



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.

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INTRODUCTION

Viva Industrial Trust (“**VIT**”) is a stapled group (the “**Stapled Group**”) comprising Viva Industrial Real Estate Investment Trust (“**VI-REIT**”) and 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 December 2016, VI-REIT has a diversified portfolio of eight 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);
- two logistics properties, namely Mauser Singapore and 30 Pioneer Road; and
- four light industrial properties, namely Jackson Square (“**JS**”), Jackson Design Hub (“**JDH**”), Home-Fix Building (“**HFB**”) and 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 December 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					
	4Q2016 S\$'000	4Q2015 S\$'000	Variance %	FY2016 S\$'000	FY2015 S\$'000	Variance %
Gross revenue	25,568	19,702	29.8%	95,119	73,989	28.6%
Net property income	18,078	13,725	31.7%	68,478	50,838	34.7%
Distributable income ^(a)	15,935	12,463	27.9%	60,938	47,478	28.3%
Distribution per Stapled Security ^(b) (cents)	1.760	1.634	7.7%	6.958 ^(c)	7.000	-0.6%

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 (“DPS”).
- (b) Please refer to section 6 on page 20 of this announcement for the calculation of DPS.
- (c) Notwithstanding that the distributable income for FY2016 was higher than that of FY2015, the DPS for FY2016 was lower than that of FY2015 as a result of an enlarged share base arising from the completion of the following equity fund raising exercises:
- 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; and (ii) the asset enhancement initiative (“AEI”) at VBP, which increased the number of issued Stapled Securities by approximately 233.4 million units or 37.4%; and
 - a private placement in November 2016 to partially fund the acquisition of a logistics property located at 6 Chin Bee Avenue, Singapore 619930 (“6 Chin Bee Avenue”), which further increased the number of issued Stapled Securities by approximately 60.8 million units or 7.0%.

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 was completed on 15 April 2016 and it has since started contributing additional income to VIT.

The AEI works for 750A and 750 VBP obtained Temporary Occupation Permit (“TOP”) in January 2016 and May 2016, respectively and thereafter, started contributing additional income to VIT. Part of the AEI works pertaining to 750B VBP obtained TOP in November 2016 and the remaining AEI works are expected to obtain TOP in February 2017. With the progressive completion of the AEI works, VBP is expected to continue to progressively contribute additional income to VIT.

The acquisition of 6 Chin Bee Avenue has been completed on 16 January 2017 and it has since started contributing 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 December 2016 ("4Q2016")

	Note	4Q2016			4Q2015			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)	25,568	25,568	-	19,702	19,702	-	29.8	29.8	-
Property expenses	(b)	(7,490)	(7,490)	-	(5,977)	(5,977)	-	25.3	25.3	-
Net property income		18,078	18,078	-	13,725	13,725	-	31.7	31.7	-
Rental support / rental arrangement	(a)	3,023	3,023	-	3,150	3,150	-	(4.0)	(4.0)	-
REIT Manager's fees	(c)	(1,610)	(1,610)	-	(1,546)	(1,546)	-	4.1	4.1	-
REIT Trustee's fees		(45)	(45)	-	(45)	(45)	-	-	-	-
Amortisation of intangible assets	(d)	(825)	(825)	-	(908)	(908)	-	(9.1)	(9.1)	-
Other trust expenses	(e)	(307)	(305)	(2)	(198)	(196)	(2)	55.1	55.6	-
Finance income		18	18	-	11	11	-	63.6	63.6	-
Finance expenses	(f)	(4,770)	(4,770)	-	(4,252)	(4,252)	-	12.2	12.2	-
Net income		13,562	13,564	(2)	9,937	9,939	(2)	36.5	36.5	-
Change in fair value of investment properties	(g)	450	450	-	14,741	14,741	-	(96.9)	(96.9)	-
Change in fair value of derivative financial instruments	(h)	2,652	2,652	-	244	244	-	986.9	986.9	-
Total return before income tax		16,664	16,666	(2)	24,922	24,924	(2)	(33.1)	(33.1)	-
Income tax expense	(i)	(509)	(509)	-	(523)	(523)	-	(2.7)	(2.7)	-
Total return after income tax		16,155	16,157	(2)	24,399	24,401	(2)	(33.8)	(33.8)	-

n.m. – not meaningful

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Notes:

- (a) The breakdown of gross revenue and rental differential derived from each property in 4Q2016, and the occupancy rate and weighted average lease expiry (“WALE”) of each property as at 31 December 2016 are as follows:

	Stapled Group					
	4Q2016				4Q2015	
	Gross Revenue S\$'000	Rental differential S\$'000	Occupancy rate %	WALE ⁽¹⁾ Years	Gross revenue S\$'000	Rental differential S\$'000
VBP	9,861	-	78	2.1	7,039	-
UEBH - Business Park Component	6,223	2,462	90	3.5	5,892	2,623
UEBH - Hotel Component	2,252	118	99	1.9	2,342	19
Mauser Singapore	480	-	100	2.4	479	-
JS	2,457	443	91	1.4	2,392	508
JDH	556	-	100	7.9	489	-
HFB	802	-	100	8.9	329	-
11 Ubi Road 1	1,803	-	100	8.9	740	-
30 Pioneer Road	1,134	-	100	4.3	-	-
	25,568	3,023			19,702	3,150

Note:

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

Gross revenue of S\$25.6 million for 4Q2016 was S\$5.9 million or 29.8% higher than that of 4Q2015 mainly due to:

- additional rental contribution of S\$1.6 million from HFB and 11 Ubi Road 1, which were acquired by VI-REIT on 24 November 2015;
- additional rental contribution of S\$1.1 million from 30 Pioneer Road, which was acquired by VI-REIT on 15 April 2016;
- higher rental and other income contribution of S\$2.8 million from VBP, which arose mainly from its retail units at 750 and 750A, and its contestable electricity bulk purchase program; and
- higher rental and other income contributions of S\$0.4 million from UEBH, JS and JDH.

