VIVA INDUSTRIAL TRUST

Comprising:

VIVA INDUSTRIAL REAL ESTATE INVESTMENT TRUST	**VIVA INDUSTRIAL BUSINESS TRUST**
(a real estate investment trust constituted on 23 August 2013 under the laws of the Republic of Singapore) managed by	(a business trust constituted on 14 October 2013 under the laws of the Republic of Singapore) managed by
Viva Industrial Trust Management Pte. Ltd.	**Viva Asset Management Pte. Ltd.**

Standard Chartered Securities (Singapore) Pte. Limited, Merrill Lynch (Singapore) Pte. Ltd. and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch are the Joint Global Coordinators and Issue Managers for the initial public offering and listing of Viva Industrial Trust (the "**Offering**"). Standard Chartered Securities (Singapore) Pte. Limited, Merrill Lynch (Singapore) Pte. Ltd., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, CIMB Securities (Singapore) Pte. Ltd., Maybank Kim Eng Securities Pte. Ltd. and Credit Suisse (Singapore) Limited are the Joint Bookrunners and Underwriters for the Offering.

PROPOSED ACQUISITION OF JACKSON SQUARE AND JACKSON DESIGN HUB

1. INTRODUCTION

1.1 The Proposed Acquisition of Jackson Square and Jackson Design Hub

Viva Industrial Trust Management Pte. Ltd., as manager of Viva Industrial Real Estate Investment Trust ("**VI-REIT**", and the manager of VI-REIT, the "**REIT Manager**"), and Viva Asset Management Pte. Ltd., as trustee-manager of Viva Industrial Business Trust ("**VI-BT**", and the trustee-manager of VI-BT, the "**Trustee-Manager**"), are pleased to announce that The Trust Company (Asia) Limited, as trustee of VI-REIT (the "**REIT Trustee**") has entered into:

(i) an option agreement with Jackson International Private Limited ("**JIPL**") in relation to the acquisition of the property known as Jackson Square, located at 11 Lorong 3 Toa Payoh, Singapore 319579 ("**Jackson Square**") and the mechanical and electrical equipment therein (the "**JS Option Agreement**"); and

(ii) an option agreement with Jackson Global Pte. Ltd. ("**JGPL**") in relation to the acquisition of the property known as Jackson Design Hub, located at 29 Tai Seng Street, Singapore 534120 ("**Jackson Design Hub**") and the mechanical and electrical equipment therein (the "**JDH Option Agreement**"),

(collectively, the "**Acquisitions**").

Under the JS Option Agreement, the REIT Trustee and JIPL will be deemed to have entered into a sale and purchase agreement on the date which the REIT Trustee exercises the option (the "**JS SPA**"). The REIT Trustee may exercise the option only after the Housing and Development Board ("**HDB**") approves the sale of Jackson Square.

Under the JDH Option Agreement, the REIT Trustee and JGPL will be deemed to have entered into a sale and purchase agreement on the date which the REIT Trustee exercises the option (the "**JDH SPA**"). The REIT Trustee may exercise the option only after JTC Corporation ("**JTC**") approves (i) the sale of Jackson Design Hub and (ii) the lease of Jackson Design Hub by the REIT Trustee to JGPL (as lessee) on the terms set out in the Master Lease Agreement (as defined herein). On completion, the REIT Trustee and JGPL will enter into a master lease agreement pursuant to which Jackson Design Hub will be leased back to JGPL (the "**Master Lease Agreement**").

1.2 Information on Jackson Square and Jackson Design Hub (the "Properties")

Jackson Square comprises four blocks of light industrial buildings, ranging from two to six storeys, with a gross floor area ("**GFA**") of approximately 418,586.3 square feet ("**sq ft**"). It is within walking distance to the Braddell and Toa Payoh mass rapid transit ("**MRT**") stations and is well-supported by amenities such as banks, food and beverage outlets, supermarkets and retail shops. It is also well-connected via major expressways such as the Central Expressway and the Pan-Island Expressway.

