VIVA INDUSTRIAL TRUST

Comprising:

VIVA INDUSTRIAL REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 23 August 2013 under the laws of the Republic of Singapore) managed by

Viva Industrial Trust Management Pte. Ltd.

VIVA INDUSTRIAL BUSINESS TRUST

(a business trust constituted on 14 October 2013 under the laws of the Republic of Singapore) managed by

Viva Asset Management Pte. Ltd.

INTRODUCTION

Viva Industrial Trust ("**VIT**") is a stapled group (the "**Stapled Group**") comprising Viva Industrial Real Estate Investment Trust ("**VI-REIT**") and its subsidiary (collectively, "**VI-REIT Group**") and Viva Industrial Business Trust ("**VI-BT**"). Viva Industrial Trust Management Pte. Ltd. is the manager of VI-REIT (the "**REIT Manager**") and Viva Asset Management Pte. Ltd. is the trustee-manager of VI-BT (the "**BT Trustee-Manager**", and collectively with the REIT Manager, the "**Managers**").

VI-REIT is a Singapore-based real estate investment trust established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estates which are used predominantly for business park and other industrial purposes, whether wholly or partially, in Singapore and elsewhere in the Asia-Pacific region, as well as real estate-related assets in connection with the foregoing. VI-BT is a Singapore-based business trust which has remained inactive since its constitution on 14 October 2013.

As at 31 March 2017, VI-REIT has a diversified portfolio of nine properties located in Singapore comprising:

- two business parks, namely UE BizHub EAST ("**UEBH**") which includes a hotel, and Viva Business Park ("**VBP**");
- three logistics properties, namely Mauser Singapore, 30 Pioneer Road and 6 Chin Bee Avenue; 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 March 2017, 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.

Summary of results of Viva Industrial Trust

	Stapled Group		
	1Q2017 S$'000	1Q2016 S$'000	Variance %
Gross revenue	27,379	21,912	24.9
Net property income	20,340	15,798	28.8
Distributable income[(a)]	17,807	14,143	25.9
Distribution per Stapled Security[(b)] (cents)	1.854	1.638	13.2

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 16 of this announcement for the calculation of DPS.

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 first quarter ended 31 March 2017 ("1Q2017")

	Note	1Q2017			1Q2016			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)	27,379	27,379	-	21,912	21,912	-	24.9	24.9	-
Property expenses	(b)	(7,039)	(7,039)	-	(6,114)	(6,114)	-	15.1	15.1	-
Net property income		**20,340**	**20,340**	**-**	**15,798**	**15,798**	**-**	**28.8**	**28.8**	**-**
Rental support / rental arrangement	(a)	2,900	2,900	-	3,415	3,415	-	(15.1)	(15.1)	-
REIT Manager's fees	(c)	(1,798)	(1,798)	-	(1,432)	(1,432)	-	25.6	25.6	-
REIT Trustee's fees		(47)	(47)	-	(45)	(45)	-	4.4	4.4	-
Amortisation of intangible assets	(d)	(825)	(825)	-	(825)	(825)	-	-	-	-
Other trust expenses	(e)	(362)	(361)	(1)	(366)	(365)	(1)	(1.1)	(1.1)	-
Finance income		5	5	-	25	25	-	(80.0)	(80.0)	-
Finance expenses	(f)	(4,942)	(4,942)	-	(7,255)	(7,255)	-	(31.9)	(31.9)	-
Net income		**15,271**	**15,272**	**(1)**	**9,315**	**9,316**	**(1)**	**63.9**	**63.9**	**-**
Change in fair value of investment properties	(g)	(2,239)	(2,239)	-	-	-	-	n.m.	n.m.	-
Change in fair value of derivative financial instruments	(h)	(1,367)	(1,367)	-	(5,055)	(5,055)	-	(73.0)	(73.0)	-
Total return before income tax		**11,665**	**11,666**	**(1)**	**4,260**	**4,261**	**(1)**	**173.8**	**173.8**	**-**
Income tax expense	(i)	(487)	(487)	-	(576)	(576)	-	(15.5)	(15.5)	-
Total return after income tax		**11,178**	**11,179**	**(1)**	**3,684**	**3,685**	**(1)**	**203.4**	**203.4**	**-**

n.m. – not meaningful

Notes:

(a) The breakdown of gross revenue and rental differential derived from each property in 1Q2017, and the occupancy rate and weighted average lease expiry ("**WALE**") of each property as at 31 March 2017 are as follows:

	Stapled Group					
	1Q2017				1Q2016	
	Gross Revenue S$'000	Rental differential S$'000	Occupancy rate %	WALE (1) Years	Gross revenue S$'000	Rental differential S$'000
VBP	10,026	-	79	2.1	7,541	-
UEBH - Business Park Component	6,191	2,424	90	3.4	5,822	3,049
UEBH – Hotel Component	2,275	90	97	1.6	2,350	22
Mauser Singapore	479	-	100	2.2	479	-
JS	2,514	386	91	1.3	2,556	344
JDH	541	-	100	7.6	559	-
HFB	802	-	100	8.7	802	-
11 Ubi Road 1	1,803	-	100	8.7	1,803	-
30 Pioneer Road	1,134	-	100	4.0	-	-
6 Chin Bee Avenue	1,614	-	100	6.8	-	-
	27,379	2,900			21,912	3,415

Note:

(1) WALE is calculated based on the underlying committed gross rental income as at 31 March 2017 assuming renewal options are not exercised.

Gross revenue of S$27.4 million for 1Q2017 was S$5.5 million or 24.9% higher than that of 1Q2016 mainly due to:

- additional rental contribution of S$1.6 million from 6 Chin Bee Avenue, which was acquired by VI-REIT on 16 January 2017;
- 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$2.5 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$0.3 million from UEBH.

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; and

(ii) 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$2.9 million for 1Q2017 was S$0.5 million or 15.1% lower than that of 1Q2016 mainly due to lower rental top-up under the UEBH rental arrangement as a result of higher net rental income.

(b) Property expenses of S$7.0 million for 1Q2017 was S$0.9 million or 15.1% higher than that of 1Q2016 mainly due to higher property expenses 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).

The REIT Manager's fees of S$1.8 million for 1Q2017 were S$0.4 million or 25.6% higher than that of 1Q2016 due to the increase in distributable income of VI-REIT as a result of higher gross revenue achieved in 1Q2017 as explained in note (a) above.

(d) This relates to the amortisation of the rental differential to be provided to VI-REIT by the vendor of UEBH pursuant to the UEBH rental arrangement as described in note (a) above. Such rental differential is amortised on a straight-line basis over the duration of the UEBH rental arrangement of five years from the Listing Date.

(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.

(f) Finance expenses generally include interest expense, loan commitment fees and amortisation of debt-related transaction costs. Finance expenses of S$4.9 million for 1Q2017 were S$2.3 million or 31.9% lower than that of 1Q2016 mainly due to:

- write-off of unamortised debt-related transaction costs of S$1.9 million and prepayment/cancellation fees of S$0.8 million arising from the early refinancing of S$315 million loan facilities in 1Q2016;
- partially offset by additional interest expense of S$0.4 million incurred in 1Q2017 due to additional interest-bearing borrowings drawn down to partially fund the AEI works at VBP and the acquisition of 30 Pioneer Road and 6 Chin Bee Avenue.

(g) This relates mainly to the fair value loss arising from the acquisition of 6 Chin Bee Avenue in 1Q2017. Please refer to note (a) on page 9 of this announcement for further details.

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

The fair value loss on interest rate swaps of S$1.4 million in 1Q2017 was mainly due to the decrease in the Singapore dollar Swap Offer Rate ("**SOR**") in 1Q2017.