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

- (i) the UEBH rental arrangement, pursuant to which the vendor of UEBH agreed to pay VI-REIT for the rental differential (where the actual net rental income derived from UEBH (excluding the Hotel Leased Premises) is less than an agreed amount of S\$26 million per annum for each of the first two years, with a step-up of 5% in each of the third and fifth year) for a duration of five years from the Listing Date;

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- (ii) 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 had been fully utilised by VI-REIT in 3Q2015; and
- (iii) the JS rental support arrangement, pursuant to which the vendor of JS agreed to pay VI-REIT for the rental differential where the actual aggregate gross rental income derived from JS is less than S\$58 million over the period of five years commencing from the date of acquisition of JS on 21 November 2014.

Income from rental support / rental arrangement of S\$3.0 million for 4Q2016 was S\$0.1 million or 4.0% lower than that of 4Q2015 mainly due to lower rental top-up under the JS rental support arrangement by S\$0.1 million as a result of higher gross revenue.

- (b) Property expenses of S\$7.5 million for 4Q2016 was S\$1.5 million or 25.3% higher than that of 4Q2015 mainly due to:
 - additional property expenses of S\$0.2 million pertaining to 11 Ubi Road 1, which was acquired on 24 November 2015; and
 - higher property expenses of S\$1.3 million pertaining to VBP.
- (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) and the REIT Manager's performance fee ("**Performance Fee**"), which is calculated based on 25% per annum of the difference in the Distribution per Stapled Security ("**DPS**") of VIT in a financial year compared to the DPS of VIT in the preceding financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Stapled Securities in issue for such financial year.

The REIT Manager's fees of S\$1.6 million for 4Q2016 were S\$0.1 million or 4.1% higher than that of 4Q2015 mainly due to:

- additional Base Fee of S\$0.4 million due to the increase in distributable income of VI-REIT as a result of (i) additional income contributions from HFB and 11 Ubi Road 1, which were acquired in November 2015; (ii) additional income contribution from 30 Pioneer Road, which was acquired in April 2016; and (iii) higher income contribution from VBP;
 - partially offset by the absence of Performance Fee in 4Q2016 as compared to S\$0.3 million of Performance Fee in 4Q2015.
- (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 had been fully amortised in November 2015 and as a result, the amortisation charge for 4Q2016 was lower than that of 4Q2015 by S\$0.1 million or 9.1%.
 - (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\$0.3 million for 4Q2016 were S\$0.1 million or 55.1% higher than that of 4Q2015 mainly due to higher professional fees incurred.

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- (f) Finance expenses generally include interest expense, loan commitment fees and amortisation of debt-related transaction costs. Finance expenses of S\$4.8 million for 4Q2016 were S\$0.5 million or 12.2% higher than that of 4Q2015 mainly due to:
- additional interest expense of S\$0.3 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; and
 - additional interest expense of S\$0.2 million incurred on the revolving credit facility drawn down to partially fund the acquisition of 30 Pioneer Road and the AEI works at VBP.

- (g) This relates to unrealised fair value gain arising from the revaluation of the investment properties as at 31 December 2016, the details of which are as shown below:

	S\$'000
Carrying value of investment properties as at 1 October 2016	1,193,251
Capital expenditure incurred	5,999
	1,199,250
Change in fair value of investment properties recognised in the consolidated statement of total return	450
Fair value of investment properties as at 31 December 2016	1,199,700

- (h) This relates to the change in fair value of interest rate swaps entered into to fix the interest rates for a substantial portion of the Stapled Group's floating rate borrowings. In accordance with Singapore Financial Reporting Standard ("FRS") 39 – *Financial Instruments*, the change in fair value of interest rate swaps is recognised in the consolidated statement of total return.

The fair value gain on interest rate swaps of S\$2.7 million in 4Q2016 was mainly due to the increase in the Singapore dollar Swap Offer Rate ("**SOR**") in 4Q2016.

- (i) As the rental income support received/receivable under the UEBH rental arrangement and the JS rental support arrangement is not accorded the tax transparency treatment by the Inland Revenue Authority of Singapore ("**IRAS**"), the Stapled Group has recognised income tax expense in respect of such rental income support. Together with VI-REIT's tax advisers, the REIT Manager will continue to engage with the IRAS to seek its approval for tax transparency treatment to be accorded to the rental income support received/receivable under the UEBH rental arrangement and the JS rental support arrangement. Further announcements will be made on the SGXNET when there are further developments on this matter.

Income tax expense of S\$0.5 million for 4Q2016 was S\$14,000 or 2.7% lower than that of 4Q2015 mainly due to lower rental top-up under the JS rental support arrangement in 4Q2016.

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1(a)(ii) Distribution Statement

Note	4Q2016		4Q2015		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	16,155	16,157	24,399	24,401	(33.8)	(33.8)
Net tax adjustments (Note A)	(222)	(222)	(11,938)	(11,938)	(98.1)	(98.1)
Net income available for distribution for the period	15,933	15,935	12,461	12,463	27.9	27.9
Distribution per Stapled Security (cents):						
For the period		1.760		1.634		7.7
Annualised		7.002		6.483		8.0

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

Note A

	4Q2016		4Q2015		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	1,436	1,436	1,374	1,374	4.5	4.5
Property Manager's fees payable in Stapled Securities	595	595	390	390	52.6	52.6
REIT Trustee's fees	45	45	45	45	-	-
Adjustment for recognising rental income on a straight-line basis over the lease term	(522)	(522)	(237)	(237)	120.3	120.3
Amortisation of intangible assets	825	825	908	908	(9.1)	(9.1)
Amortisation of debt-related transaction costs	432	432	540	540	(20.0)	(20.0)
Change in fair value of investment properties	(450)	(450)	(14,741)	(14,741)	(96.9)	(96.9)
Change in fair value of derivative financial instruments	(2,652)	(2,652)	(244)	(244)	986.9	986.9
Other non-taxable items	69	69	27	27	155.6	155.6
Net tax adjustments	(222)	(222)	(11,938)	(11,938)	(98.1)	(98.1)

n.m. – not meaningful

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1(a)(iii) Consolidated Statement of Total Return for the financial year ended 31 December 2016
("FY2016")