Jackson Design Hub is a five-storey modern light industrial building with a GFA of approximately 85,070.3 sq ft. It is within close proximity to the Kallang-Paya Lebar Expressway and the Pan-Island Expressway, and is within walking distance to the Tai Seng MRT station.

2. DETAILS OF THE ACQUISITIONS

2.1 Purchase Consideration and Valuation

2.1.1 Jackson Square

The purchase consideration for Jackson Square is S$80.0 million and was negotiated on a willing-buyer and willing-seller basis, taking into account the independent valuation by Suntec Real Estate Consultants Pte Ltd (the "**Valuer**"). The Valuer has been appointed as the independent property valuer to value Jackson Square. The Valuer, in its market valuation report dated 1 August 2014, stated that the "open market value" of Jackson Square is S$82.0 million (based on the discounted cash flow method and the income capitalisation approach).

2.1.2 Jackson Design Hub

The purchase consideration for Jackson Design Hub is S$31.5 million and was negotiated on a willing-buyer and willing-seller basis, taking into account the independent valuation by the Valuer. The Valuer, in its market valuation report dated 1 August 2014, stated that the "open market value" of Jackson Design Hub is S$33.4 million (based on the discounted cash flow method and the income capitalisation approach) and includes an estimated upfront land premium of S$3.5 million based on JTC posted land premium rate and adjusted for the remaining duration of the initial lease term.

An option fee of S$50,000 and S$30,000 has been paid upon the entry into of the JS Option Agreement and the JDH Option Agreement, respectively.

2.2 Estimated Total Acquisition Cost

The estimated total cost of the Acquisitions (the "**Total Acquisition Cost**") is approximately S$112.8 million, comprising:

(i) the purchase consideration of S$80.0 million for Jackson Square;

(ii) the purchase consideration of S$31.5 million for Jackson Design Hub;

(iii) the acquisition fee payable to the REIT Manager for the Acquisitions in accordance with the trust deed dated 23 August 2013 (as amended) constituting VI-REIT (the "**REIT Trust Deed**"), of approximately S$1.1 million (being 1.0% of the total purchase consideration for the Properties); and

(iv) the estimated professional and other transaction fees and expenses incurred or to be incurred by VI-REIT in connection with the Acquisitions (inclusive of financing related expenses, due diligence costs and costs incurred in relation to the valuation reports) of approximately S$0.2 million.

2.3 Rental Income Support for Jackson Square

JIPL will provide rental income support to VI-REIT for Jackson Square based on an amount that approximates the current total gross rental collection from the underlying tenants for a period of five years commencing from and including the actual date of the completion of acquisition of Jackson Square. Under the JS SPA, if the total gross rental collection falls below the total guaranteed gross rental collection, JIPL shall pay to the REIT Trustee a sum equal to the shortfall (the "**Rental Support Amount**").

On completion, JIPL shall provide to the REIT Trustee the sum of S$5.8 million (the "**Retention Sum**") by way of cashier's order or a bank guarantee in respect of the Retention Sum (the "**Rental Support Bank Guarantee**"). If there is no outstanding breach by JIPL of its obligations in relation to the rental income support under the JS SPA, the Retention Sum shall be reduced to (i) approximately S$4.83 million from the second anniversary date, (ii) approximately S$3.87 million from the third anniversary date and (iii) S$2.9 million from the fourth anniversary date from the date of completion. If JIPL fails to pay the Rental Support Amount in accordance with the agreed terms under the JS SPA, JIPL shall be entitled to deduct from the Retention Sum an amount equivalent to the Rental Support Amount (or, as the case may be, call upon the Rental Support Bank Guarantee in respect of the Retention Sum). Accordingly, this mitigates the risk of JIPL not paying the Rental Support Amount.

The Board of Directors of REIT Manager and the Trustee-Manager (collectively, the "**Managers**") are of the view that the Rental Income Support is on normal commercial terms and is not prejudicial to the interests of Viva Industrial Trust ("**VIT**") and its minority Stapled Securityholders.

