

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 UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014

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 unaudited financial statements of VIT for the first quarter ended 31 March 2014 as set out in the announcement made on 14 May 2014 (the "**1Q2014 Results 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 1Q2014 Results Announcement. This announcement should be read in conjunction with the 1Q2014 Results Announcement.

SGX's query no. 1

On page 3 of the Financial Statements, it is stated that rental differentials which are received/receivable under the UEBH rental arrangement and TPCC rental support arrangement amounted to S$3.5M.

(a) Please disclose the breakdown of the rental differential and the gross rental revenue derived from each of TPCC, UEBH Business Park Component and UEBH Hotel Component.

(b) Please disclose if the Trust had paid any rental differential surplus amount to UED for either the UEBH Business Park Component or UEBH Hotel Component and if so, how are these amounts shown in the financial statements?

Managers' response

(a) The breakdown of gross revenue and rental differential derived from each property in 1Q2014 is as follows:

	Stapled Group 1Q2014				
	TPCC	**UEBH Business Park Component**	**UEBH Hotel Component**	**Mauser Singapore**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Gross revenue	6,444[(1)]	5,684	2,367	479	14,974
Rental differential	322	3,188	-[(2)]	-[(3)]	3,510

Notes:

(1) Includes other property related income of S$0.3 million which is excluded from the calculation of the rental differential pursuant to the terms and conditions of the TPCC rental support arrangement.

(2) Denotes an amount which is less than S$1,000.

(3) Not applicable.

(b) The Stapled Group did not pay any rental differential surplus amount to the vendor of UEBH, United Engineers Developments Pte Ltd ("**UED**") in 1Q2014 as there was no rental differential surplus amount in 1Q2014. If there is any rental differential surplus amount payable to UED, such amount will be reflected in the statement of total return as an expense (i.e. as a negative figure) under the line item "Rental support / rental arrangement".

SGX's query no. 2

On page 2 of the Financial Statements, it is stated that the actual Distribution per Stapled Security amounted to 1.722 cents. On an ongoing basis for the Trust's disclosures with regards to Distribution per Stapled Security, please disclose the Distribution per Stapled Security, with and without the effects of income supports.

Managers' response

The actual Distribution per Stapled Security ("**DPS**") for 1Q2014 (with the effects of rental support / rental arrangement) amounted to 1.722 cents. The DPS for 1Q2014 without the effects of rental support / rental arrangement would be 1.222 cents.

SGX's query no. 3

On page 4 of the Financial Statements, it is stated that "IRAS has, on 23 April 2014, issued a letter to withdraw the aforesaid Provisional Approval"

(a) In the Trust's prospectus, it is disclosed that projected Distribution per Stapled Security for FY2014 and FY2015 is 6.87 cents and 7.03 cents respectively. Please quantify the projected impact of IRAS's ruling on the Distribution per Stapled Security of the Trust for FY2014 and FY2015.

(b) Please set out the details of the circumstances leading to IRAS's withdrawal of provisional approval for tax transparency.

Managers' response

(a) We wish to clarify that the projected DPS for FY2014 and FY2015 of 6.87 cents and 7.03 cents, respectively as disclosed in the Stapled Group's prospectus dated 28 October 2013 (the "**Prospectus**") are arrived at based on the assumption that tax transparency treatment would not be applicable to the rental income support in respect of the UEBH rental arrangement and hence, income tax provision in respect of the projected rental income support arising from the UEBH rental arrangement had been included in arriving at the aforesaid projected DPS for FY2014 and FY2015. As such, the withdrawal of the Provisional Approval by IRAS has no financial impact on the aforesaid projected DPS for FY2014 and FY2015 as disclosed in the Prospectus.

(b) IRAS had, on 11 October 2013, granted VI-REIT the Provisional Approval, subject to certain conditions being met, which amongst others, included the condition that VI-REIT shall endeavour to work with the vendor of UEBH, UED, to make an application to IRAS on the outstanding concerns that IRAS had on the income support issue (the "**Subsequent Tax Application**"). Consequently, VI-REIT collaborated with UED to address the IRAS's concerns on the aforesaid income support issue and the Subsequent Tax Application was submitted to IRAS in November 2013.

