



VIVA INDUSTRIAL TRUST

Comprising:

**VIVA INDUSTRIAL REAL ESTATE
INVESTMENT TRUST**

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

Viva Industrial Trust Management Pte. Ltd.

VIVA INDUSTRIAL BUSINESS TRUST

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

Viva Asset Management Pte. Ltd.

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INTRODUCTION

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

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

As at 31 December 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 annual distributable income. Distributions are made on a quarterly basis at the sole discretion of the REIT Manager.

As at 31 December 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.

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Summary of results of Viva Industrial Trust

	Stapled Group					
	4Q2017	4Q2016	Variance	FY2017	FY2016	Variance
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	28,341	25,568	10.8%	111,663	95,119	17.4%
Net property income	20,657	18,078	14.3%	81,806	68,478	19.5%
Distributable income	17,455	15,935	9.5%	74,084	60,938	21.6%
Distribution declared ^(a)	18,063	15,935	13.4%	72,305	60,938	18.7%
Distribution per Stapled Security ^(b) (cents)	1.857	1.760	5.5%	7.472	6.958	7.4%

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 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 22 of this announcement for the calculation of DPS.

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1(a) Income statements together with comparatives for corresponding periods in immediately preceding financial year

1(a)(i) Consolidated Statement of Total Return for the fourth quarter ended 31 December 2017 ("4Q2017")

Note	4Q2017			4Q2016			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)	28,341	28,341	-	25,568	25,568	-	10.8	10.8	-
Property expenses (b)	(7,684)	(7,684)	-	(7,490)	(7,490)	-	2.6	2.6	-
Net property income	20,657	20,657	-	18,078	18,078	-	14.3	14.3	-
Rental support / rental arrangement (a)	2,431	2,431	-	3,023	3,023	-	(19.6)	(19.6)	-
REIT Manager's fees (c)	(2,996)	(2,996)	-	(1,610)	(1,610)	-	86.1	86.1	-
REIT Trustee's fees (48)	(48)	(48)	-	(45)	(45)	-	6.7	6.7	-
Amortisation of intangible assets (d)	(825)	(825)	-	(825)	(825)	-	-	-	-
Other trust expenses (e)	(316)	(315)	(1)	(307)	(305)	(2)	2.9	3.3	(50)
Finance income	5	5	-	18	18	-	(72.2)	(72.2)	-
Finance expenses (f)	(5,253)	(5,253)	-	(4,770)	(4,770)	-	10.1	10.1	-
Net income	13,655	13,656	(1)	13,562	13,564	(2)	0.7	0.7	(50)
Change in fair value of investment properties (g)	(18,218)	(18,218)	-	450	450	-	n.m.	n.m.	-
Change in fair value of derivative financial instruments (h)	975	975	-	2,652	2,652	-	(63.2)	(63.2)	-
Total return before income tax	(3,588)	(3,587)	(1)	16,664	16,666	(2)	n.m.	n.m.	(50)
Income tax expense (i)	(410)	(410)	-	(509)	(509)	-	(19.4)	(19.4)	-
Total return after income tax	(3,998)	(3,997)	(1)	16,155	16,157	(2)	n.m.	n.m.	(50)

n.m. – not meaningful

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Notes:

- (a) The breakdown of gross revenue and rental differential derived from each property in 4Q2017, and the occupancy rate and weighted average lease expiry (“WALE”) of each property as at 31 December 2017 are as follows:

	Stapled Group					
	4Q2017				4Q2016	
	Gross Revenue S\$'000	Rental differential S\$'000	Occupancy rate %	WALE ⁽¹⁾ Years	Gross revenue S\$'000	Rental differential S\$'000
VBP	10,754	-	79	2.0	9,861	-
UEBH - Business Park Component	6,570	2,308	90	2.7	6,223	2,462
UEBH – Hotel Component ⁽²⁾	2,271	123	99	0.9	2,252	118
Mauser Singapore	479	-	100	1.4	480	-
JS	2,066	-	86	2.2	2,457	443
JDH	540	-	100	6.9	556	-
HFB	803	-	100	7.9	802	-
11 Ubi Road 1	1,803	-	100	7.9	1,803	-
30 Pioneer Road	1,134	-	100	3.3	1,134	-
6 Chin Bee Avenue	1,921	-	100	6.0	-	-
	28,341	2,431			25,568	3,023

Notes:

- (1) WALE is calculated based on the underlying committed gross rental income as at 31 December 2017 assuming renewal options are not exercised.
- (2) Includes the Hotel Leased Premises being leased to a single tenant under a hotel lease agreement at a fixed rental of S\$8.55 million per annum for the first five-year term commencing from 4 November 2013, with the tenant obliged to renew the lease, subject to approval by JTC Corporation, at a fixed rental of S\$9.66 million per annum for the second five-year term commencing from 4 November 2018.

Gross revenue of S\$28.3 million for 4Q2017 was S\$2.8 million or 10.8% higher than that of 4Q2016 mainly due to:

- additional rental contribution of S\$1.9 million from 6 Chin Bee Avenue, which was acquired by VI-REIT on 16 January 2017;
- higher rental and other income contribution of S\$0.9 million from VBP; and
- higher rental and other income contribution of S\$0.4 million from UEBH;
- partially offset by lower rental contribution of S\$0.4 million from JS.