2.4 Certain Terms and Conditions of the Sale and Purchase Agreements

The principal terms of the JS SPA and the JDH SPA (the "**Sale and Purchase Agreements**") include, among others, the following conditions precedents:

(i) (in respect of Jackson Square), JIPL obtaining (a) HDB's approval for the sale and (b) HDB's confirmation that JIPL has complied with the terms and conditions imposed by HDB for the lease term of the property and JIPL has not breached such terms and conditions; and

(ii) (in respect of Jackson Design Hub) JGPL obtaining (a) the requisite approvals from JTC for the sale and leaseback and (b) JTC's confirmation that JGPL has complied with the terms and conditions imposed by JTC for the lease term of the property and JGPL has not breached such terms and conditions.

On completion, the REIT Trustee, the REIT Manager and JIPL will enter into an integrated facilities management agreement, where the REIT Trustee will appoint JIPL to, *inter alia*, operate, maintain, manage and market Jackson Square for and on behalf of the REIT Trustee for an initial period of five years.

The purchase consideration of Jackson Square and Jackson Design Hub will be satisfied either entirely in cash or a combination of cash and consideration stapled securities in VIT (the "**Consideration Stapled Securities**") in accordance with the terms of the Sale and Purchase Agreements. The issue price of the Consideration Stapled Securities shall be determined in accordance with the trust deeds constituting VI-REIT and VI-BT.

2.5 Certain Terms and Conditions of the Master Lease Agreement

Jackson Design Hub will be leased to JGPL for a term of 10 years from completion with an annual rental escalation of 2.0%.

Pursuant to the Master Lease Agreement, JGPL will pay and maintain with the REIT Trustee, for the duration of each year of the term of the Master Lease Agreement, a specified security deposit amount, either in cash or by way of bank guarantee.

3. RATIONALE FOR THE PROPOSED ACQUISITIONS

3.1 The Proposed Acquisitions are in line with VI-REIT's Investment Strategy

The REIT Manager aims to achieve distribution growth and enhance the value of VI-REIT's property portfolio over time through, *inter alia*, selectively acquiring additional properties that meet the REIT Manager's investment criteria. The proposed Acquisitions are in line with the REIT Manager's growth strategy of acquiring well-located, good quality assets that deliver stable distribution and maximising returns to Stapled Securityholders.

3.2 Strategic Location of the Properties

The Properties are centrally and well-located with easy access to major expressways such as the Pan-Island Expressway, the Central Expressway and Kallang-Paya Lebar Expressway. The Braddell and Tai Seng MRT stations are within a five minutes' walk from Jackson Square and Jackson Design Hub, respectively.

3.3 Portfolio and Income Diversification and Enlarged Tenant Base

The proposed Acquisitions will diversify the current portfolio by adding light industrial properties as a new asset class and further enhance the portfolio and income diversification of VI-REIT arising from an enlarged portfolio and tenant base, and reduce its reliance on the income stream from any single property. Following the proposed Acquisitions, the contribution by the top 10 tenants to VI-REIT's property income is expected to be reduced by 5.5%, from 53.1% to 47.6%.

3.4 Increased Portfolio Size and Weighted Average Lease Expiry

VI-REIT will benefit from the increased portfolio size which creates a stronger platform for further acquisition growth, primarily due to better access to both the capital markets and the debt markets. Following completion of the Acquisitions, VI-REIT will increase its investment property base by 16% to S$841.0 million.

In addition, the weighted average lease expiry (by rental income) is expected to increase from 3.6 years to 4 years[1]. This will boost the long-term cash flow of VI-REIT and provide good cash flow visibility.

4. METHOD OF FINANCING AND FINANCIAL EFFECTS

4.1 Method of Financing

The REIT Manager intends to fund the Total Acquisition Cost from a combination of:

(i) (if applicable) the issue of the Consideration Stapled Securities amounting to approximately S$2.0 million for Jackson Design Hub and approximately S$15.1 million for Jackson Square; and

(ii) a combination of debt and equity financing (subject to prevailing market conditions).

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1 This is based on net property income and rental support, taking into account the master lease arrangements, UE BizHub EAST and Jackson Square rental support arrangements, and the hotel lease arrangement, assuming that renewal options are not exercised.