(i) In 1Q2017, the Income Tax Act was amended to allow tax transparency treatment to be accorded to rental income support payments subject to certain conditions being met. In this connection, the REIT Manager has submitted an application to the Inland Revenue Authority of Singapore to seek an advance tax ruling on whether tax transparency treatment would be accorded to the rental income support received/receivable by VI-REIT under the UEBH rental arrangement and the JS rental support arrangement in accordance with the relevant provisions of the amended Income Tax Act.

Pending the outcome of the advance tax ruling, the Stapled Group has continued to make provision for income tax expense in respect of the rental income support received/receivable under the UEBH rental arrangement and the JS rental support arrangement.

Income tax expense of S$0.5 million for 1Q2017 was S$89,000 or 15.5% lower than that of 1Q2016 mainly due to lower rental top-up under the UEBH rental arrangement in 1Q2017.

1(a)(ii) Distribution Statement

	Note	1Q2017		1Q2016		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		**11,178**	**11,179**	**3,684**	**3,685**	**203.4**	**203.4**
Net tax adjustments (**Note A**)		6,628	6,628	10,458	10,458	(36.6)	(36.6)
Net income available for distribution for the period	(a)	**17,806**	**17,807**	**14,142**	**14,143**	**25.9**	**25.9**
Distribution per Stapled Security (cents):							
For the period	(b)		1.854		1.638		13.2
Annualised			7.519		6.588		14.1

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

Note A

	1Q2017		1Q2016		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	1,622	1,622	1,257	1,257	29.0	29.0
Property Manager's fees payable in Stapled Securities	669	669	444	444	50.7	50.7
REIT Trustee's fees	47	47	45	45	4.4	4.4
Adjustment for recognising rental income on a straight-line basis over the lease term	(634)	(634)	(599)	(599)	5.8	5.8
Amortisation of intangible assets	825	825	825	825	-	-
Amortisation of debt-related transaction costs	454	454	526	526	(13.7)	(13.7)
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	2,239	2,239	-	-	n.m.	n.m.
Change in fair value of derivative financial instruments	1,367	1,367	5,055	5,055	(73.0)	(73.0)
Other non-taxable items	39	39	214	214	(81.8)	(81.8)
Net tax adjustments	**6,628**	**6,628**	**10,458**	**10,458**	**(36.6)**	**(36.6)**

n.m. – not meaningful

1(b) Statement of Financial Position

1(b)(i) Statement of Financial Position as at 31 March 2017

	Note	31 Mar 2017			31 Dec 2016		
		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)	1,294,761	1,294,761	-	1,199,700	1,199,700	-
Intangible assets	(b)	5,252	5,252	-	6,078	6,078	-
		1,300,013	1,300,013	-	1,205,778	1,205,778	-
Current assets							
Trade and other receivables	(c)	17,275	17,275	-	17,666	17,666	-
Pledged deposits	(d)	1,000	1,000	-	1,000	1,000	-
Cash and cash equivalents	(e)	10,885	10,851	34	29,462	29,428	34
		29,160	29,126	34	48,128	48,094	34
Total assets		**1,329,173**	**1,329,139**	**34**	**1,253,906**	**1,253,872**	**34**
Non-current liabilities							
Trade and other payables	(f)	7,868	7,868	-	7,986	7,986	-
Interest-bearing borrowings	(g)	515,585	515,585	-	461,509	461,509	-
Derivative financial instruments	(h)	2,461	2,461	-	1,778	1,778	-
		525,914	525,914	-	471,273	471,273	-
Current liabilities							
Trade and other payables	(f)	31,974	31,967	7	39,306	39,300	6
Derivative financial instruments	(h)	684	684	-	-	-	-
Income tax payable		4,826	4,826	-	4,380	4,380	-
		37,484	37,477	7	43,686	43,680	6
Total liabilities		**563,398**	**563,391**	**7**	**514,959**	**514,953**	**6**
Net assets		**765,775**	**765,748**	**27**	**738,947**	**738,919**	**28**
Represented by:							
Stapled Securityholders' funds		**765,775**	**765,748**	**27**	**738,947**	**738,919**	**28**

Notes:

(a) Increase in investment properties of S$95.1 million was mainly due to the acquisition of 6 Chin Bee Avenue and the costs of the AEI works and other capital expenditure at VBP incurred during 1Q2017.