	Note	FY2016			FY2015			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)	95,119	95,119	-	73,989	73,989	-	28.6	28.6	-
Property expenses	(b)	(26,641)	(26,641)	-	(23,151)	(23,151)	-	15.1	15.1	-
Net property income		68,478	68,478	-	50,838	50,838	-	34.7	34.7	-
Rental support / rental arrangement	(a)	12,719	12,719	-	13,540	13,540	-	(6.1)	(6.1)	-
REIT Manager's fees	(c)	(6,163)	(6,163)	-	(5,099)	(5,099)	-	20.9	20.9	-
REIT Trustee's fees		(183)	(183)	-	(180)	(180)	-	1.7	1.7	-
Amortisation of intangible assets	(d)	(3,300)	(3,300)	-	(4,057)	(4,057)	-	(18.7)	(18.7)	-
Other trust expenses	(e)	(1,077)	(1,071)	(6)	(845)	(838)	(7)	27.5	27.8	(14.3)
Finance income		55	55	-	15	15	-	266.7	266.7	-
Finance expenses	(f)	(21,669)	(21,669)	-	(15,604)	(15,604)	-	38.9	38.9	-
Net income		48,860	48,866	(6)	38,608	38,615	(7)	26.6	26.5	(14.3)
Change in fair value of investment properties	(g)	172	172	-	61,123	61,123	-	(99.7)	(99.7)	-
Change in fair value of derivative financial instruments	(h)	(4,092)	(4,092)	-	2,636	2,636	-	n.m.	n.m.	-
Total return before income tax		44,940	44,946	(6)	102,367	102,374	(7)	(56.1)	(56.1)	(14.3)
Income tax expense	(i)	(2,145)	(2,145)	-	(2,227)	(2,227)	-	(3.7)	(3.7)	-
Total return after income tax		42,795	42,801	(6)	100,140	100,147	(7)	(57.3)	(57.3)	(14.3)

n.m. – not meaningful

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Notes:

- (a) The breakdown of gross revenue and rental differential derived from each property in FY2016 are as follows:

	Stapled Group			
	FY2016		FY2015	
	Gross revenue S\$'000	Rental differential S\$'000	Gross revenue S\$'000	Rental differential S\$'000
VBP	34,241	-	26,948	510
UEBH - Business Park Component	23,848	10,875	23,531	10,382
UEBH - Hotel Component	9,201	280	9,439	3
Mauser Singapore	1,916	-	1,916	-
JS	10,036	1,564	8,955	2,645
JDH	2,230	-	2,131	-
HFB	3,210	-	329	-
11 Ubi Road 1	7,212	-	740	-
30 Pioneer Road	3,225	-	-	-
	95,119	12,719	73,989	13,540

Gross revenue of S\$95.1 million for FY2016 was S\$21.1 million or 28.6% higher than that of FY2015 mainly due to:

- additional rental contributions of S\$9.3 million from HFB and 11 Ubi Road 1, which were acquired by VI-REIT on 24 November 2015;
- additional rental contribution of S\$3.2 million from 30 Pioneer Road, which was acquired by VI-REIT on 15 April 2016;
- higher rental and other income contribution of S\$7.3 million from VBP, which arose mainly from its retail units at 750 and 750A, and its contestable electricity bulk purchase program;
- higher rental contribution of S\$1.1 million from JS; and
- higher rental and other income contributions of S\$0.2 million from UEBH and JDH.

Income from rental support / rental arrangement of S\$12.7 million for FY2016 was S\$0.8 million or 6.1% lower than that of FY2015 mainly due to:

- lower rental top-up under the JS rental support arrangement by S\$1.1 million as a result of higher gross revenue; and
- the absence of rental top-up under the VBP rental support arrangement of S\$0.5 million due to the expiry of the VBP rental support arrangement as the aggregate rental support capped at S\$2.3 million was fully utilised by VI-REIT in 3Q2015;
- partially offset by higher rental top-up under the UEBH rental arrangement of S\$0.8 million mainly due to the step-up of 5% on the agreed amount of S\$26 million per annum (as described in note (a)(i) on page 4 of this announcement) with effect from November 2015.

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- (b) Property expenses of S\$26.6 million for FY2016 was S\$3.5 million or 15.1% higher than that of FY2015 mainly due to:
- additional property expenses of S\$1.1 million pertaining to 11 Ubi Road 1, which was acquired on 24 November 2015;
 - additional property expenses of S\$0.1 million pertaining to 30 Pioneer Road, which was acquired on 15 April 2016; and
 - higher property expenses of S\$2.4 million pertaining to VBP;
 - partially offset by lower property expenses of S\$0.1 million pertaining to UEBH.
- (c) The REIT Manager's fees of S\$6.2 million for FY2016 were S\$1.1 million or 20.9% higher than that of FY2015 mainly due to:
- additional Base Fee of S\$1.4 million due to the increase in distributable income of VI-REIT as a result of (i) additional income contributions from HFB and 11 Ubi Road 1, which were acquired in November 2015; (ii) additional income contribution from 30 Pioneer Road, which was acquired in April 2016; and (iii) higher income contribution from VBP;
 - partially offset by the absence of Performance Fee in FY2016 as compared to S\$0.3 million of Performance Fee in FY2015.
- (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) 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 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 had been fully amortised in November 2015 and as a result, the amortisation charge for FY2016 was lower than that of FY2015 by S\$0.8 million or 18.7%.
- (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\$1.1 million for FY2016 were S\$0.2 million or 27.5% higher than that of FY2015 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\$21.7 million for FY2016 were S\$6.1 million or 38.9% higher than that of FY2015 mainly due to:
- additional interest expense of S\$2.4 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;
 - additional interest expense of S\$1.0 million incurred on the revolving credit facility drawn down to partially fund the acquisition of 30 Pioneer Road and the AEI works at VBP;
 - 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 were 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.
- (g) This relates to unrealised fair value gain arising from the revaluation of the investment properties as at 31 December 2016. Please refer to note (a) on page 14 of this announcement for further details.

