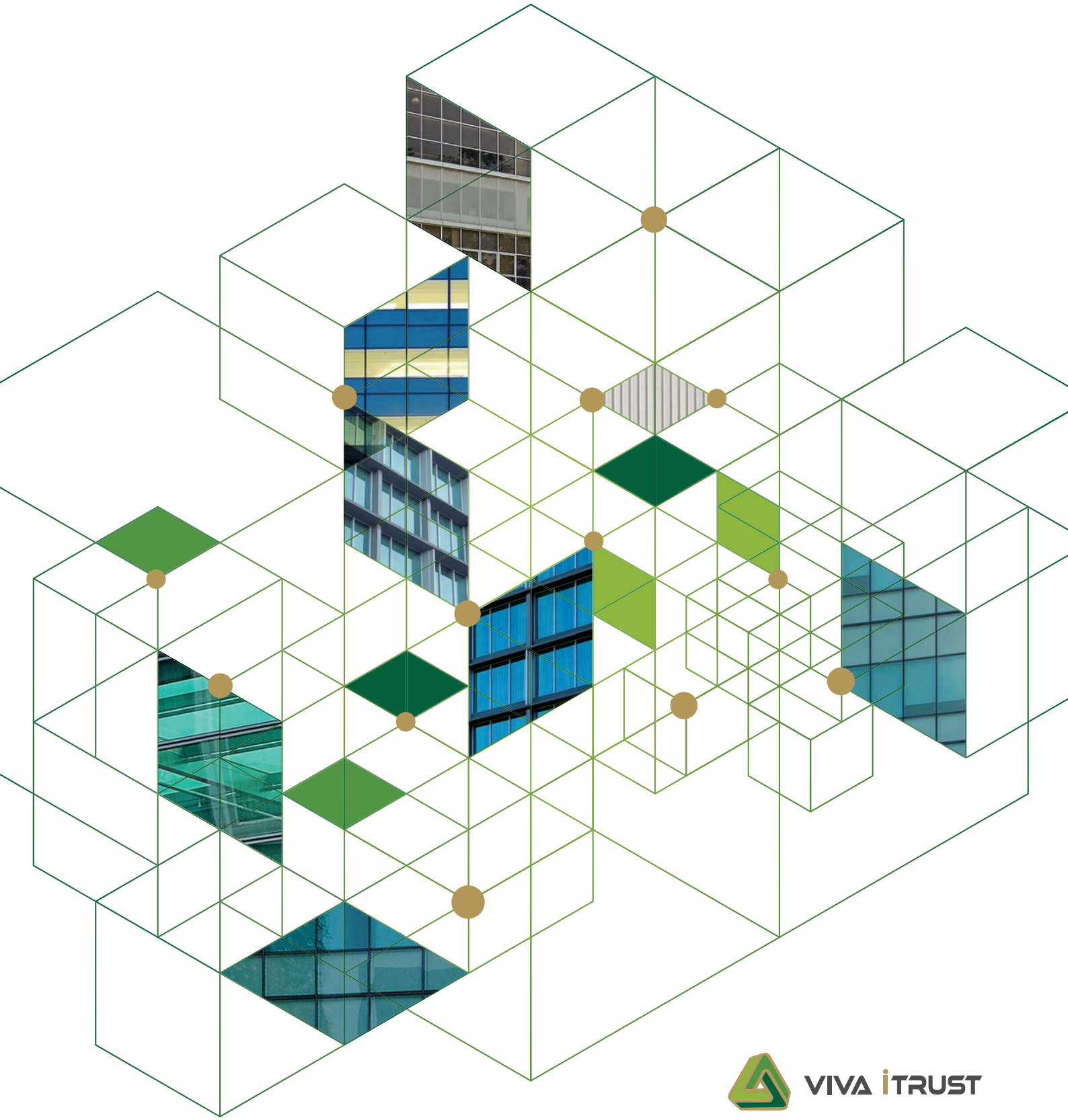
BUILDING **RESILIENCE**
ENHANCING **VALUE**

ANNUAL REPORT 2015



VIVA iTRUST

CORPORATE PROFILE

Viva Industrial Trust ("VIT") is a Singapore-focused business park and industrial real estate investment trust listed on the Mainboard of the Singapore Exchange ("SGX-ST") on 4 November 2013. VIT comprises Viva Industrial Real Estate Investment Trust ("VI-REIT") and Viva Industrial Business Trust ("VI-BT"). VI-REIT has the principal investment strategy of investing in a diversified portfolio of income-producing real estate that is predominantly for business parks and other industrial purposes in Singapore and elsewhere in the Asia Pacific region. VI-BT is presently dormant.

VIT properties cover an aggregate gross floor area of 3.3 million sq ft and are strategically located in key business parks and established industrial clusters with a valuation of $1.12 billion as at 31 December 2015. Its seven properties, with a total of 18 buildings, serve over 130 tenants with multinational corporations (MNCs) and government-linked companies (GLCs) contributing approximately 69% of its underlying gross rental income.

VISION

To be a steadfast industrial real estate investment trust offering the best-in-class income producing portfolio with dynamic growth potential.

MISSION

To provide stapled securityholders with stable distributions and long-term growth in asset value.









CONTENTS

Corporate Profile
2 About the Managers
3 Financial Highlights
4 Significant Events
8 Chairman and CEO Letter to Stapled Securityholders
14 Trust & Manager Structure
15 Board of Directors
18 Management Team
22 Portfolio Review
26 Properties Profile
28 Financial Review
34 Independent Market Report
50 Investor Relations and Corporate Social Responsibility
53 Corporate Governance
68 Fees Payable to the REIT Manager
71 Utilisation of Proceeds from Private Placement and Preferential Offering
72 Financial Statements
162 Directors' Interests in Stapled Securities
163 Statistics of Holdings of Stapled Securities
165 Notice of Annual General Meeting
Proxy Form
Corporate Information

ABOUT THE MANAGERS

REIT MANAGER	BT TRUSTEE-MANAGER
VI-REIT is managed by Viva Industrial Trust Management Pte. Ltd. (the "REIT Manager"), which is 90% owned by Viva Investment Management Pte. Ltd. ("VIM"), and 10% owned by United Engineers Developments Pte. Ltd. ("UED"), a direct wholly-owned subsidiary of United Engineers Ltd. ("UE"). The REIT Manager's main responsibility is to manage VI-REIT's assets and liabilities for the benefit of the VIT Stapled Securityholders, through setting the strategic direction of VI-REIT and making recommendations to the REIT Trustee on acquisition, divestment, development and/or enhancement of assets of VI-REIT.	VI-BT is managed by Viva Asset Management Pte. Ltd. (the "BT Trustee-Manager"), which is 90% owned by VIM and 10% owned by UED, a direct wholly-owned subsidiary of UE. VI-BT is presently dormant. The BT Trustee-Manager has the dual responsibilities of safeguarding the interests of the VIT Stapled Securityholders and managing the business conducted by VI-BT. The BT Trustee-Manager has general powers of management over the business and assets of VI-BT for the benefit of the VIT Stapled Securityholders as a whole.

OUR INVESTMENT STRATEGY

The REIT Manager's key objective is to provide Stapled Securityholders with a competitive rate of return, by ensuring stable distributions, as well as long-term growth in distribution per Stapled Security and net asset value per Stapled Security, while maintaining a prudent capital and risk management structure.

ACQUISITION FOR GROWTH

- Source for and acquire assets in Singapore and elsewhere in the Asia Pacific region that meet the REIT Manager's investment criteria to provide attractive cash flow and yields relative to VI-REIT's weighted average cost of capital, and to pursue opportunities for future income and capital growth.

ACTIVE ASSET MANAGEMENT

- Proactively implement measures and work closely with the master lessees to improve the returns from the master-leased properties.

- Proactively manage and improve the leasing profiles of the multi-tenanted properties.

- Measures include active leasing, marketing of any vacancies and expiring leases, tenant management and retention, mitigating any risks relating to new leases and lease renewals, implementing programmes for regular maintenance and building upgrades, and asset refurbishment and enhancement initiatives.

CAPITAL AND RISK MANAGEMENT

- Employ an appropriate mix of debt and equity in financing acquisitions and utilise interest rate and currency hedging strategy where appropriate.

- Minimise exposure to market volatility and optimise risk-adjusted returns to Stapled Securityholders.

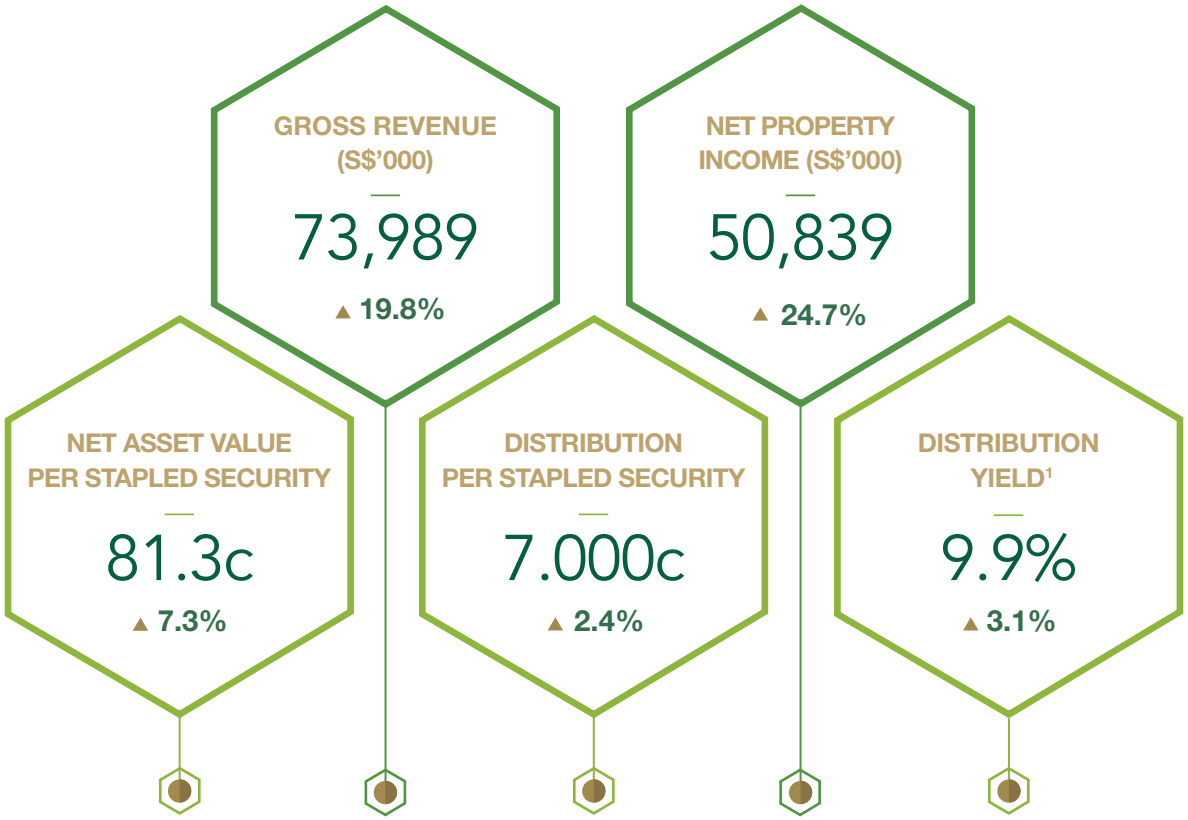
SELECTIVE DEVELOPMENT

- Selectively undertake development activities that are able to enhance the value of the portfolio, including build-to-suit developments.

DIVESTMENT

- Divest mature assets as and when appropriate to free up capital for re-deployment towards better growth opportunities.

FINANCIAL HIGHLIGHTS



1. Based on closing price of S$0.710 as at 31 December 2015.

FINANCIAL POSITION



SIGNIFICANT EVENTS

2013

4 NOVEMBER

Listed on Singapore Exchange Mainboard

2014

25 FEBRUARY

Maiden Reporting: Delivered DPU of 1.08 cents

28 AUGUST

Launch of S$500m Medium Term Note ("MTN") Programme

12 SEPTEMBER

Acquisitions of Jackson Square & Jackson Design Hub Properties at S$111.5m

Issuance of S$100m MTN

21 NOVEMBER

Private Placement - raised S$15.6m

Completion of Jackson Properties Acquisitions



JACKSON DESIGN HUB
(Acquisition in FY2014)



JACKSON SQUARE
(Acquisition in FY2014)

2015

5 JUNE
Private Placement - raised S$63m

29 JULY
Acquisitions of 11 Ubi Road 1 & Home-Fix Building at S$122.7m

28 AUGUST
Acquisition of 30 Pioneer Road at S$45m

18 NOVEMBER
Private Placement - raised S$37.7m

24 NOVEMBER
Completion of 11 Ubi Road 1 & Home-Fix Building Acquisitions

15 DECEMBER
Preferential Offering - raised S$72.3m



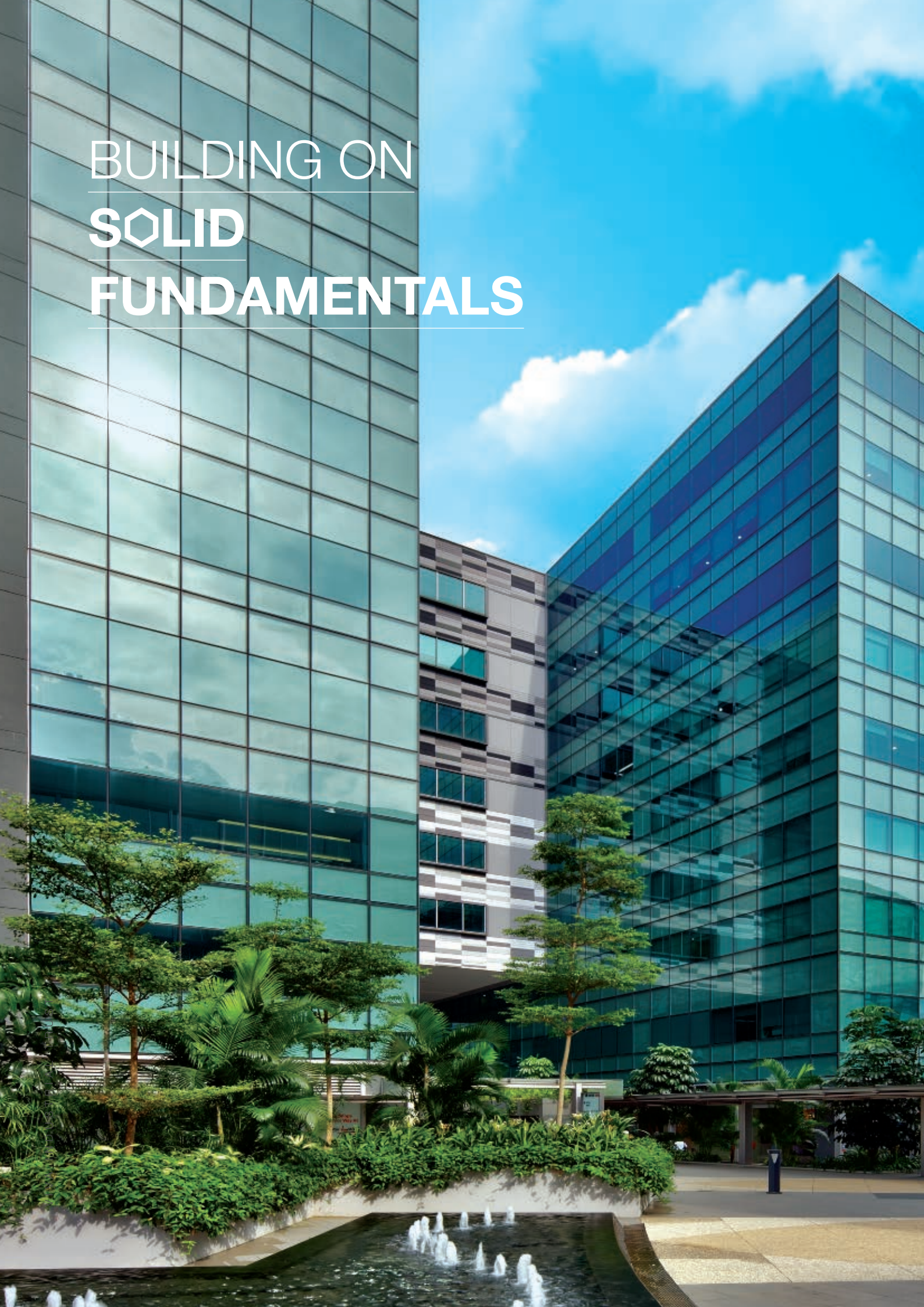
11 UBI ROAD 1
(Acquisition in FY2015)



HOME-FIX BUILDING
(Acquisition in FY2015)



30 PIONEER ROAD
(Acquisition in progress)



BUILDING ON SOLID FUNDAMENTALS



S$1.12
BILLION

Portfolio
Valuation

S$611
MILLION

Market
Capitalisation

CHAIRMAN AND CEO LETTER TO STAPLED SECURITYHOLDERS

FY2015 proved to be another rewarding year for VIT as we gradually see our efforts come to fruition. While we believe that VIT has strong fundamentals for sustainable growth, we are cognizant of the challenges ahead.



Dr Leong Horn Kee
Chairman

Mr Wilson Ang
Chief Executive Officer

Dear Stapled Securityholders,

We are pleased to report a strong set of financial results for Viva Industrial Trust ("VIT") in a year where macroeconomic headwinds and market volatility dominated the news headlines. More than just turning in a noteworthy performance, we have also reinforced the resilience of VIT, enhanced its value, and better positioned it to capitalise on future growth opportunities.

QUALITY ASSETS, STERLING PERFORMANCE

For the financial year ended 31 December 2015 ("FY2015"), we reported a 19.8% year-on-year increase in gross revenue to S$74.0 million, while net property income ("NPI") grew 24.7% year-on-year to S$50.8 million. Gross revenue and NPI also exceeded our IPO Forecast[1] by 20.2% and 24.8%, respectively.

The strong results were due to the sterling performance across VIT's assets, boosted by full-year income contributions from Jackson Square and Jackson Design Hub which we acquired in November 2014, as well as income contributions from Home-Fix Building ("HFB") and 11 Ubi Road 1 ("11 Ubi Road 1") which we acquired in November 2015. There were also higher income contributions from Viva Business Park ("VBP") (formerly known as Technopark@Chai Chee or "TPCC") and the business park space at UE BizHub EAST ("UEBH").

We were proactive in securing new leases and renewing existing tenancies, which resulted in approximately 375,000 sq ft of space being leased or renewed in FY2015. This included the relocation of tenants within VBP following our asset enhancement initiative ("AEI") to unlock greater value from this property.

Overall, VIT's net income available for distribution for FY2015 grew by 15.9% year-on-year to S$47.5 million, bringing its distribution per Stapled Security ("DPS") higher by 2.4% to 7.000 cents. Based on VIT's closing price of S$0.710 on 31 December 2015, the DPS of 7.000 cents for FY2015 translated to an attractive distribution yield of 9.9%.

STRENGTHENING PORTFOLIO, ENHANCING VALUE

Even amidst a challenging business environment, we seized new growth opportunities and successfully completed the acquisition of two well-located light industrial properties with relatively long remaining lease tenures – HFB and 11 Ubi Road 1. Income from these two properties will be stable with 10-year leases signed with the vendors. With these acquisitions, VIT's total portfolio value grew to more than S$1.1 billion as at 31 December 2015. These yield-

1. IPO Forecast figures are derived from the financial projection for FY2015 as disclosed in VIT's IPO prospectus dated 28 October 2013.

CHAIRMAN AND CEO LETTER TO STAPLED SECURITYHOLDERS



Home-Fix Building



11 Ubi Road 1

accretive acquisitions are part of VIT's growth strategy to build a resilient portfolio with quality assets that will deliver stable yield for the long term.

On top of developing a more robust portfolio that is underpinned by steady rental income, positive revaluations and higher portfolio occupancy, we also made significant headway in our AEI plans to transform VBP into a live-work-play destination. To better reflect how the revamped property will be revitalised into a vibrant workplace, we have renamed the property from TPCC to VBP.

We expect to derive additional income contribution from this property progressively, starting from the first quarter of FY2016. The AEI works are expected to be completed in stages by the third quarter of FY2016, which would further boost the portfolio's capital value and returns.

We expect to complete the acquisition of a logistics property located at 30 Pioneer Road in April 2016, which will bring VIT's total portfolio value to approximately S$1.2 billion. Together with the other two properties acquired in November 2015, VIT will see additional rental income coming on stream in FY2016. Building on VIT's solid fundamentals, we will continue to look for yield-accretive acquisitions both in Singapore and overseas, to grow VIT's portfolio.

PROACTIVE CAPITAL MANAGEMENT

In line with our proactive capital management approach, we continued to execute our transactions effectively in FY2015, while maintaining a prudent capital structure.

In June 2015, we raised S$63.0 million of new equity to partially fund the AEI at VBP. Towards the year-end, we raised a further S$110.0 million of new equity via a private placement and a preferential offering. These equity fund raising exercises received strong support from institutional and private investors, as well as from VIT's major Stapled Securityholders and vendors of the newly acquired properties. We believe this is testament of investors' confidence in VIT.

More recently in February 2016, we successfully completed the refinancing of our outstanding loans drawn down at IPO, which lengthened the weighted average maturity of VIT's debt to 4.1 years and significantly improved our working capital. This reflects our prudent capital and risk management, particularly in today's environment of rising interest rates.

ENGAGING STAKEHOLDERS, FOSTERING RELATIONSHIPS

During the year, we held regular engagement activities with our key stakeholders, including our Stapled Securityholders and the investment and media community, so as to facilitate greater understanding of VIT's core strengths and growth prospects. Some of these activities included general meetings, financial results briefings and investor conferences and roadshows.

Similarly, we have rolled out staff and tenant engagement activities throughout the year to strengthen the relationship with our tenants and employees and keep them abreast of the latest corporate and property developments. Where relevant, we have also encouraged them to participate in VIT's community outreach programmes.

CHAIRMAN AND CEO LETTER TO STAPLED SECURITYHOLDERS

CONTINUE BUILDING RESILIENCE

FY2015 proved to be another rewarding year for VIT as we gradually see our efforts come to fruition. While we believe that VIT has strong fundamentals for sustainable growth, we are cognizant of the challenges ahead.

The Singapore economy faces headwinds with the Ministry of Trade and Industry expecting the economy to grow at a modest pace in 2016. Against this backdrop, we will remain prudent in our approach towards achieving organic growth and maximising total portfolio returns.

As we enhance VIT's resilience to weather economic and market challenges, we are confident that our management team will continue to seize new opportunities and drive long-term growth for VIT. We look forward to your support as we build value for our Stapled Securityholders in the years ahead.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, we would like to express our appreciation to all our Stapled Securityholders for your continued confidence in VIT, as well as to our tenants, partners, business associates and trustee for their support and commitment to VIT.

In addition, we would like to thank our Board of Directors for their guidance, which has enabled VIT to deliver a commendable financial performance in FY2015, despite it being a challenging year.

We would also like to take this opportunity to welcome our new Non-Independent Non-Executive Director, Mr Tan Kim Seng, who joined the Board on 22 April 2015. Mr Tan Kim Seng brings with him more than 30 years of business and investment experience. At the same time, we would like to extend our appreciation to Mr Tan Fuh Gih, who stepped down from his role as Non-Independent Non-Executive Director. We are grateful for Mr Tan Fuh Gih's invaluable contributions to the Board and his support since VIT's listing.