The REIT Manager will consider, *inter alia*, the prevailing market conditions in determining the optimal funding structure of the proposed Acquisitions.

The issuance of the Consideration Stapled Securities shall be in accordance with the terms of the Sale and Purchase Agreements. In the event that no Consideration Stapled Securities are issued, the purchase consideration for the Properties shall be paid wholly in cash.

4.2 Financial Effects

4.2.1 Assumptions

The pro forma financial effects of the proposed Acquisitions on the distribution per Stapled Security ("**DPS**") and the net assets value ("**NAV**") per Stapled Security, and the pro forma capitalisation of VIT presented below are strictly for illustrative purposes and were prepared based on the audited consolidated financial statements of VIT for the financial period from 23 August 2013 (date of constitution of VI-REIT) to 31 December 2013 ("**FP2013**"), and assuming that 80% of the Total Acquisition Cost will be funded by debt financing and the remaining 20% will be funded by equity financing.

The pro forma financial effects are for illustrative purposes and do not represent VIT's DPS and NAV per Stapled Security following the completion of the Acquisitions.

4.2.2 Pro Forma Financial Effects for FP2013

(i) Pro Forma DPS

FOR ILLUSTRATIVE PURPOSES ONLY: the pro forma financial effects of the Acquisitions on the DPS for FP2013, as if VIT had completed the Acquisitions on 4 November 2013 (Listing Date) and held the Properties through to 31 December 2013, are as follows:

	Pro Forma Effects of the Acquisitions for FP2013	
	Before the Acquisitions	**After the Acquisitions**
Distributable Income [(1)] (S$'000)	6,421	7,480 [(2)]
No. of Stapled Securities ('000)	594,000 [(3)]	622,923 [(4)]
DPS (cents)	1.080	1.201

Notes:

(1) The distributable income of VIT represents the aggregate of distributions by VI-REIT and VI-BT. The distribution of VIT for FP2013 is contributed solely by VI-REIT as VI-BT was dormant during FP2013. Accordingly, only the income available for distribution of VI-REIT has been presented.

(2) Includes (i) pro forma gross rental revenue from the Properties and (ii) deduction of additional borrowing costs, REIT Manager's base fees, insurance premiums and other property expenses. The pro forma gross revenue and distributable income of the Properties relate to the period from 4 November 2013 to 31 December 2013.

(3) Number of issued Stapled Securities as at 31 December 2013.

(4) Based on the number of issued Stapled Securities as at 31 December 2013 in Note (3) above and approximately 28.9 million new Stapled Securities assumed to be issued at an illustrative issue price of S$0.78 per Stapled Security.

(ii) Pro Forma NAV per Stapled Security

FOR ILLUSTRATIVE PURPOSES ONLY: the pro forma financial effects of the Acquisitions on the NAV per Stapled Security as at 31 December 2013, as if the Acquisitions were completed on 31 December 2013, are as follows:

	Pro Forma Effects of the Acquisitions as at 31 December 2013	
	Before the Acquisitions	**After the Acquisitions**
NAV (S$'000)	448,555	473,715
No. of Stapled Securities ('000)	595,091 (1)	624,014 (2)
NAV per Stapled Security (S$)	0.75	0.76

Notes:

(1) Number of issued and issuable Stapled Securities as at 31 December 2013.

(2) Based on the number of issued and issuable Stapled Securities as at 31 December 2013 in Note (1) above and approximately 28.9 million new Stapled Securities assumed to be issued at an illustrative issue price of S$0.78 per Stapled Security.

(iii) Pro Forma Capitalisation of VIT

FOR ILLUSTRATIVE PURPOSES ONLY: the pro forma capitalisation of VIT as at 31 December 2013, as if the Acquisitions were completed on 31 December 2013, is as follows:

	Pro Forma Effects of the Acquisitions as at 31 December 2013	
	Before the Acquisitions	**After the Acquisitions**
Gross debt (S$ million)	300.0	390.2
Stapled Securityholders' funds (S$ million)	448.6	473.7
Total assets (S$ million)	772.6	888.0
Gearing	38.8%	43.9%

5. INTERESTS OF DIRECTORS AND CONTROLLING STAPLED SECURITYHOLDERS

As at the date of this announcement, certain directors of the Managers (the "**Directors**") collectively hold an aggregate direct and indirect interest in 95,594,827 Stapled Securities.