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- (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. The fair value loss on interest rate swaps of S\$4.1 million in FY2016 was mainly due to the significant decrease in the Singapore dollar SOR in FY2016.

- (i) Income tax expense of S\$2.1 million for FY2016 was S\$0.1 million or 3.7% lower than that of FY2015 mainly due to lower rental top-up received/receivable in FY2016.

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1(a) (iv) Distribution Statement

Note	FY2016		FY2015		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	42,795	42,801	100,140	100,147	(57.3)	(57.3)
Net tax adjustments (Note A)	18,137	18,137	(52,669)	(52,669)	n.m.	n.m.
Net income available for distribution for the year	60,932	60,938	47,471	47,478	28.4	28.3
Distribution per Stapled Security (cents):						
For the period		6.958		7.000		(0.6)
Annualised		6.958		7.000		(0.6)

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

Note A

	FY2016		FY2015		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 paid/payable in Stapled Securities	5,467	5,467	4,412	4,412	23.9	23.9
Property Manager's fees paid/payable in Stapled Securities	2,056	2,056	1,430	1,430	43.8	43.8
REIT Trustee's fees	183	183	180	180	1.7	1.7
Adjustment for recognising rental income on a straight-line basis over the lease term	(1,626)	(1,626)	(1,243)	(1,243)	30.8	30.8
Amortisation of intangible assets	3,300	3,300	4,057	4,057	(18.7)	(18.7)
Amortisation of debt-related transaction costs	1,821	1,821	2,107	2,107	(13.6)	(13.6)
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 investment properties	(172)	(172)	(61,123)	(61,123)	(99.7)	(99.7)
Change in fair value of derivative financial instruments	4,092	4,092	(2,636)	(2,636)	n.m.	n.m.
Other non-taxable items	325	325	147	147	121.1	121.1
Net tax adjustments	18,137	18,137	(52,669)	(52,669)	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 December 2016

Note	31 Dec 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) 1,199,700	1,199,700	-	1,123,200	1,123,200	-
Intangible assets	(b) 6,078	6,078	-	9,378	9,378	-
	1,205,778	1,205,778	-	1,132,578	1,132,578	-
Current assets						
Trade and other receivables	(c) 17,666	17,666	-	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) 29,462	29,428	34	47,884	47,848	36
	48,128	48,094	34	65,744	65,708	36
Total assets	1,253,906	1,253,872	34	1,198,322	1,198,286	36
Non-current liabilities						
Trade and other payables	(g) 7,986	7,986	-	8,444	8,444	-
Interest-bearing borrowings	(h) 461,509	461,509	-	305,173	305,173	-
Derivative financial instruments	(d) 1,778	1,778	-	-	-	-
	471,273	471,273	-	313,617	313,617	-
Current liabilities						
Trade and other payables	(g) 39,306	39,300	6	26,806	26,801	5
Interest-bearing borrowings	(h) -	-	-	154,044	154,044	-
Income tax payable	4,380	4,380	-	2,235	2,235	-
	43,686	43,680	6	183,085	183,080	5
Total liabilities	514,959	514,953	6	496,702	496,697	5
Net assets	738,947	738,919	28	701,620	701,589	31
Represented by:						
Stapled Securityholders' funds	738,947	738,919	28	701,620	701,589	31

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Notes:

- (a) Increase in investment properties of S\$76.5 million was mainly due to the acquisition of 30 Pioneer Road and the costs of the AEI works and other capital expenditure at VBP incurred during FY2016.

Movements in the carrying value of investment properties during FY2016 are as shown below:

	S\$'000
Carrying value of investment properties as at 1 January 2016	1,123,200
Acquisition of an investment property	51,652
Payment of stamp duty for an investment property	156
Acquisition related costs	583
Costs incurred for the AEI works at VBP	17,292
Other capital expenditure incurred	6,645
	1,199,528
Change in fair value of investment properties recognised in the consolidated statement of total return	172
Carrying value of investment properties as at 31 December 2016	1,199,700

- (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\$3.3 million due to amortisation charge for FY2016.

- (c) Increase in trade and other receivables of S\$3.1 million was mainly due to:
- increase in receivables of S\$1.6 million due to the recognition of rental income on a straight-line basis over the lease term of the respective leases;
 - increase in deferred property tax of S\$1.4 million as a result of higher property tax assessments at VBP and UEBH;
 - S\$0.6 million of property tax recoverable from the lessee of 30 Pioneer Road, which was acquired in April 2016;
 - deferred marketing commission of S\$1.5 million incurred in FY2016;
 - increase in deposits receivable of S\$0.3 million; and
 - increase in accrued income of S\$0.3 million; partially offset by
 - decrease in trade receivables of S\$1.4 million;
 - deferred marketing commission of S\$0.7 million charged to the statement of total return in FY2016; and
 - absence of net GST receivable, which amounted to S\$0.5 million as at 31 December 2015.
- (d) This represents the 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.

During FY2016, the Stapled Group refinanced the 2013 Loan Facilities, which were due 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 16 of this announcement for further details.

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Under the interest rate swaps, the Stapled Group pays interest at fixed rates and receives interest at floating rates based on the Singapore dollar SOR. Due to the significant decrease in the Singapore dollar SOR in FY2016, 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 December 2016.