Dr Leong Horn Kee
Chairman

Mr Wilson Ang
Chief Executive Officer



主席与总裁
致全体合订证券持有人之信函

在2015财政年，VIT的努力有了成果，并交出了漂亮的成绩单。尽管我们相信VIT已经为可持续发展打下了坚实的基础，我们也认知未来的挑战。

尊敬的合订证券持有人，

我们很高兴能向大家公布在宏观经济不利及市场波动为主导的情况下，億達工业房地产信托（以下简称 "VIT"）在 2015 年仍然取得了强劲的财务业绩。我们不仅在业绩方面表现出色，并且还强化了 VIT 的应变能力，提高了其价值及更好地把握未来增长的机会。

优质资产、杰出业绩

截至 2015 年 12 月 31 日的财政年（以下简称 "2015 财政年"），我们总收入录为新币7400万元，比去年增长了 19.8%；净物业收入（以下简称 "NPI"）比去年增长了 24.7%，达新币 5080 万元。此外，总收入和 NPI 还分别超出了首次公开发行（以下简称 "IPO"[1]）预期的 20.2% 和 24.8%。

这强劲的业绩均得益于 VIT 各项资产的稳定表现，其中我们在2014年11月所收购的 Jackson Square 和 Jackson Design Hub 的全年收入贡献，以及在2015 年11月所收购的 Home-Fix Building（以下简称 "HFB"）和11 Ubi Road 1（以下简称 "11 Ubi Road 1"）的收入贡献更是进一步促进了良好的业绩表现。此外，来自億達商业园（Viva Business Park；以下简称 "VBP"）（原名为菜市科技园（Technopark@Chai Chee）或 "TPCC"）和位于 UE BizHub EAST 的商业园区也有较高的收入贡献。

因我们积极主动地签订新租约和更新现有租约，也让 VIT 在 2015 财政年为约 37.5 万平方英尺的面积取得了新的租约或续租。其中包括了因VBP资产增值计划（"AEI"）中而须另行迁移的现有租户。

整体而言，VIT 2015 财政年可分配的净收入比前一年增长了15.9%，达新币4750万元，使得每合订证券可派发息（"DPS"）增长了 2.4%，达新币 7.000 分。以 2015 年 12 月 31 日 VIT 新币 0.710 元的闭市价为基准，2015 财政年新币 7.000 分的DPS相等于 9.9% 的可观收益率。

强化投资组合，提升价值

尽管处于充满挑战的商业环境中，我们仍把握新的发展机遇并顺利地完成收购两个地理位置优越及具有相当长的土地租约的轻工业资产- HFB和 11 Ubi Road 1 。通过与新收购物业卖方签订为期 10 年的租约，这两个资产将带来稳定的收入。随着这些收购，VIT 投资组合截至 2015 年 12 月 31 日的总价值已超过新币 11 亿元。这些可增加收益的收购项目符合VIT优化资产投资组合从而达到长期提供稳定收益的发展策略。

除了发展一个可提供稳定租金收入、有利于资产重估价值及较高物业出租率为主的稳健投资组合外，我们也在将 VBP 改造为居住、工作和娱乐综合物业的资产增值计划方面取得了显著的进展。为了更好地体现翻新后的物业作为生机勃勃的工作场所，我们已将其建筑名称从菜市科技园改为億達商业园。

我们将从 2016 财政年第一季度开始，逐步获得来自億達商业园的额外租金收入贡献。我们也预期将于2016财政年第三季度陆续完成资产增值计划，从而进一步提升投资组合的资本价值和回报。

我们预计于 2016 年 4 月完成收购位于 30 Pioneer Road 的一项物流业的资产，这将使VIT投资组合的总价值进一步提升约新币 12 亿元。再加上我们于 2015 年11月所收购的两个产业，VIT 在 2016 财政年预计将陆续获得更多的租金收入。建立在VIT稳固的基础上，我们将继续寻找新加坡及海外可增加收益的收购项目以扩大VIT的投资组合。

积极的资本管理

秉承着积极的资本管理方针，我们在 2015 财政年继续有效地执行各项收购交易，同时保持稳健的资本结构。

2015 年 6 月，我们以新股募集新币 6300 万元，并将其用于 VBP 的资产增值计划所需的一部分资金。接近该财政年年底时，我们透过私募配售和优先发售新股以进一步募集新币 1.1 亿。这些股权融资活动获得了机构投资者和私人投资者，以及 VIT 主要合订证券持有人和新收购物业卖方的大力支持。我们相信，这是投资界对 VIT 充满信心的体现。

我们近期在 2016 年 2 月成功完成了针对IPO时未偿付贷款的再融资，使得VIT债务的加权平均偿还期限延长至 4.1 年，从而显著提高了我们的运营资金。这符合我们严谨审慎的资本及风险管理方针，在当今利率上涨的环境中是尤其重要。

参与利益相关者，建立密切关系

在 2015 财政年，我们定期举办活动希望能参与主要利益相关者并获得各方的互动。这包括合订证券持有人以及投资和媒体界，以便促进他们更深入了解 VIT 的核心优势及发展前景。其中一些活动包括股东大会、财务业绩报告会以及投资者座谈会和路演。

1. IPO预测数字来源于VIT在 2013年10月28日的IPO招股书中所披露的2015财政年的财务预测。

主席与总裁
致全体合订证券持有人之信函



此外，我们也在 2015 财政年里陆续推出了多项员工和租户参与的互动活动，以便强化我们与员工的良好关系，并让他们了解企业及物业发展的最新情况。在适当的时候，我们也鼓励他们参与 VIT 的社区推广计划。

继续增强企业弹性

在 2015 财政年，VIT的努力有了成果，并交出了漂亮的成绩单。尽管我们相信VIT已经为可持续发展打下了坚实的基础，我们也认知未来的挑战。

新加坡经济如今面对阻力，而贸工部预计新加坡的经济在2016年将以温和的步伐增长。在此背景下，我们将保持谨慎的态度和方针来实现有机增长及强化投资组合的总回报。

随着我们增强 VIT 应对经济及市场挑战的应变能力，我们有信心我们的管理团队将能够继续把握住新的机遇并推动 VIT 的长期发展。我们期待获得您的支持，以便在接下来的几年里为 VIT 的合订证券持有人继续创造价值。

致谢

我们谨此代表董事会，感谢所有合订证券持有人一直以来对 VIT 的支持和信任，同时也感谢我们的租户、合作伙伴、业务伙伴及受托人对我们的支持和贡献。

此外，我们还要感谢董事会所提供的引导，让 VIT 在充满挑战的 2015 财政年仍然能够取得值得称道的财务业绩。

我们想借此机会欢迎于 2015 年 4 月 22 日加入董事会的新任非独立、非执行董事陈金城先生。陈先生拥有 30 多年的商业及投资经验，必将令 VIT 受益匪浅。与此同时，我们还要感谢已卸任的前非独立、非执行董事陈仆毅先生，感谢他对董事会的宝贵贡献以及自 VIT 上市以来所提供的支持。

梁汉基博士
主席

洪富璨先生
总裁






VIVA iTRUST


JACKSON
Design Hub

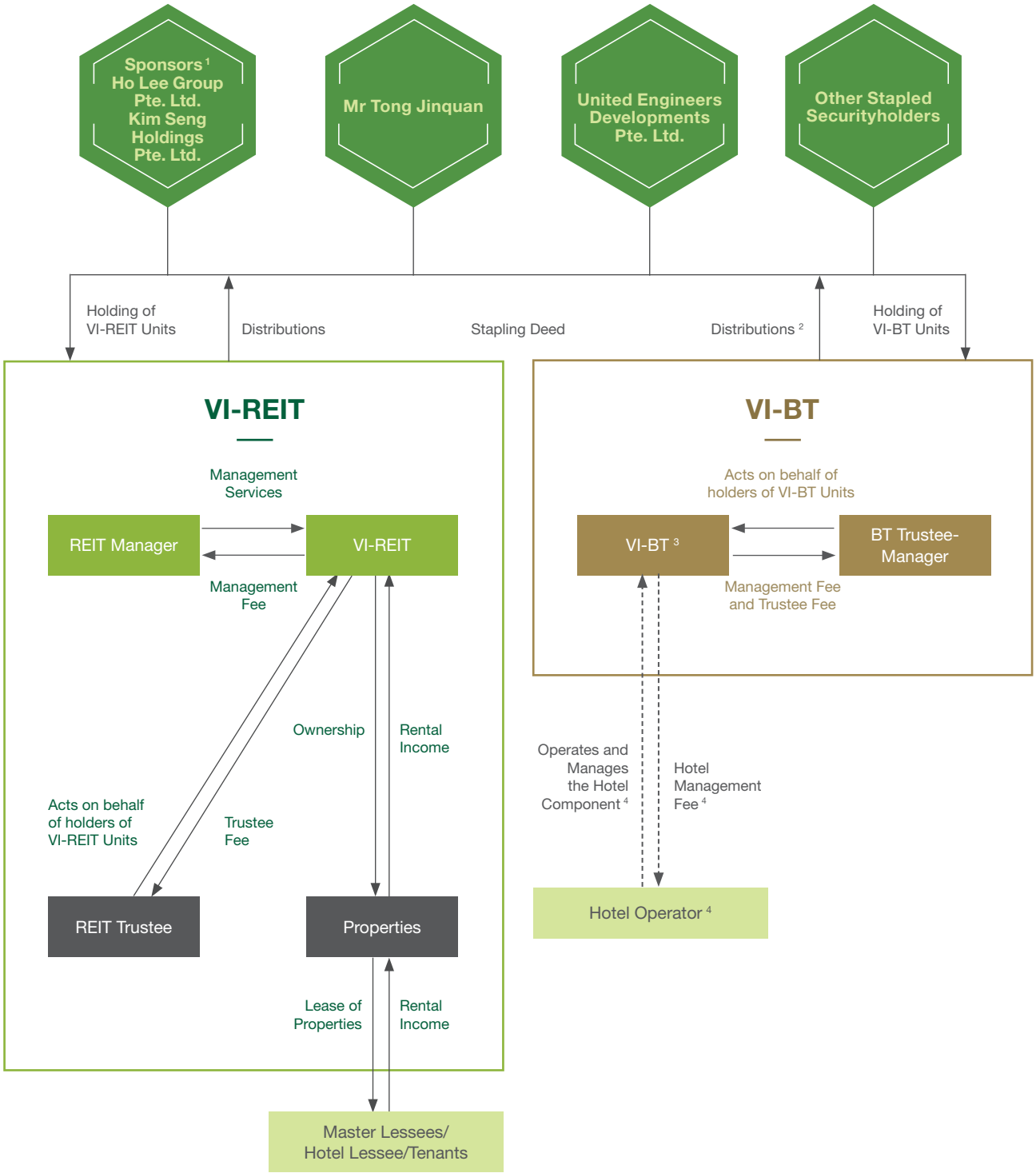

JACKSON
SQUARE







TRUST & MANAGER STRUCTURE



1. Ho Lee Group Pte. Ltd.'s stake is held through Ho Lee Group Trust. Kim Seng Holdings Pte. Ltd.'s stake is held through China Enterprises Limited.
2. Distributions (if any) to be made by VI-BT, when activated, will be determined by the board of directors of the BT Trustee-Manager in its sole discretion.
3. Presently dormant. In the event that VI-BT is appointed as lessee of the Hotel Component of UE BizHub EAST, the BT Trustee-Manager will appoint a third-party hotel operator to manage and operate the Hotel Component of UE BizHub East.
4. Only activated when VI-BT is appointed as lessee of the Hotel Component.

BOARD OF DIRECTORS



Standing (L to R): Mr Richard Teo Cheng Hiang, Mr Ronald Lim Cheng Aun, Mr Tan Kim Seng, Dr Choong Chow Siong
Seated (L to R): Mr Micheal Tan Hai Peng, Dr Leong Horn Kee, Mr Wilson Ang Poh Seong

DR LEONG HORN KEE

Chairman and Independent Non-Executive Director
Date of Appointment: 10 October 2013

Dr Leong is the Chairman of the Board; an Independent Non-Executive Director and a Member of the Investment Committee and Nominating & Remuneration Committee of the REIT Manager and the BT Trustee Manager (together the "Managers").

Dr Leong is the Chairman of CapitalCorp Partners Pte Ltd, a boutique corporate finance advisory company, which he founded in 2009. He was with the Far East Organization group from 1993 to 2008, serving as Managing Director of Orchard Parade Holdings Limited; Managing Director and Chief Executive Officer of Yeo Hiap Seng Ltd and Executive Director of Far East Organization.

Dr Leong also has extensive experience in the public sector, serving in the Ministry of Finance and Ministry of Trade and Industry from 1977 to 1983. He was a Member of Parliament for 22 years until 2006. He was the Non-Resident Ambassador to Mexico from 2006 to February 2013, and was appointed the Non-Resident High Commissioner to Cyprus in July 2014.

Since 2008, Dr Leong has been a member of the Securities Industry Council, and presently serves on the boards of publicly-listed companies, namely Tat Hong Holdings Ltd and IGG Inc, and SPH REIT Management Pte. Ltd., the manager of SPH REIT which is listed on the SGX.

Dr Leong holds a Production Engineering (First Class Honours) degree from Loughborough University; an Economics Honours degree from London University, a Bachelor of Arts degree in Chinese Language and Literature from Beijing Normal University; a Master of Business Administration from the European Institute of Business Administration (INSEAD) France; a Master of Business Research degree and a Doctor of Business Administration from the University of Western Australia. He was a Colombo Plan Scholarship and a French Government Scholarship holder.

MR RICHARD TEO CHENG HIANG

Independent Non-Executive Director
Date of Appointment: 10 October 2013

Mr Teo is an Independent Non-Executive Director; the Chairman of the Investment Committee and a Member of the Audit and Risk Committee of the Managers.

Mr Teo has more than 30 years of experience in managing funds in senior fiduciary positions in the Government of Singapore Investment Corporation ("GIC") and for large blue chip financial institutions and ultra-high net worth individuals.

BOARD OF DIRECTORS

Mr Teo was with Pacific Star Group from 2005 to 2010. As President (Asset Management), he managed more than US$3 billion of assets. He spent 18 years with GIC, last holding the position of executive vice president and was part of the pioneer team that built GIC Real Estate into one of the top 10 largest global real estate organisations.

Mr Teo is currently an Independent Director of Keppel DC REIT Management Pte. Ltd., the manager of Keppel DC REIT which is listed on the SGX.

Mr Teo graduated with a Bachelor of Science in 1977 and a Bachelor of Architecture (First Class Honours) in 1979 from the University of Newcastle under the Colombo Plan (Australia) Scholarship program. He subsequently obtained a Master of Business Administration from the National University of Singapore in 1987.

DR CHOONG CHOW SIONG

Independent Non-Executive Director
Date of Appointment: 10 October 2013

Dr Choong is an Independent Non-Executive Director; the Chairman of the Audit and Risk Committee and a Member of the Nominating & Remuneration Committee of the Managers.

Dr Choong is a member of the Singapore Institute of Arbitrators and of the Chartered Institute of Arbitrators (United Kingdom), as well as Fellow member of the Association of Chartered Certified Accountants (United Kingdom), Institute of Singapore Chartered Accountants and CPA Australia. He is currently the Quality Review Partner at CSI & Co. PAC, where he is responsible for reviewing the audit files of audit partners.

Prior to that, he was the Managing Partner of C.S. Choong & Co. PAC for 33 years, responsible for performing statutory audits as per the Companies Act. He currently serves on the boards of SGX-listed companies, Straco Corporation Limited and AnnAik Limited.

Dr Choong graduated from Nanyang University with a Bachelor of Commerce (Accountancy), and holds a Master of Arts (Finance and Accounting) from Leeds Metropolitan University and a Doctor of Business Administration (Accounting) from Adam Smith University. He has also completed a postgraduate module of the LLM (Commercial) at the University of Northumbria at Newcastle and obtained a Post Graduate Certificate for Maritime Mediation & Arbitration Structured Course at the Nanyang Technological University.

MR RONALD LIM CHENG AUN

Independent Non-Executive Director
Date of Appointment: 10 October 2013

Mr Lim is an Independent Non-Executive Director; Chairman of the Nominating & Remuneration Committee and a Member of the Audit and Risk Committee of the Managers.

Mr Lim is also an Independent and Non-Executive Director of public listed Hiap Hoe Limited and Non-Executive Director of some private organizations. Mr Lim has more than 36 years of experience in the banking and finance industry. He was with United Overseas Bank Limited where he held leadership and management positions as Head of Human Resource, Head of its Singapore Branches Operations and Division Head of Commercial Banking. He last held the position of an Executive Director. From 2009 to 2011, Mr Lim was Advisor to RGE Pte Ltd, a resource based and manufacturing group in the paper & pulp, palm oil and oil and gas industries.

Mr Lim is currently the Chairman of Toa Payoh West Balestier Citizens' Consultative Committee. He was awarded the Public Service Medal (1983) and Public Service Star (2007). Mr Lim graduated from the University of Singapore with a Bachelor of Social Science majoring in economics.

MR MICHEAL TAN HAI PENG

Non-Executive Director
Date of Appointment: 1 March 2013

Mr Tan is a Non-Executive Director and a Member of the Investment Committee and Nominating & Remuneration Committee of the Managers.

Mr Tan is currently the executive chairman of LH Group Limited, an SGX-listed subsidiary of Ho Lee Group Pte. Ltd, and is also an executive director of Ho Lee Group Pte. Ltd. Mr Tan was Liner Executive at Neptune Orient Lines Limited for two years covering shipments between India and American/ Canada.

Mr Tan, as a Lieutenant-Colonel (NS) with the Singapore Armed Forces, currently serves as Brigade Chief of Staff at the Headquarter Singapore Infantry Brigade, and was conferred The Commendation Medal (Military) by the Singapore government in 2013 for his contribution to military services. Mr Tan is also the Chairman of Sembawang Community Club Management Committee. He was conferred the Public Service Medal in 2011 for his contributions to public services in Singapore.

BOARD OF DIRECTORS

Mr Tan graduated from the Florida Institute of Technology, USA, with a Bachelor of Science in Computer Engineering with Highest Honours, and holds a Master of Business Administration (For Senior Executives) from the National University of Singapore.

MR TAN KIM SENG

Non-Executive Director
Date of Appointment: 22 April 2015

Mr Tan is a Non-Executive Director and a Member of the Investment Committee and Nominating & Remuneration Committee of the Managers.

Mr Tan is presently the Chairman and Managing Director of Kim Seng Holdings Pte Ltd and he plays an important role in setting the business strategies and directions.

He is the founder and former Chairman of KS Energy Limited (Year: 1974 till mid of 2006). He started the industrial hardware business in 1974 and subsequently expanded its range of business to rig refurbishment, oil and gas equipment, hydraulic equipment, spares and parts and instrumentation. He has more than 30 years of experience in the trading business and has been instrumental in spearheading the growth of KS Energy Group. He is crucial in formulating the business strategies and directions of KS Energy Group.

Besides his business interests, Mr Tan is also involved in grassroots organization. He is currently the Patron of Hong Kah North Citizens' Consultative Committee, as well as a Council Member of Singapore Chinese Chamber of Commerce & Industry ("SCCCI"). He is also currently the Chairman of International Affairs Committee in the SCCCI.

Mr Tan graduated from the Nanyang University with a Bachelor of Science (Mathematics) in 1974.

MR WILSON ANG POH SEONG

Chief Executive Officer and Executive Director
Date of Appointment: 21 February 2012

Mr Ang is an Executive Director, a Member of the Investment Committee and Chief Executive Officer of the Managers. He works on the strategy with the Board members and is responsible for strategic planning, overall management and operations of VIT.

Mr Ang has extensive experience in REIT management, industrial property investment and consultancy services. Mr Ang was the Consultant of Asia Industrial Services with Colliers International prior to co-founding the REIT Manager as CEO to spearhead the setting up of Viva Industrial REIT. In his previous role, he focused on Industrial Investment Markets in Singapore and Asia, advising building owners, investors including REITs, private and institution funds on their real estate portfolio as well as servicing their real estate portfolio requirements across Asia.

Mr Ang co-founded Cambridge Industrial Trust Management Limited ("CITM") in 2005, the manager of Cambridge Industrial Trust ("CIT") where he was responsible for structuring and amalgamating a portfolio of industrial properties for the listing of CIT on the SGX-ST, negotiating with owners on terms and legal documentation, as well as working with all consultants on due diligence and overseeing the business development and growth of CIT's strategic business. He was the Managing Director (Investment) of CITM post listing of CIT in July 2006 where he was responsible for formulating investment strategies and growing the portfolio with a view to enhance CIT's portfolio. From 2007 to 2009, Mr Ang was Chief Executive Officer of CITM, where he was responsible for strategic planning, management and operation of CIT, as well as managing and overseeing the management team of CITM to ensure that the investment, asset management, financial and operational strategies and objectives of CIT are effectively implemented and in accordance with CITM's stated investment and operational strategies.

Prior to co-founding CITM, Mr Ang was Executive Director and Head of the Industrial Division at Colliers International (Singapore) Pte. Ltd., where he was responsible for managing a team of marketing executives, formulating department strategies for the business and growth of the department, and engaging in industrial development consultancy and project marketing and industrial investment sales activities.

Mr Ang is also a director of Viva iTrust MTN Pte. Ltd., Viva Investment Management Pte. Ltd. and Maxi Capital Pte. Ltd.

Mr Ang graduated from the National University of Singapore with a Bachelor of Science (Estate Management) (Honours) in 1990.

MANAGEMENT TEAM



(L to R): Mr Lawrence Chan Wee Kiat, Mr Victor Song Chern Chean, Mr Wilson Ang Poh Seong, Mr Vincent Lim Siak Kwan

MR WILSON ANG POH SEONG

Chief Executive Officer and Executive Director

Mr Ang is an Executive Director, a Member of the Investment Committee and Chief Executive Officer of the Managers. He works on the strategy with the Board members and is responsible for strategic planning, overall management and operations of VIT.

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MANAGEMENT TEAM

MR LAWRENCE CHAN WEE KIAT

Chief Financial Officer

Mr Chan is responsible for the corporate finance, treasury, financial reporting, forecast and budgeting, tax, internal control, financial risk management, corporate governance, compliance, and investor relations functions.

Mr Chan has more than 10 years of experience in audit, accounting and finance-related work. Prior to joining the REIT Manager, Mr Chan was the Financial Controller of Hoe Leong Corporation Ltd., a company listed on the Main Board of the SGX-ST, where he was responsible for the group's financial functions, including corporate finance, mergers and acquisitions, treasury, tax and financial reporting matters.

From July 2007 to September 2010, Mr Chan was an Associate Director with Genesis Capital Pte. Ltd., an independent corporate finance advisory firm licensed by the MAS to provide corporate advisory services. From July 2000 to April 2007, Mr Chan was an Audit Manager with KPMG where he was responsible for the audit of Singapore and Chinese companies across various industries.

Mr Chan is also a director of Viva Real Estate Asset Management Pte. Ltd. and Viva iTrust MTN Pte. Ltd.

Mr Chan is a Chartered Accountant of Singapore and non-practicing member of the Institute of Singapore Chartered Accountants. He graduated from Nanyang Technological University with a Bachelor of Accountancy in 1999.

MR VICTOR SONG CHERN CHEAN

Head of Asset Management and Investment Director

Mr Song is in charge of the asset management team, which is responsible for formulating the business plans in relation to VIT's properties. He also spearheads the investment team in acquisitions and divestments.

Mr Song has more than 10 years of experience in leasing, asset management, build to suit, investment to divestment. Prior to co-founding the REIT Manager, Mr Song managed his sole proprietorship, VS Real Estate, where he was responsible for managing real estate-related contracts. Before that, Mr Song was in the Investment team at Cambridge Industrial Trust Management Limited ("CITM"), where he was responsible for formulating investment strategies to support growth targets. Before CITM, Mr Song was the Operation and Marketing Manager at Lyman Group responsible for operation and lease management roles.

Mr Song is currently a director of Viva Real Estate Asset Management Pte. Ltd.

Mr Song graduated from the Royal Melbourne Institute of Technology (RMIT) with a Bachelor in Business Administration. Mr Song obtained a Certificate of Real Estate Valuation from the International Management Academy and a Certificate of Real Estate Investment Finance (High Distinction for Applied Valuation, Real Estate Finance and Investment) from the Asia Pacific Real Estate Association.

MR VINCENT LIM SIAK KWAN

Head of Compliance

Mr Lim is responsible for updating and reporting compliance requirements under the Securities and Futures Act ("SFA") and Collective Investment Schemes ("CIS") codes, and making recommendations with respect to the Managers' compliance processes.

Prior to joining the REIT Manager, Mr Lim was Assistant Vice President of Compliance with OCBC Securities Pte Ltd where he provided regulatory compliance advice to the management and staff of OCBC Securities, liaised with MAS and SGX on compliance matters, and supervised a team of compliance officers.

Before OCBC Securities, Mr Lim was a Team Leader with the Commercial Affairs Department of the Singapore Police Force, where he investigated cases of corporate and securities fraud, and money laundering activities.

Mr Lim graduated from Nanyang Technological University with a Bachelor of Accountancy.

SEIZING NEW GROWTH FUNDAMENTALS





7

Quality Properties

3.3

MILLION SQ FT

Gross Floor Area

3.8

YEARS

WALE (by rental income)

PORTFOLIO REVIEW

BUILDING A RESILIENT PORTFOLIO

In FY2015, VIT further expanded its property portfolio and completed the strategic acquisitions of two yield-accretive properties, as well as embarked on AEI to further enhance one of its key properties. With a more diversified and resilient portfolio, VIT is now well-poised to capitalise on growth opportunities in the near term.



RESILIENT PORTFOLIO FUNDAMENTALS

VIT's underlying fundamentals remained resilient in FY2015. The portfolio continued to see occupancy improving from 80.5% in FY2014 to 87.0% in FY2015, with a relatively long weighted average lease expiry ("WALE") of 3.8 years.

VIT's underlying property fundamentals remain robust with net lettable area ("NLA") growing by 17.4% from 2.3 million sq ft as at 31 December 2014 to 2.7 million sq ft as at 31 December 2015. In addition, the total portfolio has increased to seven properties with a valuation of more than S$1.1 billion as at 31 December 2015, which further widens its income stream and reduced its reliance on any single property.

Overall portfolio gross floor area ("GFA") grew by 13.8% from 2.9 million sq ft as at 31 December 2014 to 3.3 million sq ft as at 31 December 2015. The new acquisitions also attributed to the growth of the portfolio's weighted average occupancy rate from 80.5% as at 31 December 2014 to 87.0% as at 31 December 2015.

PORTFOLIO SUMMARY

	Portfolio as at 31 December 2015	Portfolio as at 31 December 2014
Total Number of Properties	7	5
Total Number of Tenants	131	119
Total Portfolio GFA	3,292,936 sq ft	2,919,911 sq ft
Net Lettable Area (NLA)	2,703,768 sq ft	2,346,472 sq ft
Weighted Average Lease Expiry (by rental income)[1]	3.8 years	3.8 years
Weighted Average Land Lease (by valuation)	37.4 years	40.9 years
Weighted Average Age of Buildings (by valuation)	9.7 years	7.4 years
Portfolio Weighted Average Occupancy	87.0%	80.5%
Total Portfolio Value	**S$1.1b**	**S$852.7m**

1. By rental income - based on net property income and rental support, taking into account the master lease arrangements and rental support arrangements, assuming that renewal options are not exercised.

STRATEGICALLY-LOCATED QUALITY PORTFOLIO

Following the completion of the acquisitions of HFB and 11 Ubi Road 1, VIT currently has a portfolio of seven strategically-located properties in key business parks and established industrial clusters in Singapore. The other properties, namely UEBH, VBP, Mauser Singapore, Jackson Square and Jackson Design Hub, are located in close proximity to good infrastructure and amenities, public transportation and major expressways.

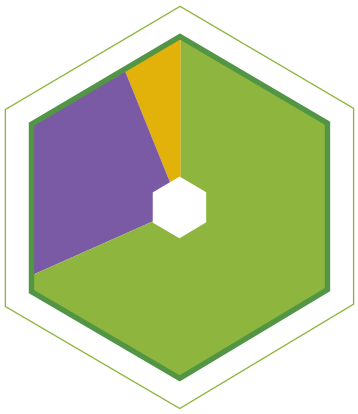
DIVERSIFIED QUALITY TENANT MIX

The portfolio enjoys a high-quality tenant base of MNCs, GLCs and blue-chip companies from diverse industries, contributing approximately 69.1% of VIT's underlying gross rental income. VIT's tenants are well-spread across multiple industry sub-sectors, which provide it with a resilient and diversified rental income base.

In FY2015, the Information & Communication Technology sector contributed the largest proportion of the total rental income while the next largest contributor was the Engineering and Engineering Services sector.

With continued efforts to diversify the tenant base and adopting a proactive strategy, the REIT Manager successfully reduced VIT's reliance on its top 10 tenants. The top 10 tenants as at 31 December 2015 accounted for 45.8% of VIT's gross rental income, down from 48.1% as at 31 December 2014. It is also noteworthy to mention that each of the top three tenants contributed less than 8% of the total rental income in FY2015.