Movements in the carrying value of investment properties during 1Q2017 are as shown below:

	S$'000
Carrying value of investment properties as at 1 January 2017	1,199,700
Acquisition of an investment property	95,338
Payment of stamp duty for an investment property	154
Acquisition related costs	979
Costs incurred for the AEI works at VBP	438
Other capital expenditure incurred	391
	1,297,000
Change in fair value of investment properties recognised in the consolidated statement of total return	(2,239)
Carrying value of investment properties as at 31 March 2017	1,294,761

(b) This represents the carrying amount of unamortised rental differential to be provided to VI-REIT by the vendor of UEBH pursuant to the UEBH rental arrangement as described in note (d) on page 5 of this announcement.

Intangible assets decreased by S$0.8 million due to amortisation charge for 1Q2017.

(c) Decrease in trade and other receivables of S$0.4 million was mainly due to:

- deferred property tax of S$1.5 million charged to the statement of total return in 1Q2017;
- recovery of property tax on Mauser Singapore, JDH, HFB, 11 Ubi Road 1 and 30 Pioneer Road from the respective lessees of the said properties amounting to S$0.4 million; and
- deferred marketing commission of S$0.2 million charged to the statement of total return in 1Q2017; partially offset by:
  - increase in trade receivables of S$1.1 million; and
  - increase in accrued revenue of S$0.6 million due to recognition of rental income on a straight-line basis over the lease term of the respective leases.

(d) Pledged deposits represent bank balances that are pledged as security for Loan Facility II as disclosed on page 11 of this announcement.

(e) Cash and cash equivalents decreased by S$18.6 million as a result of net cash used in investing activities of S$74.3 million, partially offset by net cash generated from operating activities of S$17.2 million and net cash generated from financing activities of S$38.5 million. Please refer to the consolidated statement of cash flows for 1Q2017 on page 13 of this announcement for further details.

(f) Non-current trade and other payables comprise security and other deposits received from tenants. Decrease in total trade and other payables of S$7.5 million was mainly due to:

- decrease in payables and accruals for trust and property-related expenses (including AEI costs and other capital expenditure) of S$6.3 million;
- decrease in property tax payable of S$1.5 million; and
- decrease in interest payable of S$1.0 million; partially offset by:
  - increase in rental received in advance from tenants of S$1.2 million; and
  - increase in security and other deposits received from tenants of S$0.1 million.

(g) Increase in total interest-bearing borrowings of S$54.1 million was mainly due to:

- drawdown of the S$22 million term loan under Loan Facility III;
- drawdown of S$32 million of the revolving credit facility under Loan Facility I; and
- amortisation of debt-related transaction costs of S$0.5 million in 1Q2017;
- partially offset by debt-related transaction costs of S$0.4 million incurred on Loan Facility III.

(h) 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.

The fair value of two interest rate swaps with notional amounts of S$81 million and S$50 million, respectively, which are maturing in February 2018 has been reclassified from non-current liabilities as at 31 December 2016 to current liabilities as at 31 March 2017.

During 1Q2017, the Stapled Group entered into two new interest rate swaps with notional amounts of S$81 million and S$50 million, respectively, with forward start dates in February 2018 so as to hedge the interest rates on the aforesaid amounts of borrowings for an additional year to February 2019. The fair value of these new interest rate swaps has been classified as non-current liabilities as at 31 March 2017.

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. The increase in derivative financial liabilities was mainly due to the decrease in the Singapore dollar SOR in 1Q2017 and the two new interest rate swaps entered into in 1Q2017.

