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.

VIVA INDUSTRIAL TRUST
RESPONSE TO SGX'S QUERIES ON THE ANNOUNCEMENT OF THE PROPOSED ACQUISITION OF JACKSON SQUARE AND JACKSON DESIGN HUB

Viva Industrial Trust ("**VIT**") is a stapled group comprising Viva Industrial Real Estate Investment Trust ("**VI-REIT**") and Viva Industrial Business Trust ("**VI-BT**"). VI-REIT and VI-BT are managed by Viva Industrial Trust Management Pte. Ltd. (the "**REIT Manager**") and Viva Asset Management Pte. Ltd. (the "**BT Trustee-Manager**"), respectively.

In response to the queries raised by Singapore Exchange Securities Trading Limited ("**SGX**") on the proposed acquisition of Jackson Square and Jackson Design Hub by VI-REIT as set out in the announcement made on 12 September 2014 (the "**Acquisition Announcement**"), the REIT Manager and the BT Trustee-Manager (collectively, the "**Managers**") wish to provide the following information:

Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning given to them in the Acquisition Announcement. This announcement should be read in conjunction with the Acquisition Announcement.

SGX's query no. 1

We refer to the announcement "Proposed Acquisition of Jackson Square and Jackson Design Hub" announced on 12 September 2014.

(a) In relation to the Master Lease Agreement for Jackson Design Hub to be leased back to Jackson Global Pte Ltd ("**JGPL**"), please disclose the salient terms of the agreement, including but not limited to:-

1) the master lease rental rate;
2) the passing rental rate;
3) the mechanism for the master lease (triple net lease, double net lease etc); and
4) a discussion on the reasonableness of the master lease rates vis-à-vis the passing rates

(b) Please provide details on JGPL and the Company's directors' views on the financial standing of JGPL.

Managers' response

(a) The master lease rental rate for Jackson Design Hub payable by JGPL shall be the sum of two components, namely Component A and Component B as set out below:

Year	Component A	Component B
First Year	S$1,786,600.00 per annum	Pegged at JTC's posted land rent rate as notified by JTC (in JTC's website or otherwise) referable to the area in which Jackson Design Hub is located, in respect of the relevant period, multiplied by the land area of Jackson Design Hub
Second Year	S$1,822,332.00 per annum	
Third Year	S$1,858,778.64 per annum	
Fourth Year	S$1,895,954.21 per annum	
Fifth Year	S$1,933,873.30 per annum	
Sixth Year	S$1,972,550.76 per annum	
Seventh Year	S$2,012,001.78 per annum	
Eighth Year	S$2,052,241.81 per annum	
Ninth Year	S$2,093,286.65 per annum	
Tenth Year	S$2,135,152.38 per annum	

The total master lease rental for the first year is estimated at S$2.0 million. Presently, about 78.5% of the gross floor area ("**GFA**") of Jackson Design Hub is occupied by JGPL for its own use while the remaining 21.5% of the GFA is leased to 4 sub-tenants. The gross rental collection from the 4 sub-tenants is approximately S$0.6 million per annum.

The master lease for Jackson Design Hub is structured as a triple net lease. As such, it is not meaningful to make a direct comparison between the master lease rental rate (which is on a triple net basis) and the passing rental rates payable by the 4 sub-tenants (which are on a gross basis). However, based on the independent valuation report dated 1 August 2014 issued by Suntec Real Estate Consultants Pte Ltd, the master lease rental rate is in line with the general market rental rates of other similar properties in the vicinity of Jackson Design Hub.

(b) JGPL is a company incorporated in Singapore, with its registered address at 29 Tai Seng Street, Singapore 534120. JGPL is principally engaged in the business of manufacturing of windows, door screens, shades, carpets and rugs. Based on the audited financial statements of JGPL for the financial year ended 31 December 2013, the directors of the Managers are of the view that JGPL has the financial ability to fulfil its obligations under the Master Lease Agreement.

Pursuant to the Master Lease Agreement, JGPL shall pay to and maintain with VI-REIT, for the duration of each year of the term of the Master Lease Agreement, a security deposit for the amount stated below (either in cash or by way of bank guarantee):

Year	Security Deposit Amount (S$)
First Year	1,042,183.00
Second Year	1,063,027.00
Third Year	1,084,288.00
Fourth Year	1,105,973.00
Fifth Year	1,128,093.00
Sixth Year	1,150,655.00
Seventh Year	1,173,668.00
Eighth Year	1,197,141.00
Ninth Year	1,221,084.00
Tenth Year	1,245,506.00

Notwithstanding the above, if there is no outstanding breach of the Master Lease Agreement by JGPL at the commencement of each year from and including the sixth year to the tenth year of the lease term under the Master Lease Agreement, the security deposit amount in respect of the sixth year, seventh year, eighth year, ninth year and the tenth year shall be as follows:

Year	Security Deposit Amount (S$)
Sixth Year	986,275.00
Seventh Year	838,334.00
Eighth Year	684,081.00
Ninth Year	684,081.00
Tenth Year	684,081.00

If JGPL fails to pay the master lease rental in accordance with the terms under the Master Lease Agreement, VI-REIT shall be entitled to deduct from the security deposit an amount equivalent to the outstanding master lease rental (or, as the case may be, call upon the bank guarantee in respect of the security deposit). Accordingly, this mitigates the risk of JGPL not paying the master lease rental.