- (e) Pledged deposits represent bank balances that are pledged as security for Loan Facility II as disclosed on page 17 of this announcement.
- (f) Cash and cash equivalents decreased by S\$18.4 million as a result of net cash used in investing activities of S\$76.3 million and net cash used in financing activities of S\$31.4 million, partially offset by net cash generated from operating activities of S\$89.3 million. Please refer to the consolidated statement of cash flows for FY2016 on page 18 of this announcement for further details.
- (g) Non-current trade and other payables comprise security deposits received from tenants. Increase in total trade and other payables of S\$12.0 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\$13.2 million;
 - increase in property tax payable of S\$1.6 million;
 - increase in interest payable of S\$0.9 million;
 - net GST payable of S\$0.8 million as at 31 December 2016 as compared to net GST receivable as at 31 December 2015; and
 - increase in retention sum payable of S\$0.2 million; partially offset by:
 - decrease in rental received in advance from tenants of S\$0.5 million; and
 - decrease in security deposits received from tenants of S\$4.2 million.

Certain items in the trade and other payables as at 31 December 2015 have been reclassified from current to non-current to enhance the comparability with the current year's statement of financial position as at 31 December 2016 as follows:

	31 Dec 2015					
	Previously reported			After reclassification		
	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 liabilities						
Trade and other payables	-	-	-	8,444	8,444	-
Current liabilities						
Trade and other payables	27,103	27,098	5	26,806	26,801	5

- (h) Increase in total interest-bearing borrowings of S\$2.3 million was mainly due to:
- drawdown of S\$294 million of term loans and revolving credit facility under the new Loan Facility I;
 - amortisation of debt-related transaction costs of S\$1.8 million in FY2016; and
 - write-off of unamortised debt-related transaction costs of S\$1.9 million relating to the 2013 Loan Facilities; partially offset by:
 - 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.

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1(b)(ii) Aggregate amount of borrowings

	Note	Stapled Group	
		31 Dec 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		367,000	208,000
Less: Unamortised transaction costs		(4,946)	(1,966)
		362,054	206,034
Total secured borrowings		362,054	360,078
Unsecured borrowings	(b)		
Amount repayable after one year		100,000	100,000
Less: Unamortised transaction costs		(545)	(861)
		99,455	99,139
Total borrowings		461,509	459,217
Current		-	154,044
Non-current		461,509	305,173
		461,509	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.

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S\$280 million in aggregate of the Term Loan Facilities have been drawn down as at 31 December 2016, of which S\$270 million was used to refinance the outstanding term loans of the same amount under the 2013 Loan Facilities and the remaining S\$10 million was used to partially fund the AEI works at VBP. S\$14 million of the Revolving Credit Facility has been utilised as at 31 December 2016 to partially fund the acquisition of 30 Pioneer Road, the AEI works at VBP, as well as for general working capital purposes.

- (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.

- (iii) VI-REIT has in place a Singapore dollar senior five-year secured bilateral term loan facility amounting to S\$22 million (the “**Loan Facility III**”).

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

- a mortgage over 30 Pioneer Road (the “**Loan Facility III Mortgaged Property**”); and
- an assignment and charge of all of VI-REIT’s rights, benefits, title and interest in, under and arising out of the tenancy agreements, the bank guarantees, the rental proceeds and the tenancy account, in each case, in relation to the Loan Facility III Mortgaged Property.

As at 31 December 2016, the Loan Facility III has not been drawn down. It was subsequently drawn down in January 2017 to partially fund the acquisition of 6 Chin Bee Avenue.

VI-REIT has entered into interest rate swaps to fix the interest rates for 87.2% of its outstanding floating rate borrowings as at 31 December 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			
	4Q2016	4Q2015	FY2016	FY2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Total return for the period/year before income tax	16,664	24,922	44,940	102,367
Adjustments for:				
Effects of recognising rental income on a straight-line basis over the lease term	(522)	(237)	(1,626)	(1,243)
Finance income	(18)	(11)	(55)	(15)
Finance expenses	4,770	4,252	21,669	15,604
Change in fair value of investment properties	(450)	(14,741)	(172)	(61,123)
Change in fair value of derivative financial instruments	(2,652)	(244)	4,092	(2,636)
Amortisation of intangible assets	825	908	3,300	4,057
REIT Manager's fees paid/payable in Stapled Securities	1,436	1,374	5,467	4,412
Property Manager's fees paid/payable in Stapled Securities	595	390	2,056	1,430
Operating income before working capital changes	20,648	16,613	79,671	62,853
Changes in working capital:				
Trade and other receivables	(7,261)	(7,181)	(1,494)	(1,880)
Trade and other payables	10,686	13,145	11,118	12,881
Cash generated from operations	24,073	22,577	89,295	73,854
Income taxes paid	-	-	-	(1,791)
Net cash generated from operating activities	24,073	22,577	89,295	72,063
Cash flows from investing activities				
Acquisition of an investment property	-	(137,715)	(52,235)	(137,715)
Refund of land premium for an investment property	-	-	-	56
Payment of differential premium and stamp duty for an investment property	-	-	(156)	(58,375)
Capital expenditure incurred	(5,999)	(8,375)	(23,937)	(13,343)
Deposit pledged	-	(1,000)	-	(1,000)
Interest received	29	1	62	5
Net cash used in investing activities	(5,970)	(147,089)	(76,266)	(210,372)
Cash flows from financing activities				
Proceeds from issuance of new Stapled Securities	45,000	110,000	45,000	173,072
Payment of issue expenses	(1,571)	(892)	(1,571)	(2,791)
Proceeds from borrowings	-	79,000	294,000	73,000
Repayment of borrowings	(21,000)	-	(290,000)	(1,000)
Payment of debt-related transaction costs	-	(902)	(5,419)	(917)
Payment of debt prepayment and cancellation fees	-	-	(801)	-
Payment of finance expenses	(3,298)	(3,123)	(16,240)	(13,999)
Distributions paid to Stapled Securityholders	(22,032)	(18,986)	(56,420)	(46,129)
Net cash (used in) / generated from financing activities	(2,901)	165,097	(31,451)	181,236
Net increase / (decrease) in cash and cash equivalents	15,202	40,585	(18,422)	42,927
Cash and cash equivalents at beginning of the period/year	14,260	7,299	47,884	4,957
Cash and cash equivalents at end of the period/year	29,462	47,884	29,462	47,884