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

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- (ii) the JS rental support arrangement, pursuant to which the vendor of JS, Jackson International Private Limited (“**J IPL**”), 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\$2.4 million for 4Q2017 was S\$0.6 million or 19.6% lower than that of 4Q2016 mainly due to:

- the absence of rental top-up under the JS rental support arrangement in 4Q2017 as a result of the settlement agreement entered into with JIPL on 19 May 2017 pursuant to which, among other things, JIPL had been fully released and discharged from all its obligations under the JS rental support arrangement upon VI-REIT’s receipt of a cash payment of S\$1.0 million and the proceeds of S\$3.9 million from the drawdown of the JS rental support bank guarantee (the “**JS Rental Support Settlement**”) (Please refer to the announcement dated 21 May 2017 titled “Settlement Agreement with Jackson International Private Limited and Mr Tan Phong Guan” for further details); and
 - lower rental top-up under the UEBH rental arrangement of S\$0.2 million as a result of higher net rental income derived from UEBH.
- (b) Property expenses of S\$7.7 million for 4Q2017 was S\$0.2 million or 2.6% higher than that of 4Q2016 mainly due to higher property expenses of S\$0.3 million pertaining to UEBH, partially offset by lower property expenses of S\$0.1 million pertaining to VBP.
- (c) This comprises the REIT Manager’s base fee (“**Base Fee**”), which is calculated based on 10% per annum of the distributable income of VI-REIT (before accounting for the Base Fee) and the REIT Manager’s performance fee (“**Performance Fee**”), which is calculated based on 25% per annum of the difference in the Distribution per Stapled Security (“**DPS**”) of VIT in a financial year compared to the DPS of VIT in the preceding financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Stapled Securities in issue for such financial year.

The REIT Manager’s fees of S\$3.0 million for 4Q2017 were S\$1.4 million or 86.1% higher than that of 4Q2016 due to:

- higher Base Fee of S\$0.2 million due to the increase in distributable income of VI-REIT as a result of higher gross revenue as explained in note (a) above; and
 - Performance Fee of S\$1.2 million, which was absent in 4Q2016.
- (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\$5.3 million for 4Q2017 were S\$0.5 million or 10.1% higher than that of 4Q2016 mainly due to additional interest expense incurred on the additional borrowings drawn down to partially fund the asset enhancement initiative (“**AEI**”) at VBP and the acquisition of 6 Chin Bee Avenue.

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- (g) This relates to unrealised fair value loss arising from the revaluation of the investment properties as at 31 December 2017, the details of which are as shown below:

	S\$'000
Carrying value of investment properties as at 1 October 2017	1,296,264
Payment of stamp duty for an investment property	157
Capital expenditure incurred	6,497
	1,302,918
Change in fair value of investment properties recognised in the consolidated statement of total return	(18,218)
Fair value of investment properties as at 31 December 2017	1,284,700

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

The fair value gain on interest rate swaps of S\$1.0 million in 4Q2017 was mainly due to the increase in the Singapore dollar Swap Offer Rate ("SOR") in 4Q2017.

- (i) In 1Q2017, the Income Tax Act was amended to allow tax transparency treatment to be accorded to rental income support payments received on or after 29 December 2016 subject to certain conditions being met. In this connection, the REIT Manager has submitted an application to the Inland Revenue Authority of Singapore ("IRAS") to seek an advance 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 from 29 December 2016 onwards in accordance with the relevant provisions of the amended Income Tax Act. However, the IRAS has informed the REIT Manager that it would not make an advance ruling on the aforesaid tax treatment but would determine the tax treatment at the tax assessment stage.

Pending the outcome of the tax assessment, 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\$0.4 million for 4Q2017 was S\$0.1 million or 19.4% lower than that of 4Q2016 mainly due to lower rental support in 4Q2017 as explained in note (a) above.

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1(a)(ii) Distribution Statement

Note	4Q2017		4Q2016		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	(3,998)	(3,997)	16,155	16,157	n.m.	n.m.
Net tax adjustments (Note A)	21,452	21,452	(222)	(222)	n.m.	n.m.
Distributable income	17,454	17,455	15,933	15,935	9.5	9.5
Release of previously retained distributable income	(a) 608	608	-	-	n.m.	n.m.
Distribution declared	18,062	18,063	15,933	15,935	13.4	13.4
Distribution per Stapled Security (cents):						
For the period	(c)	1.857		1.760		5.5
Annualised		7.367		7.002		5.2

n.m. – not meaningful

Notes:

- (a) The release of previously retained distributable income is made on the basis as if the JS rental support arrangement is still in place notwithstanding the JS Rental Support Settlement as elaborated in note (a) on page 5 of this announcement.
- (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 distribution of VI-REIT Group has been included for the purpose of calculating the Distribution per Stapled Security.
- (c) Please refer to section 6 for the calculation of Distribution per Stapled Security.

Note A

	4Q2017		4Q2016		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	2,914	2,914	1,436	1,436	102.9	102.9
Property Manager's fees payable in Stapled Securities	-	-	595	595	n.m.	n.m.
REIT Trustee's fees	48	48	45	45	6.7	6.7
Adjustment for recognising rental income on a straight-line basis over the lease term	(161)	(161)	(522)	(522)	(69.2)	(69.2)
Amortisation of intangible assets	825	825	825	825	-	-
Amortisation of debt-related transaction costs	480	480	432	432	11.1	11.1
Change in fair value of investment properties	18,218	18,218	(450)	(450)	n.m.	n.m.
Change in fair value of derivative financial instruments	(975)	(975)	(2,652)	(2,652)	(63.2)	(63.2)
Other non-taxable items	103	103	69	69	49.3	49.3
Net tax adjustments	21,452	21,452	(222)	(222)	n.m.	n.m.