(i) As at 31 March 2017, the Stapled Group's current liabilities exceeded its current assets by S$8.3 million (31 December 2016: Net current assets of S$4.4 million). The REIT Manager is currently in the process of establishing a new five-year term loan facility of S$35 million to be secured by way of a mortgage over 6 Chin Bee Avenue. With the establishment of this new term loan facility, the Managers are of the view that the Stapled Group will be able to meet its obligations as and when they fall due.

1(b)(ii) Aggregate amount of borrowings

	Note	Stapled Group	
		31 Mar 2017 S$'000	**31 Dec 2016 S$'000**
Secured borrowings	(a)		
Amount repayable after one year		421,000	367,000
Less: Unamortised transaction costs		(4,950)	(4,946)
		416,050	362,054
Unsecured borrowings	(b)		
Amount repayable after one year		100,000	100,000
Less: Unamortised transaction costs		(465)	(545)
		99,535	99,455
Total borrowings		**515,585**	**461,509**
Gearing ratio	(c)	**39.2%**	**37.2%**

Details of borrowings and collateral:

(a) Secured borrowings

(i) VI-REIT has in place a Singapore dollar denominated 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 a margin plus SOR 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.

As at 31 March 2017, S$280 million in aggregate of the Term Loan Facilities has been fully drawn down and S$46 million of the Revolving Credit Facility has been utilised.

(ii) VI-REIT has in place a Singapore dollar denominated 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 a margin plus SOR 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.

As at 31 March 2017, the Loan Facility II of S$73 million has been fully drawn down.

(iii) VI-REIT has in place a Singapore dollar denominated 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 a margin plus SOR per annum. The Loan Facility III is secured by way of the following:

- a mortgage over 30 Pioneer Road; 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 30 Pioneer Road.

As at 31 March 2017, the Loan Facility III of S$22 million has been fully drawn down.

VI-REIT has entered into interest rate swaps to fix the interest rates for 76.0% of its outstanding floating rate borrowings as at 31 March 2017.

(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.

(c) Gearing ratio

Gearing ratio is computed based on total gross borrowings over total assets.

1(c) Consolidated Statement of Cash Flows

	Stapled Group	
	1Q2017 S$'000	1Q2016 S$'000
Cash flows from operating activities		
Total return for the period before income tax	11,665	4,260
Adjustments for:		
Effects of recognising rental income on a straight-line basis over the lease term	(634)	(599)
Finance income	(5)	(25)
Finance expenses	4,942	7,255
Change in fair value of investment properties	2,239	-
Change in fair value of derivative financial instruments	1,367	5,055
Amortisation of intangible assets	825	825
REIT Manager's fees payable in Stapled Securities	1,622	1,257
Property Manager's fees payable in Stapled Securities	669	444
Operating income before working capital changes	**22,690**	**18,472**
Changes in working capital:		
Trade and other receivables	1,044	1,122
Trade and other payables	(6,476)	935
Cash generated from operations	**17,258**	**20,529**
Income taxes paid	(41)	-
Net cash generated from operating activities	**17,217**	**20,529**
Cash flows from investing activities		
Acquisition of an investment property	(73,317)[(a)]	-
Payment of stamp duty for an investment property	(154)	-
Capital expenditure incurred	(829)	(7,483)
Interest received	4	28
Net cash used in investing activities	**(74,296)**	**(7,455)**
Cash flows from financing activities		
Payment of issue expenses	(29)	-
Proceeds from borrowings	54,000	270,000
Repayment of borrowings	-	(290,000)
Payment of debt-related transaction costs	(378)	(5,413)
Payment of debt prepayment and cancellation fees	-	(801)
Payment of finance expenses	(5,479)	(4,199)
Distributions paid to Stapled Securityholders	(9,612)	(5,103)
Net cash generated from / (used in) financing activities	**38,502**	**(35,516)**
Net decrease in cash and cash equivalents	(18,577)	(22,442)
Cash and cash equivalents at beginning of the period	29,462	47,884
Cash and cash equivalents at end of the period	**10,885**	**25,442**