PORTFOLIO REVIEW



BREAKDOWN OF TENANT TYPE BY UNDERLYING GROSS RENTAL INCOME [1]

- **63.8%** MNC
- **30.9%** SME
- **5.3%** GLC

The portfolio enjoys a high-quality tenant base of MNCs, GLCs and blue-chip companies from diverse industries, contributing approximately 69.1% of VIT's underlying gross rental income.



BREAKDOWN OF TRADE SECTOR BY UNDERLYING GROSS INCOME [1]

- **8.6%** Retail
- **9.3%** Lifestyle & Services
- **4.9%** F&B
- **2.6%** Packaging & Storage
- **3.4%** Electronics
- **2.0%** Energy
- **1.3%** Self-storage
- **0.3%** Healthcare
- **2.3%** Others
- **28.9%** ICT/Information Technology
- **16.9%** E-Business/Data Centre
- **19.5%** General Engineering/Engineering Services

1. Based on monthly gross rental income for the month of December 2015 excluding the rental income from the UEBH Hotel Leased Premises.

TOP 10 TENANTS/SUB-TENANTS ACCOUNT FOR 45.8% OF MONTHLY COMMITTED RENTAL INCOME [2]

- **7.2%** Cisco Systems
- **6.3%** Meiban Group
- **5.4%** 1-Net Singapore
- **5.4%** McDermott Asia Pacific
- **4.6%** NTUC FairPrice

TOTAL

45.8%

- **4.0%** Decathlon Singapore
- **4.0%** Home-Fix
- **3.5%** Johnson Controls
- **2.7%** Jackson Global
- **2.7%** CSC Technology

2. As at 31 December 2015. Excluding United Engineers Developments Pte Ltd as lessee of the UEBH Hotel Leased Premises

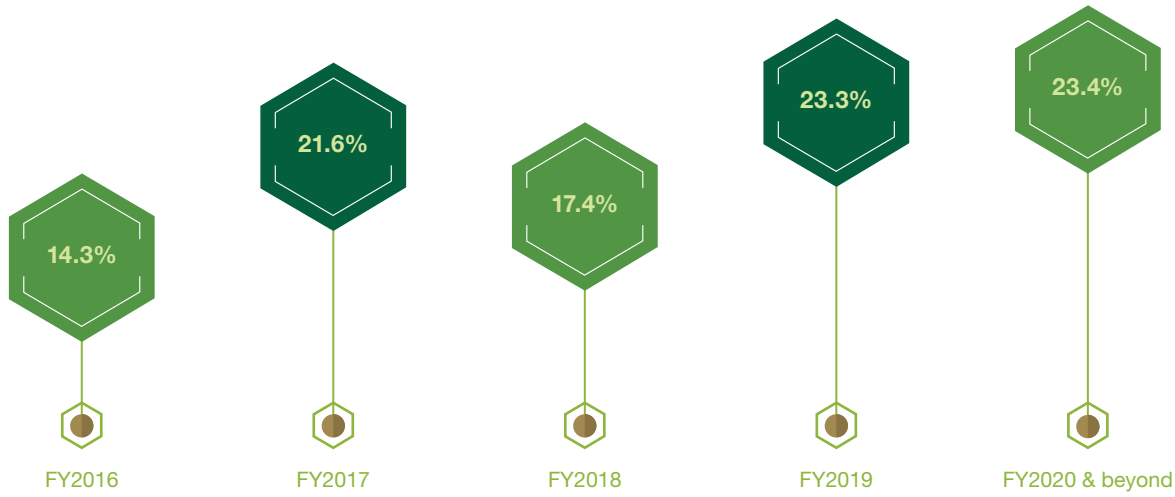
PORTFOLIO REVIEW

WELL-STAGGERED LEASE EXPIRY PROFILE

The REIT Manager secured 375,000 sq ft of leases in FY2015, including 234,000 sq ft of lease renewals and 141,000 sq ft of new leases (excluding newly acquired properties). As at 31 December 2015, the WALE of the new leases that commenced during FY2015 is approximately 8 years, mainly contributed by the 10-year leases relating to the two newly acquired properties, HFB and 11 Ubi Road 1.

All new leases that commenced during FY2015 contributed to approximately 3.8% of the gross revenue for FY2015. The lease expiry profile is well-staggered with not more than 23.3% of the committed leases by underlying gross rental income expiring in any one year over the next four years.

EXPIRY BY % OF UNDERLYING GROSS RENTAL INCOME [1]



1. Based on committed leases as at 31 December 2015, assuming renewal options are not exercised and excluding United Engineers Developments Pte Ltd as lessee of the UEBH Hotel Leased Premises.

ACQUISITION OF YIELD-ACCRETIVE ASSETS

In FY2015, the REIT Manager continued on its growth momentum to bolster its portfolio by acquiring good quality properties. In November 2015, the REIT Manager completed the acquisition of two yield-accretive properties, HFB and 11 Ubi Road 1, for S$122.7 million (excluding upfront land premium). These two latest assets have boosted the aggregate GFA of VIT's portfolio by over 370,000 sq ft to approximately 3.3 million sq ft.

In addition, the REIT Manager expects the acquisition of the logistics property at 30 Pioneer Road to be completed in April 2016, which will further boost the portfolio value and strengthen VIT's presence in Singapore.

HFB is a 7-storey modern light industrial building spanning a total GFA of approximately 120,556 sq ft. Located within Paya Lebar iPark, an estate which supports leading enterprises involved in lifestyle and knowledge-driven industries, HFB is within walking distance to Tai Seng MRT Station and offers easy access to the Kallang-Paya Lebar Expressway ("KPE") and Pan-Island Expressway ("PIE") .

11 Ubi Road 1 is also conveniently located and within walking distance to the MacPherson MRT Station, and easily accessible to PIE and KPE. This property comprises a 7-storey block and a 2-storey block connected by an open courtyard passageway with a basement carpark and has a GFA of approximately 253,058 sq ft.

PORTFOLIO REVIEW



Artist's Impression of VBP

AEI AT VBP

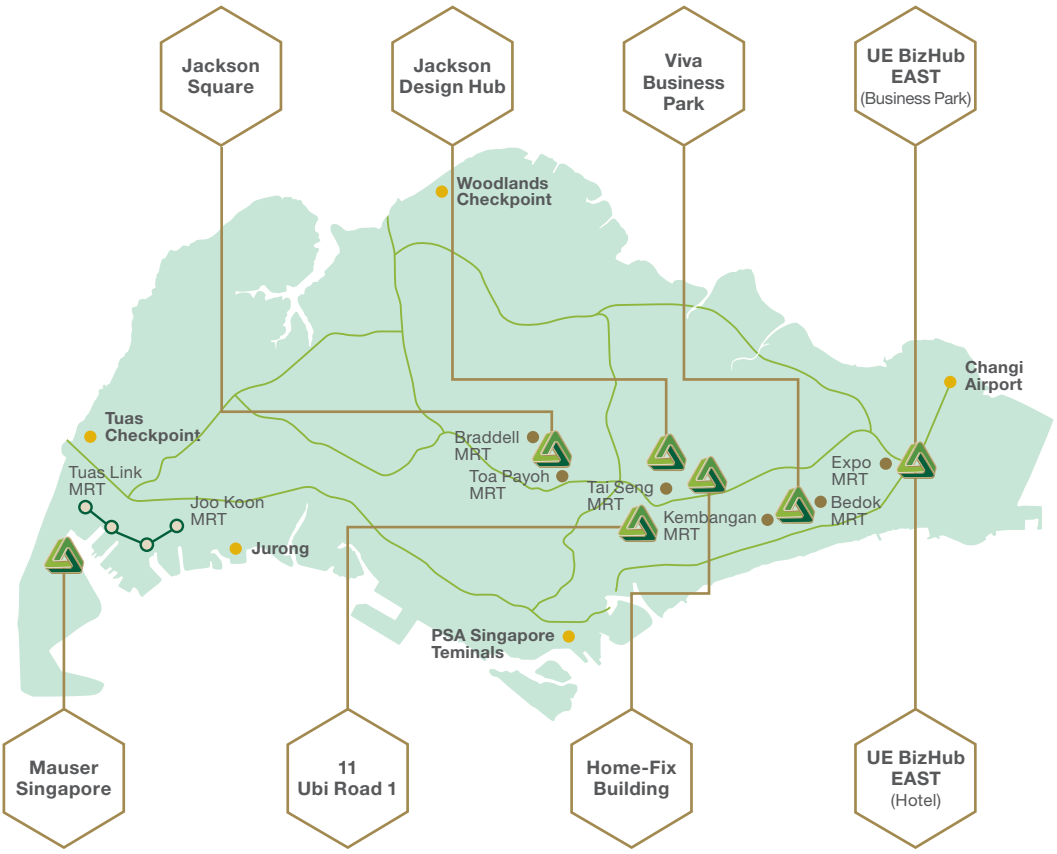
The REIT Manager rolled out AEI works at VBP in 2Q 2015, which is in line with the REIT Manager's core strategies to proactively manage and enhance its existing properties, with the aim of unlocking greater value, raise occupancy levels and maximise total portfolio returns.

The AEI focuses on maximising the allowable 15% of "white" space under Business Park zoning, and encompasses interior enhancements for common areas as well as an overall façade facelift to make it both refreshing and appealing. Once completed, the AEI will introduce new retail and lifestyle offerings, which will not only meet the needs of existing tenants but also cater to the surrounding neighbourhood.

In January 2016, the REIT Manager obtained Temporary Occupation Permit ("TOP") for the AEI at 750A of VBP. In particular, sporting goods giant Decathlon has already relocated its Southeast Asia ("SEA") headquarters to VBP, and officially opened its SEA flagship store to the public which has received an overwhelming response from the tenants and the public. To date, all AEI works are on schedule, and are expected to complete by end of 3Q 2016.

Moving forward, the REIT Manager will continue to proactively explore opportunities in acquiring yield-accretive assets to further strengthen VIT's foothold in Singapore, as well as to venture overseas. Also, the REIT Manager will strive to grow organically and develop VIT in a sustainable and measured way in the best interest of Stapled Securityholders.

PROPERTIES PROFILE





UE BIZHUB EAST
Business Park Component

Property Type	Business Park
Valuation	S$355.0m [1]
Purchase Cost	S$380.0m
Gross Revenue for the year	S$23.5m
GFA	626,018 sq ft
Age	3.7 years
Remaining Land Lease	52.1 years
Occupancy	88.4%
No of Tenants	31
No of Carpark Lots	299



UE BIZHUB EAST
Hotel Component

Property Type	Hotel
Valuation	S$160.0m [1]
Purchase Cost	S$138.0m
Gross Revenue for the year	S$9.4m
GFA	157,397 sq ft
Age	3.7 years
Remaining Land Lease	52.1 years
Occupancy	99.5%
No of Tenants	5
No of Carpark Lots	299

[1] Based on independent valuation performed by Savills Valuation and Professional Services (S) Pte Ltd.

[2] Based on independent valuation performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd.

[3] Based on independent valuation performed by Suntec Real Estate Consultants Pte Ltd.

[4] Based on the valuation report issued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, upon completion of the asset enhancement initiative at VBP which is expected to be in the third quarter of 2016, the valuation of VBP is estimated to be S$380.0 million.

PROPERTIES PROFILE



VIVA BUSINESS PARK

Property Type	Business Park
Valuation	S$330.0m [2, 4]
Purchase Cost	S$193.0m
Gross Revenue for the year	S$27.0m
GFA	1,524,685 sq ft
Age	19.2 years
Remaining Land Lease	15.3 years
Occupancy	68.3%
No of Tenants	70
No of Carpark Lots	742



MAUSER SINGAPORE

Property Type	Logistics
Valuation	S$28.0m [1]
Purchase Cost	S$28.0m
Gross Revenue for the year	S$1.9m
GFA	107,566 sq ft
Age	3.5 years
Remaining Land Lease	50.6 years
Occupancy	100%
No of Tenant	1
No of Carpark Lots	14



JACKSON SQUARE

Property Type	Light Industrial
Valuation	S$82.0m [2]
Purchase Cost	S$80.0m
Gross Revenue for the year	S$9.0m
GFA	418,586 sq ft
Age	6.1 years
Remaining Land Lease	13.4 years
Occupancy	98.9%
No of Tenants	17
No of Carpark Lots	223



JACKSON DESIGN HUB

Property Type	Light Industrial
Valuation	S$33.4m [2]
Purchase Cost	S$31.4m
Gross Revenue for the year	S$2.1m
GFA	85,070 sq ft
Age	6.9 years
Remaining Land Lease	51.4 years
Occupancy	100%
No of Tenant	1
No of Carpark Lots	45



11 UBI ROAD 1

Property Type	Light Industrial
Valuation	S$87.0m [3]
Purchase Cost	S$86.1m
Gross Revenue for the year	S$0.7m
GFA	253,058 sq ft
Age	18.1 years
Remaining Land Lease	39.7 years
Occupancy	100%
No of Tenants	5
No of Carpark Lots	69



HOME-FIX BUILDING

Property Type	Light Industrial
Valuation	S$47.8m [2]
Purchase Cost	S$46.4m
Gross Revenue for the year	S$0.3m
GFA	120,556 sq ft
Age	4.6 years
Remaining Land Lease	51.7 years
Occupancy	100%
No of Tenant	1
No of Carpark Lots	109

FINANCIAL REVIEW

MAINTAINING GROWTH MOMENTUM

Review of Financial Performance

In FY2015, VIT achieved gross revenue of S$74.0 million, which was 19.8% higher year-on-year. The improved performance was mainly driven by additional rental contributions from Jackson Square and Jackson Design Hub which were acquired on 21 November 2014; additional rental contributions from HFB and 11 Ubi Road 1 which were acquired on 24 November 2015; higher rental contribution from the business park space at UEBH; as well as higher contribution from VBP. After deducting property expenses, net property income for the year climbed 24.7% to S$50.8 million.

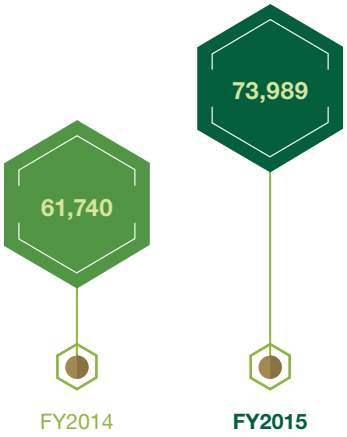
During the year, VIT received rental support of S$13.5 million, which was 8.8% higher year-on-year, mainly due to higher rental top-up of S$2.4 million received under the rental support arrangement for Jackson Square. This was partially offset by lower rental top-up by S$0.2 million and S$1.1 million received under the rental support arrangement for UEBH and VBP respectively, as a result of higher rental income derived from these two properties.

VIT reported net income available for distribution of S$47.5 million for FY2015, which was higher by 15.9% year-on-year. This lifted distribution per Stapled Security ("DPS") for the year to 7.000 cents, as compared to 6.833 cents in FY2014. The actual DPS for FY2015 of 7.000 cents was largely in line with the projected DPS of 7.030 cents for FY2015, as disclosed in VIT's initial public offering prospectus dated 28 October 2013.

INCOME STATEMENT HIGHLIGHTS

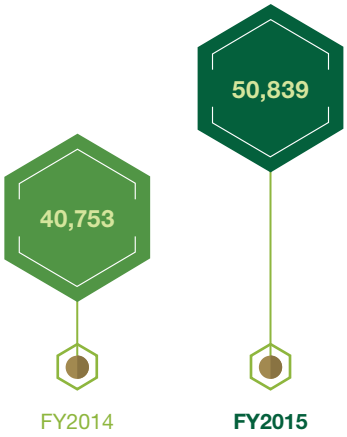
Gross Revenue (S$'000)

▲19.8%



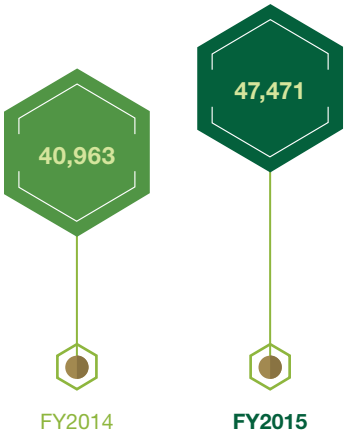
Net Property Income (S$'000)

▲ 24.7%



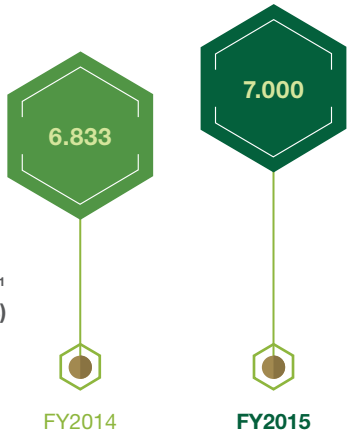
Distributable Income (S$'000)

▲15.9%



Distribution per Stapled Security[1] (Singapore cents)

▲ 2.4%



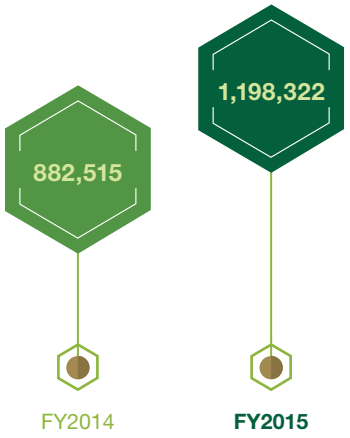
1. Distribution of VIT represent the aggregate of distribution by VI-REIT Group and VI-BT. The distributions of VIT are contributed solely by VI-REIT Group as VI-BT remains inactive. Accordingly, only the income available for distribution of VI-REIT Group has been included for the purpose of calculating the distribution per Stapled Security.

FINANCIAL REVIEW

BALANCE SHEET HIGHLIGHTS

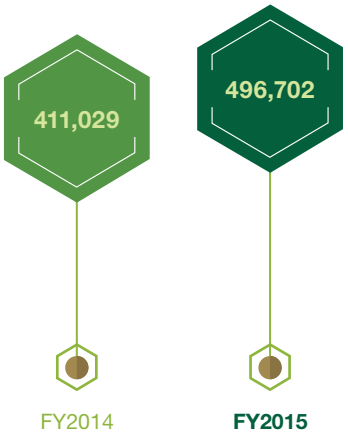
Total Assets (S$'000)

▲35.8%



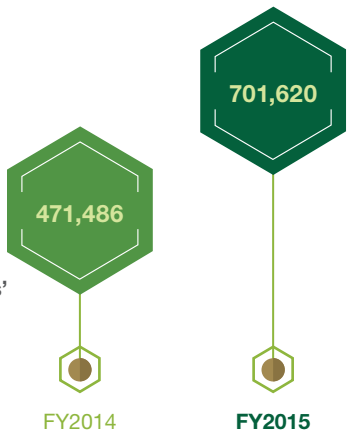
Total Liabilities (S$'000)

▲ 20.8%



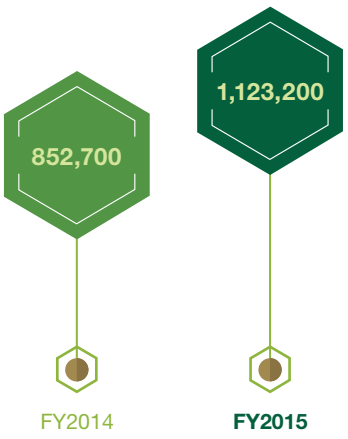
Stapled Securityholders' Funds (S$'000)

▲48.8%



Investment Properties (S$'000)

▲ 31.7%



FINANCIAL RATIOS HIGHLIGHTS

	Portfolio as at 31 December 2015	Portfolio as at 31 December 2014
Net Asset Value per Stapled Security	81.3 cents	75.8 cents
Gearing Ratio	38.6%	44.3%
All-in Borrowing Cost	4.0%	3.8%
Interest Cover	4.2 times	4.8 times
Distribution Yield:		
Based on IPO Price of S$0.780	9.0%	8.8%
Based on Closing Price of S$0.710 (as at 31 December 2015)	9.9%	9.6%
Interest Rate Exposure Hedged [1]	79.9%	84.4%
Fair Value of Financial Derivatives as a Percentage of Net Assets	0.33%	0.07%
Total Operating Expenses as a Percentage of Net Assets	0.87%	1.06%

1. Based on outstanding borrowings as at 31 December 2014 and 31 December 2015 respectively.

Credit Ratings assigned by Standard & Poor's	FY2015	FY2014
Corporate	BB	BB+
MTN Series 001	BB+	BBB-

FINANCIAL REVIEW

EXPANDING A STRONG PORTFOLIO WITH YIELD-ACCRETIVE ASSETS

On 24 November 2015, VIT successfully added two top-quality and strategically-located light industrial properties – HFB and 11 Ubi Road 1 – to its portfolio, which added an aggregate 373,614 sq ft in GFA to the asset portfolio.

VIT acquired HFB from Home-Fix D.I.Y. Pte Ltd at a purchase consideration of S$42.0 million (excluding upfront land premium of S$4.4 million). Based on the independent valuation report dated 27 July 2015 issued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers"), the valuation of HFB (including upfront land premium) stood at S$47.8 million[1].

11 Ubi Road 1 was acquired from Meiban Investment Pte Ltd at a purchase consideration of S$80.7 million (excluding upfront land premium of S$5.4 million). The valuation of this asset (including upfront land premium) was S$87.0 million[2], based on the independent valuation report dated 14 July 2015 issued by Suntec Real Estate Consultants Pte Ltd.

In addition, during FY2015, VIT entered into a put and call option agreement with GKE Warehousing & Logistics Pte Ltd to acquire the latter's property located at 30 Pioneer Road ("30 Pioneer Road") for S$45.0 million (excluding upfront land premium of S$5.3 million). Based on the independent valuation report dated 26 August 2015 issued by Colliers, the valuation of 30 Pioneer Road (including upfront land premium) was S$55.0 million[1]. This acquisition is expected to be completed in April 2016.

As at 31 December 2015, VIT's portfolio increased to seven properties with a total valuation of more than S$1.1 billion, as compared to S$852.7 million in FY2014. With the completion of the acquisition of 30 Pioneer Road, VIT is expecting a further boost in valuation of the total portfolio.

For further details on HFB and 11 Ubi Road 1, please refer to the Portfolio Review section on page 24.

VALUATION OF INVESTMENT PROPERTIES

Asset Class	Valuation as at 31 December 2015 (S$ million)	Valuation as at 31 December 2014 (S$ million)
Business Park		
• UE BizHub EAST – Business Park Component	355.0	374.0
• Viva Business Park	330.0	195.3
Hotel		
• UE BizHub EAST – Hotel Component	160.0	140.0
Logistics		
• Mauser Singapore	28.0	28.0
Light Industrial		
• Jackson Square	82.0	82.0
• Jackson Design Hub	33.4	33.4
• Home-Fix Building	47.8	-
• 11 Ubi Road 1	87.0	-
Total	**1,123.2**	**852.7**

1. Based on the discounted cash flow method, income capitalisation method and direct comparison method.
2. Based on the discounted cash flow method and income capitalisation method.

FINANCIAL REVIEW

PROACTIVE CAPITAL MANAGEMENT

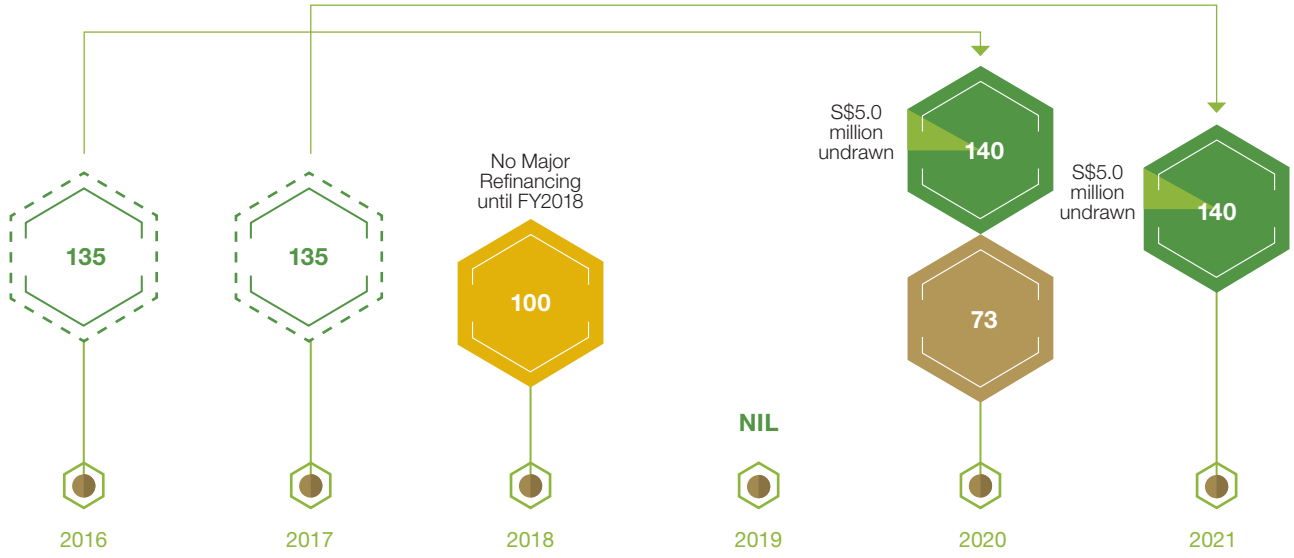
The REIT Manager undertook several initiatives in FY2015 to strengthen VIT's balance sheet and ensure financial flexibility, while maintaining its prudent approach towards achieving a healthy capital structure.

In June 2015, VIT raised S$63.0 million through an equity fund raising exercise to partially fund the AEI at VBP. Towards the year-end, VIT raised S$110.0 million via a private placement and a preferential offering to partially fund the acquisition of HFB, 11 Ubi Road 1 and 30 Pioneer Road, with the balance, to partially fund the AEI at VBP.

On 11 February 2016, VIT successfully completed the refinancing of outstanding loans maturing in FY2016/17 with new senior secured transferable term loan facilities and revolving credit facilities ("RCF") of up to S$330 million. As a result, VIT's next major refinancing requirement will only arise in FY2018.