n.m. – not meaningful

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1(a)(iii) Consolidated Statement of Total Return for the financial year ended 31 December 2017 ("FY2017")

Note	FY2017			FY2016			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) 111,663	111,663	-	95,119	95,119	-	17.4	17.4	-
Property expenses	(b) (29,857)	(29,857)	-	(26,641)	(26,641)	-	12.1	12.1	-
Net property income	81,806	81,806	-	68,478	68,478	-	19.5	19.5	-
Rental support / rental arrangement	(a) 14,719	14,719	-	12,719	12,719	-	15.7	15.7	-
REIT Manager's fees	(c) (8,743)	(8,743)	-	(6,163)	(6,163)	-	41.9	41.9	-
REIT Trustee's fees	(194)	(194)	-	(183)	(183)	-	6.0	6.0	-
Amortisation of intangible assets	(d) (3,300)	(3,300)	-	(3,300)	(3,300)	-	-	-	-
Other trust expenses	(e) (1,468)	(1,463)	(5)	(1,077)	(1,071)	(6)	36.3	36.6	(16.7)
Finance income	20	20	-	55	55	-	(63.6)	(63.6)	-
Finance expenses	(f) (20,488)	(20,488)	-	(21,669)	(21,669)	-	(5.5)	(5.5)	-
Net income	62,352	62,357	(5)	48,860	48,866	(6)	27.6	27.6	(16.7)
Change in fair value of investment properties	(g) (20,457)	(20,457)	-	172	172	-	n.m.	n.m.	-
Change in fair value of derivative financial instruments	(h) (811)	(811)	-	(4,092)	(4,092)	-	(80.2)	(80.2)	-
Total return before income tax	41,084	41,089	(5)	44,940	44,946	(6)	(8.6)	(8.6)	(16.7)
Income tax expense	(i) (2,481)	(2,481)	-	(2,145)	(2,145)	-	15.7	15.7	-
Total return after income tax	38,603	38,608	(5)	42,795	42,801	(6)	(9.8)	(9.8)	(16.7)

n.m. – not meaningful

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Notes:

- (a) The breakdown of gross revenue and rental differential derived from each property in FY2017 are as follows:

	Stapled Group			
	FY2017		FY2016	
	Gross revenue S\$'000	Rental differential S\$'000	Gross revenue S\$'000	Rental differential S\$'000
VBP	41,758	-	34,241	-
UEBH - Business Park Component	25,678	8,980	23,848	10,875
UEBH - Hotel Component	9,009	486	9,201	280
Mauser Singapore	1,915	-	1,916	-
JS	8,806	5,253	10,036	1,564
JDH	2,162	-	2,230	-
HFB	3,211	-	3,210	-
11 Ubi Road 1	7,212	-	7,212	-
30 Pioneer Road	4,536	-	3,225	-
6 Chin Bee Avenue	7,376	-	-	-
	111,663	14,719	95,119	12,719

Gross revenue of S\$111.7 million for FY2017 was S\$16.5 million or 17.4% higher than that of FY2016 mainly due to:

- additional rental contribution of S\$7.4 million from 6 Chin Bee Avenue, which was acquired by VI-REIT on 16 January 2017;
- additional rental contribution of S\$1.3 million from 30 Pioneer Road, which was acquired by VI-REIT on 15 April 2016;
- higher rental and other income contribution of S\$7.5 million from VBP, which arose mainly from its business park and retail space, contestable electricity bulk purchase program and carpark income; and
- higher rental and other income contribution of S\$1.6 million from UEBH, which arose mainly from its business park space and contestable electricity bulk purchase program;
- partially offset by lower rental contribution of S\$1.3 million from JS.

Income from rental support / rental arrangement of S\$14.7 million for FY2017 was S\$2.0 million or 15.7% higher than that of FY2016 mainly due to:

- higher rental top-up under the JS rental support arrangement of S\$3.7 million as a result of recognising S\$4.9 million of rental top-up in FY2017 due to the JS Rental Support Settlement as elaborated in note (a) on page 5 of this announcement;
- partially offset by lower rental top-up under the UEBH rental arrangement of S\$1.7 million as a result of higher net rental income derived from UEBH.

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- (b) Property expenses of S\$29.9 million for FY2017 was S\$3.2 million or 12.1% higher than that of FY2016 mainly due to higher property expenses of:
- S\$2.4 million pertaining to VBP;
 - S\$0.7 million pertaining to UEBH; and
 - S\$0.1 million pertaining to 6 Chin Bee Avenue.
- (c) The REIT Manager's fees of S\$8.7 million for FY2017 were S\$2.6 million or 41.9% higher than that of FY2016 mainly due to:
- higher Base Fee of S\$1.4 million due to the increase in distributable income of VI-REIT as a result of higher gross revenue and rental support as explained in note (a) above; and
 - Performance Fee of S\$1.2 million, which was absent in FY2016.
- (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) on page 4 of this announcement. 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. Other trust expenses of S\$1.5 million for FY2017 were S\$0.4 million or 36.3% higher than that of FY2016 mainly due to higher legal and professional fees and investor relations costs incurred.
- (f) Finance expenses generally include interest expense, loan commitment fees and amortisation of debt-related transaction costs. Finance expenses of S\$20.5 million for FY2017 were S\$1.2 million or 5.5% lower than that of FY2016 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 FY2016;
 - partially offset by additional interest expense of S\$1.5 million incurred in FY2017 due to additional borrowings drawn down to partially fund the AEI at VBP and the acquisition of 30 Pioneer Road and 6 Chin Bee Avenue.
- (g) This relates to the fair value loss arising from the revaluation of the investment properties as at 31 December 2017. Please refer to note (a) on page 14 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. The fair value loss on interest rate swaps of S\$0.8 million in FY2017 was mainly due to the decrease in the Singapore dollar SOR in FY2017.
- (i) Income tax expense of S\$2.5 million for FY2017 was S\$0.3 million or 15.7% higher than that of FY2016 mainly due to higher rental support in FY2017 as explained in note (a) above.