Note:

(a)

	S$'000
Purchase consideration	87,300
Upfront land premium and stamp duty	8,038
Professional fees	979
Partial satisfaction of purchase consideration by way of issuance of new Stapled Securities	(23,000)
Net cash outflow	**73,317**

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

	Stapled Group	
	1Q2017 S$'000	1Q2016 S$'000
Balance at beginning of the period	**738,947**	**701,620**
Operations		
Total return for the period after income tax	11,178	3,684
Net increase in net assets resulting from operations	**11,178**	**3,684**
Stapled Securityholders' transactions		
Issuance of new Stapled Securities pursuant to acquisition of an investment property	23,000	-
Issue expenses	(29)	-
Stapled Securities issued and issuable:		
- As payment of REIT Manager's fees	1,622	1,257
- As payment of Property Manager's fees	669	444
Distribution to Stapled Securityholders	(9,612)	(5,103)
Net increase / (decrease) in net assets resulting from Stapled Securityholders' transactions	**15,650**	**(3,402)**
Balance at end of the period	**765,775**	**701,902**

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

	Stapled Group	
	1Q2017 Units	**1Q2016 Units**
Stapled Securities in issue at beginning of the period	**931,405,379**	**860,615,215**
Issuance of new Stapled Securities pursuant to acquisition of an investment property	30,483,700[(a)]	-
New Stapled Securities issued as payment of:		
- REIT Manager's fees	1,898,457	1,949,634
- Property Manager's fees	786,548	553,748
Total issued Stapled Securities	**964,574,084**	**863,118,597**
New Stapled Securities issuable as payment of:		
- REIT Manager's fees	2,052,983	1,757,999
- Property Manager's fees	846,516	620,755
Total issued and issuable Stapled Securities at end of the period	**967,473,583**	**865,497,351**

Note:

(a) Pursuant to the acquisition of 6 Chin Bee Avenue, approximately 30.5 million new Stapled Securities were issued to the vendor on 16 January 2017 to satisfy S$23.0 million of the purchase consideration for the said property.

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 2016.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

There has been no change in the accounting policies and methods of computation adopted by the Stapled Group.

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

	Note	Stapled Group	
		1Q2017	1Q2016
EPS is calculated based on:			
Total return after income tax (S$'000)		11,178	3,684
Weighted average number of issued and issuable Stapled Securities during the period ('000)		959,526	863,145
Basic and diluted EPS (cents)	(a)	1.165	0.427
DPS is calculated based on:			
Net income available for distribution for the period (S$'000)	(b)	17,807	14,143
Applicable number of Stapled Securities for calculation of DPS ('000)		959,954	863,119
DPS (cents)	(c)	1.854	1.638

Notes:

(a) Diluted EPS is the same as the basic EPS as there were no potential dilutive instruments in issue during the period.

(b) Distributions of the Stapled Group represent the aggregate of distributions by VI-REIT Group and VI-BT. The distributions of the Stapled Group are contributed solely by VI-REIT Group as VI-BT remains inactive. Accordingly, only the income available for distribution of VI-REIT Group has been included for the purpose of calculating the DPS.

(c) The pro forma DPS for 1Q2017 without the effects of rental support / rental arrangement would be 1.605 cents (1Q2016: 1.313 cents).

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 period

	Stapled Group	
	31 Mar 2017	31 Dec 2016
NAV / NTA per Stapled Security is calculated based on:		
Net assets (S$'000)	765,775	738,947
Net tangible assets (S$'000)	760,523	732,869
Number of Stapled Securities ('000):		
- issued	964,574	931,405
- issuable	2,899	2,685
	967,473	934,090
NAV per Stapled Security (cents)	79.15	79.11
NTA per Stapled Security (cents)	78.61	78.46

8 A review of the performance for the quarter ended 31 March 2017

A review of the performance for the quarter ended 31 March 2017 is set out in Section 1(a) – Consolidated Statement of Total Return and Section 1(b)(i) – Statement of Financial Position as at 31 March 2017.