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

	Stapled Group			
	4Q2016 S\$'000	4Q2015 S\$'000	FY2016 S\$'000	FY2015 S\$'000
Balance at beginning of the period/year	699,364	585,335	701,620	471,486
Operations				
Total return for the period/year after income tax	16,155	24,399	42,795	100,140
Net increase in net assets resulting from operations	16,155	24,399	42,795	100,140
Stapled Securityholders' transactions				
Issuance of new Stapled Securities pursuant to:				
- Private placement	45,000	37,734	45,000	100,806
- Preferential offering	-	72,266	-	72,266
Issue expenses	(1,571)	(892)	(1,571)	(2,791)
Stapled Securities issued and issuable:				
- As payment of REIT Manager's fees	1,436	1,374	5,467	4,412
- As payment of Property Manager's fees	595	390	2,056	1,430
Distribution to Stapled Securityholders	(22,032)	(18,986)	(56,420)	(46,129)
Net increase / (decrease) in net assets resulting from Stapled Securityholders' transactions	23,428	91,886	(5,468)	129,994
Balance at end of the period/year	738,947	701,620	738,947	701,620

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

	Note	Stapled Group			
		4Q2016 Units	4Q2015 Units	FY2016 Units	FY2015 Units
Stapled Securities in issue at beginning of the period/year		868,112,158	705,632,449	860,615,215	620,241,958
Issuance of new Stapled Securities pursuant to:					
- Private placement	(a)	60,811,000	52,047,200	60,811,000	132,394,300
- Preferential offering	(b)	-	101,071,000	-	101,071,000
New Stapled Securities issued as payment of:					
- REIT Manager's fees		1,810,703	1,377,528	7,437,412	5,129,865
- Property Manager's fees		671,518	487,038	2,541,752	1,778,092
Total issued Stapled Securities		931,405,379	860,615,215	931,405,379	860,615,215
New Stapled Securities issuable as payment of:					
- REIT Manager's fees		1,898,457	1,949,634	1,898,457	1,949,634
- Property Manager's fees		786,548	553,748	786,548	553,748
Total issued and issuable Stapled Securities at end of the period/year		934,090,384	863,118,597	934,090,384	863,118,597

Notes:

(a) Pursuant to a private placement completed in FY2016, 60.8 million new Stapled Securities were issued on 7 November 2016 for gross proceeds of S\$45.0 million.

Pursuant to two private placements completed in FY2015, 80.3 million new Stapled Securities were issued on 16 June 2015 for gross proceeds of S\$63.1 million, and 52.0 million new Stapled Securities were issued on 27 November 2015 for gross proceeds of S\$37.7 million.

(b) Pursuant to a preferential offering completed in FY2015, 101.1 million new Stapled Securities were issued on 17 December 2015 for gross proceeds of S\$72.3 million.

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 2015.

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- 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/year

	Stapled Group			
Note	4Q2016	4Q2015	FY2016	FY2015
EPS is calculated based on:				
Total return after income tax (S\$'000)	16,155	24,399	42,795	100,140
Weighted average number of issued and issuable Stapled Securities during the period/year ('000)	906,978	765,776	875,990	682,983
Basic and diluted EPS (cents)	(a) 1.781	3.187	4.885	14.662
DPS is calculated based on:				
Net income available for distribution for the period/year (S\$'000)	(b) 15,935	12,463	60,938	47,478
Applicable number of Stapled Securities for calculation of DPS ('000)	905,225	762,865	875,667	678,203
DPS (cents)	(c) 1.760	1.634	6.958	7.000

Notes:

- (a) Diluted EPS is the same as the basic EPS as there were no potential dilutive instruments in issue during the period/year.
- (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 4Q2016 and FY2016 without the effects of rental support / rental arrangement would be 1.487 cents (4Q2015: 1.297 cents) and 5.766 cents (FY2015: 5.357 cents), respectively.

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7 Net asset value (“NAV”) and net tangible assets (“NTA”) per Stapled Security based on the number of issued and issuable Stapled Securities at the end of the year

	Stapled Group	
	31 Dec 2016	31 Dec 2015
NAV / NTA per Stapled Security is calculated based on:		
Net assets (S\$'000)	738,947	701,620
Net tangible assets (S\$'000)	732,869	692,242
Number of Stapled Securities ('000):		
- issued	931,405	860,615
- issuable	2,685	2,504
	934,090	863,119
NAV per Stapled Security (cents)	79.11	81.29
NTA per Stapled Security (cents)	78.46	80.20

8 A review of the performance for the quarter and financial year ended 31 December 2016

A review of the performance for 4Q2016 and FY2016 is set out in Section 1(a) – Consolidated Statement of Total Return and Section 1(b)(i) – Statement of Financial Position as at 31 December 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 ended 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, the Singapore economy grew by 1.8% on a year-on-year basis in 4Q2016, faster than the 1.2% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 9.1%, a reversal from the 1.9% growth in the preceding quarter. The manufacturing sector expanded by 6.5% on a year-on-year basis in 4Q2016, an improvement from the 1.7% growth in the previous quarter. Growth was primarily driven by the electronics and biomedical manufacturing clusters, even as the transport engineering and general manufacturing clusters continued to contract. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector grew by 14.6%, a sharp turnaround from the 8.1% contraction in the preceding quarter¹. The construction sector contracted by 2.8% on a year-on-year basis in the fourth quarter, extending the 0.2% decline in the previous quarter.

Reflecting the modest economic growth conditions, the December 2016 reading² of Singapore Purchasing Managers' Index (“PMI”) recorded a marginal expansion at 51.2, an increase of 0.4 point from the previous month. This is the fourth month of expansion reading for the PMI, and although the increase was marginal, the readings indicate that the decline in the overall manufacturing sector has moderated. However, a slower rate of expansion reading was recorded in imports, finished goods stock, and order backlog.