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1(a)(iv) Distribution Statement

Note	FY2017		FY2016		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	38,603	38,608	42,795	42,801	(9.8)	(9.8)
Net tax adjustments (Note A)	35,476	35,476	18,137	18,137	95.6	95.6
Distributable income	74,079	74,084	60,932	60,938	21.6	21.6
Retention of distributable income	(1,779)	(1,779)	-	-	n.m.	n.m.
Distribution declared	72,300	72,305	60,932	60,938	18.7	18.7
Distribution per Stapled Security (cents):						
For the period		7.472		6.958		7.4
Annualised		7.472		6.958		7.4

n.m. – not meaningful

Notes:

- (a) The retention of distributable income is made on the basis as if the JS rental support arrangement is still in place notwithstanding the JS Rental Support Settlement as elaborated in note (a) on page 5 of this announcement.
- (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 distribution of VI-REIT Group has been included for the purpose of calculating the Distribution per Stapled Security.
- (c) Please refer to section 6 for the calculation of Distribution per Stapled Security.

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Note A

	FY2017		FY2016		Inc / (Dec)	
	Stapled Group S\$'000	VI-REIT Group S\$'000	Stapled Group S\$'000	VI-REIT Group S\$'000	Stapled Group %	VI-REIT Group %
Net tax adjustments comprise:						
REIT Manager's fees paid/payable in Stapled Securities	7,816	7,816	5,467	5,467	43.0	43.0
Property Manager's fees paid/payable in Stapled Securities	2,081	2,081	2,056	2,056	1.2	1.2
REIT Trustee's fees	194	194	183	183	6.0	6.0
Adjustment for recognising rental income on a straight-line basis over the lease term	(1,587)	(1,587)	(1,626)	(1,626)	(2.4)	(2.4)
Amortisation of intangible assets	3,300	3,300	3,300	3,300	-	-
Amortisation of debt-related transaction costs	1,882	1,882	1,821	1,821	3.3	3.3
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	20,457	20,457	(172)	(172)	n.m.	n.m.
Change in fair value of derivative financial instruments	811	811	4,092	4,092	(80.2)	(80.2)
Others	522	522	325	325	60.6	60.6
Net tax adjustments	35,476	35,476	18,137	18,137	95.6	95.6

n.m. – not meaningful

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1(b) Statement of Financial Position

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

Note	31 Dec 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)	1,284,700	1,284,700	-	1,199,700	1,199,700	-
Intangible assets (b)	2,778	2,778	-	6,078	6,078	-
	1,287,478	1,287,478	-	1,205,778	1,205,778	-
Current assets						
Trade and other receivables (c)	21,445	21,445	-	17,666	17,666	-
Pledged deposits (d)	1,230	1,230	-	1,000	1,000	-
Cash and cash equivalents (e)	8,242	8,214	28	29,462	29,428	34
	30,917	30,889	28	48,128	48,094	34
Total assets	1,318,395	1,318,367	28	1,253,906	1,253,872	34
Non-current liabilities						
Trade and other payables (f)	8,700	8,700	-	7,986	7,986	-
Interest-bearing borrowings (g)	420,774	420,774	-	461,509	461,509	-
Derivative financial instruments (h)	2,476	2,476	-	1,778	1,778	-
	431,950	431,950	-	471,273	471,273	-
Current liabilities						
Trade and other payables (f)	35,364	35,359	5	39,306	39,300	6
Interest-bearing borrowings (g)	99,770	99,770	-	-	-	-
Derivative financial instruments (h)	113	113	-	-	-	-
Income tax payable	4,626	4,626	-	4,380	4,380	-
	139,873	139,868	5	43,686	43,680	6
Total liabilities	571,823	571,818	5	514,959	514,953	6
Net assets	746,572	746,549	23	738,947	738,919	28
Represented by:						
Stapled Securityholders' funds	746,572	746,549	23	738,947	738,919	28

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Notes:

- (a) Increase in investment properties of S\$85.0 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 FY2017.

Movements in the carrying value of investment properties during FY2017 are as shown below:

	S\$'000
Carrying value of investment properties as at 1 January 2017	1,199,700
Acquisition of an investment property	95,339
Payment of stamp duty for investment properties	311
Acquisition related costs	979
Costs incurred for the AEI works at VBP	1,458
Other capital expenditure incurred	7,370
	1,305,157
Change in fair value of investment properties recognised in the consolidated statement of total return	(20,457)
Carrying value of investment properties as at 31 December 2017	1,284,700

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

Intangible assets decreased by S\$3.3 million due to amortisation charge for FY2017.