DEBT MATURITY PROFILE [1]

As at 11 February 2016
(S$million)



3-year Term Loan Facility and 4-year Term Loan Facility maturing in FY2016 and FY2017, respectively.
4-year Fixed Rate Notes maturing in FY2018.
5-year Term Loan Facility maturing in FY2020.
4-year Term Loan Facility and 5-year Term Loan Facility maturing in FY2020 and FY2021, respectively.

1. Excludes the RCF of S$50 million which has not been drawn down on 11 February 2016.

As at 11 February 2016, approximately 94.8% of VIT's total borrowings were on fixed interest rates for the next two years. In addition, the weighted average maturity of VIT's debt has been lengthened to 4.1 years.

As part of its active capital management strategy, VIT's gearing ratio remains at a healthy level of 37.8%. The REIT Manager will continue to strengthen VIT's balance sheet and maintain financial flexibility by tapping into both debt and equity capital markets.

FINANCIAL REVIEW

EQUITY FUND RAISING EXERCISES

No	Fund Raising Exercise	Gross Proceeds Raised (S$'000)	Completion Date	No. of Stapled Securities Issued	Intended Use
1.	Private Placement	63,072	16 June 2015	80,347,100	To partially fund the AEI at VBP including the differential premium and other incidental costs payable to the relevant authorities and the costs of the addition and alteration works at VBP
2.	Private Placement and Non-renounceable Preferential Offering	110,000	Private Placement – 27 November 2015 Preferential Offering – 17 December 2015	153,118,200	To partially fund the acquisition of HFB, 11 Ubi Road 1 and 30 Pioneer Road, with the balance, to partially fund the AEI at VBP

Stapled Security Price Performance	2015	2014
Opening Price at the beginning of the year (S$)	0.800	0.775
Closing Price at the end of the year (S$)	0.710	0.795
Highest Traded Price during the year (S$)	0.840	0.820
Lowest Traded Price during the year (S$)	0.680	0.750
Total Traded Volume (units)	65,377,200	45,664,000
Daily Average Traded Volume (units)	273,545	198,539
Stapled Securities issued and issuable at the end of the year (units)	863,118,597	621,883,637
Market Capitalisation based on closing price at the end of the year (S$ million)	611.0	493.1

Return on Investment	%
From 1 January 2015 to 31 December 2015	(2.3)[1]
From Listing on 4 November 2013 to 31 December 2015	9.9[2]

1. Total return is calculated based on the closing price on the last day of the preceding year compared to the closing price on the last day of the current year. It assumes distributions paid during the year are reinvested based on the closing price on the relevant ex-distribution dates.
2. Total return is calculated based on the IPO price on the listing date compared to the closing price on the last day of the current year. It assumes distributions paid during the period are reinvested based on the closing price on the relevant ex-distribution dates.

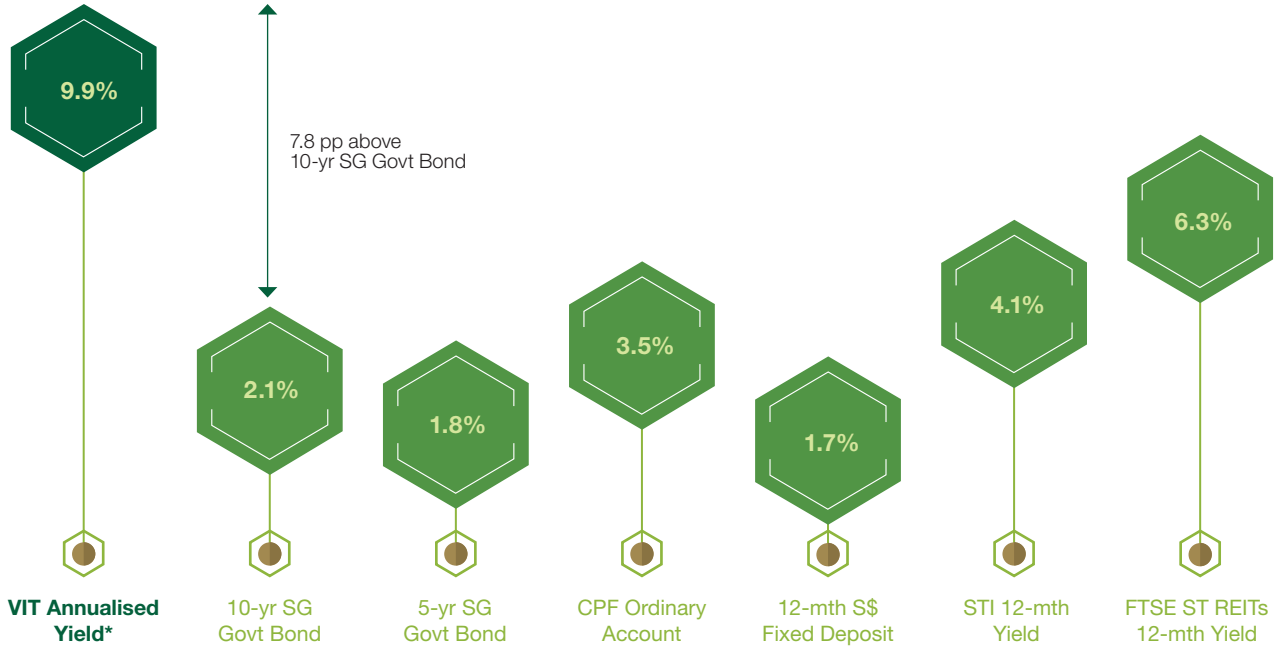
FINANCIAL REVIEW

ATTRACTIVE YIELD SINCE LISTING

VIT delivered a commendable performance since listing with a total return on investment of 9.9%, assuming distributions paid are reinvested. The DPS of 7.000 cents for FY2015 translates to an attractive yield of 9.9% per annum based on the closing price of S$0.710 as at 31 December 2015.

As compared to other investments, VIT's yield of 9.9% per annum is 780 basis points above the 10-year government bond yield of 2.1% and 360 basis points above the 12-month gross dividend yield of FTSE Straits Times REIT Index of 6.3%. While distributions are paid on a quarterly basis at the sole discretion of the REIT Manager, VIT is committed to distribute at least 90% of its distributable income in FY2016.

YIELD COMPARISON



** VIT Annualised Yield is computed based on the DPS for FY2015 and Closing Price of S$0.710 as at 31 December 2015*
Source: Bloomberg, Central Provident Fund Board, Monetary Authority of Singapore, OCBC, as at 17 March 2016

INDEPENDENT MARKET REPORT

BY KNIGHT FRANK PTE LTD CONSULTANCY & RESEARCH 15 MARCH 2016

1. SINGAPORE ECONOMIC OVERVIEW

1.1 Singapore GDP growth

Singapore's Gross Domestic Product ("GDP") grew by 2.0 per cent annually for the whole of 2015, 1.3 percentage point ("ppt") lower compared to the 3.3 per cent annual growth in 2014 (Exhibit 1-1). The softened GDP expansion was mainly due to a broad-based reduction in business activities and the subdued manufacturing sector.

1.2 Singapore inflation

Singapore saw its first deflation since 2002 with inflation rate falling from 1.0 per cent in 2014 to a negative 0.5 per cent in 2015, largely due to lower oil, housing and car prices.

Exhibit 1-1: Singapore GDP growth, 2006 to 2015



Source: MTI, Singstat, Knight Frank Research

Exhibit 1-2: Singapore Inflation Rate, 2006 to 2015



Source: Singstat, Knight Frank Research

INDEPENDENT MARKET REPORT

1.3 Manufacturing output and investment commitments

Based on Singapore Index of Industrial Production, the manufacturing sector experienced an annual decline of 5.2 per cent in 2015, compared to the moderate annual expansion of 2.7 per cent in 2014.

The contraction was largely attributed to annual declines in outputs for the electronics, transport engineering and precision engineering clusters which registered 6.8 per cent, 13.5 per cent and 4.1 per cent respectively. On the contrary, the medical technology segment within the biomedical manufacturing cluster continued to be the main driver for the manufacturing sector with a 23.6 per cent annual output growth in 2015. The petroleum segment within the chemicals cluster saw an improvement from an annual decline of 8.5 per cent in 2014 to an annual growth of 8.5 per cent in 2015.

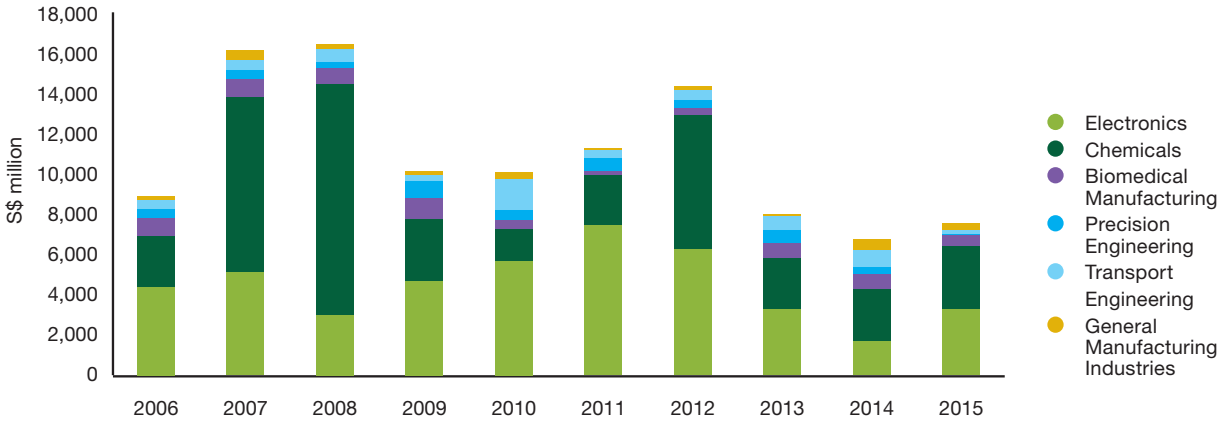
Singapore received close to S$8.30 billion in total manufacturing fixed asset investment ("FAI") in 2015, 22.7 per cent higher than S$6.76 billion in 2014. Notwithstanding the subdued performance of the manufacturing sector, the expansion was attributed to the annual increase of investment commitments in the electronics (97.6 per cent) and chemicals (37.4 per cent) clusters, which accounted for 39.3 per cent and 43.6 per cent of the total manufacturing FAI in 2015, respectively.

Exhibit 1-3: Singapore Index of Industrial Production, 2006 to 2015



Source: Singstat, Knight Frank Research

Exhibit 1-4: Total Manufacturing Fixed Asset Investments (FAI), 2006 to 2015



Source: Singstat, Knight Frank Research

INDEPENDENT MARKET REPORT

1.4 Transportation and storage sector performance

The transportation and storage sector, a key driver of logistics and warehousing space, saw marginal annual decline of 0.05 per cent in 2015. This was mainly attributed to the weakened water transport segment.

1.5 Manufacturing sector

Based on the Economic Development Board's ("EDB")'s monthly manufacturing performance for December 2015, Singapore's manufacturing output reported a year-on-year ("y-o-y") decline by 7.9 per cent, a steeper decline compared to 5.5 per cent fall in November 2015.

All clusters, except biomedical manufacturing, posted y-o-y falls in December 2015. The transport engineering cluster experienced the largest y-o-y decline by 26.4 per cent, mainly due to the decrease in output from the marine and offshore engineering (40.3 per cent y-o-y) amid the low oil price environment. Output from the electronics cluster fell by 12.4 per cent y-o-y despite an expansion in the electronic modules and components production segment. While the chemicals cluster saw healthy growth for ten consecutive months in 2015, it registered a marginal y-o-y decline by 0.3 per cent in December 2015 due to a contraction in the petrochemical segment as a result of plant maintenance shutdown.

The biomedical manufacturing cluster was an outperformer, posting y-o-y growth of 16.2 per cent in December 2015 on the back of higher export demand for medical technology segment (36.1 per cent y-o-y) and the expansion of the pharmaceutical segment (10.4 per cent y-o-y).

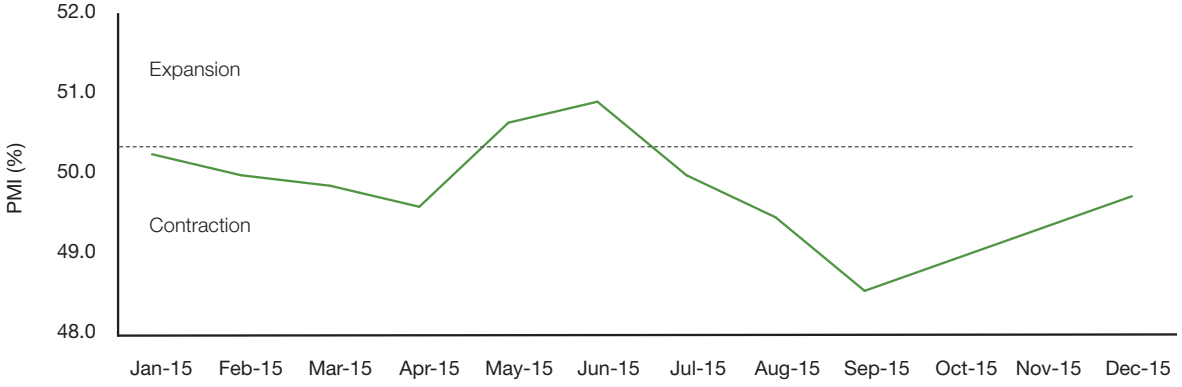
The Singapore Purchasing Managers' Index ("PMI") saw a slight improvement from 49.2 in November 2015 to 49.5 in December 2015. However, this reflects the sixth consecutive month of contraction in the manufacturing sector. The overall contraction in PMI was largely due to lower demand in new orders, new export orders and the production output. Input prices and employment continued to trend lower while stockholdings of finished goods and imports expanded.

Exhibit 1-5: Annual Growth in Transport & Storage Sector, 2006 to 2015



Source: Singstat, Knight Frank Research

Exhibit 1-6: Singapore Purchasing Managers' Index ("PMI") from January to December 2015



Source: Singapore Institute of Purchasing & Materials Management (SIPMM), Knight Frank Research

1.6 Singapore economic outlook for 2016

The economic outlook for Singapore remains cautious amid macroeconomic volatility, and the MTI expects Singapore's economy to grow at a modest pace of one to three per cent in 2016, barring unforeseen macroeconomic and geopolitical circumstances.

Notwithstanding the stronger greenback and sustained low oil prices that impacted manufacturing and investment activities, overall activities in the United States ("US") is expected to remain firm, largely driven by domestic demand. On the contrary, China is likely to experience tepid growth as it continues to rebalance its economy towards services and consumption-driven model. With the easing monetary policy in the Eurozone, private consumption is likely to improve and economic performance is projected to grow steadily, albeit at a slower pace in 2016 due to the weakening global demand that could impact export prospects in the Eurozone.

As an open economy with global city status, Singapore's economic performance will continue to be impacted by various macroeconomic changes, with the export-oriented industries such as manufacturing and wholesale trade sectors being most susceptible to external events. Investors and industrialists in the manufacturing sector are expected to take on a cautious stance in monitoring market developments. While general manufacturing, chemicals, precision engineering, and electronics clusters expect less favourable business conditions ahead, there remains some optimistic anticipation for the biomedical cluster, particularly in the pharmaceutical and medical technology segments with new product innovations and strong export demand.

At the domestic front, labour-intensive industries such as retail and food services are likely to grapple with high operating costs and business consolidation due to the prevailing labour crunch situation, while the low oil prices take a toll on rig building activities in the marine and offshore segment, albeit less intensive than in 2015. On the other hand, service-oriented industries such as insurance, financial and business service sectors are envisaged to remain fairly resilient with continuing activities in wealth management and other financial and professional services.

2. SINGAPORE GOVERNMENT POLICIES ON INDUSTRIAL PROPERTY MARKET

2.1 Industrial government land sales (IGLS) programme

On the back of a softened manufacturing sector and existing ample supply of industrial space to serve current industrialists' needs, the Singapore government has curtailed the release of industrial sites for the first half of 2016. A total of 10 industrial sites with a combined site area of 12.2 hectares are listed on the H1 2016 IGLS. Six sites are placed under the Confirmed List while the remaining four sites are on the Reserve List, potentially translating to circa 63,000 sq m and 160,000 sq m of future industrial space, respectively.

In light of economic restructuring amid the challenging business climate, the Singapore government endeavours to keep business costs low for genuine industrial end-users by introducing smaller sites with shorter lease tenures of between 20 to 30 years as evident from the latest IGLS. Recently, JTC has officially launched its first LaunchPad @ one- north, which targets start-ups and incubators who require smaller industrial space. To establish competitive niches and encourage entrepreneurial innovations for Singapore's future manufacturing sector, the government will continue to set aside spaces to nurture and stimulate creativity.

Despite the moderated manufacturing outlook, there was still interest expressed by market players through IGLS participation. An industrial site at Tuas South Link 2 (plot 5), closed on 24 November 2015, received three bids and was awarded to the highest tenderer at a tendered price of S$3.0 million (S$424 per sq m on GFA). However, as compared to the past few years, the number of bids IGLS sites has generally declined in 2015. Where the government has put restraints on the release of IGLS sites with 60-years leasehold and above, there is likely to be growing demand and premium for these industrial lands from both the landlords and end-users.

INDEPENDENT MARKET REPORT

Industrial Government Land Sales (IGLS) – H1 2016					
Confirmed List of Industrial Sites					
Location	Site Area (ha)	Zoning	Gross Plot Ratio	Tenure (years)	Estimated Launch Month
Plot 2, Tampines Industrial Drive	0.49	B2	1.4	20	Jan 2016
Plot 3, Tampines North Drive 3	0.58	B2	2.5	20	Feb 2016
Woodlands Sector 2	1.37	B2	1.4	20	March 2016
Plot 10, Tampines Industrial Drive	0.47	B2	1.4	20	April 2016
Plot 7, Tuas South Link 2*	0.53	B2	1.4	20	May 2016
Plot 8, Tuas South Link 2	0.60	B2	1.4	20	June 2016
Total	**4.04**				
Reserve List of Industrial Sites					
Plot 1, Tuas South Link 1**	3.33	B2	2	30	Available
Tuas Bay Close**	2.72	B2	1.7	30	Available
Plot 1, Tampines Industrial Drive**	0.53	B2	1.4	30	Available
Woodlands Height**	1.6	B1	2.5	30	Available
Total	**8.18**				

** Previously in H2 2015 IGLS Confirmed List*
*** Previously in H2 2015 IGLS Reserve List*
Source: MTI, Knight Frank Research, as at 28 December 2015

2.2 Revised subletting rules from Housing Development Board ("HDB")

From 1 June 2015 onwards, new and existing tenants of HDB industrial properties will not be allowed to sublet their premises to non-related companies. Tenants with approved subletting to non-related companies will be given a grace period till 31 December 2017 to comply with the new requirement. Prior to this policy, tenants were allowed to sublet 50 per cent of their factory floor space and new tenancies obtained through open tenders were allowed for subletting after the first term of tenancy, subject to HDB's approval.

The existing HDB's end-user lessees will face the challenge of fully occupying their premises and will be given approximately 2.5 years to explore ways to fully occupy the assigned premises. Alternatively, they may vacate the existing premises and take up spaces in other multiple-user industrial developments on a smaller scale due to its size of operations as well as potentially high operational costs. These industrialists may also look into relocating their operations overseas to cheaper locations such as Johor Bahru due to cost management issues.

Sub-tenants will have to search for alternative premises in the multiple-user factories segment which will in turn increase the leasing demand for such said spaces in the next few years.

2.3 Revised Third Party Facilities Providers ("3PFPs") Policy from JTC

JTC has revised their policies for Third Party Facilities Providers ("3PFPs"), where land has been leased through Third-Party Build & Lease ("B&L") or Sale & Lease-Back ("S&LB") schemes. The respective changes will take effect on 1 October 2015.

Reduced gross floor area ("GFA") requirement by anchor subtenants

JTC has reduced the required minimum GFA to 1,000 sq m from the initial 1,500 sq m, in recognition that many quality subtenants require smaller spaces than the initial minimum space quantum specified in the policy. This will allow more quality industrialists to qualify as anchor subtenants and thus, improving the chance of master tenants securing healthy occupancy rates.

Anchor Subtenants which remain status quo at renewal need not be reassessed

Upon revision, existing anchor subtenants at renewal will now be required only when there is a change (i.e. an increase or decrease) in their occupied GFA and/or usage. This will help to improve administrative efficiency and convenience for all parties involved. However, applications will still have to be submitted for extensions of subletting period.

Minimum occupation period of anchor subtenant upon renewal

Through policy revision, JTC has introduced greater flexibility for both original and subsequent anchor subtenants (i.e. replacement of the original anchor subtenants). Subject to JTC approval, these anchor subtenants will be allowed to renew for any duration (depending on their business needs) after they have fulfilled their initial Minimum Occupation Period ("MOP"). With this revision, it reduces on the rigidity of the regulation bind on these anchor subtenants and allows them to have greater flexibility in accordance to their business needs.

3. BUSINESS PARK SEGMENT OVERVIEW

3.1 Existing and potential supply

As at Q4 2015, the existing stock of business park totalled 1.9 million sq m Net Lettable Area ("NLA"), a 10.1 percent y-o-y increase from the previous year. Net new supply stood at 176,000 sq m in Q4 2015, reporting a 6.9 per cent y-o-y decline for the same period. Nonetheless, this is about 57.1 per cent higher than the ten-year average annual net new supply of an approximated 112,000 sq m between 2006 and 2015.

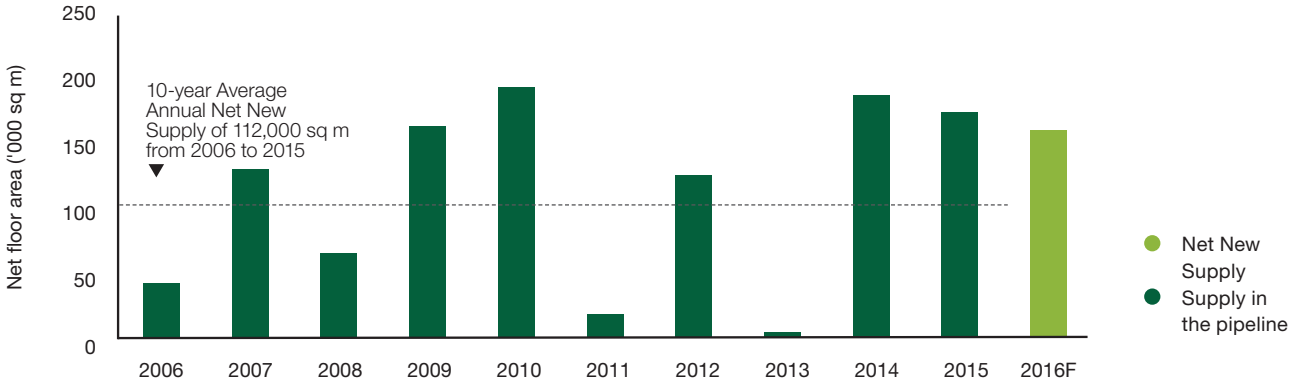
As at Q4 2015, an estimated 162,000 sq m NLA of business park space is slated to be completed by the end of 2016. It accounts for 6.6 per cent of the net total industrial space estimated to be ready in the year and is about 45.0 per cent higher than ten-year average annual net new supply. Some of the upcoming business park space in 2016 would come from major developments such as Ascent, Mapletree Business City II ("MBC II") as well as those located along Ayer Rajah Crescent and Vista Exchange Green. There is presently no envisaged new supply of business space beyond 2016.

3.2 Demand and occupancy

Net new demand of business park space stood at 223,000 sq m in 2015, a substantial 165.5 per cent annual increase from the previous year, and 133.5 per cent higher than 10-year average annual net new demand of 96,000 sq m from 2006 to 2015 period.

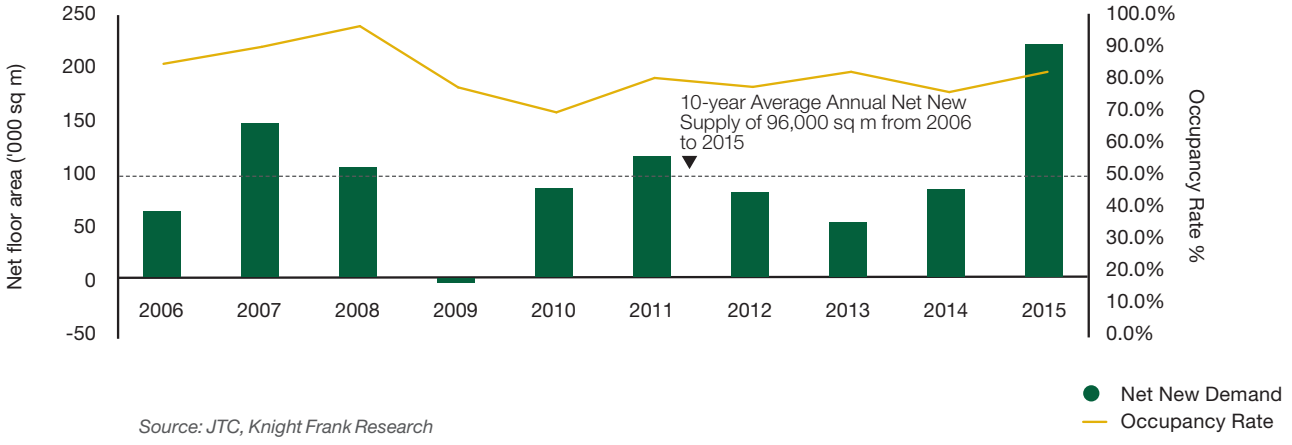
While net new demand exceeded net new supply by about 26.7 per cent in 2015, occupancy of business park space saw improvement from 79.8 per cent in 2014 to 84.1 per cent in 2015. This is attributed to the progressive tenant relocations to both existing and new business park space, demonstrating narrowing gap between demand and supply levels in the business park segment.