¹ “Singapore’s GDP Grew by 1.8 Per Cent in Fourth Quarter of 2016”, Ministry of Trade and Industry Singapore, Press Release, 3 January 2017

² PMI Monthly Bulletin by Singapore Institute of Purchasing & Materials Management, December 2016

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According to JTC³, prices and rentals of industrial space continued to fall in tandem with occupancy rates. In 3Q2016, the price and rental indices for the overall industrial property market fell by 1.7% and 2.0% respectively, together with a fall in occupancy rate by 0.3% percentage points. With about 3.0 million sqm of industrial space coming on-stream from 3Q2016 till end of 2017, there is likely to be further downward pressure on occupancy rates, prices and rentals.

The business park market delivered a resilient performance backed by demand from technology companies, banks and trade associations. This led islandwide vacancy rate to register a decline while rents held flat on a q-o-q basis. Looking ahead, the low levels of future supply will help business park rents to continue to hold up well despite downward pressure from the softening office market, and new demand has emerged from firms looking to set up innovation centres and co-working operators. The business park market is expected to put in a steady performance given favourable demand and supply dynamics.

For the industrial sector in general, despite external headwinds buffeting the sector, some respite was observed with demand stemming from third party logistics players, automotive industries and advanced manufacturing firms. However, the tougher operating climate saw some companies, particularly those in the oil & gas sector, opting to shift operations out of Singapore thereby placing upward pressure on vacancy rates especially for older properties. As a result, landlords are under pressure to compete for tenants, exerting downward pressure on rents.

Despite operating in a challenging business environment, the REIT Manager has been successful in renewing leases for about 356,000 sq ft of space, which translates to a lease renewal rate of 90%, while recording positive rental reversion of 5.2% in FY2016. Concurrently, the REIT Manager has secured new leases for about 101,000 sq ft of space in FY2016. This has boosted the portfolio weighted occupancy to 89.8% as at end of 4Q2016 as compared to 88.6% in the previous quarter. Moving forward, the REIT Manager will continue to drive organic growth through proactive asset management by improving occupancy of the portfolio.

AEI at VBP

After obtaining TOP for both 750A (Phase 1) and 750 (Phase 2) in the first half of 2016, the overall progress of the remaining AEI works at 750B (Phase 3) remains on track, with partial TOP obtained in November 2016 and the final TOP expected to be obtained in February 2017. The REIT Manager has secured committed leases for approximately 94.9% of the total “white” space at VBP from 23 tenants supporting the three core themes of Sports and Fitness, Food and Beverages and family-oriented amenities. The REIT Manager will continue to focus on the execution and completion of the transformation of VBP, and remain proactive in securing new tenants to drive up VBP’s occupancy as the AEI works progress towards completion.

Acquisition of 6 Chin Bee Avenue

With the successful completion of the acquisition of 6 Chin Bee Avenue on 16 January 2017, VIT’s portfolio now comprises nine properties with a total valuation of approximately S\$1.29 billion spanning across approximately 3.9 million sq ft of gross floor area. 6 Chin Bee Avenue is leased to Sharikat Logistics Pte Ltd, an ISO certified 3PL and total logistics and warehouse space solution provider, under a triple-net master lease for a term of seven years commencing from 16 January 2017 at an initial rent of S\$7.44 million per annum, with rental escalations of 1.5% per annum at the beginning of the third year and for every subsequent year of the initial lease term, and an option to renew for a further term of three years.

The REIT Manager will continue to seek out good quality assets and pursue accretive inorganic growth opportunities that will deliver stable distributions and attractive returns to the Stapled Securityholders.

³ Quarterly Market Report Industrial Properties – Third Quarter 2016, JTC Corporation, October 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 7 November 2016 to 31 December 2016

Distribution type: Taxable income / Tax-exempt income

Distribution rate: 1.032 cents per Stapled Security comprising
(a) Taxable income - 0.867 cents
(b) Tax exempt income - 0.165 cents

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

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

Name of distribution: Distribution for the period from 1 October 2016 to 6 November 2016 (paid on 28 November 2016)

Distribution type: Taxable income / Tax-exempt income

Distribution rate: 0.728 cents per Stapled Security comprising
(a) Taxable income - 0.619 cents
(b) Tax exempt income - 0.109 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 27 November 2015 to 31 December 2015

Distribution type: Taxable income / Tax-exempt income

Distribution rate: 0.593 cents per Stapled Security comprising
(a) Taxable income - 0.463 cents
(b) Tax exempt income - 0.130 cents

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

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

Name of distribution: Distribution for the period from 1 October 2015 to 26 November 2015 (paid on 23 December 2015)

Distribution type: Taxable income / Tax-exempt income

Distribution rate: 1.041 cents per Stapled Security comprising
(c) Taxable income - 0.832 cents
(d) Tax exempt income - 0.209 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: 6 February 2017

11(d) Date Payable: 28 February 2017

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

Not applicable.

13 Certificate pursuant to Paragraph 7.3 of the Property Funds Guidelines

The REIT Manager hereby certifies that in relation to the distribution to the Stapled Securityholders for the period from 7 November 2016 to 31 December 2016 (the “**Distribution**”):

The REIT Manager is satisfied on reasonable grounds that, immediately after making the Distribution, VI-REIT will be able to fulfil, from its deposited property, its liabilities as and when they fall due.

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.