- (c) Increase in trade and other receivables of S\$3.8 million was mainly due to:
- increase in accrued revenue of S\$1.6 million due to recognition of rental income on a straight-line basis over the lease term of the respective leases;
 - increase in trade receivables of S\$1.0 million;
 - deferred marketing commission of S\$1.3 million incurred in FY2017; and
 - S\$0.8 million of property tax recoverable from the lessee of 6 Chin Bee Avenue, which was acquired in January 2017;
 - partially offset by deferred marketing commission of S\$0.9 million charged to the statement of total return in FY2017.
- (d) Pledged deposits represent bank balances that are pledged as security for Loan Facility II and Loan Facility IV (as defined hereinafter) as disclosed on page 17 of this announcement.
- (e) Cash and cash equivalents decreased by S\$21.2 million as a result of net cash used in investing activities of S\$82.6 million and net cash used in financing activities of S\$25.2 million, partially offset by net cash generated from operating activities of S\$86.6 million. Please refer to the consolidated statement of cash flows for FY2017 on page 19 of this announcement for further details.

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- (f) Non-current trade and other payables comprise security and other deposits received from tenants. Decrease in total trade and other payables of S\$3.2 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\$4.0 million; and
 - decrease in security deposits received from tenants of S\$0.4 million; partially offset by:
 - increase in net GST payable of S\$0.6 million;
 - increase in interest payable of S\$0.2 million; and
 - increase in property tax payable of S\$0.4 million.

- (g) Increase in total interest-bearing borrowings of S\$59.0 million was mainly due to:
- drawdown of the S\$22 million term loan under Loan Facility III (as defined hereinafter);
 - drawdown of the S\$35 million term loan under Loan Facility IV (as defined hereinafter);
 - drawdown of S\$1 million of the revolving credit facility under Loan Facility I (as defined hereinafter); and
 - amortisation of debt-related transaction costs of S\$1.8 million in FY2017;
 - partially offset by debt-related transaction costs of S\$0.8 million incurred on Loan Facility III and Loan Facility IV.

Please refer to section 1(b)(ii) – Aggregate Amount of Borrowings for further details of the borrowings.

- (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 December 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, to hedge the interest rates on such amounts of borrowings for an additional year to February 2019. During 2Q2017, the Stapled Group entered into an interest rate swap with a notional amount of S\$23 million to hedge the interest rate on such amount of borrowings until February 2019. The fair value of these new interest rate swaps has been classified as non-current liabilities as at 31 December 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 FY2017 and the aforementioned new interest rate swaps entered into during FY2017.

- (i) As at 31 December 2017, the Stapled Group's current liabilities exceeded its current assets by S\$109.0 million (31 December 2016: Net current assets of S\$4.4 million) mainly due to the reclassification of its S\$100 million MTN from non-current liabilities as at 31 December 2016 to current liabilities as at 31 December 2017 as the S\$100 million MTN will be repayable in September 2018, i.e. within one year. The aforesaid S\$100 million MTN can be refinanced by issuing new MTN of the same amount under the S\$500 million Multicurrency MTN Programme, which has an undrawn balance of S\$400 million. As such, the Managers are of the view that the Stapled Group will be able to meet its obligations as and when they fall due.

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1(b)(ii) Aggregate amount of borrowings

	Note	Stapled Group	
		31 Dec 2017 S\$'000	31 Dec 2016 S\$'000
Secured borrowings	(a)		
Amount repayable after one year		425,000	367,000
Less: Unamortised transaction costs		(4,226)	(4,946)
		420,774	362,054
Unsecured borrowings	(b)		
Amount repayable within one year		100,000	-
Amount repayable after one year		-	100,000
Less: Unamortised transaction costs		(230)	(545)
		99,770	99,455
Total borrowings		520,544	461,509
Current		99,770	-
Non-current		420,774	461,509
		520,544	461,509
Gearing ratio	(c)	39.8%	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 December 2017, S\$280 million in aggregate of the Term Loan Facilities has been fully drawn down and S\$15 million of the Revolving Credit Facility has been utilised.

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- (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 December 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 December 2017, the Loan Facility III of S\$22 million has been fully drawn down.

- (iv) VI-REIT has in place a Singapore dollar denominated senior five-year secured bilateral term loan facility amounting to S\$35 million (the "**Loan Facility IV**").

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

- a mortgage over 6 Chin Bee Avenue;
- an assignment of all of VI-REIT's rights, benefits, title and interest in, under and arising out of all policies and contracts of insurance (other than public liability insurance), in each case, in relation to 6 Chin Bee Avenue;
- an assignment and charge of all of VI-REIT's rights, benefits, title and interest in, under and arising out of, *inter alia*, sale agreements, tenancy agreements, performance guarantees, sale proceeds, rental proceeds, sale proceeds account and tenancy account, in each case, in relation to 6 Chin Bee Avenue; and
- a charge of all of VI-REIT's rights, benefits, title and interest in, under and arising out of a debt service reserve account.

As at 31 December 2017, the Loan Facility IV of S\$35 million has been fully drawn down.

VI-REIT has entered into interest rate swaps to fix the interest rates for 80.7% of its outstanding floating rate borrowings as at 31 December 2017.

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(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.