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

No forecast or prospect statement for the financial year ending 31 December 2017 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[1], the Singapore economy grew by 2.5% on a year-on-year basis in 1Q2017, easing from the 2.9% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy contracted by 1.9% after posting a strong rebound of 12.3% in the preceding quarter. The manufacturing sector expanded by 6.6% on a year-on-year basis in 1Q2017, moderating from the 11.5% growth in the previous quarter. Growth was supported primarily by the robust output expansions in the electronics and precision engineering clusters, which outweighed output declines in the biomedical manufacturing, transport engineering and general manufacturing clusters. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector saw a pullback in growth in the first quarter, contracting by 6.6% following the 39.8% in the preceding quarter. The construction sector contracted by 1.1% on a year-on-year basis in the first quarter, extending the 2.8% decline in the previous quarter, weighed down by a slowdown in private sector construction activities.

Reflecting the modest economic growth conditions, the March 2017 reading[2] of Singapore Purchasing Managers' Index ("**PMI**") recorded a faster expansion reading at 51.2, an increase of 0.3 point from the previous month. This is the seventh consecutive month of expansion reading for the PMI, with all indicators showing faster expansion except for more modest expansion recorded in finished goods and order backlog. Manufacturing employment continued to remain on the expansion track albeit marginally for the third month. The latest readings of the PMI indicated that the local manufacturing sector has managed to sustain gradual growth despite uncertainties in the global environment.

Based on the recent 1Q2017 outlook report[3] by CBRE, rental for hi-specs industrial space has held up strongly with improvement in occupancy. Meanwhile, the business park market continued to outperform other asset types with overall vacancy falling further by 0.3 percentage points to 11.6%. According to estimates from CBRE, the net absorption has remained strong at 75,082 square feet with no new supply coming onstream for the quarter. The limited supply pipeline for business parks remains the key theme, which bodes well for medium-term prospects of the business park market where there is only marginal new supply available from mid-2018 onwards.

Against this backdrop of modestly improving industrial market fundamentals, the REIT Manager has been successful in securing approximately 95,000 square feet of lease renewals and new leases in 1Q2017. The REIT Manager remains cautiously optimistic of the economy's growth prospects with the development of Industry Transformation Maps (ITMs) that will boost the productivity of the manufacturing sector and support the demand of high-specifications logistics space. The latest addition of 6 Chin Bee Avenue to VI-REIT's portfolio reflects the REIT Manager's strategy to tap on the growth potential of the logistics sector in Singapore.

[1] "Singapore's GDP Grew by 2.5 Per Cent in the First Quarter of 2017", Ministry of Trade and Industry Singapore, Press Release, 13 April 2017

[2] PMI Monthly Bulletin, Singapore Institute of Purchasing & Materials Management, April 2017

[3] "Singapore MarketView Q1 2017", CBRE Research, 2017

Update on AEI at VBP

Phase 3 of the AEI works at VBP 750B is progressing into the final stages with Temporary Occupation Permit for all AEI works expected to be obtained in 2Q2017. Reflecting the AEI's success, the REIT Manager has further secured committed leases to increase the committed occupancy of the total "white" space at VBP to 95.6% from 94.9% in the preceding quarter. Tenants at VBP's "white" space support the three core themes of Sports and Fitness, Food and Beverages and family-oriented amenities. The REIT Manager will continue to focus on achieving organic growth through proactive asset management and pursue inorganic growth via accretive acquisition of good quality assets.

Update on Jackson Square

With reference to the announcement dated 23 April 2017 in relation to the liquidation filed by Jackson International Private Limited, the Managers wish to update that we are currently seeking legal advice on the appropriate course of action to be taken to protect the interests of our Stapled Securityholders. The Managers will make further announcements on the SGXNET as necessary when there are any material developments on this matter.

11 Distributions

11(a) Current financial period

Any distribution declared for the current period?