14 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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15 Segment revenue and results

	Stapled Group									
	4Q2016					4Q2015				
	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	16,084	2,252	1,614	5,618	25,568	12,931	2,342	479	3,950	19,702
Property expenses	(6,457)	(87)	(50)	(896)	(7,490)	(5,160)	(88)	(11)	(718)	(5,977)
Net property income	9,627	2,165	1,564	4,722	18,078	7,771	2,254	468	3,232	13,725
Rental support / rental arrangement	2,462	118	-	443	3,023	2,623	19	-	508	3,150
Reportable segment results	12,089	2,283	1,564	5,165	21,101	10,394	2,273	468	3,740	16,875
Unallocated items:										
- REIT Manager's fees					(1,610)					(1,546)
- REIT Trustee's fees					(45)					(45)
- Amortisation of intangible assets					(825)					(908)
- Other trust expenses					(307)					(198)
- Finance income					18					11
- Finance expenses					(4,770)					(4,252)
Net income					13,562					9,937
Change in fair value of investment properties					450					14,741
Change in fair value of derivative financial instruments					2,652					244
Total return for the period before income tax					16,664					24,922
Income tax expense					(509)					(523)
Total return for the period after income tax					16,155					24,399

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	Stapled Group									
	FY2016					FY2015				
	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	58,089	9,201	5,141	22,688	95,119	50,479	9,439	1,916	12,155	73,989
Property expenses	(22,586)	(337)	(148)	(3,570)	(26,641)	(20,262)	(354)	(44)	(2,491)	(23,151)
Net property income	35,503	8,864	4,993	19,118	68,478	30,217	9,085	1,872	9,664	50,838
Rental support / rental arrangement	10,875	280	-	1,564	12,719	10,892	3	-	2,645	13,540
Reportable segment results	46,378	9,144	4,993	20,682	81,197	41,109	9,088	1,872	12,309	64,378
Unallocated items:										
- REIT Manager's fees					(6,163)					(5,099)
- REIT Trustee's fees					(183)					(180)
- Amortisation of intangible assets					(3,300)					(4,057)
- Other trust expenses					(1,077)					(845)
- Finance income					55					15
- Finance expenses					(21,669)					(15,604)
Net income					48,860					38,608
Change in fair value of investment properties					172					61,123
Change in fair value of derivative financial instruments					(4,092)					2,636
Total return for the year before income tax					44,940					102,367
Income tax expense					(2,145)					(2,227)
Total return for the year after income tax					42,795					100,140

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16 Breakdown of revenue

	Stapled Group		
	FY2016 S\$'000	FY2015 S\$'000	Inc / (Dec) %
Gross revenue reported for first half year	45,299	35,899	26.2
Total return after income tax for first half year	14,382	65,677	(78.1)
Gross revenue reported for second half year	49,820	38,090	30.8
Total return after income tax for second half year	28,413	34,463	(17.6)

17 Breakdown of the total distributions for the financial year ended 31 December 2016

Annual distributions to Stapled Securityholders:

	FY2016 S\$'000	FY2015 S\$'000
1 Oct 2016 to 6 Nov 2016 ^(a)	6,320	-
1 Jul 2016 to 30 Sep 2016	15,713	-
1 Apr 2016 to 30 Jun 2016	15,146	-
1 Jan 2016 to 31 Mar 2016	14,138	-
27 Nov 2015 to 31 Dec 2015	5,103	-
1 Oct 2015 to 26 Nov 2015 ^(b)	-	7,365
1 Jul 2015 to 30 Sep 2015	-	11,622
16 Jun 2015 to 30 Jun 2015	-	1,971
1 Apr 2015 to 15 Jun 2015 ^(c)	-	9,784
1 Jan 2015 to 31 Mar 2015	-	11,629
2 Dec 2014 to 31 Dec 2014	-	3,758
Total distributions to Stapled Securityholders	56,420	46,129

Notes:

- (a) 4Q2016 advanced distribution was paid on 28 November 2016 pursuant to a private placement completed on 7 November 2016.
- (b) 4Q2015 advanced distribution was paid on 23 December 2015 pursuant to a private placement completed on 27 November 2015.
- (c) 2Q2015 advanced distribution was paid on 7 July 2015 pursuant to a private placement completed on 16 June 2015.

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18 Interested person transactions (“IPTs”)

Name of Interested Person / Party	Stapled Group	
	Aggregate value of all IPTs during the financial year under review	
	FY2016 S\$'000	FY2015 S\$'000
Viva Industrial Trust Management Pte Ltd (the “REIT Manager”)		
Base fee paid and payable	6,163	4,816
Performance fee paid and payable	-	283
Rental income and utilities charges received and receivable	204	197
Acquisition fee paid in relation to the acquisition of investment properties	450	1,227
Viva Real Estate Asset Management Pte Ltd (the “Property Manager”) (Note (a))		
Property and lease management fees paid and payable	2,419	1,759
Marketing commission paid and payable	1,437	353
Project management fee paid and payable	400	-
Perpetual (Asia) Limited (the “REIT Trustee”)		
REIT Trustee's fees paid and payable	183	180
Ho Seng Lee Industries Pte Ltd (Related party of the REIT Manager) (Note (b))		
Rental income received and receivable	1,922	1,845
Wee Poh Construction Co. (Pte.) Ltd. (Related party of the REIT Manager) (Note (b))		
Progress claims paid and payable under the construction contract for the AEI at VBP	16,457	10,360

Notes:

- (a) The Property Manager is a related corporation of the REIT Manager.
- (b) A wholly-owned subsidiary of Ho Lee Group Pte Ltd (“**HLG**”), which is related to the REIT Manager by virtue of HLG’s indirect equity interest in the REIT Manager of 27.8%.

There were no IPTs conducted under Stapled Securityholders’ mandate pursuant to Rule 920 of the SGX-ST Listing Manual during the financial years under review.

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19 Utilisation of equity fund raising proceeds

With reference to our announcements dated 17 November 2016, 28 November 2016, 11 January 2017 and 16 January 2017 (collectively, the **"Use of Proceeds Announcements"**), the net proceeds of approximately S\$43.5 million raised from the private placement completed on 7 November 2016 (the **"Private Placement"**) have been fully utilised to partially fund the acquisition of 6 Chin Bee Avenue on 16 January 2017.

The aforementioned use of proceeds is in accordance with the intended use and is materially in accordance with the allocated percentage of the proceeds of the Private Placement as originally stated and further updated by the Managers in the Use of Proceeds Announcements.

20 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.

21 Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual, the Board of Directors of the Managers confirms that there are no persons occupying managerial positions in the REIT Manager or the BT Trustee-Manager who are relatives of a Director or the Chief Executive Officer or a substantial shareholder of the REIT Manager or the BT Trustee-Manager or of a substantial Stapled Securityholder of VIT.

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

26 January 2017

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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.