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1(c) Consolidated Statement of Cash Flows

	Stapled Group			
	4Q2017	4Q2016	FY2017	FY2016
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Total return for the period/year before income tax	(3,588)	16,664	41,084	44,940
Adjustments for:				
Effects of recognising rental income on a straight-line basis over the lease term	(161)	(522)	(1,587)	(1,626)
Finance income	(5)	(18)	(20)	(55)
Finance expenses	5,253	4,770	20,488	21,669
Change in fair value of investment properties	18,218	(450)	20,457	(172)
Change in fair value of derivative financial instruments	(975)	(2,652)	811	4,092
Amortisation of intangible assets	825	825	3,300	3,300
REIT Manager's fees paid/payable in Stapled Securities	2,914	1,436	7,816	5,467
Property Manager's fees paid/payable in Stapled Securities	-	595	2,081	2,056
Operating income before working capital changes	22,481	20,648	94,430	79,671
Changes in working capital:				
Trade and other receivables	(7,047)	(7,261)	(2,203)	(1,494)
Trade and other payables	7,642	10,686	(3,373)	11,118
Cash generated from operations	23,076	24,073	88,854	89,295
Income taxes paid	-	-	(2,235)	-
Net cash generated from operating activities	23,076	24,073	86,619	89,295
Cash flows from investing activities				
Acquisition of an investment property	-	-	(73,318) ^(a)	(52,235)
Payment of stamp duty for investment properties	(157)	-	(311)	(156)
Capital expenditure incurred	(6,497)	(5,999)	(8,828)	(23,937)
Deposits pledged	-	-	(230)	-
Interest received	19	29	23	62
Net cash used in investing activities	(6,635)	(5,970)	(82,664)	(76,266)
Cash flows from financing activities				
Proceeds from issuance of new Stapled Securities	-	45,000	-	45,000
Payment of issue expenses	-	(1,571)	(29)	(1,571)
Proceeds from borrowings	-	-	93,000	294,000
Repayment of borrowings	(3,000)	(21,000)	(35,000)	(290,000)
Payment of debt-related transaction costs	-	-	(847)	(5,419)
Payment of debt prepayment and cancellation fees	-	-	-	(801)
Payment of finance expenses	(3,728)	(3,298)	(18,453)	(16,240)
Distributions paid to Stapled Securityholders	(18,432)	(22,032)	(63,846)	(56,420)
Net cash used in financing activities	(25,160)	(2,901)	(25,175)	(31,451)
Net (decrease) / increase in cash and cash equivalents	(8,719)	15,202	(21,220)	(18,422)
Cash and cash equivalents at beginning of the period/year	16,961	14,260	29,462	47,884
Cash and cash equivalents at end of the period/year	8,242	29,462	8,242	29,462

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Note:

(a)	S\$'000
Purchase consideration	87,300
Upfront land premium and stamp duty	8,039
Professional fees	979
Partial satisfaction of purchase consideration by way of issuance of new Stapled Securities	(23,000)
Net cash outflow	73,318

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

	Stapled Group			
	4Q2017 S\$'000	4Q2016 S\$'000	FY2017 S\$'000	FY2016 S\$'000
Balance at beginning of the period/year	766,088	699,364	738,947	701,620
Operations				
Total return for the period/year after income tax	(3,998)	16,155	38,603	42,795
Net (decrease)/increase in net assets resulting from operations	(3,998)	16,155	38,603	42,795
Stapled Securityholders' transactions				
Issuance of new Stapled Securities pursuant to private placement	-	45,000	-	45,000
Issuance of new Stapled Securities in connection with the acquisition of an investment property	-	-	23,000	-
Issue expenses	-	(1,571)	(29)	(1,571)
Stapled Securities issued and issuable:				
- As payment of REIT Manager's fees	2,914	1,436	7,816	5,467
- As payment of Property Manager's fees	-	595	2,081	2,056
Distribution to Stapled Securityholders	(18,432)	(22,032)	(63,846)	(56,420)
Net (decrease)/increase in net assets resulting from Stapled Securityholders' transactions	(15,518)	23,428	(30,978)	(5,468)
Balance at end of the period/year	746,572	738,947	746,572	738,947

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

	Stapled Group			
	4Q2017 Units	4Q2016 Units	FY2017 Units	FY2016 Units
Stapled Securities in issue at beginning of the period/year	970,098,471	868,112,158	931,405,379	860,615,215
Issuance of new Stapled Securities pursuant to private placement	-	60,811,000	-	60,811,000
Issuance of new Stapled Securities in connection with the acquisition of an investment property ^(a)	-	-	30,483,700	-
New Stapled Securities issued as payment of:				
- REIT Manager's fees	1,796,878	1,810,703	7,574,865	7,437,412
- Property Manager's fees	762,892	671,518	3,194,297	2,541,752
Total issued Stapled Securities	972,658,241	931,405,379	972,658,241	931,405,379
New Stapled Securities issuable as payment of:				
- REIT Manager's fees	3,100,366	1,898,457	3,100,366	1,898,457
- Property Manager's fees	-	786,548	-	786,548
Total issued and issuable Stapled Securities at end of the period/year	975,758,607	934,090,384	975,758,607	934,090,384

Note:

(a) In connection with 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.

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

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

- 6 Earnings per Stapled Security (“EPS”) and Distribution per Stapled Security (“DPS”) for the period/year

	Stapled Group				
Note	4Q2017	4Q2016	FY2017	FY2016	
EPS is calculated based on:					
Total return after income tax (S\$'000)	(a)	(3,998)	16,155	38,603	42,795
Weighted average number of issued and issuable Stapled Securities during the period/year ('000)		972,692	906,978	967,483	875,990
Basic and diluted EPS (cents)	(b)	(0.411)	1.781	3.990	4.885
DPS is calculated based on:					
Distribution declared for the period/year (S\$'000)	(c)	18,063	15,935	72,305	60,938
Applicable number of Stapled Securities for calculation of DPS ('000)		972,658	905,225	967,564	875,667
DPS (cents)	(d)	1.857	1.760	7.472	6.958

Notes:

- (a) Please refer to sections 1(a)(i) and 1(a)(iii) for the review of the Stapled Group's financial performance for 4Q2017 and FY2017, respectively.
- (b) Diluted EPS is the same as the basic EPS as there were no potential dilutive instruments in issue during the period/year.
- (c) 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 distribution of VI-REIT Group has been included for the purpose of calculating the DPS. Please refer to sections 1(a)(ii) and 1(a)(iv) for the Distribution Statements for 4Q2017 and FY2017, respectively.
- (d) The pro forma DPS for 4Q2017 and FY2017 without the effects of rental support / rental arrangement would be 1.586 cents (4Q2016: 1.487 cents) and 6.442 cents (FY2016: 5.766 cents), respectively.