Exhibit 3-1: Net New Supply and Potential Supply of Business Park Space, as at Q4 2015



**Gross potential supply is adjusted to net floor area based on Knight Frank's assumption of 85% space efficiency factor for Business Park developments*
**No known new supply from 2017 onwards*
Source: JTC, Knight Frank Research

Exhibit 3-2: Net New Demand and Occupancy Rate of Business Park Space



Source: JTC, Knight Frank Research

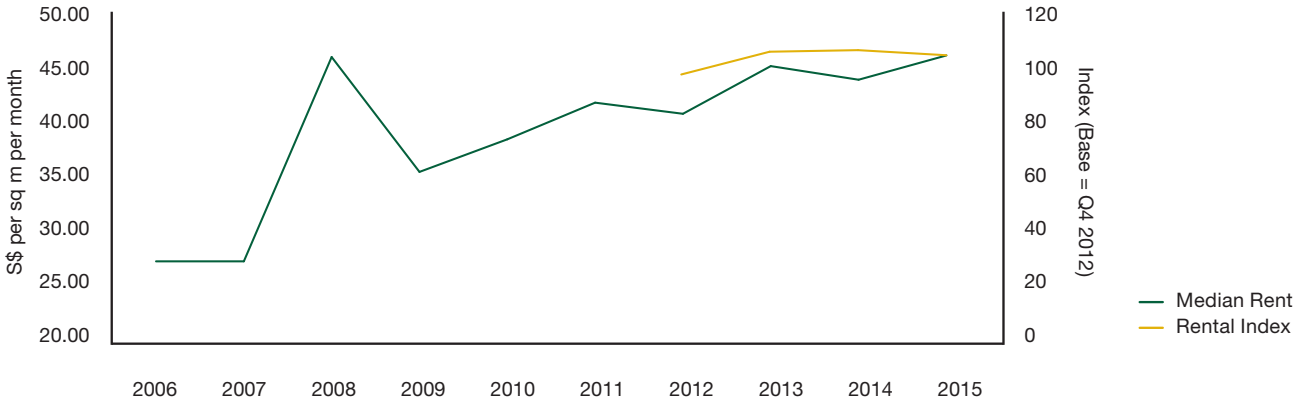
INDEPENDENT MARKET REPORT

3.3 Rents

Island-wide median rents of business park space saw an improvement of 4.9 per cent y-o- y to S$46.14 per sq m per month ("psm pm") in Q4 2015. However, the JTC Rental Index for Business Park (which takes into account island-wide rental transactions of business park space) reflected a marginal y-o-y decline by 1.2 per cent.

The healthy occupancy growth translated to rental increases in business park space particularly those with good location and building specifications, while those located in less accessible locations with dated specifications faced greater downward pressure in rentals. On the back of the challenging business environment and in a bid to save business costs, tenants with qualifying trades viewed business park space as a viable and cheaper alternative compared to the relatively higher office rents in the Central Business District ("CBD"). Major corporations such as Google will be moving to MBC II. Coupled with existing limited new business park space, rentals in preferred business park developments would continue to see stability or upward movement.

Exhibit 3-3: JTC Median Rents and Rental Index of Business Park Space, as at Q4 2015



* *Median rents based on island-wide actual rental transaction and as at fourth quarter of each corresponding year*
** *JTC Rental Index of business park space available from 2012 onwards*
Source: REALIS, Knight Frank Research

Exhibit 3-4: Monthly Rents of Business Park Space Island-wide

Quarter	Minimum (S$ per sq ft/per sq m)	25th Percentile (S$ per sq ft/per sq m)	Median (S$ per sq ft/per sq m)	75th Percentile (S$ per sq ft/per sq m)	Maximum (S$ per sq ft/per sq m)
Q1 2014	$33.33/ $3.10	$41.99/ $3.90	$45.11/ $4.19	$49.27/ $4.58	$107.76/ $10.01
Q2 2014	$32.21/ $2.99	$40.90/ $3.80	$44.82/ $4.16	$46.96/ $4.36	$68.89/ $6.40
Q3 2014	$30.79/ $2.86	$40.90/ $3.80	$43.10/ $4.00	$46.60/ $4.33	$60.28/ $5.60
Q4 2014	$32.29/ $3.00	$40.93/ $3.80	$44.00/ $4.09	$46.40/ $4.31	$65.66/ $6.10
Q1 2015	$35.52/ $3.30	$40.90/ $3.80	$43.06/ $4.00	$46.41/ $4.31	$63.51/ $5.90
Q2 2015	$37.67/ $3.50	$41.98/ $3.90	$44.91/ $4.17	$50.33/ $4.68	$62.43/ $5.80
Q3 2015	$31.37/ $2.91	$41.07/ $3.82	$44.28/ $4.11	$46.97/ $4.36	$60.28/ $5.60
Q4 2015	$32.29/ $3.00	$43.76/ $4.07	$46.14/ $4.29	$52.21/ $4.85	$60.28/ $5.60

Source: REALIS, Knight Frank Research

3.4 Outlook

With a projected robust demand from various qualifying trades such as e-commerce amid limited available supply, the outlook for business park segment is expected to be moderately optimistic.

Potential tenants are expected to continue seeking out and relocate to recently completed and upcoming business park developments, viewing this option as a viable and cheaper alternative compared to office spaces. Where no known new supply of business park space is projected beyond 2016, occupancy rate is likely to remain healthy especially for better-designed and well-located business park developments with rents expecting to grow by 2 to 3 per cent annually in 2016.

4. FACTORY SEGMENT OVERVIEW

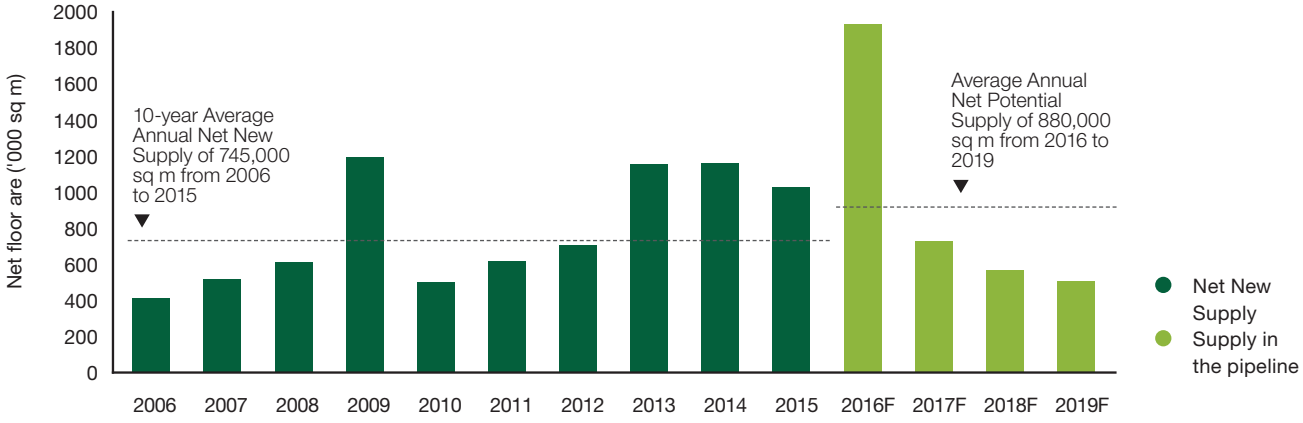
4.1 Existing and potential supply

As at Q4 2015, the existing stock for factory (including business park space) totalled 35.6 million sq m NLA, or a 3.3 per cent y-o-y increase from the previous year. Excluding business park space, the existing factory stock stood at 33.7 million sq m NLA, a 3.0 per cent y-o-y increase for the same period. Of which, 30.7 per cent (10.3 million sq m) were multiple-user factory while single-user accounted for the remaining 69.3 per cent (23.3 million sq m) of the total existing factory stock (excluding business park space).

Net new supply of approximately 966,000 sq m was added for 2015, posting an annual decline of 11.7 per cent from 2014. This was 29.8 per cent higher than the ten-year average annual net new supply of 745,000 sq m from 2006 to 2015.

As at Q4 2015, an estimated 3.5 million sq m NLA of new factory spaces (excluding business park space) is set for completion between 2016 and 2019. Net new factory space of about 1.8 million sq m (or 50.0 per cent) is expected to be ready by 2016, and this is about 106.8 per cent higher than the average annual potential supply of 880,000 sq m from 2016 to 2019. Multiple-user factory space accounted for 46.2 per cent (1.6 million sq m NLA) of the total net new factory space between 2016 and 2019, while the remaining 53.8 per cent is expected to be single-user factory space (1.9 million sq m).

Exhibit 4-1: Net New Supply and Potential Supply of Factory (excluding Business Park) Space, as at Q4 2015



* *Gross potential supply is adjusted to net floor area based on Knight Frank's assumption of 85% and 90% space efficiency factors for multiple-user and single-user factory developments respectively.*

Source: JTC, Knight Frank Research

INDEPENDENT MARKET REPORT

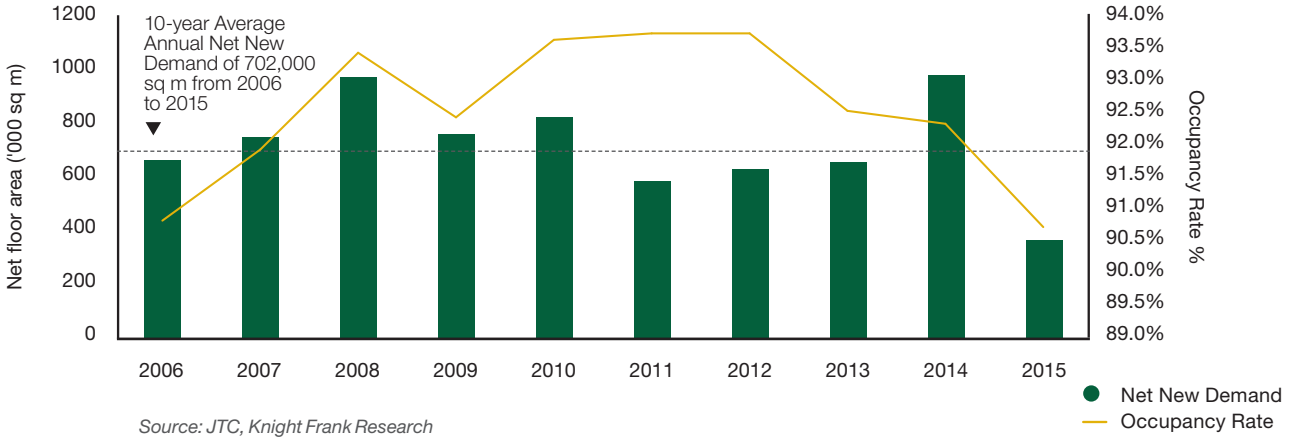
4.2 Demand and occupancy

Net new demand of factory space (excluding business park space) is about 360,000 sq m in 2015, a 62.3 per cent annual fall from the previous year. This is about 48.7 per cent below the ten-year average annual net new demand of 702,000 sq m from 2006 to 2015. Occupancy rate of factory space experienced a drop from 92.3 per cent in 2014 to 90.7 per cent in 2015, due to the lower net new demand as compared to the net new supply by 62.7 per cent.

4.3 Rents

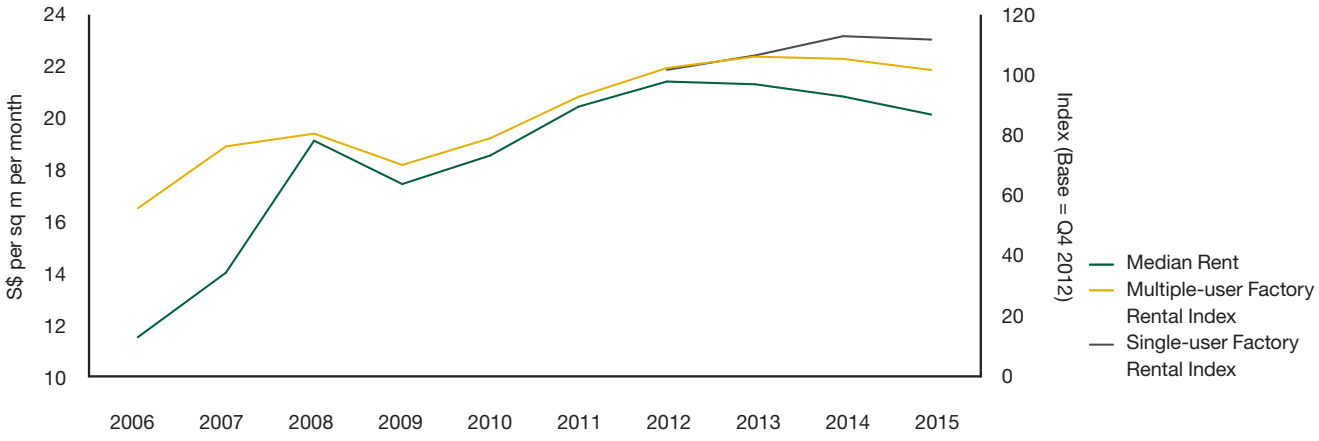
As at Q4 2015, median rents of island-wide factory space (excluding business park space) is estimated at S$20.33 per sq m per month or 3.3 per cent y-o-y fall from the previous year. JTC Rental Indices of multiple-user and single-user factory space, which take into island-wide rental transactions, have similarly registered annual declines of 3.3 per cent and 0.8 per cent respectively. With cautious industrialists holding back their business expansion plans, the surplus supply in the market exerted pressure on rents.

Exhibit 4-2: Net New Demand and Occupancy Rate of Factory (excluding Business Park) Space



Source: JTC, Knight Frank Research

Exhibit 4-3: JTC Median Rents (excluding Business Park) and Rental Indices of Multiple-user and Single-user Factory Space, as at Q4 2015



* *Median rents based on island-wide actual rental transaction and as at fourth quarter of each corresponding year*
** *JTC Rental Index of single-user factory space available from 2012 onwards*
Source: REALIS, Knight Frank Research

Exhibit 4-4: Monthly Rents of Island-wide Factory (excluding Business Park) Space

Quarter	Minimum (S$ per sq m/ per sq ft)	25th Percentile (S$ per sq m/ per sq ft)	Median (S$ per sq m/ per sq ft)	75th Percentile (S$ per sq m/ per sq ft)	Maximum (S$ per sq m/ per sq ft)
Q1 2014	$5.07/ $0.47	$17.84/ $1.66	$21.53/ $2.00	$26.93/ $2.50	$114.59/ $10.65
Q2 2014	$6.94/ $0.64	$17.48/ $1.62	$21.41/ $1.99	$26.67/ $2.48	$53.33/ $4.95
Q3 2014	$7.99/ $0.74	$17.86/ $1.66	$20.86/ $1.94	$26.15/ $2.43	$53.82/ $5.00
Q4 2014	$9.39/ $0.87	$17.86/ $1.66	$20.99/ $1.95	$25.71/ $2.39	$57.59/ $5.35
Q1 2015	$9.32/ $0.87	$17.36/ $1.61	$20.54/ $1.91	$25.22/ $2.34	$57.05/ $5.30
Q2 2015	$9.93/ $0.92	$17.14/ $1.59	$20.24/ $1.88	$24.26/ $2.25	$60.28/ $5.60
Q3 2015	$9.25/ $0.86	$16.44/ $1.53	$20.08/ $1.87	$24.50/ $2.28	$50.00/ $4.65
Q4 2015	$7.69/ $0.71	$16.56/ $1.54	$20.33/ $1.89	$24.82/ $2.31	$53.66/ $4.99

Source: REALIS, Knight Frank Research

4.4 Outlook

The outlook of the factory property segment is projected to remain challenging in 2016 as the manufacturing sector continues to be affected by the softened global demand in manufacturing, slowdown in China's economy as well as the low oil price environment.

On the back of large upcoming supply of new private factory space by 2016, rental and price performances of private factory are likely to face downside risks should demand stay flat or decline. Where the overall leasing market is expected to be more competitive as new supply sets in, landlords will be more proactive to attract and retain tenants. In addition, with potentially limited growth in tenant pool this year and as industrial space tenants exercise greater prudence with cost savings to remain as a key priority, landlords are envisaged to be more realistic in their asking rents. Nonetheless, the lower oil prices and electricity charges may lessen the financial pressure imposed on industrialists with respect to their operation costs.

Moving forward, more factory space is likely to undergo redevelopment to remain competitively relevant. Amid restructuring efforts to establish new industrial niches in the quest for higher-value added and knowledge-based manufacturing activities, there will be rising importance for building owners to improve their building quality and design specifications to meet the changing spatial needs of key growth industries such as the chemicals, pharmaceuticals, 3D printing, and biomedical manufacturing segments.

5. WAREHOUSE SEGMENT OVERVIEW

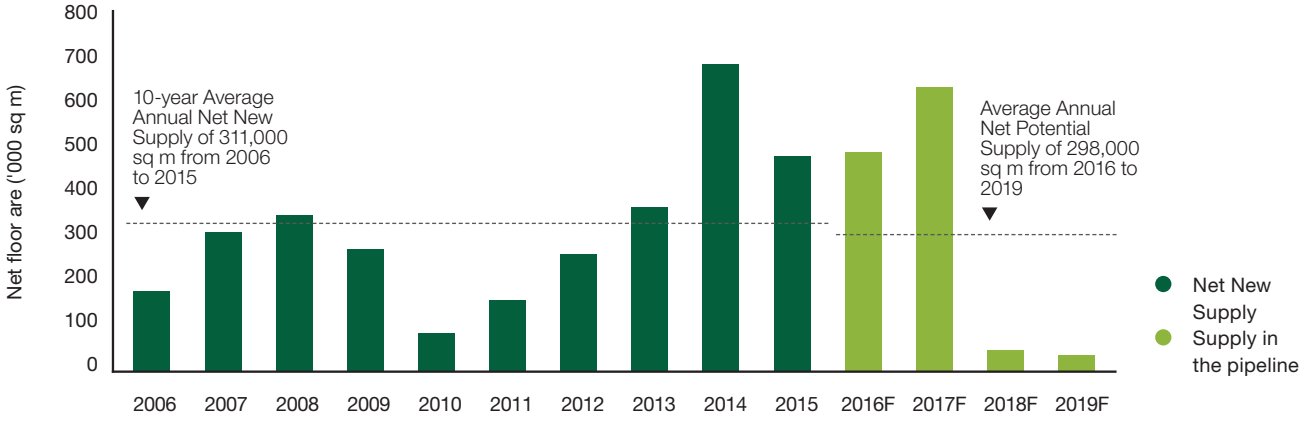
5.1 Existing and potential supply

As at Q4 2015, the existing stock for warehouse totalled 8.9 million sq m NLA as at Q4 2015, or a 5.6 percent y-o-y increase from the previous year. The majority of warehouse space is based in the West Planning Region (61.6 per cent) while the rest were distributed across East, Central, North and North-East Planning Regions at 15.3 per cent, 14.3 per cent, 4.5 per cent and 4.2 per cent respectively.

Net new supply of warehouse space is approximately 474,000 sq m in 2015 or a 29.9 per cent annual decline from the preceding year. This is 52.4 per cent more than the ten-year average annual net new supply of 311,000 sq m from 2006 to 2015.

As at Q4 2015, a total of 1.2 million sq m net warehouse space is projected for completion between 2016 and 2019. Of which, 40.5 per cent (482,300 sq m) is expected to be ready by the end of 2016. This is about 61.9 per cent and 55.0 per cent higher than the average annual net potential supply from 2016 to 2019 and the ten-year average annual net new supply from 2006 to 2015, respectively.

Exhibit 5-1: Net New Supply and Potential Supply of Warehouse Space, as at Q4 2015



* *Gross potential supply is adjusted to net floor area based on Knight Frank's assumption of 75% space efficiency factor for warehouse segment*

Source: JTC, Knight Frank Research

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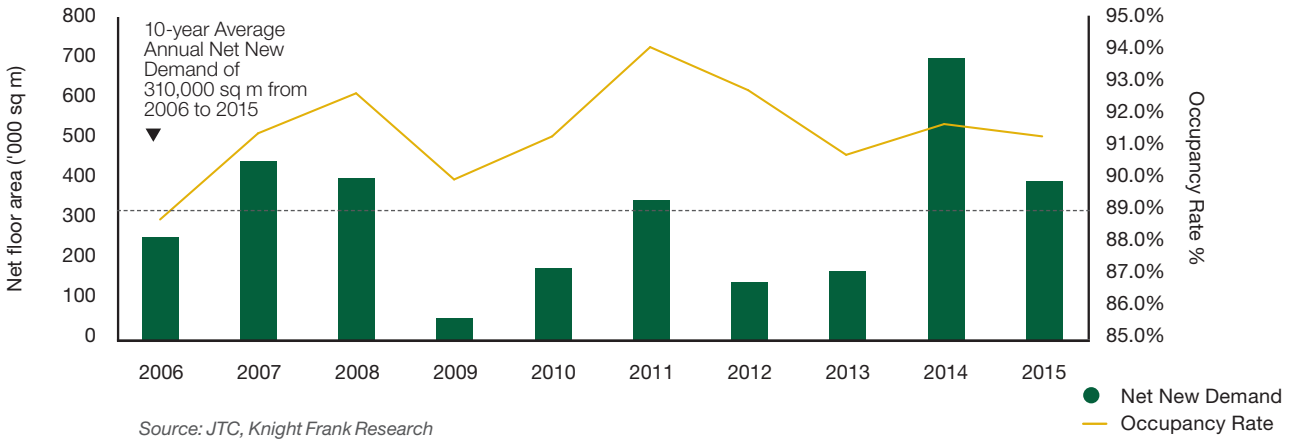
5.2 Demand and occupancy

Net new demand of warehouse space is estimated at 395,000 sq m in 2015, a 43.4 per cent y-o-y decline from the previous year. This is 27.6 per cent higher than the ten-year average annual net new demand of 310,000 sq m from 2006 to 2015. With a larger injection of net new supply and slightly lower demand for warehouse space, island-wide occupancy rate slipped marginally to 91.4 per cent in 2015.

5.3 Rents

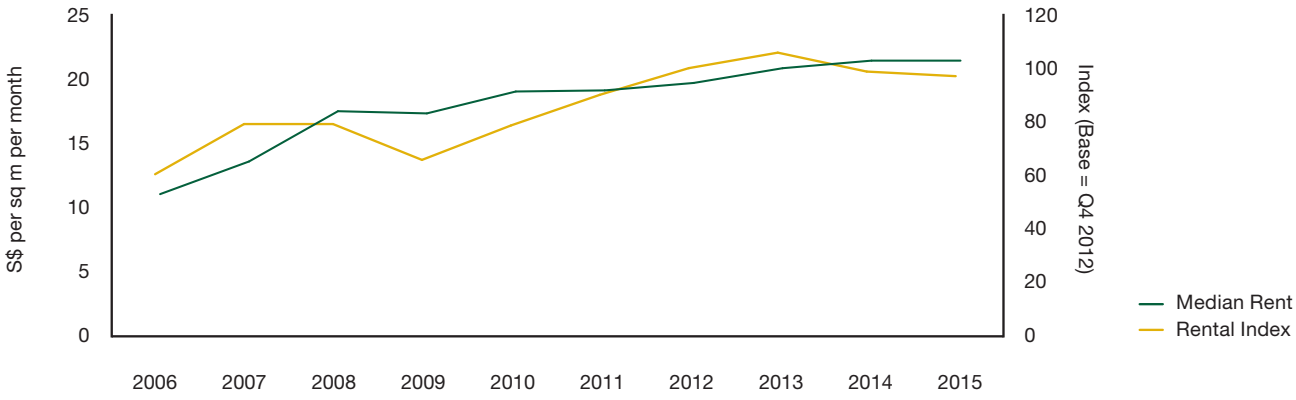
As at Q4 2015, median rents of island-wide warehouse space remain unchanged from the previous year and reported an estimated $21.53 per sq m per month. JTC Warehouse Rental Index, which takes into account island-wide warehouse rental transactions, saw a slight decline by 1.6 per cent y-o-y in 2015 from the previous year. The extent of decline in 2015 has narrowed as compared to the 6.3 per cent y-o-y fall observed in 2014.

Exhibit 5-2: Net New Demand and Occupancy Rate of Warehouse Space



Source: JTC, Knight Frank Research

Exhibit 5-3: Median Rents and JTC Rental Index of Warehouse Space, as at Q4 2015



Source: JTC, REALIS, Knight Frank Research

Exhibit 5-4: Monthly Rents of Island-wide Warehouse Space

Quarter	Minimum (S$ per sq m/ per sq ft)	25th Percentile (S$ per sq m/ per sq ft)	Median (S$ per sq m/ per sq ft)	75th Percentile (S$ per sq m/ per sq ft)	Maximum (S$ per sq m/ per sq ft)
Q1 2014	$8.61/ $0.80	$17.22/ $1.60	$20.97/ $1.95	$24.76/ $2.30	$41.27/ $3.83
Q2 2014	$5.33/ $0.50	$18.30/ $1.70	$21.50/ $2.00	$25.35/ $2.36	$43.06/ $4.00
Q3 2014	$9.69/ $0.90	$18.21/ $1.69	$21.21/ $1.97	$24.93/ $2.32	$43.06/ $4.00
Q4 2014	$10.76/ $1.00	$17.76/ $1.65	$21.53/ $2.00	$27.02/ $2.51	$40.90/ $3.80
Q1 2015	$10.30/ $0.96	$18.84/ $1.75	$22.64/ $2.10	$28.21/ $2.62	$45.20/ $4.20
Q2 2015	$10.79/ $1.00	$18.29/ $1.70	$21.28/ $1.98	$26.16/ $2.43	$45.45/ $4.22
Q3 2015	$11.04/ $1.03	$18.11/ $1.68	$21.59/ $2.01	$26.93/ $2.50	$47.17/ $4.38
Q4 2015	$11.33/ $1.05	$18.34/ $1.70	$21.53/ $2.00	$27.88/ $2.59	$41.98/ $3.90

Source: JTC, REALIS, Knight Frank Research

5.4 Outlook

Going forward, the warehousing and logistics segment will continue to remain as one of industrial property market's key engines of growth. The government has built on Singapore's strategic location in Southeast Asia by enhancing its importance as a logistics conduit for world trade by attracting global investment and setting up world-class logistics and warehousing facilities. Along with the fast-expanding e-commerce retailing industry that requires efficient logistics and warehousing support to carry out its business operations, it presents yet another growth opportunity for the warehouse segment.