SGX's query no. 2

Please disclose details on and the tenant mix of Jackson Square and Jackson Design Hub.

Managers' response

Presently, there are 10 tenants at Jackson Square and 5 tenants (including JGPL) at Jackson Design Hub. The tenant mix of Jackson Square and Jackson Design Hub based on leased area is as follows:

	Jackson Square	Jackson Design Hub
By tenant type:		
Multi-National Corporations	72.3%	7.3%
Small and Medium Enterprises	27.7%	92.7%
	100.0%	100.0%
By trade sector:		
Engineering	68.3%	-
Manufacturing	13.7%	78.5%
Information and Communications Technology	7.7%	18.2%
Self-storage and warehouse	3.2%	3.3%
Others	7.1%	-
	100.0%	100.0%

SGX's query no. 3

On page 3 of the announcement, it is stated that "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"

In relation to the rental income support, please disclose the salient terms of the agreement, including but not limited to:-

1) the guaranteed gross rental income;
2) the passing gross rent; and
3) a discussion on the reasonableness of the guaranteed gross rental vis-à-vis the passing rates

Managers' response

The aggregate guaranteed gross rental income is S$58.0 million over the 5-year rental income support period in respect of Jackson Square. This translates to an average guaranteed gross rental income of S$11.6 million per annum. Based on the passing gross rental rates and the occupancy rate at the time of the negotiations between the REIT Manager and JIPL, the total gross rental collection from the underlying tenants is approximately S$11.6 million per annum. As such, the guaranteed gross rental rate is reasonable when compared with the passing rental rates payable by the underlying tenants.

SGX's query no. 4

On page 4 of the announcement, it is stated that "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."

(a) Please clarify if the current property manager of VIT would be managing Jackson Square and Jackson Design Hub. If so, please explain the rationale for appointing Jackson International Private Limited ("**JIPL**") to operate, maintain, manage and market Jackson Square.

(b) Given that JIPL will operate, maintain, manage and market Jackson Square for and on behalf of the REIT Trustee, please confirm that the current property manager of VIT would not be paid fees in relation to Jackson Square.

(c) Please disclose the quantum of fees payable to JIPL and the basis used in deriving the quantum.

Managers' response

(a) Viva Real Estate Asset Management Pte. Ltd., which is the existing property manager of VI-REIT (the "**Property Manager**"), will be responsible for the overall management of both Jackson Square and Jackson Design Hub. While JIPL shall be appointed as the integrated facilities manager pursuant to the integrated facilities management agreement (the "**IFMA**"), JIPL is required, under the terms of the IFMA, to operate, maintain, manage and market Jackson Square in consultation with, and under the supervision of, the Property Manager and the REIT Manager. Likewise, while JGPL is responsible for the repair and maintenance of Jackson Design Hub pursuant to the Master Lease Agreement, JGPL shall perform such repair and maintenance in consultation with, and under the supervision of, the Property Manager and the REIT Manager.

As JIPL will be providing rental income support to VI-REIT in respect of Jackson Square, the parties have commercially agreed that JIPL be appointed as the integrated facilities manager to directly manage and market Jackson Square so that JIPL would be in the position to maintain or even increase the occupancy and rental rates of Jackson Square so as to minimise the amount of rental income support that JIPL would be required to pay to VI-REIT during the 5-year rental income support period.

(b) The Property Manager has the duty and obligation to supervise and ensure that JIPL performs its duties in accordance with the IFMA. The Property Manager will also be responsible for the finance and accounting functions in respect of Jackson Square, including managing rental collection. In any event, there will be no double counting of property management fee payable by VI-REIT as the management fee payable to JIPL by VI-REIT under the IFMA will be fully reimbursed by the Property Manager. In this connection, the Property Manager will charge VI-REIT for property management fee in respect of Jackson Square in accordance with the terms of the existing Property Management Agreement entered into by VI-REIT, the REIT Manager and the Property Manager.

(c) Pursuant to the IFMA, VI-REIT is required to pay JIPL a management fee of S$8,000.00 per month and a property upkeep fee of S$166,667.00 per month in respect of Jackson Square. The commercial intention of the parties is for the property upkeep fee to cover the property operating expenses of Jackson Square. The management fee of S$8,000.00 per month is arrived at by making reference to the prevailing market rates for rendering such property management services whereas the property upkeep fee of S$166,667.00 per month is arrived at after negotiations between the parties, taking into consideration the amount of property operating expenses of Jackson Square.

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

17 September 2014

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