Save as disclosed above and based on the information available to the Managers as at the date of this announcement, none of the Directors or the controlling Stapled Securityholders have an interest, direct or indirect, in the proposed Acquisitions.

6. OTHER INFORMATION

6.1 Directors' Service Contracts

No person is proposed to be appointed as a director of the Managers in connection with the proposed Acquisitions or any other transactions contemplated in relation to the proposed Acquisitions.

6.2 Relative Figure computed on the Bases set out in Rule 1006 of the Listing Manual

The relative figures for the Acquisitions computed on the applicable bases set out in Rule 1006 of the Listing Manual, which have been based on the unaudited financial statements of VIT for the six-month period ended 30 June 2014, are set out below.

Listing Rule	Criteria	VIT	Proposed Acquisitions	Relative Percentage
1006(a)	Net asset value of assets to be disposed of, compared with VIT's net asset value	This is not applicable to an acquisition of assets.		
1006(b)	Profits [(1)] (S$ million)	26.5 [(2)]	6.6 [(3)]	24.9%
1006(c)	Aggregate value of consideration given, compared with VIT's market capitalisation (S$ million)	487.7 [(4)]	111.5	22.9%
1006(d)	Number of Stapled Securities issued as consideration for an acquisition, compared with the number of VIT's issued Stapled Securities ('million)	598.6	22.0 [(5)]	3.7%
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of VIT's proved and probable reserves	This is not applicable to VIT as Rule 1006(e) is only applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.		

Notes:

(1) In the case of a real estate investment trust, the sum of net property income ("**NPI**") and rental support is a close proxy to the net profits attributable to its assets.

(2) Based on VIT's actual NPI and rental support from its current portfolio of properties for the six-month period ended 30 June 2014.

(3) Based on the estimated NPI and rental support from the Properties for the six-month period ended 30 June 2014.

(4) Based on the number of Stapled Securities in issue multiplied by the volume weighted average price of S$0.8148 per Stapled Security on the SGX-ST on 10 September 2014, being the market day preceding the signing of the option agreements.

(5) Based on the assumption that the Consideration Stapled Securities are issued at an illustrative issue price of S$0.78 per Stapled Security.

The REIT Manager is of the view that the Acquisitions are in the ordinary course of VI-REIT's business as the Properties being acquired are within the investment mandate of VI-REIT and does not change its risk profile. As such, the Acquisitions should therefore not be subject to Chapter 10 of the Listing Manual notwithstanding that the relative figure (on a combined basis) exceeds 20.0%.

7. DOCUMENTS FOR INSPECTION

A copy of the following documents is available for inspection during normal business hours at the registered office of the Managers at 750 Chai Chee Road, #04-03 Technopark@Chai Chee, Singapore 469000, for a period of three months commencing from the date of this announcement:

(i) the JS Option Agreement (which contains the form of the JS SPA);

(ii) the JDH Option Agreement (which contains the form of the JDH SPA and the form of the Master Lease Agreement);

(iii) the Jackson Square valuation report dated 1 August 2014; and

(iv) the Jackson Design Hub valuation report dated 1 August 2014.

By Order of the Board
Wilson Ang Poh Seong
Chief Executive Officer and Executive Director

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

12 September 2014

IMPORTANT NOTICE

This announcement may contain forward-looking statements that involve 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. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and on the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the Managers' current view of future events.

The value of the Stapled Securities and the income derived from them may fall as well as rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, the REIT Manager, the Trustee-Manager, the REIT Trustee, or any of their respective affiliates.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Stapled Securities.

An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Investors 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 the SGX-ST. Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

The past performance of VIT is not necessarily indicative of the future performance of VIT.