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

NAV / NTA per Stapled Security is calculated based on:

Net assets (S\$'000)

Net tangible assets (S\$'000)

Number of Stapled Securities ('000):

- issued

- issuable

NAV per Stapled Security (cents)

NTA per Stapled Security (cents)

Stapled Group	
31 Dec 2017	31 Dec 2016
746,572	738,947
743,794	732,869
972,658	931,405
3,100	2,685
975,758	934,090
76.51	79.11
76.23	78.46

8 A review of the performance for the quarter and financial year ended 31 December 2017

A review of the performance for 4Q2017 and FY2017 is set out in section 1(a) – Consolidated Statement of Total Return and section 1(b)(i) – Statement of Financial Position as at 31 December 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 ended 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 estimates¹, the Singapore economy grew by 3.1% on a year-on-year basis in 4Q2017, a slowdown from the 5.4% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded at a slower pace of 2.8% compared to the 9.4% growth in the preceding quarter. The manufacturing sector expanded by 6.2% on a year-on-year basis in 4Q2017, moderating from the 19.2% growth in the previous quarter. Growth was supported primarily by robust performance in the electronics and precision engineering clusters, which outweighed output declines in the biomedical manufacturing and transport engineering clusters.

The December 2017 reading² of Singapore Purchasing Managers' Index ("PMI") recorded an expansion at 52.8, declining by 0.1 points from November's reading of 52.9. This marks the 16th straight month of expansion reading for the PMI, though the marginal lower reading was attributed to a slower rate of expansion in new orders, new exports and employment. The latest readings of the PMI indicate a year of strong growth for the manufacturing sector.

Based on the recent 4Q2017 outlook report³ by CBRE, leasing activity was quiet for the business park sector as occupier activity was focused on the office sector with a number of sizeable office projects such as Fraser Tower at Tanjong Pagar and Paya Lebar Quarter attaining temporary occupation permits soon. Vacancy levels dropped slightly from 12.1% to 11.8% in 4Q2017 with islandwide net absorption swinging back into positive territory, following two consecutive quarters of negative readings. Demand for business park space is expected to remain steady mainly supported by improving economic fundamentals and rising demand from the technology industries.

For the full year of 2017, the REIT Manager achieved 70.9% retention rate for the leases due for renewal, renewing 305,000 square feet of the 430,000 square feet of leases due for renewal in 2017. In addition, a total of 113,000 square feet of new leases were secured during the year. The REIT Manager remains cautiously optimistic as economic recovery gains momentum amid healthy global growth.

Positive Catalysts for UEBH

On 21 October 2017, the Downtown Line was officially opened with direct connection from Expo MRT Station via an underpass to UEBH. The urban plaza between Changi City Point and UEBH is now open to pedestrians. The direct connection to the MRT interchange station and the opening of the urban plaza greatly enhances the accessibility to UEBH and improves the traffic flow to the retail outlets located within UEBH. The REIT Manager expects UEBH to receive more enquiries on its leasing space and benefit from potential positive rental reversion.

¹ "Singapore's GDP Grew by 3.1 Per Cent in the Fourth Quarter of 2017", Ministry of Trade and Industry Singapore, Press Release, 2 January 2018

² PMI Monthly Bulletin, Singapore Institute of Purchasing & Materials Management, December 2017

³ "Singapore MarketView Q4 2017", CBRE Research, 12 January 2018

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11 Distributions

11(a) Current financial period

Any distribution declared for the current period?

Yes.

Name of distribution: Distribution for the period from 1 October 2017 to 31 December 2017

Distribution type: Taxable income / Tax-exempt income

Distribution rate: 1.857 cents per Stapled Security comprising
(a) Taxable income - 1.588 cents
(b) Tax exempt income - 0.269 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 7 November 2016 to 31 December 2016

Distribution type: Taxable income / Tax-exempt income

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

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

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

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

Distribution type: Taxable income / Tax-exempt income

Distribution rate: 0.728 cents per Stapled Security comprising
(a) Taxable income - 0.619 cents
(b) Tax exempt income - 0.109 cents

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

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

11(c) Books closure date: 5 February 2018

11(d) Date Payable: 28 February 2018

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

In relation to the distribution to Stapled Securityholders for the period from 1 October 2017 to 31 December 2017 (the "**Distribution**"), the REIT Manager, in consultation with the REIT Trustee, hereby certifies that it 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 annual distributable income. Distributions are made on a quarterly basis at the sole discretion of the REIT Manager.

14 If the Stapled Group has obtained a general mandate from Stapled Securityholders for IPTs, the aggregate value of each transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Stapled Group has not obtained a general mandate from its Stapled Securityholders for IPTs.