After reviewing the Subsequent Tax Application, IRAS has, on 23 April 2014, issued a letter to withdraw the Provisional Approval. In the said letter, IRAS expressed its concerns about the nature of the rental income support because the following terms of the UEBH rental arrangement are uncharacteristic of a typical income support arrangement:

(i) The rental income support was provided by UED in consideration of VI-REIT appointing UED as the property manager of UEBH; and

(ii) Where the actual net rental income derived from UEBH is in excess of the amount guaranteed by UED, VI-REIT is required to pay the rental differential surplus amount to UED.

After taking into consideration the above, IRAS was of the view that the UEBH rental arrangement, which gives rise to the rental income support payments from UED, does not point clearly that such payments are indeed to support the shortfall in rentals vis-à-vis the market rents and as a result, IRAS withdrew the Provisional Approval.

Together with our tax advisers, we will continue to engage with IRAS to seek its approval for tax transparency treatment to be accorded to the rental income support in respect of the UEBH rental arrangement. Further announcements will be made on the SGXNET when there are further developments on this matter.

SGX's query no. 4

Please disclose the following information:-

(a) In relation to hotel rooms and services suites of UEBH Hotel Component, please disclose the blended ADR, REVPAR, WALE and occupancy rates for the first quarter ended 31 March 2014.

(b) In relation to the serviced office units, retail shop units and convention centre of UEBH Hotel Component, please disclose the monthly gross rental income, occupancy rate and WALE for the first quarter ended 31 March 2014.

(c) In relation to Mauser Singapore, TPCC and UEBH Business Park Component, please disclose the underlying gross rental income, occupancy rate and WALE for the first quarter ended 31 March 2014.

Managers' response

(a) We wish to clarify that the hotel rooms and services suites of UEBH Hotel Component are part of the Hotel Leased Premises which are leased back to UED under the Hotel Lease Agreement for an initial term of five years, which is renewable for an additional three terms of five years each subject to JTC's approval, commencing from the Listing Date. Pursuant to the terms of the Hotel Lease Agreement, the Hotel Leased Premises are leased to UED at a fixed rental of S$8.55 million per annum for the first five-year term, renewable at a fixed rental of S$9.66 million per annum for the second five-year term. As such, the underlying financial performance of the hotel rooms and services suites of UEBH Hotel Component does not affect the Stapled Group's gross rental income derived from the Hotel Leased Premises of UEBH Hotel Component under the Hotel Lease Agreement. In this connection, we are of the view that the disclosure of the blended ADR, REVPAR, WALE and occupancy rates of the hotel rooms and services suites of UEBH Hotel Component is not meaningful.

(b) We wish to clarify that the serviced office units and convention centre of UEBH Hotel Component are also part of the Hotel Leased Premises which are leased back to UED under the Hotel Lease Agreement. As mentioned in our response to query 4(a), the Hotel Leased Premises are leased to UED at a fixed rental of S$8.55 million per annum for the first five-year term, renewable at a fixed rental of S$9.66 million per annum for the second five-year term. As such, the underlying financial performance of the serviced office units and convention centre of UEBH Hotel Component does not affect the Stapled Group's gross rental income derived from the Hotel Leased Premises of UEBH Hotel Component under the Hotel Lease Agreement. In this connection, we are of the view that the disclosure of the monthly gross rental income, occupancy rate and WALE of the serviced office units and convention centre of UEBH Hotel Component is not meaningful.

For the avoidance of doubt, we wish to clarify that the retail shop units of UEBH Hotel Component (the "**Hotel Retail Areas**") are not part of the Hotel Leased Premises which are leased back to UED under the Hotel Lease Agreement. The gross rental income derived from the Hotel Retail Areas of UEBH Hotel Component in 1Q2014, and its occupancy rate and WALE (by underlying gross rental income for the month of March 2014) as at 31 March 2014 are as follows:

	Hotel Retail Areas of UEBH Hotel Component
Gross rental income	S$225,000
Occupancy rate	100%
WALE	1.9 years

(c) Please refer to our response to query 1(a) for the breakdown of gross revenue derived from each property in 1Q2014. The occupancy rate and WALE (by underlying gross rental income for the month of March 2014) of TPCC, UEBH Business Park Component and Mauser Singapore as at 31 March 2014 are as follows:

	TPCC	**UEBH Business Park Component**	**Mauser Singapore**
Occupancy rate	62%	85%	100%
WALE	1.5 years	5.2 years	5.2 years

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

27 May 2014

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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 REIT Manager or the BT Trustee-Manager (collectively, the "**Managers**"), The Trust Company (Asia) Limited (as trustee of VI-REIT) or any of their respective affiliates.

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