Yes.

Name of distribution: Distribution for the period from 1 January 2017 to 31 March 2017

For Stapled Securities trading under the main VIT stock counter
(For the period from1 January 2017 to 31 March 2017)

Distribution type: Taxable income / Tax-exempt income

Distribution rate: 1.854 cents per Stapled Security comprising
(a) Taxable income - 1.581 cents
(b) Tax exempt income - 0.273 cents

For Stapled Securities trading under the temporary VIT 'A' stock counter
(For the period from 16 January 2017 to 31 March 2017)

Distribution type: Taxable income / Tax-exempt income

Distribution rate: 1.573 cents per Stapled Security comprising
(a) Taxable income - 1.334 cents
(b) Tax exempt income - 0.239 cents

Tax Rate:

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

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

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

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

Yes.

Name of distribution:	Distribution for the period from 1 January 2016 to 31 March 2016
Distribution type:	Taxable income / Tax-exempt income
Distribution rate:	1.638 cents per Stapled Security comprising (a) Taxable income - 1.313 cents (b) Tax exempt income - 0.325 cents
Tax Rate:	Taxable income distribution The distribution is made out of VI-REIT's taxable income. Stapled Securityholders receiving distributions will be subject to Singapore income tax on the distributions received except for individuals where the distribution is exempt from tax (unless they hold their Stapled Securities through partnership or as trading assets). Tax exempt income distribution The distribution is made out of income that has been taxed on VI-REIT's trustee and will be exempt from tax in the hands of all Stapled Securityholders, regardless of their nationality, corporate identity or tax residence status. Stapled Securityholders are not entitled to claim tax credit against their Singapore income tax liability in respect of the tax paid at VI-REIT's trustee level.

11(c) Books closure date: 9 May 2017

11(d) Date Payable: 31 May 2017

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 1 January 2017 to 31 March 2017 (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.

15 Segment revenue and results

	Stapled Group									
	1Q2017					1Q2016				
	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	16,217	2,275	3,227	5,660	27,379	13,363	2,350	479	5,720	21,912
Property expenses	(5,961)	(80)	(100)	(898)	(7,039)	(5,128)	(84)	(11)	(891)	(6,114)
Net property income	**10,256**	**2,195**	**3,127**	**4,762**	**20,340**	**8,235**	**2,266**	**468**	**4,829**	**15,798**
Rental support / rental arrangement	2,424	90	-	386	2,900	3,049	22	-	344	3,415
Reportable segment results	**12,680**	**2,285**	**3,127**	**5,148**	**23,240**	**11,284**	**2,288**	**468**	**5,173**	**19,213**
Unallocated items:										
- REIT Manager's fees					(1,798)					(1,432)
- REIT Trustee's fees					(47)					(45)
- Amortisation of intangible assets					(825)					(825)
- Other trust expenses					(362)					(366)
- Finance income					5					25
- Finance expenses					(4,942)					(7,255)
Net income					**15,271**					**9,315**
Change in fair value of investment properties					(2,239)					-
Change in fair value of derivative financial instruments					(1,367)					(5,055)
Total return for the period before income tax					**11,665**					**4,260**
Income tax expense					(487)					(576)
Total return for the period after income tax					**11,178**					**3,684**

16 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.

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

Pursuant to Rule 705(5) of the Listing Manual, we, on behalf of the directors of the Managers, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Managers which may render the unaudited financial results of the Stapled Group for the quarter ended 31 March 2017 to be false or misleading in any material respect.

On behalf of the Board of Directors

Leong Horn Kee
Chairman

Wilson Ang Poh Seong
Chief Executive Officer and
Executive Director

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

Viva Industrial Trust Management Pte. Ltd.
(Company Registration No. 201204203W)
As manager of Viva Industrial Real Estate Investment Trust

Viva Asset Management Pte. Ltd.
(Company Registration No. 201316690M)
As trustee-manager of Viva Industrial Business Trust

28 April 2017

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.