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15 Segment revenue and results

	Stapled Group									
	4Q2017					4Q2016				
	Business Park	Hotel	Logistics	Light Industrial	Total	Business Park	Hotel	Logistics	Light Industrial	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Gross revenue	17,324	2,271	3,534	5,212	28,341	16,084	2,252	1,614	5,618	25,568
Property expenses	(6,535)	(86)	(109)	(954)	(7,684)	(6,457)	(87)	(50)	(896)	(7,490)
Net property income	10,789	2,185	3,425	4,258	20,657	9,627	2,165	1,564	4,722	18,078
Rental support / rental arrangement	2,308	123	-	-	2,431	2,462	118	-	443	3,023
Reportable segment results	13,097	2,308	3,425	4,258	23,088	12,089	2,283	1,564	5,165	21,101
Unallocated items:										
- REIT Manager's fees					(2,996)					(1,610)
- REIT Trustee's fees					(48)					(45)
- Amortisation of intangible assets					(825)					(825)
- Other trust expenses					(316)					(307)
- Finance income					5					18
- Finance expenses					(5,253)					(4,770)
Net income					13,655					13,562
Change in fair value of investment properties					(18,218)					450
Change in fair value of derivative financial instruments					975					2,652
Total return for the period before income tax					(3,588)					16,664
Income tax expense					(410)					(509)
Total return for the period after income tax					(3,998)					16,155

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	Stapled Group									
	FY2017					FY2016				
	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	67,436	9,009	13,827	21,391	111,663	58,089	9,201	5,141	22,688	95,119
Property expenses	(25,466)	(324)	(430)	(3,637)	(29,857)	(22,586)	(337)	(148)	(3,570)	(26,641)
Net property income	41,970	8,685	13,397	17,754	81,806	35,503	8,864	4,993	19,118	68,478
Rental support / rental arrangement	8,980	486	-	5,253	14,719	10,875	280	-	1,564	12,719
Reportable segment results	50,950	9,171	13,397	23,007	96,525	46,378	9,144	4,993	20,682	81,197
Unallocated items:										
- REIT Manager's fees					(8,743)					(6,163)
- REIT Trustee's fees					(194)					(183)
- Amortisation of intangible assets					(3,300)					(3,300)
- Other trust expenses					(1,468)					(1,077)
- Finance income					20					55
- Finance expenses					(20,488)					(21,669)
Net income					62,352					48,860
Change in fair value of investment properties					(20,457)					172
Change in fair value of derivative financial instruments					(811)					(4,092)
Total return for the year before income tax					41,084					44,940
Income tax expense					(2,481)					(2,145)
Total return for the year after income tax					38,603					42,795

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16 Breakdown of revenue

	Stapled Group		
	FY2017 S\$'000	FY2016 S\$'000	Inc / (Dec) %
Gross revenue reported for first half year	54,985	45,299	21.4
Total return after income tax for first half year	27,442	14,382	90.8
Gross revenue reported for second half year	56,678	49,820	13.8
Total return after income tax for second half year	11,161	28,413	(60.7)

17 Breakdown of the total distributions for the financial year ended 31 December 2017

Annual distributions to Stapled Securityholders:

	FY2017 S\$'000	FY2016 S\$'000
1 Jul 2017 to 30 Sep 2017	18,432	-
1 Apr 2017 to 30 Jun 2017	18,004	-
1 Jan 2017 to 31 Mar 2017	17,798	-
7 Nov 2016 to 31 Dec 2016	9,612	-
1 Oct 2016 to 6 Nov 2016 ^(a)	-	6,320
1 Jul 2016 to 30 Sep 2016	-	15,713
1 Apr 2016 to 30 Jun 2016	-	15,146
1 Jan 2016 to 31 Mar 2016	-	14,138
27 Nov 2015 to 31 Dec 2015	-	5,103
Total distributions to Stapled Securityholders	63,846	56,420

Note:

- (a) 4Q2016 advanced distribution was paid on 28 November 2016 pursuant to a private placement completed on 7 November 2016.

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18 Interested person transactions (“IPTs”)

Name of Interested Person / Party	Stapled Group	
	Aggregate value of all IPTs during the financial year under review	
	FY2017 S\$'000	FY2016 S\$'000
Viva Industrial Trust Management Pte Ltd (the “REIT Manager”)		
Base fee paid and payable	7,501	6,163
Performance fee payable	1,241	-
Rental income and utilities charges received and receivable	210	204
Acquisition fee paid in relation to the acquisition of investment properties	873	450
Viva Real Estate Asset Management Pte Ltd (the “Property Manager”) (Note (a))		
Property and lease management fees paid and payable	3,131	2,419
Marketing commission paid and payable	1,398	1,437
Project management fee paid and payable	181	400
Perpetual (Asia) Limited (the “REIT Trustee”)		
REIT Trustee’s fees paid and payable	194	183
Ho Seng Lee Industries Pte Ltd (Related party of the REIT Manager) (Note (b))		
Rental income received and receivable	1,937	1,922
Wee Poh Construction Co. (Pte.) Ltd. (Related party of the REIT Manager) (Note (b))		
Progress claims paid and payable under the construction contract for the AEI at VBP	1,240	16,457

Notes:

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

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

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19 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Managers confirm that we have procured undertakings from all our directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

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

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

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

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

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

26 January 2018

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IMPORTANT NOTICE

This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any Stapled Securities of VIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of the Stapled Securities and the income derived from them may fall as well as rise. The Stapled Securities are not obligations of, deposits in, or guaranteed by, the Managers, Perpetual (Asia) Limited (as trustee of VI-REIT) or any of their respective affiliates.

An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Stapled Securityholders have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that Stapled Securityholders may only deal in their Stapled Securities through trading on Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of VIT. The forecast financial performance of VIT is not guaranteed. A potential investor is cautioned not to place undue reliance on these forward-looking statements, which are based on the Managers' current view of future events.