Progressive relocation among tenants to recently completed or upcoming warehousing space is expected, due to improved building and design specifications that cater to their needs. Notwithstanding a large injection of upcoming new warehouse space, occupancy is likely to remain fairly healthy as most of the new warehouse space is expected to cater mainly to single-user type. In view of the ample supply in the market, rental movement of warehouse space is projected to remain flat or to grow modestly by 1 to 2 per cent annually in 2016 for the better located and designed warehouse units.

6. HOTEL MARKET OVERVIEW

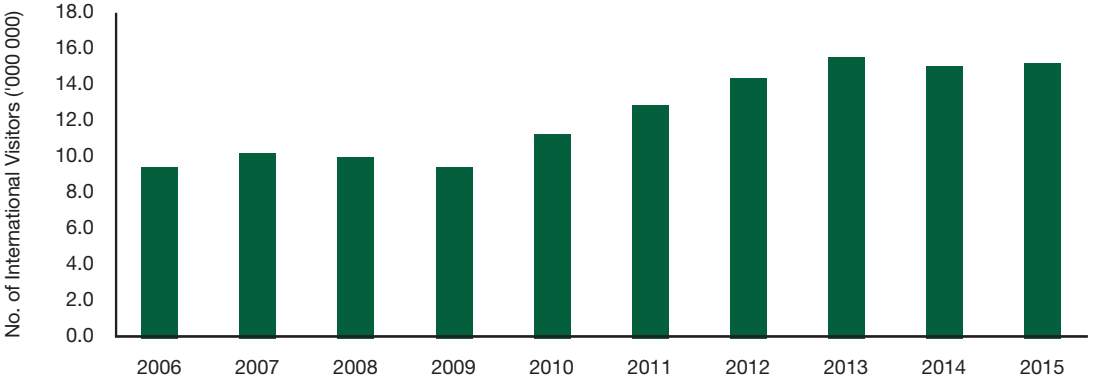
6.1 International visitor arrivals

Singapore received 15.2 million visitors in 2015, a marginal 0.9 per cent annual increase from 2014. The city-state avoided an annual decline in visitor arrivals as the negative impact of falling BTMICE (business travel, meetings, incentives, conventions, and exhibition) visitor arrivals were cushioned by the growth in leisure visitor arrivals.

The uptick in visitor arrivals is mainly due to the recovery of incoming Chinese arrivals by a notable 22.3 per cent annually in 2015 compared to 2014, and further boosted by STB's S$20 million global campaign, which has successfully helped to promote Singapore's celebration of the Golden Jubilee to attract international visitors. On the contrary, there were fewer Indonesian (9.7 per cent annual decline) and Malaysian visitors (5.0 per cent annual decline) during the same period, attributed to the depreciating Rupiah and Ringgit against the Singapore Dollar.

Total tourism receipts received for the whole of 2015 stood at S$22.0 billion or a 6.8 per cent annual decline. This marked the first contraction in six years and the lowest tourism spending since 2010. This is attributed to the annual declines in tourist spending for all major components, particularly the accommodation, and sightseeing, entertainment & gaming segments. Nonetheless, on the back of weaker visitor arrivals in the BTMICE segment, the overall tourism receipts is expected to be impacted as expenditure of an average business traveller is typically higher than a leisure visitor.

Exhibit 6-1: Total International Visitor Arrivals in Singapore



International visitor arrivals in 2015 is a preliminary figure

Source: Singapore Tourism Board ("STB"), Knight Frank Research

INDEPENDENT MARKET REPORT

6.2 Existing and potential supply

As of end 2014, Singapore had an inventory of 220 gazetted and 171 non-gazetted hotel developments contributing to a total of 57,050 rooms, based on STB estimates. An additional 3,736 hotel rooms were injected into the hotel market for the whole of 2015, giving rise to an estimated 60,786 hotel rooms in 2015, or a 6.5 per cent annual increase from the previous year.

Some examples of major hotel completions in 2015 include Genting Hotel Jurong (557 rooms), Hotel Grand Central (262 rooms), Hotel Chancellor @ Orchard (488 rooms), Park Hotel Alexandra (450 rooms) and The South Beach (654 rooms).

As at Q4 2015, about 8,298 new hotel rooms will be slated for completion between 2016 and 2019. About 32.9 per cent (2,731 rooms) is expected to commence operations by the end of 2016, and this is 31.6 per cent and 14.1 per cent higher than the average annual potential opening of 2,075 rooms (2016 to 2019) and ten-year average annual opening of 2,393 rooms (2006 to 2015). The bulk of the upcoming hotel room supply (of about 67.0 per cent of 2016-2019 supply) is slated for completion by 2017.

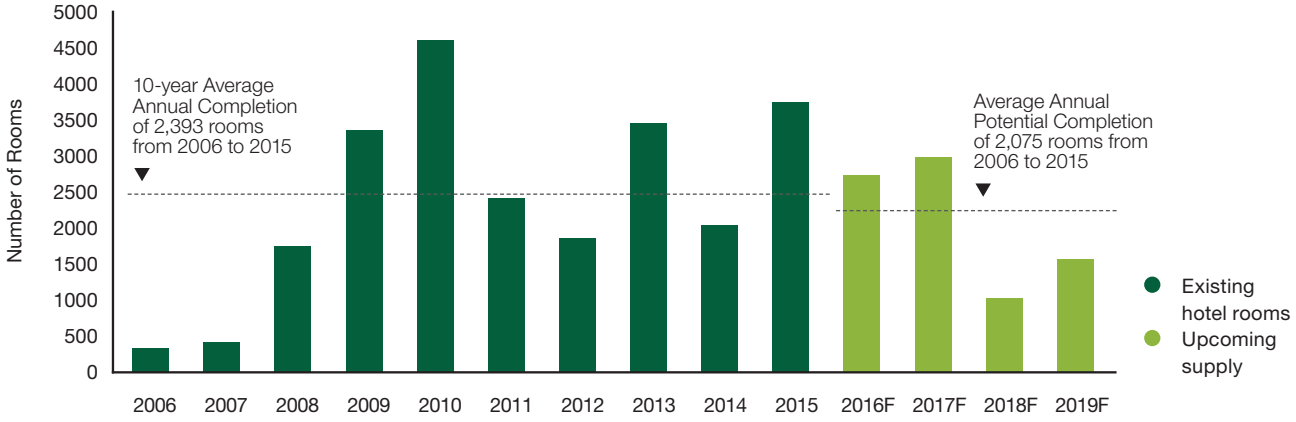
6.3 Hotel Trading Performance

The preliminary island-wide standard average occupancy rate ("AOR") stood at 85.0 per cent in 2015, a marginal 0.5 per cent y-o-y decline from 2014. However, AOR of mid-tier gazetted hotel segment improved by 0.6 ppt from 84.9 per cent in 2014 to 85.5 per cent in 2015.

The overall standard average room rates ("ARR") for gazetted hotel sector has fallen by 4.8 per cent y-o-y in 2015 to register at S$246. Resonating the same downward trend, ARR of mid-tier segment declined by 5.6 per cent y-o-y to S$175 in 2015 from the previous year.

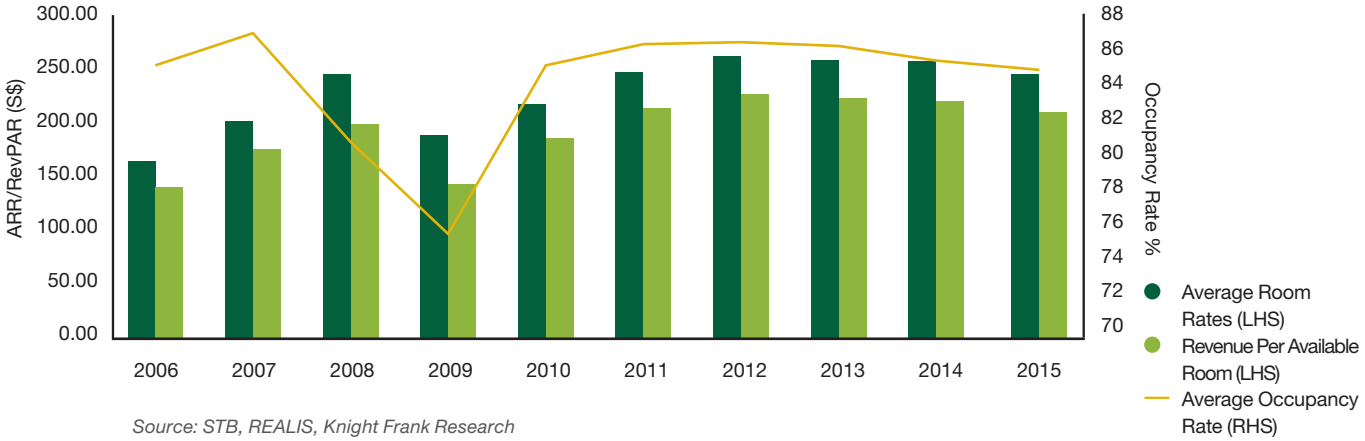
To maintain healthy occupancy level amid lower visitor arrivals and stronger competition, hotel operators have lowered their hotel rates to attract visitors. This consequently resulted in lower revenue per available room ("RevPAR") with the overall gazetted hotel sector experiencing a 5.3 per cent fall to S$209 in 2015. The RevPAR of the mid-tier gazetted hotel segment contracted by 5.0 per cent y-o-y to S$150 during the same period.

Exhibit 6-2: Historical and Upcoming Hotel Room Openings in Singapore, as at 4Q 2015



Source: STB, REALIS, Knight Frank Research

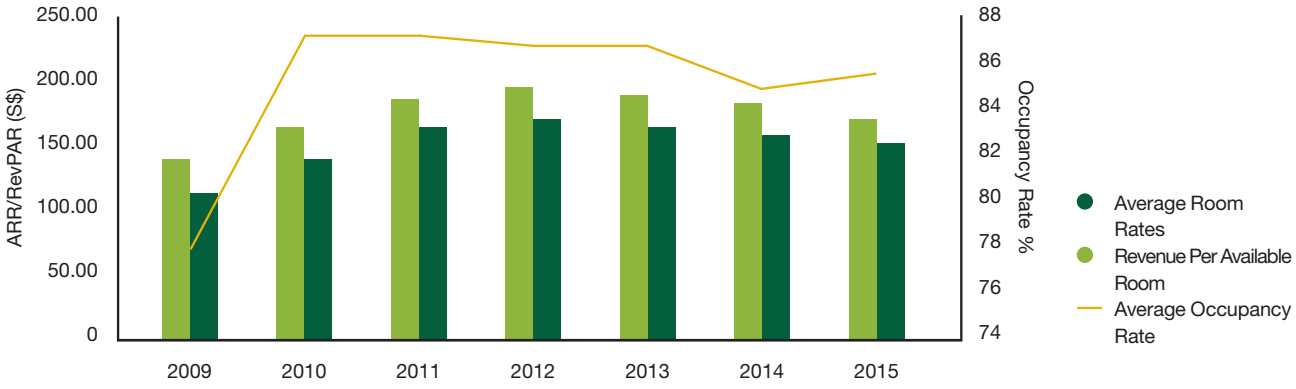
Exhibit 6-3: AOR, ARR and RevPAR of Singapore Gazetted Hotels Island-wide



Source: STB, REALIS, Knight Frank Research

INDEPENDENT MARKET REPORT

Exhibit 6-4: AOR, ARR and RevPAR of Singapore Mid-Tier Gazetted Hotels



** AOR, ARR and REVPAR data by hotel tiers are released from 2009 onwards*

Source: STB, REALIS, Knight Frank Research

6.4 Outlook

The outlook of the Singapore hotel industry is expected to be broadly modest this year. While the number of Chinese visitors may see improvement in 2015, the new opening of Disneyland in Shanghai by the first half of 2016 may affect international visitor arrivals into Singapore. Coupled with the high operating cost associated with the persistent labour crunch situation, RevPAR growth is likely to see higher inertia in the short term.

On the back of large upcoming supply of hotel rooms in 2016, hotel operators are expected to face greater competition to maintain high occupancy rates. Particularly for the mid-tier hotel segment, the island-wide ARR trend is likely to face moderate downward pressure as hotel operators may set competitive rates and attractive accommodation packages to secure hotel guests.

Nonetheless, Singapore's strong emphasis and concerted efforts to grow Singapore's Meetings, Incentives, Conventions and Exhibitions ("MICE"), medical, education and sports tourism segments will continue to support the expansion of the tourism and hospitality industries. This is on top of the major upcoming events, conference and exhibitions that are projected to boost international visitor arrivals in the city-state. Food & Hotel Asia 2016, to be held in March 2016, is expecting about 45,000 visitors, and the list extends to other major events such as Singapore Formula One 2016, Medical Fair Asia 2016 and Sweets & Bakes Asia 2016. According to the forecast made by STB, tourism receipts for the whole of 2016 is likely to see modest growth ranging between 0 to 2 per cent at S$22.0 billion to S$22.4 billion.

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CREATING **SUSTAINABLE VALUE**



94.8%[1]

Total Borrowings on Fixed Rates

4.1[1] YEARS

Weighted Average Debt Maturity

[1] As at 11 February 2016.

INVESTOR RELATIONS AND CORPORATE SOCIAL RESPONSIBILITY

INVESTOR RELATIONS

VIT strives to continuously provide its stakeholders, including the investment community, with full disclosure and transparency in information flow.

Systematic and Timely Disclosures

VIT announces its quarterly financial results on SGXNet and its corporate website www.vivaitrust.com, ensuring timely and regular updates for its stakeholders and members of the public. The corporate website gives investors a good grasp of VIT's key performances, helping them to make informed investment decisions. In addition, VIT welcomes investor enquiries via its website and responds to these enquiries promptly.

Active Engagement with Stakeholders

VIT is proactive in engaging with the investment community through regular face-to-face meetings, conference calls and direct communications. In 2015, the REIT Manager held two media and analyst briefings for its half-year and full-year financial results. Through these dialogue sessions, VIT's management is able to highlight its key achievements for the period, as well as address any concerns that the investment community may have in an expedient manner.

In addition, the REIT Manager participates in corporate day and non-deal roadshows to articulate VIT's key strengths and growth strategies to the investment community such as analysts, fund managers and institutional investors. The REIT Manager also participates in investor conferences in Singapore and the region, such as the inaugural REITs Symposium 2015 which is a platform for retail investors to have direct access to the senior management.

To showcase the newly acquired properties, as well as the AEI at VBP, the REIT Manager also organised site visits for the investment community in FY2015. This enables investors to view VIT's newly-added quality assets, as well as gain greater insights on the progress of VIT's latest developments.

Investor Relations Calendar

1Q 2015	Announced 4Q 2014 and FY2015 results with media and analyst briefing
	Participated in DMG Conference Day in Singapore and BNP Asia Pacific Financials & Property Conference in Hong Kong
	Conducted one-on-one investor meetings
2Q 2015	Announced 1Q 2015 results
	Held Annual General Meeting ("AGM")
	Participated in non-deal roadshows organised by Maybank Kim Eng and OCBC
	Launched private placement to partially fund AEI at VBP
	Presented at REITs Symposium 2015 organised by ShareInvestor
	Organised site visit for investors and analysts
3Q 2015	Announced 2Q 2015 & 1H 2015 results with media and analyst briefing
	Announced acquisitions of 11 Ubi Road 1, Home-Fix Building and 30 Pioneer Road properties
	Engaged investors at RHB Corporate Day in Tokyo
	Conducted investor meetings organised by Maybank Kim Eng and Religare
4Q 2015	Announced 3Q 2015 & 9M 2015 results
	Launched equity fund raising to partially fund the three property acquisitions
	Participated in non-deal roadshows organised by OCBC
	Held Extraordinary General Meeting ("EGM")



FY2014 Annual General Meeting, 22 April 2015



FY2014 Annual General Meeting, 22 April 2015

INVESTOR RELATIONS AND CORPORATE SOCIAL RESPONSIBILITY



REITs Symposium 2015, 23 May 2015



REITs Symposium 2015, 23 May 2015



Extraordinary General Meeting, 16 November 2015



Extraordinary General Meeting, 16 November 2015



FY2015 results announcement analyst and media briefing, 27 January 2016



Analyst and media site visit to VBP, 27 January 2016

CREATING SUSTAINABLE VALUE

VIT places strong emphasis on delivering long-term value for Stapled Securityholders in a sustainable manner, and consciously strives to promote good values amongst its staff as well as encourage them to contribute to society.

Environmental Stewardship

As a Gold Member of the Global Compact Singapore, VIT is committed to fulfil its role as a responsible corporate citizen and is guided by a framework that incorporates sustainable strategies and practices in its corporate activities.

As part of its environmental efforts, VIT will be upgrading the chiller systems of the air-conditioning plant at VBP in FY2016, so as to improve overall operating efficiency and optimise energy consumption. This is a reflection of VIT's concerted efforts to reduce overall carbon footprint and help achieve lower energy consumption for its tenants.

Staff Engagement

The REIT Manager recognises the importance of cultivating a healthy corporate culture through active engagement with its staff. With people as the cornerstone of its success, VIT is committed to instil positive values in the workplace by organising wellness activities that promote the overall well-being of its staff.

INVESTOR RELATIONS AND CORPORATE SOCIAL RESPONSIBILITY

In mid-2015, the REIT Manager rolled out the inaugural "Get Healthy Programme" to inculcate healthy living amongst its staff, by providing monthly healthy lunches and initiating exercise programmes such as cycling, kick boxing, yoga, Pilates and Piloxing.

Tenant Relationships

As tenants play an important role in supporting the overall growth across VIT's property portfolio, the REIT Manager endeavours to develop an ecosystem that strengthens ties with tenants, by rolling out a series of tenant engagement activities.

In FY2015, VIT held three quarterly blood donation drives in partnership with the Singapore Red Cross, and received more than 200 blood donations from tenants and staff. The REIT Manager also partnered with the Singapore Anti-Tuberculosis Association ("SATA") and introduced the 'Mammogram on Wheels' across some of its properties, which was in support of Breast Cancer Awareness Month 2015.

Community Involvement

In its inaugural partnership with the People's Association ("PA") and Kembangan-Chai Chee Citizens' Consultative Committee, the REIT Manager pledged an outright donation to support the daily needs of low-income families and the elderly who are residing in the Kembangan-Chai Chee district. The REIT Manager also held its first community outreach event with PA, bringing 30 underprivileged children from Kidzcare@ Kembangan-Chai Chee on a one-day excursion trip to S.E.A. Aquarium at Sentosa.

Apart from the collaboration with the PA, the REIT Manager has also been supporting the Alzheimer's Disease Association ("ADA") for many years, by making meaningful donations for its programmes to help raise public awareness and understanding of dementia. The REIT Manager supports these programmes in recognition of the caregivers' selflessness, love and sacrifice in taking care of their loved ones who are suffering from dementia.

These initiatives exemplify VIT's efforts in giving back to the community. Moving forward, the REIT Manager will continue to expand its contribution to the wider society through the support of diverse social causes in 2016.



Cheque presentation at the Kembangan-Chai Chee Lunar New Year Dinner 2015, 28 February 2015





An excursion trip to S.E.A Aquarium in collaboration with KidzCare@Kembangan–Chai Chee, 18 December 2015

CORPORATE GOVERNANCE

INTRODUCTION

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.

VI-REIT is a real estate investment trust constituted in the Republic of Singapore pursuant to a trust deed dated 23 August 2013 and as amended and restated by a first amending and restating deed dated 14 October 2013 entered into between the REIT Manager and Perpetual (Asia) Limited (formerly known as The Trust Company (Asia) Limited) (in its capacity as the trustee of VI-REIT) (the "REIT Trustee"). VI-BT is a business trust constituted in the Republic of Singapore pursuant to a trust deed dated 14 October 2013, entered into by the BT Trustee-Manager. The REIT Trustee, the REIT Manager and the BT Trustee-Manager (collectively known as the "Managers") executed a stapling deed dated 14 October 2013 to create the stapled group.

VI-BT has been dormant since VIT was listed on the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST"). Similarly, the BT Trustee-Manager has been dormant.

The REIT Manager has been issued a Capital Markets Services Licence by the Monetary Authority of Singapore ("MAS") pursuant to the Securities and Futures Act, Chapter 289 of Singapore ("SFA") on 25 October 2013.

VIT is required to comply with the following relevant legislations and guidelines:

(a) The SFA and its subsidiary legislations;

(b) MAS Notices and Guidelines issued pursuant to the SFA;

(c) The Code on Collective Investment Schemes (including the Property Funds Appendix) (the "CIS Code");

(d) The Listing Manual of SGX-ST (the "Listing Manual");

(e) The Business Trusts Act, Chapter 31A of Singapore (the "BTA") and the Business Trust Regulations 2005 (the BTR"); and

(f) The Code of Corporate Governance 2012 (the "CG Code").

For the purpose of avoiding any conflict of interest between VI-REIT and VI-BT, the REIT Manager Board and the BT Trustee-Manager Board comprise the same directors.

Due to the different legislative and regulatory requirements in relation to a REIT as compared with a business trust, the corporate governance procedures and disclosure requirements in relation to the REIT Manager are different from those in relation to the BT Trustee-Manager.

The Managers are committed to establishing and maintaining high standards of corporate governance and believe that sound corporate governance policies and practices are essential to protect the assets of VIT and the interests of its Stapled Securityholders.

This report sets out VIT's corporate governance framework and practices with specific reference to guidelines set out in the CG Code in relation to the REIT Manager only as the BT Trustee-Manager is dormant (unless otherwise stated). Any deviations from the CG Code are explained.

CORPORATE GOVERNANCE

BOARD MATTERS
Principle 1: The Board's conduct of affairs

The Board of Directors of the REIT Manager (the "REIT Manager Board" or "Board") is responsible for the overall corporate governance of the REIT Manager including establishing goals for management and monitoring the achievement of these goals. The REIT Manager is also responsible for the strategic business direction and risk management of VI-REIT. All the REIT Manager Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of performance of directors.

The key roles of the REIT Manager Board are to:

- guide the corporate strategy and directions of the REIT Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise;
- oversee the proper conduct of the REIT Manager; and
- ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced.

In the discharge of its function, the REIT Manager Board is supported by the Audit and Risk Committee, Investment Committee and Nominating and Remuneration Committee (collectively, the "Committees") of the REIT Manager, which provide independent oversight of management and serve to ensure that there are appropriate checks and balances. The Committees function under clear written terms of reference.

The REIT Manager Board meets every quarter to discuss the financial and operational performance of VIT, including any significant acquisitions and disposals and business outlook. The REIT Manager Board also meets as and when circumstances warrant. The REIT Manager's Constitution allow for the meetings of its Board to be held via telephone conferencing.

The number of meetings of the REIT Manager Board and the Committees held for the financial year ended 31 December 2015 ("FY2015") as well as the attendance of the Directors and members at these meetings is disclosed as below:

	Board	Audit and Risk Committee	Nominating and Remuneration Committee	Investment Committee
No of Meetings held	**4**	**5**	**1**	**2**
Name of Directors		**No. of Meetings attended in 2015**		
Leong Horn Kee	4/4	n/a	n/a	2/2
Teo Cheng Hiang Richard	4/4	5/5	n/a	2/2
Choong Chow Siong	4/4	5/5	1/1	n/a
Ronald Lim Cheng Aun	4/4	5/5	1/1	n/a
Tan Hai Peng, Micheal	4/4	n/a	1/1	2/2
Wilson Ang Poh Seong	4/4	n/a	n/a	2/2
Tan Kim Seng [(1)]	3/3	n/a	n/a	1/1
Tan Fuh Gih [(2)]	1/1	n/a	1/1	1/1

n.a.: Not applicable as the Director is not a member of the Board Committee

Notes:

(1) Tan Kim Seng was appointed on 22 April 2015

(2) Tan Fuh Gih resigned on 22 April 2015

CORPORATE GOVERNANCE

The REIT Manager has put in place a set of internal controls wherein key matters are specifically reserved for approval by the REIT Manager Board and these key matters include approved limits for capital expenditure, investments, divestments, bank borrowings, income distribution and other returns to Stapled Securityholders. To facilitate operational efficiency, approval of operational transactions below certain level are further delegated to management.

The REIT Manager Board has delegated authority to the Investment Committee ("IC") to assist it in fulfilling its investment approval responsibilities. The IC is chaired by Mr Teo Cheng Hiang, Richard and comprises a total of five members. The other members of the IC are Messrs Leong Horn Kee, Ang Poh Seong, Tan Hai Peng Micheal and Tan Kim Seng. The IC held two meetings in FY2015.

The IC is charged with the following duties and responsibilities:-

(i) reviewing and recommending to the REIT Manager Board VI-REIT's proposed investment strategy and the investment criteria and guidelines annually;

(ii) evaluating and recommending any proposed investments, asset enhancements and divestments to be made or entered into by VI-REIT; and

(iii) reviewing from time to time or when necessary, VI-REIT's investment, divestment and asset enhancement plans.

To keep pace with regulatory changes, where these changes have an important bearing on the disclosure obligations of the REIT Manager or its Directors, the Directors will be briefed either during Board meetings of the REIT Manager or at specially convened sessions involving the relevant professionals. The management will also provide the REIT Manager Board with complete and adequate information in a timely manner through regular updates, and at least quarterly during the quarterly Board meetings on financial results, market trends and business developments.

During the financial year, one new Director was appointed. A formal letter of appointment setting out the directors' duties and responsibilities was issued to the new director. The newly appointed Director was given briefing on the business activities and the governance practices of the REIT Manager.

When there is any change in the existing rules of the Listing Manual, Companies Act, the Code, the Directors will be updated by the management and Company Secretary at the quarterly Board meeting. The Directors, who are members of the Audit and Risk Committee, will also be updated on any change in the financial reporting standards by the external auditors at the quarterly Audit and Risk Committee meeting.

BOARD COMPOSITION AND GUIDANCE
Principle 2: Strong and independent element on Board

The REIT Manager Board comprises seven members. All the members of the Board except for the Chief Executive Officer, are non-executive directors ("NEDs"). Of the six NEDs, four of them, being more than half of the Board, are independent directors thus providing for a strong and independent element on the Board.

The Independent Directors of the REIT Manager Board are Dr Leong Horn Kee, Mr Teo Cheng Hiang Richard, Dr Choong Chow Siong and Mr Ronald Lim Cheng Aun. The REIT Manager Board considers Mr Tan Kim Seng and Mr Tan Hai Peng Micheal to be non-independent given their relationships with the Sponsors.

