704	3,600
Reportable segment results	11,284	2,288	468	5,173	19,213	10,414	2,275	466	2,859	16,014
Unallocated items:										
- REIT Manager's fees					(1,432)					(1,180)
- REIT Trustee's fees					(45)					(45)
- Amortisation of intangible assets					(825)					(1,050)
- Other trust expenses					(366)					(205)
- Finance income					25					-
- Finance expenses					(7,255)					(3,721)
Net income					9,315					9,813
Change in fair value of derivative financial instruments					(5,055)					2,270
Total return for the period before income tax					4,260					12,083
Income tax expense					(576)					(627)
Total return for the period after income tax					3,684					11,456

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17 Confirmation pursuant to Rule 705(5) of the Listing Manual

Pursuant to Rule 705(5) of the Listing Manual, we, on behalf of the directors of the Managers, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Managers which may render the unaudited financial results of the Stapled Group for the quarter ended 31 March 2016 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

28 April 2016

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, Perpetual (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.