The composition of the REIT Manager Board is determined using the following principles:

- the Chairman of the REIT Manager Board should be a non-executive director of the REIT Manager;
- the REIT Manager Board should comprise directors with a broad range of experience including expertise in business management, audit, accounting, finance, fund management, investment, human resource and the property industry; and
- while VI-REIT Units remain stapled to VI-BT Units, in order to avoid any conflict of interest between VI-REIT and VI-BT, each of the directors of the REIT Manager Board will also be a director of the BT Trustee-Manager Board.

CORPORATE GOVERNANCE

In order for the BT Trustee-Manager Board to comply with the requirement under Regulation 12 of the BTR, a majority of the directors of the BT Trustee-Manager Board is required to comprise directors who are independent from management and business relationships with the BT Trustee-Manager. Accordingly, a majority of the directors of both the REIT Manager Board and the BT Trustee-Manager Board will comprise such independent directors.

A majority of the REIT Manager Board are independent of the management. This enables the management to benefit from their external, diverse and objective perspective on issues that are brought before the REIT Manager Board. It would also enable the REIT Manager Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process.

The composition of the REIT Manager Board will be reviewed regularly to ensure that the REIT Manager Board has the appropriate mix of expertise and experience.

To provide a more effective check on the management, the NEDs of the REIT Manager Board would meet amongst themselves on an informal basis at least once a year without the presence of the management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Principle 3: Clear division of responsibilities between Chairman of the Board and Chief Executive Officer of the REIT Manager

The position of Chairman of the REIT Manager Board and Chief Executive Officer are held by two different individuals in order to maintain effective checks and balances. The Chairman of the REIT Manager Board is Dr Leong Horn Kee, an Independent Director while the Chief Executive Officer is Mr Wilson Ang Poh Seong.

There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer. The Chairman is responsible for the overall management of the Board as well as ensuring that the members of the Board and the management work together with integrity and competency, and that the Board engages the Board members in constructive debate on strategy, business operations, enterprise risk and other plans. The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of VI-REIT and the REIT Manager.

BOARD MEMBERSHIP
Principle 4: Formal and transparent process for appointment and re-appointment of Directors to the Board

The REIT Manager Board has on 27 October 2015 incorporated the nominating committee functions into the Terms of Reference of the Remuneration Committee and renamed the Remuneration Committee as the Nominating and Remuneration Committee ("NRC"). The NRC is regulated by a set of written terms of reference which are disclosed on page 58 of this Annual Report. The composition of the renamed NRC can be found on page 58 of this Annual Report.

Directors of the REIT Manager are not subject to periodic retirement by rotation. The REIT Manager Board, however, recognises that Board renewal is a continuous process and one that is essential for ensuring that the REIT Manager Board remains relevant in VI-REIT's business environment. Nominations, which may be made by any of the REIT Manager's shareholders, are openly discussed and objectively evaluated by the NRC before any appointment and/ or reappointment is made. Appointment of directors is also subject to MAS approval.

The NRC has determined that the maximum number of listed company board representations which any Director of the REIT Manager may hold is seven. All Directors have complied with this guideline.

To determine the independence of the Directors, a form of Declaration of Independence or Non-independence was sent to each of the Directors immediately after the end of FY2015. Each Director has made his declaration by signing on the form.

These duly signed forms were tabled at the NRC meeting held in January 2016 for the NRC's review. At the Board meeting, the Board has determined, taking into account the views of the NRC, that each of the Independent Directors is independent based on his self-declaration and that there were no circumstances which would likely affect or appear to affect their judgement.

Key information regarding the Directors such as academic and professional qualifications, present directorships in other listed companies and other principal commitments are disclosed on page 15 to 17 of this Annual Report.

BOARD PERFORMANCE

Principle 5: Formal annual assessment of the effectiveness of the Board as a whole and its committees and contribution by each director to the effectiveness of the REIT Manager Board

The REIT Manager Board has in place a formal system of evaluating Board performance and assessing the effectiveness of the Board, the Committees and the individual Directors through the use of performance evaluation forms.

The evaluation of Board's performance as a whole deals with matters on Board composition, information, process, accountability, risk and internal controls, performance benchmark and standards of conduct. The Committees' evaluation deals with the efficiency and effectiveness of each committee in assisting the Board. The criteria for the evaluation of individual Directors include, amongst others, the Directors' attendance and participation at Board and Committee meetings, understanding of business plans and strategies, and ability to articulate thoughts and opinions in a clear and concise manner.

Each Director is required to complete the evaluation forms, and then return them to the Company Secretary on a private and confidential basis. The Company Secretary compiles the summary of the results of the evaluation and tables the summary at the Board meeting for the Board's review.

The last performance evaluation was carried out in January 2016 in respect of FY2015. Based on the results compiled from the evaluation forms, and the Board's review at the Board meeting held in January 2016, the Board was satisfied that the Board was effective as a whole and that each and every Director had demonstrated commitment and had contributed to the effective functioning of the Board and the Committees.

ACCESS TO INFORMATION

Principle 6: Complete, adequate and timely information and access to management

Management provides the REIT Manager Board with complete, adequate and detailed information on the business and operations of VI-REIT on a regular and quarterly basis, at the meetings of the REIT Manager Board and its Committees.

The REIT Manager Board is provided with an agenda for each meeting and Board papers are circulated well in advance to enable the Directors to review the information and to obtain such details and explanations where necessary. At quarterly meetings, Directors are updated on developments and changes in the operating environment, including changes in accounting standards as well as the applicable statutes and regulations affecting VIT and/or the REIT Manager or changes that may have significant bearing on VIT and/or the REIT Manager.

All Directors have unrestricted access to senior management to enable them to carry out their duties.

In addition, Directors have separate and independent access to the advice of the Company Secretary who is responsible to the REIT Manager Board for ensuring that established procedures and relevant statutes and regulations are complied with. The appointment and removal of Company Secretary is subject to the approval of the REIT Manager Board.

The Directors may seek and obtain independent legal and other professional advice on matters relating to VIT at the REIT Manager's expense to enable them to discharge their duties.

CORPORATE GOVERNANCE

REMUNERATION MATTERS
Principle 7: Procedures for developing remuneration policies
Principle 8: Level and mix of remuneration
Principle 9: Disclosure of remuneration

VI-REIT is externally managed by the REIT Manager and accordingly has no personnel of its own. Remuneration of all Directors and employees of the REIT Manager are paid by the REIT Manager and not by VI-REIT.

The NRC of the REIT Manager comprises the following five members, all of whom are Non-Executive Directors:

Ronald Lim Cheng Aun (Chairman)
Tan Kim Seng
Tan Hai Peng Micheal
Leong Horn Kee
Choong Chow Siong

The NRC is regulated by a set of written terms of reference. The responsibilities of the NRC include the following:

(i) regularly and strategically review the structure, size and composition (including the skills, qualification, experience and diversity) of the Board and Board Committees;

(ii) identify and nominate candidates to fill Board vacancies as they occur;

(iii) review the independent status of non-executive directors and that of the Alternate Director, if applicable, annually, or when necessary, along with issues of conflict of interest;

(iv) develop the performance evaluation framework for the Board, the Board Committees and individual directors;

(v) identify and develop training programmes for the Board and assist with similar programmes for the Board Committees;

(vi) provide the Board with its succession plans for the Board Chairman, Directors, CEO and senior management of the REIT Manager;

(vii) review and recommend to the REIT Manager Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each Director as well as for each key management personnel. The recommendations shall cover the following:

  (a) all aspects of remuneration, including but not limited to salaries, allowances, bonuses and benefits-in-kind;

  (b) details such as a breakdown (in percentage terms) of remuneration earned through base/fixed salary, variable or performance-related bonuses, benefits-in-kind and other incentives; and

  (c) the total potential cost to the REIT Manager;

(viii) review the REIT Manager's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous; and

(ix) consider whether Directors should be eligible for benefits under long-term incentive schemes, if any (including weighing the use of share schemes against the other types of long-term incentive scheme).

The NRC held its meeting in January 2016 to review and determine the remuneration packages of the CEO and key management personnel, to ensure that they are adequately but not excessively remunerated.

POLICY IN RESPECT OF DIRECTORS' REMUNERATION

Directors' fees are established and reviewed annually based on each Director's level of responsibilities on the Board and its Board Committees, and are benchmarked against market practices. The Chairman of the Board and of each Board Committee is paid a higher fee compared with members of the Board and of such Board Committee in view of the greater responsibility carried by that office.

The CEO, as an Executive Director, does not receive Director's fees. He is the lead member of management. His remuneration comprises salary, allowances and bonuses. The CEO is not present during the discussions relating to his own remuneration and the terms and conditions of his service, and the review of his performance. However, the Board's views of the CEO's performance are shared with him.

REMUNERATION POLICY IN RESPECT OF KEY MANAGEMENT PERSONNEL

The NRC exercises broad discretion and independent judgement in ensuring that the amount and mix of remuneration are in line with market practices, aligned with the interests of our Stapled Securityholders and promote the long-term success of VIT.

In establishing the remuneration structure of the key management personnel, the NRC ensures that the level and mix of remuneration is competitively benchmarked against the relevant industry market rates and tied to the performance of VIT and the individual employee. The total remuneration mix comprises fixed and variable components. The fixed component comprises the annual basic salary, annual wage supplement and fixed allowances. The variable component comprises the variable bonus payable in cash and Stapled Securities of VIT (if applicable), which is tied to the performance of VIT and the individual employee. For the avoidance of doubt, no new Stapled Securities will be issued by VIT for the payment of variable bonus to the key management personnel as such Stapled Securities will be paid by the REIT Manager from the Stapled Securities that it holds. In determining the actual quantum of the annual adjustment to basic salary and the variable bonus, the NRC had taken into consideration, among other factors, the extent to which the key performance indicators of VIT and the individual employee have been met.

The Directors, the CEO and the key management personnel (who are not Directors or the CEO) are remunerated on an earned basis and there are no termination, retirement or post-employment benefits that are granted over and above what have been disclosed.

None of the Non-Executive Directors has a service contract with the REIT Manager. They receive a base fee and an additional fee for serving on the Board Committees. The CEO has a service contract with the REIT Manager and does not receive any Directors' fees.

The REIT Manager's report on each individual Non-Executive Director's and the key management personnel's remuneration paid and payable in respect of FY2015 disclosed below.

Remuneration	Salary S$	Bonus S$	Fees S$	Other Benefits S$	Share Plan S$	Total S$
Non-Executive Directors						
Leong Horn Kee	–	–	90,000	–	–	90,000
Choong Chow Siong	–	–	75,000	–	–	75,000
Ronald Lim Cheng Aun	–	–	75,000	–	–	75,000
Teo Cheng Hiang Richard	–	–	75,000	–	–	75,000
Tan Hai Peng Micheal	–	–	65,000	–	–	65,000
Tan Kim Seng [(1)]	–	–	44,958	–	–	44,958
Tan Fuh Gih [(2)]	–	–	20,042	–	–	20,042

Notes:

(1) Tan Kim Seng was appointed on 22 April 2015

(2) Tan Fuh Gih resigned on 22 April 2015

CORPORATE GOVERNANCE

The CEO and the top five key management personnel (who are not Directors) are entitled to monthly basic salary and allowances, annual wage supplement and variable bonus, and certain staff benefits.

Given the confidentiality and sensitivity of remuneration matters, the Board believes that disclosing the remuneration of the CEO and the top five key management personnel (who are not Directors) on a named basis (whether in exact quantum or in bands of S$250,000) is not in the best interests of VIT and its Stapled Securityholders. In view of the highly competitive human resource environment, it is important for the REIT Manager to retain talent for the long-term interests of VIT and its Stapled Securityholders, and ensure stability and continuity of business operations with a competent and experienced management team are in place.

In view of the current competitive conditions in the real estate and fund management industries, such disclosure of the remuneration of key management personnel may potentially result in the loss of key management personnel. In addition, the non-disclosure of the remuneration of key management personnel does not compromise the ability of the REIT Manager to meet the code on good corporate governance as the NRC, comprising Independent and Non-Independent Non-Executive Directors, reviews the remuneration package of such key management personnel who are remunerated based on their roles and responsibilities, as well as the performance of VIT and the individual employee to ensure that they are fairly remunerated. Therefore, the Board believes that the non-disclosure of the remuneration of the CEO and the top five key management personnel (who are not Directors) will not be prejudicial to the interests of VIT and its Stapled Securityholders. Remuneration of the Directors and key management personnel are not paid out of the trust property of VIT, but are directly paid by the REIT Manager from the fees it receives.

The REIT Manager does not have any employee who is an immediate family member of a Director or CEO, and whose remuneration exceeds S$50,000 during FY2015.

ACCOUNTABILITY AND AUDIT

Principle 10: Board should present a balanced and understandable assessment of the REIT's performance, position and prospects

The REIT Manager Board is responsible for providing a balanced and understandable assessment of VI-REIT's performance, position and prospects including interim and other price sensitive public reports and reports to regulators.

Financial reports, press releases, analyst presentation slides and other price sensitive information are disseminated to Stapled Securityholders through announcements via SGXNET and VIT's website.

Management provides the REIT Manager Board with a continual flow of relevant information on VI-REIT on a timely basis in order that the REIT Manager Board may effectively discharge its duties.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: A sound system of risk management and internal controls to safeguard Stapled Securityholders' interests and the REIT's assets

The REIT Manager Board has established a framework for the management of VI-REIT and the REIT Manager, including a system of internal control and a business risk management process.

The REIT Manager Board meets quarterly or more frequently if necessary to review the financial performance of VI-REIT against a previously approved budget. The REIT Manager Board also reviews the business risks of VI-REIT, examine liability management and will act upon any comments from both the internal and external auditors of VI-REIT. The REIT Manager has appointed experienced and well-qualified management personnel to handle the day-to-day operations of VI-REIT. In assessing business risk, the REIT Manager Board will consider the economic environment and risks relevant to the property industry. It reviews management reports and feasibility studies on individual projects prior to approving major transactions. The management meets regularly to review the operations of VI-REIT and the REIT Manager and discuss any disclosure issues.

The REIT Manager will also perform the following:

(i) the REIT Manager will make periodic announcements on the use of the proceeds raised from any equity fund raising exercise as and when such proceeds are materially disbursed and provide a status report on the use of such proceeds in the annual report;

(ii) in relation to foreign exchange hedging transactions (if any) (a) the REIT Manager will seek the approval of its Board on the policy for entering into any such transactions, (b) the REIT Manager will put in place adequate procedures which must be reviewed and approved by the REIT Manager Audit and Risk Committee and (c) the REIT Manager Audit and Risk Committee will monitor the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy approved by the REIT Manager Board; and

(iii) the REIT Manager Audit and Risk Committee will review and provide their views on all hedging policies and instruments (if any) to be implemented by VI-REIT to the REIT Manager Board, and the trading of such financial and foreign exchange instruments will require the specific approval of the REIT Manager Board.

Management has identified and reviewed its key risks to assess the adequacy and effectiveness of the REIT Manager's risk management and internal control systems, specifically on financial, operational, compliance and information technology risks. The REIT Manager Board, through the Audit and Risk Committee, will continuously identify, review and monitor the key risks, control measures and management actions as part of the risk management process.

The REIT Manager has also instituted/established the following:

(a) procedures to deal with conflicts of interest; and

(b) internal controls system to ensure that all Interested Person Transactions ("IPTs") will be undertaken on normal commercial terms and will not be prejudicial to the interests of VIT and its Stapled Securityholders.

The REIT Manager Board has received assurance from the CEO and the Chief Financial Officer of the REIT Manager that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of VIT's operations and finances; and

(b) the risk management and internal control systems addressing the financial, operational, compliance and information technology risks were adequate and effective.

Based on the internal controls and risk management system established by management, the assurance from the CEO and the Chief Financial Officer, works performed by the external auditors and internal auditors, the REIT Manager Board, with the concurrence of the REIT Manager Audit and Risk Committee, is of the view that the risk management and internal controls systems addressing financial, operational, compliance and information technology risks were adequate and effective as at 31 December 2015.

AUDIT AND RISK COMMITTEE
Principle 12: Establishment of Audit and Risk Committee with written terms of reference.

The REIT Manager Audit and Risk Committee ("ARC") is appointed by the REIT Manager Board. The ARC comprises three Independent Directors and they are Dr Choong Chow Siong as Chairman and Mr Teo Cheng Hiang Richard and Mr Ronald Lim Cheng Aun as members.

The REIT Manager Board has determined that Dr Choong Chow Siong, Mr Teo Cheng Hiang Richard and Mr Ronald Lim Cheng Aun have sufficient financial management knowledge to discharge their responsibilities as members of the ARC.

The role of the ARC is to monitor and evaluate the effectiveness of the REIT Manager's internal controls. The ARC will review the quality and reliability of information prepared for inclusion in financial reports, and will be responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance.

CORPORATE GOVERNANCE

The key responsibilities of ARC include:

- monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to "Interested Person Transactions" and the provisions of the Property Funds Appendix relating to "Interested Party Transactions";
- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;
- reviewing the arrangements by which employees of the REIT Manager may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action;
- examining the effectiveness of financial, operating, compliance, information technology risks management policies and systems at least annually;
- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;
- reviewing the adequacy of external audits in respect of cost, scope and performance;
- making recommendations to the REIT Manager Board on the appointment, reappointment and removal of external auditors and approving the remuneration and terms of engagement of external auditors;
- reviewing, on an annual basis, the independence and objectivity of the external auditors and where the external auditors also provide a substantial volume of non-audit services to VIT, keeping the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;
- reviewing internal audit reports annually to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;
- ensuring that the internal audit function is adequately resourced and has appropriate standing within the REIT Manager;
- meeting with external and internal auditors, without the presence of the REIT Manager Executive Officers, at least on an annual basis;
- reviewing the financial statements and the internal audit report;
- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of VIT and any formal announcements relating to VIT's financial performance;
- investigating any matters within the REIT Manager Audit and Risk Committee's terms of reference, whenever it deems necessary;
- reporting to the REIT Manager Board on material matters, findings and recommendations; and
- deliberating on resolutions relating to conflicts of interest situations involving VIT.

The ARC has access to the management and has the discretion to invite any Director or management staff to attend its meetings. The ARC also has the authority to obtain independent professional advice if it deems necessary in the discharge of its responsibilities.

ARC meetings are held quarterly to review the financial statements of VIT before recommending to the REIT Manager Board for approval on the release of the financial results. In the process, the ARC also reviewed significant financial reporting issues and judgements to ensure the appropriate disclosure and accounting policies are applied. The ARC has met the external and internal auditors without the presence of the Executive Director and the management of the REIT Manager once in FY2015 and again in January 2016.

The ARC has reviewed the audit plan from both the internal and external auditors for FY2015 to ensure that the scope of the plan has covered sufficiently the audit of the internal controls of VIT.

The ARC also monitors the procedures established to regulate IPTs, including reviewing any IPTs entered into from time to time and ensuring compliance with the relevant provisions of the Listing Manual and the Property Funds Appendix. If a member of ARC has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

The ARC has undertaken a review of all audit and non-audit services provided by KPMG LLP, which was subsequently replaced by Deloitte & Touche LLP ("Deloitte") in November 2015. The ARC was of the opinion that the provision of such services has not affected the independence of the external auditors. The breakdown of the audit and non-audit fees paid to KPMG LLP and Deloitte are as follows:

Fees for audit and non-audit services paid and payable to Deloitte and KPMG LLP and its affiliates for FY2015

Breakdown of fees for audit and non-audit services	Stapled Group Amount
KPMG LLP (Resigned with effect from 16 November 2015)	
Audit Services	**S$20,000**
Non-Audit Services	
– Corporate tax compliance and advisory work	**S$48,000**
% of Audit Services	240%
Deloitte (Appointed with effect from 16 November 2015)	
Audit Services	**S$133,000**
Non-Audit Services	**–**
% of Audit Services	–

The ARC has determined that Deloitte is independent. The ARC confirms that VIT has complied with SGX-ST Listing Rules 712 and 715 in relation to its auditing firm.

Whistleblowing policy

The REIT Manager has put in place a whistle-blowing policy applicable to all staff of the REIT Manager. Any staff member who is aware of or suspects any irregularity, misconduct or any breach of the laws is encouraged to disclose the matter to the senior management, CEO or any member of the ARC.

INTERNAL AUDIT
Principle 13: Internal audit function

The REIT Manager Board recognizes the importance of maintaining a system of internal controls, procedures and processes for safeguarding the Stapled Securityholders' investments and VIT's assets. The REIT Manager has outsourced the internal audit function to BDO LLP, who adopts the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The internal auditor's primary reporting line is to the Chairman of the ARC and administratively to the CEO. The ARC reviews and approves the annual internal audit plan, and ensures that the internal auditor has adequate resources to perform its functions. The ARC also reviews the results of internal audits and management's actions in resolving any audit issues reported. The ARC is satisfied with the suitability of the internal auditors and is of the view that the internal audit function is adequately resourced to perform its functions, and has appropriate standing within the REIT Manager.

CORPORATE GOVERNANCE

STAPLED SECURITYHOLDERS' RIGHTS AND RESPONSIBILTIES
Principle 14: Stapled Securityholders' Rights
Principle 15: Communication with Stapled Securityholders
Principle 16: Conduct of Stapled Securityholders' Meetings

VIT is committed to timely and full disclosure of material information to its Stapled Securityholders and the investing community. VIT releases all material information by way of public releases or announcements through SGXNET and its corporate website at www.vivaitrust.com.

The REIT Manager also conducts results briefing for media and analysts in conjunction with the release of VIT's annual results. These briefing materials are also released to SGX-ST and made available on VIT's website. In addition, the REIT Manager also takes an active role in investor relations such as meeting fund managers and participating in non-deal road shows to meet potential investors and update existing investors on VIT's development. VIT's corporate website also serves as a resource centre for investors and a channel for regular dialogue between investors and management.

Distribution policy

VI-REIT's distribution policy is to distribute 100% of its distributable income for the period from the Listing Date (i.e. 4 November 2013) to 31 December 2015 and thereafter to distribute at least 90% of its distributable income.

VI-BT remains dormant as at the date of this report. 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.

Conduct of Stapled Securityholders' meetings

All Stapled Securityholders will receive the Annual Report and notices of general meetings. Stapled Securityholders are encouraged to attend and participate by voting at the general meetings. If the Stapled Securityholder is unable to attend the general meetings, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the meetings through proxy forms sent in advance. A Stapled Securityholder who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote in his/her behalf at the meetings.

All the Directors of the REIT Manager and external auditors of VIT will be present at VIT's Annual General Meeting ("AGM") to address the queries raised by Stapled Securityholders.

For greater transparency and fairness in the voting process, voting at general meetings will be conducted by poll. The voting results of all the votes cast for or against each resolution are made available at the meeting and will be announced via SGXNET after the general meetings. Minutes of the AGM will be made available to the Stapled Securityholders upon request.

DEALINGS IN STAPLED SECURITIES

Each REIT Manager Director and the CEO of the REIT Manager is to give notice to the REIT Manager of his acquisition of stapled securities or (in the event that unstapling has taken place) VI-REIT Units or of changes in the number of stapled securities or, as the case may be, VI-REIT Units which he holds or in which he has an interest, within two business days after such acquisition or the occurrence of the event giving rise to changes in the number of the stapled securities or, as the case may be, VI-REIT Units which he holds or in which he has an interest.

All dealings in the stapled securities or, as the case may be, VI-REIT Units by the REIT Manager Directors will be announced via SGXNET, with the announcement to be posted on the internet at the SGX-ST website http://www.sgx.com.

The Directors and employees of the REIT Manager are prohibited from dealing in the stapled securities:

- in the period commencing one month before the public announcement of the annual results and (where applicable) property valuations, and two weeks before the public announcement of the quarterly results of VIT or (in the event that unstapling has taken place) VI-REIT, and ending on the date of announcement of the relevant results or (as the case may be) property valuations; and

- at any time while in possession of price sensitive information.

The Directors and employees of the REIT Manager are also prohibited from communicating price sensitive information to any person and dealing with the stapled securities on short term considerations.

Pursuant to Section 137ZC of the SFA, the REIT Manager will be required to, inter alia, announce to the SGX-ST the particulars of any acquisition or disposal of interest in Stapled Securities by the REIT Manager as soon as practicable, and in any case no later than the end of the business day following the day on which the REIT Manager became aware of the acquisition or disposal. In addition, all dealings in Stapled Securities by the CEO will also need to be announced by the REIT Manager via SGXNET, with the announcement to be posted on the internet at the SGX-ST website http://www.sgx.com and in such form and manner as the MAS may prescribe.

CONFLICTS OF INTERESTS

The REIT Manager has instituted the following procedures to deal with conflicts of interest issues:

- The REIT Manager will not manage any other REIT which invests in the same type of properties as VI-REIT;

- All executive officers will be employed by the REIT Manager;

- All resolutions in writing of the REIT Manager Directors in relation to matters concerning VI-REIT must be approved by a majority of the Directors, including at least one Director independent from management and business relationships with the REIT Manager;

- At least a majority of the REIT Manager Board shall comprise such independent Directors;

- In respect of matters in which a REIT Manager Director or his Associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested Director will abstain from voting. In such matters, the quorum must comprise a majority of the REIT Manager Directors and must exclude such interested Director;

- In respect of matters in which a Sponsor and/or its subsidiaries have an interest, direct or indirect, for example, in matters relating to potential acquisitions of additional properties or property-related investments by VI-REIT in competition with such Sponsor and/or its subsidiaries, any nominees appointed by such Sponsor and/or its subsidiaries to the REIT Manager Board to represent its interests will abstain from deliberations and voting on such matters. In such matters, the quorum must comprise a majority of the REIT Manager Directors independent from management and business relationships with the REIT Manager and must exclude nominee Directors of such Sponsor;

- Save as to resolutions relating to the removal of the REIT Manager, the REIT Manager and its Associates are prohibited from voting or being counted as part of a quorum for any meeting of the Stapled Securityholders convened to approve any matter in which the REIT Manager and/or any of its Associates has an interest, and for so long as the REIT Manager is the manager of VI-REIT, the controlling shareholders (as defined in the Listing Manual) of the REIT Manager and of any of its Associates are prohibited from voting or being counted as part of a quorum for any meeting of the Stapled Securityholders convened to consider a matter in respect of which the relevant controlling shareholder of the REIT Manager and/or of any of its Associates have an interest; and

- It is also provided in the VI-REIT Trust Deed that if the REIT Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the REIT Trustee for and on behalf of VI-REIT with a Related Party of the REIT Manager, the REIT Manager shall be obliged to consult with a reputable law firm (acceptable to the REIT Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the REIT Trustee, on behalf of VI-REIT, has a prima facie case against the party allegedly in breach under such agreement, the REIT Manager shall be obliged to take appropriate action in relation to such agreement. The REIT Manager Directors will have a duty to ensure that the REIT Manager so complies.

Notwithstanding the foregoing, the REIT Manager shall inform the REIT Trustee as soon as it becomes aware of any breach of any agreement entered into by the REIT Trustee for and on behalf of VI-REIT with a Related Party of the REIT Manager and the REIT Trustee may take such action as it deems necessary to protect the rights of the Stapled Securityholders and/or which is in the interests of the Stapled Securityholders. Any decision by the REIT Manager not to take action against a Related Party of the REIT Manager shall not constitute a waiver of the REIT Trustee's right to take such action as it deems fit against such Related Party.

INTERESTED PERSON TRANSACTIONS
The REIT Manager's internal control system

The REIT Manager has established an internal control system to ensure that all future IPTs:

- will be undertaken on normal commercial terms; and

- will not be prejudicial to the interests of VIT and its Stapled Securityholders.

As a general rule, the REIT Manager must demonstrate to the REIT Manager's ARC that such transactions satisfy the foregoing criteria, which may entail:

(i) obtaining (where practicable) quotations from parties unrelated to the REIT Manager; or

(ii) obtaining valuations from independent professional valuers (in accordance with the Property Funds Appendix).

Further, the following procedures will be undertaken:

- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S$100,000 in value but less than 3.0% of the value of VI-REIT's net tangible assets (based on the latest audited financial statements) will be subject to review by the REIT Manager's ARC at regular intervals;

- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of VI-REIT's net tangible assets (based on the latest audited financial statements) will be subject to the review and prior approval of the REIT Manager's ARC. Such approval shall only be given if such transaction is on normal commercial terms and is consistent with similar types of transactions made by the REIT Trustee with third parties which are unrelated to the REIT Manager; and

- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of VI-REIT's net tangible assets (based on the latest audited financial statements) will be reviewed and approved prior to such transaction being entered into, on the basis described in the preceding paragraph, by the REIT Manager's ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transaction would have to be approved by the Stapled Securityholders at a meeting duly convened.

- The aggregate value of the IPTs entered into by VIT in FY2015 is set out below:

Name of Interested Person/Party	Aggregate value of all IPTs during the financial year under review VIT S$'000	 VI-REIT Group S$'000	 VI-BT S$'000
The REIT Manager			
Base fees paid and payable	4,817	4,817	–
Performance fee paid and payable	283	283	–
Acquisition fee paid in relation to the acquisition of investment properties	1,227	1,227	–
Rental income received and receivable	197	197	–
Viva Real Estate Asset Management Pte Ltd (the "Property Manager") (Note (a))			
Property and lease management fees paid and payable	1,758	1,758	–
Marketing commission paid and payable	353	353	–
The REIT Trustee			
Trustee fees paid and payable	180	180	–
Ho Seng Lee Industries Pte Ltd (Related party of the REIT Manager) (Note (b))			
Rental income received and receivable	1,845	1,845	–
Wee Poh Construction Co. (Pte.) Ltd. (Related party of the REIT Manager) (Note (b))			
Construction contract for the asset enhancement initiative at Viva Business Park	21,886 (1)	21,886 (1)	–

1 Represents the contract sum awarded as announced on 29 May 2015. The progress claims paid and payable for work performed in FY2015 amounted to approximately S$10.3 million.

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 25%.

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

Material contracts

Except for the IPTs as disclosed above, there were no material contracts entered into by VIT involving the interests of the CEO of the Managers, each Director of the Managers' Board, controlling shareholders of the Managers or controlling Stapled Securityholders of VIT during FY2015.

STATEMENT OF POLICIES AND PRACTICES

VI-BT has been dormant since VIT was listed on the Main Board of SGX-ST. Although VI-BT is dormant, the BT Trustee-Manager Board (with similar composition of the REIT Manager Board) is committed to complying with the requirements under the Listing Manual, the BTA and BTR, the SFA as well as VI-BT Trust Deed and the Stapling Deed.

The statement on policies and practices in relation to the management and governance of VI-BT (as described in Section 87 (1) of the BTA) is set out on page 78 to 84 of this Annual Report.

FEES PAYABLE TO THE REIT MANAGER

Management Fees Payable to the REIT Manager

Pursuant to Clause 15.1 of the VI-REIT Trust Deed, the REIT Manager is entitled to the following management fees:

– a REIT Base Fee, being a fee not exceeding the rate of 10.0% per annum (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of the Distributable Income of VI-REIT (as defined in the VI-REIT Trust Deed) (calculated before accounting for the REIT Base Fee and the REIT Performance Fee); and

– a REIT Performance Fee, being a fee equal to a rate of 25.0% per annum of the difference in Distribution per Stapled Security ("DPS") of VIT in a financial year with the DPS of VIT in the preceding financial year (calculated before accounting for the REIT Performance Fee and the BT Performance Fee but after accounting for the REIT Base Fee and the BT Base Fee in each financial year) multiplied by the weighted average number of Stapled Securities in issue for such financial year.

The REIT Performance Fee is payable if the DPS of VIT in respect of a financial year exceeds the DPS of VIT in the preceding financial year, notwithstanding that the DPS of VIT in the financial year where the REIT Performance Fee is payable may be less than the DPS of VIT in any financial year prior to the preceding financial year.

There should be no double-counting of fees in the event that both the REIT Manager and the Trustee-Manager are entitled to the Base Fee and the Performance Fee. In the event that both the REIT Manager and the Trustee-Manager are entitled to the Performance Fee, such fees payable to both the REIT Manager and the Trustee-Manager will be apportioned based on the respective proportionate contributions of VI-REIT and VI-BT in the Performance Fee. For the avoidance of doubt, the maximum Base Fee payable to both the REIT Manager and the Trustee-Manager collectively is 10.0% per annum of the Distributable Income of VIT and the maximum Performance Fee payable to both the REIT Manager and the Trustee-Manager collectively is 25.0% per annum of the difference in 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 has elected for the portion of the REIT Base Fee attributable to the Initial Properties and the REIT Performance Fee for the period from the Listing Date to 31 December 2015 to be paid in Stapled Securities. Thereafter, the REIT Manager may elect to receive the REIT Base Fee and the REIT Performance Fee in cash or Stapled Securities or a combination of cash and Stapled Securities (as it may in its sole discretion determine).

Any portion of the REIT Base Fee payable in the form of Stapled Securities shall be payable quarterly in arrears and any portion of the REIT Base Fee payable in cash shall be payable monthly in arrears. The REIT Performance Fee crystallises only once a year and shall be payable annually in arrears.

The REIT Base Fee is payable to the REIT Manager for managing the assets and liabilities of VI-REIT for the benefit of the Stapled Securityholders, which includes setting the strategic plans for VI-REIT based on its investment mandate and strategy, formulating business plans for its properties, as well as ensuring that VI-REIT complies with all applicable requirements, laws and regulations. The REIT Base Fee compensates the REIT Manager for the costs incurred in managing VI-REIT, which include its overheads, daily operating expenses and compliance costs. Given that the REIT Base Fee is computed based on a percentage of the Distributable Income of VI-REIT, the REIT Manager is incentivised to increase the Distributable Income of VI-REIT. This aligns the REIT Manager's interest with the interests of the Stapled Securityholders.

The REIT Performance Fee is payable to the REIT Manager as an incentive to improve the rate of returns for the Stapled Securityholders. Given that the REIT Performance Fee is computed based on a percentage of the growth in the DPS of VIT multiplied by the weighted average number of Stapled Securities in issue during the financial year, the REIT Manager is incentivised to grow the DPS of VIT on a sustainable basis over the long term. In order to achieve sustainable growth in the DPS of VIT over the long term, the REIT Manager will be motivated to adopt pro-active asset management strategies and prudent capital and risk management strategies to enhance the long-term value and prospects of VI-REIT, and the REIT Manager will not be motivated to take excessive short-term risks to achieve unsustainable short-term growth in the DPS of VIT. This aligns the REIT Manager's interest with the long-term interests of the Stapled Securityholders.

FEES PAYABLE TO THE REIT MANAGER

Acquisition Fee and Divestment Fee Payable to the REIT Manager

Pursuant to Clause 15.2 of the VI-REIT Trust Deed, the REIT Manager is entitled to:

– an acquisition fee at the rate of 1.0% (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):

  (i) in relation to an acquisition (whether directly or indirectly through one or more Special Purpose Vehicles ("SPVs") of VI-REIT) of any real estate, the acquisition price of any real estate purchased by VI-REIT, plus any other payments in addition to the acquisition price made by VI-REIT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of VI-REIT's interest);

  (ii) in relation to an acquisition (whether directly or indirectly through one or more SPVs of VI-REIT) of any SPV or holding entity which holds real estate, the underlying value of any real estate which is taken into account when computing the acquisition price payable for the acquisition from the vendor of the equity interests in any vehicle holding, directly or indirectly, the real estate purchased by VI-REIT, plus any additional payments made by VI-REIT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated if applicable to the proportion of VI-REIT's interest); or

  (iii) the acquisition price of any investment by VI-REIT, whether directly or indirectly through one or more SPVs of VI-REIT, in any debt securities of any property corporation or other SPV owning or acquiring real estate.

– a divestment fee at the rate of 0.5% (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):

  (i) the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by VI-REIT (plus any other payments in addition to the sale price received by VI-REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro-rated if applicable to the proportion of VI-REIT's interest);

  (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding, directly or indirectly, the real estate being sold or divested, whether directly or indirectly through one or more SPVs, by VI-REIT (plus any additional payments received by VI-REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests) (pro-rated if applicable to the proportion of VI-REIT's interest); or

  (iii) the sale price of any investment sold or divested by VI-REIT, whether directly or indirectly through one or more SPVs of VI-REIT, in any debt securities of any property corporation or other SPVs owning or acquiring real estate.

Any payment to third party agents or brokers in connection with the acquisition or divestment of any real estate of VI-REIT shall be paid by the REIT Manager out of the VI-REIT Deposited Property and not by the REIT Manager to such persons.

The acquisition fee and divestment fee are payable to the REIT Manager in the form of cash and/or Stapled Securities (as the REIT Manager may elect) provided that in respect of any acquisition and sale or divestment of real estate assets from/to related parties, such a fee shall be in the form of Stapled Securities at prevailing market price(s) instead of cash. The Stapled Securities issued to the REIT Manager as its acquisition or divestment fee shall not be sold within one year from the date of their issuance.

The acquisition fee is payable to the REIT Manager to incentivise the REIT Manager to acquire new properties to grow the property portfolio of VI-REIT, as well as to compensate the REIT Manager for its time, cost and effort incurred in sourcing, evaluating and executing potential opportunities to acquire good quality assets. By growing the property portfolio of VI-REIT through the acquisitions of new properties, it will expand and diversify VI-REIT's income streams, increase its Distributable Income and enhance its long-term value.

FEES PAYABLE TO THE REIT MANAGER

The divestment fee is payable to the REIT Manager to compensate the REIT Manager for its time, cost and effort incurred in evaluating and executing potential opportunities to rebalance the property portfolio of VI-REIT and unlock the underlying values of its existing properties through the divestment of mature properties which have limited growth potential, as well as to incentivise the REIT Manager to seek the best possible price for the divestment. To maximize the returns for Stapled Securityholders, the REIT Manager continually reviews the property portfolio of VI-REIT to ensure that the assets continue to generate sustainable returns. If a property has limited growth potential or it no longer fits the investment strategy of the REIT Manager and it presents an opportunity for capital recycling, the REIT Manager may explore unlocking its underlying value through divestment and thereafter, consider deploying the divestment proceeds for investment and/or capital management purposes.

Development Management Fee Payable to the REIT Manager

Pursuant to Clause 15.6 of the VI-REIT Trust Deed, the REIT Manager is entitled to a development management fee equivalent to 3.0% of the Total Project Costs (as defined in the VI-REIT Trust Deed) incurred in a Development Project (as defined in the VI-REIT Trust Deed) undertaken by the REIT Manager on behalf of VI-REIT.

Subject to the Property Funds Appendix, the development management fee shall be payable to the REIT Manager in the form of cash. The development management fee is payable in equal monthly instalments over the construction period of each Development Project based on the REIT Manager's best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount when the Total Project Costs is finalised. For the avoidance of doubt, no acquisition fee shall be paid when the REIT Manager receives the development management fee for a Development Project.

The development management fee is payable to the REIT Manager to incentivise the REIT Manager to undertake Development Projects on behalf of VI-REIT to enhance its property portfolio, as well as to compensate the REIT Manager for its time, cost and effort incurred in managing Development Projects. By undertaking Development Projects on behalf of VI-REIT, it will improve the yield of VI-REIT's property portfolio, increase its Distributable Income and enhance its long-term value.

UTILISATION OF PROCEEDS FROM PRIVATE PLACEMENT AND PREFERENTIAL OFFERING

(i) With reference to our announcement dated 18 June 2015, the gross proceeds of S$63.1 million raised from the private placement completed on 16 June 2015 have been fully utilised as shown below:

Private placement completed on 16 June 2015	**S$'000**
Gross proceeds raised	63,072
Utilisation of gross proceeds:	
– Placement commission	(1,567)
– Professional fees	(307)
– Partially fund the AEI costs at VBP comprising the differential premium and other incidental costs paid to the relevant authorities and the costs of the addition and alteration works	(61,198)
Unutilised proceeds	–

Such use of proceeds is in accordance with the intended use and in accordance with the allocated percentage of the gross proceeds of the above private placement as stated in our announcement dated 5 June 2015.

(ii) With reference to our announcements dated 27 November 2015 and 7 December 2015, the gross proceeds of S$37.7 million raised from the private placement completed on 27 November 2015 have been fully utilised as shown below:

Private placement completed on 27 November 2015	**S$'000**
Gross proceeds raised	37,734
Utilisation of gross proceeds:	
– Partially fund the acquisition of HFB and 11 Ubi Road 1	(35,800)
– Repayment of revolving credit facility ("RCF") previously drawn down to partially fund the acquisition of HFB and 11 Ubi Road 1	(1,934)
Unutilised proceeds	–

Such use of proceeds is in accordance with the intended use and in accordance with the allocated percentage of the proceeds of the equity fund raising as stated in our announcement dated 18 November 2015.

(iii) With reference to our announcements dated 23 December 2015, 28 December 2015, 7 January 2016, 14 January 2016, 11 February 2016 and 5 April 2016, the gross proceeds of S$72.3 million raised from the preferential offering completed on 17 December 2015 (the "Preferential Offering") have been substantially utilised as shown below:

The Preferential Offering completed on 17 December 2015	**S$'000**
Gross proceeds raised	72,266
Utilisation of gross proceeds:	
– Partially fund the acquisition of 11 Ubi Road 1	(15,000)
– Repayment of RCF previously drawn down to partially fund the acquisition of HFB and 11 Ubi Road 1	(10,000)
– Acquisition fee paid to the REIT Manager	(1,227)
– Partially fund the AEI costs at VBP comprising the costs of the addition and alteration works	(7,000)
– Professional fees	(809)
– Repayment of RCF	(25,000)
– Upfront debt costs for new loan facilities entered into on 1 February 2016	(5,123)
– Partially fund the acquisition of the property at 30 Pioneer Road (the "Pioneer Acquisition")	(5,307)
Unutilised proceeds as at the date of this Annual Report	2,800

Such use of proceeds is in accordance with the intended use and in accordance with the allocated percentage of the proceeds of the equity fund raising as stated in our announcement dated 18 November 2015.

The remaining proceeds of S$2.8 million from the Preferential Offering will be utilised to partially fund the Pioneer Acquisition, which is expected to be completed in April 2016. The Managers intend to draw down on the RCF to partially fund the Pioneer Acquisition. The Managers will make the necessary announcement(s) when the remaining proceeds of the Preferential Offering have been materially utilised.

FINANCIALS

VIVA Industrial Business Trust

(Constituted in the Republic of Singapore pursuant to a trust deed dated 14 October 2013)

FINANCIAL STATEMENTS
Year ended 31 December 2015

VIVA Industrial Real Estate Investment Trust

(Constituted in the Republic of Singapore pursuant to a trust deed dated 23 August 2013)

FINANCIAL STATEMENTS
Year ended 31 December 2015

VIVA Industrial Trust

(Constituted in the Republic of Singapore pursuant to a stapling deed dated 14 October 2013)

FINANCIAL STATEMENTS
Year ended 31 December 2015

CONTENTS

73 Report of the Trustee-Manager of Viva Industrial Business Trust
75 Statement by the Chief Executive Officer of the Trustee-Manager
76 Report of the Trustee of Viva Industrial Real Estate Investment Trust
77 Report of the Manager of Viva Industrial Real Estate Investment Trust
78 Statement on Policies and Practices in Relation to the Management and Governance of the Trust
85 Independent Auditors' Report
87 Statements of Financial Position
88 Statements of Total Return of the Stapled Group and VI-REIT Group/Statement of Comprehensive Income of VI-BT
89 Distribution Statements of the Stapled Group and VI-REIT Group
90 Statements of Movements in Unitholders' Funds
91 Portfolio Statements
94 Statements of Cash Flows
96 Notes to the Financial Statements

REPORT OF THE TRUSTEE-MANAGER OF VIVA INDUSTRIAL BUSINESS TRUST

The directors of Viva Asset Management Pte. Ltd., the trustee-manager of Viva Industrial Business Trust ("VI-BT", and the trustee-manager of VI-BT, the "Trustee-Manager"), present this report to the unitholders together with the audited financial statements for the financial year ended 31 December 2015.

Directors

The directors of the Trustee-Manager in office at the date of this report are as follows:

Ang Poh Seong
Leong Horn Kee
Choong Chow Siong
Ronald Lim Cheng Aun
Teo Cheng Hiang Richard
Tan Kim Seng (Appointed on 22 April 2015)
Tan Hai Peng Micheal

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register kept by the Trustee-Manager for the purpose of Section 76 of the Business Trusts Act, Chapter 31A of Singapore (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in units in VI-BT are as follows:

	Direct Interest		Deemed Interest	
Name of directors	Holdings at beginning of the year/date of appointment	Holdings at end of the year	Holdings at beginning of the year/date of appointment	Holdings at end of the year
Ang Poh Seong	1,000,000	1,250,000	–	–
Leong Horn Kee	64,000	64,000	–	–
Ronald Lim Cheng Aun	–	93,000	–	–
Teo Cheng Hiang Richard	200,000	200,000	–	–
Tan Kim Seng	–	–	32,051,025	36,629,800
Tan Hai Peng Micheal	–	–	63,940,733	79,091,411

Except as disclosed in this report, no director who held office at the end of the financial year had interests in units of VI-BT either at the beginning of the financial year or date of appointment, if later, or at the end of the financial year.

There were no changes in any of the abovementioned interests in VI-BT between the end of the financial year and 21 January 2016.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of, nor at any time during the financial year, was the Trustee-Manager a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in or debentures of VI-BT.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by VI-BT or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in the financial statements.

REPORT OF THE TRUSTEE-MANAGER OF VIVA INDUSTRIAL BUSINESS TRUST

OPTIONS

During the financial year, there were:

(i) no options granted by the Trustee-Manager to any person to take up unissued units in VI-BT; and

(ii) no units issued by virtue of any exercise of option to take up unissued units of VI-BT.

As at the end of the financial year, there were no unissued units of VI-BT under options.

AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

STATEMENT BY THE TRUSTEE-MANAGER

In our opinion:

(a) the financial statements of VI-BT set out on pages 87 to 145 are drawn up so as to give a true and fair view of the financial position of VI-BT as at 31 December 2015 and the financial performance, changes in unitholders' funds and cash flows of VI-BT for the year then ended on that date in accordance with the provisions of the Act and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that VI-BT will be able to fulfil, out of the trust property of VI-BT, the liabilities of VI-BT as and when they fall due.

With respect to the statement of comprehensive income of VI-BT for the year ended 31 December 2015, we further certify that:

– interested person transactions are not detrimental to the interests of all the unitholders of VI-BT as a whole based on the circumstances at the time of the transactions; and

– the Board of Directors is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of VI-BT or on the interests of all the unitholders of VI-BT as a whole.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

For and on behalf of the Board of Directors of the Trustee-Manager,
Viva Asset Management Pte. Ltd.

Leong Horn Kee
Director

Ang Poh Seong
Director

Singapore
31 March 2016

STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER

In accordance with Section 86 of the Act, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of VI-BT or on the interests of all the unitholders of VI-BT as a whole.

Ang Poh Seong
Chief Executive Officer

Singapore
31 March 2016

REPORT OF THE TRUSTEE OF VIVA INDUSTRIAL REAL ESTATE INVESTMENT TRUST

Perpetual (Asia) Limited (formerly known as The Trust Company (Asia) Limited) (the "REIT Trustee") is under a duty to take into custody and hold the assets of Viva Industrial Real Estate Investment Trust ("VI-REIT") and its subsidiary ("VI-REIT Group") in trust for the holders of units in VI-REIT. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the SGX-ST Listing Manual (collectively referred to as the "laws and regulations"), the REIT Trustee shall monitor the activities of Viva Industrial Trust Management Pte. Ltd. (the "REIT Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 23 August 2013 and as amended and restated by a first amending and restating deed dated 14 October 2013 (the "VI-REIT Trust Deed") made between the REIT Manager and the REIT Trustee in each annual accounting period and report thereon to unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the VI-REIT Trust Deed.

To the best knowledge of the REIT Trustee, the REIT Manager has, in all material respects, managed VI-REIT during the year covered by these financial statements set out on pages 87 to 145, comprising VI-REIT Group's statement of financial position, statement of total return, distribution statement, statement of movements in unitholders' funds, statement of cash flows, portfolio statement and notes to the financial statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the VI-REIT Trust Deed, laws and regulations and otherwise in accordance with the provisions of the VI-REIT Trust Deed.

For and on behalf of the REIT Trustee,
Perpetual (Asia) Limited

Sin Li Choo
Director

Singapore
31 March 2016

REPORT OF THE MANAGER OF VIVA INDUSTRIAL REAL ESTATE INVESTMENT TRUST

In the opinion of the directors of Viva Industrial Trust Management Pte. Ltd., the manager of Viva Industrial Real Estate Investment Trust ("VI-REIT", and the manager of VI-REIT, the "REIT Manager"), the accompanying financial statements of VI-REIT Group and Viva Industrial Trust (the "Stapled Group", comprising VI-REIT and its subsidiary (the "VI-REIT Group") and Viva Industrial Business Trust ("VI-BT")) set out on pages 87 to 145, comprising their statements of financial position, statements of total return, distribution statements, statements of movements in unitholders' funds, statements of cash flows, portfolio statements and notes to the financial statements, are drawn up so as to present fairly, in all material respects, the financial positions of VI-REIT Group and the Stapled Group as at 31 December 2015, the total return, distributable income, movements in unitholders' funds and cash flows of VI-REIT Group and the Stapled Group for the year ended 31 December 2015, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of VI-REIT's trust deed dated 23 August 2013 and as amended and restated by a first amending and restating deed dated 14 October 2013 (the "VI-REIT Trust Deed") made between Perpetual (Asia) Limited (formerly known as The Trust Company (Asia) Limited) (the "REIT Trustee") and the REIT Manager, and the stapling deed of Viva Industrial Trust made between the REIT Trustee, the REIT Manager and Viva Asset Management Pte. Ltd. (the trustee-manager of VI-BT) dated 14 October 2013. At the date of this statement, there are reasonable grounds to believe that VI-REIT Group and the Stapled Group will be able to meet their respective financial obligations as and when they materialise.

For and on behalf of the REIT Manager,
Viva Industrial Trust Management Pte. Ltd.

Leong Horn Kee
Chairman

Singapore
31 March 2016

STATEMENT ON POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF THE TRUST

Viva Industrial Business Trust ("VI-BT") has been inactive since the listing of Viva Industrial Trust ("VIT") on the Main Board of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 4 November 2013.

Although VI-BT is inactive, the Board of Directors of Viva Asset Management Pte. Ltd. ("Trustee-Manager") (the "Trustee-Manager Board") is committed to complying with the requirements under the SGX-ST Listing Manual, the Business Trusts Act, Chapter 31A of Singapore (the "BTA") and the Business Trusts Regulations 2005 (the "BTR") (except where waivers have been obtained from the Monetary Authority of Singapore (the "MAS")), the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") as well as the trust deed dated 14 October 2013 constituting VI-BT (the "VI-BT Trust Deed") and the stapling deed dated 14 October 2013 (the "Stapling Deed").

The Trustee-Manager has the dual responsibilities of safeguarding the interests of the holders of VI-BT units (the "VI-BT Unitholders"), and managing the business conducted by VI-BT. The Trustee-Manager has general powers of management over the business and assets of VI-BT and its main responsibility is to manage VI-BT's assets and liabilities for the benefit of the VI-BT Unitholders as a whole.

The Trustee-Manager, in exercising its powers and carrying out its duties as VI-BT's Trustee-Manager, is required to:

- treat the VI-BT Unitholders in the same class fairly and equally and VI-BT Unitholders who hold VI-BT units in different classes (if any) fairly;
- ensure that all payments out of the trust property of VI-BT (the "VI-BT Trust Property") are made in accordance with the VI-BT Trust Deed and the Stapling Deed;
- report to the MAS any contravention of the BTA or the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005 by any other person that:
  - relates to VI-BT; and
  - has had, has or is likely to have, a material adverse effect on the interests of all the VI-BT Unitholders, or any class of VI-BT Unitholders, as a whole, as soon as practicable after the Trustee-Manager becomes aware of the contravention;
- ensure that the VI-BT Trust Property is properly accounted for; and
- ensure that the VI-BT Trust Property is kept distinct from the property held in its own capacity.

The Trustee-Manager has the following duties under the BTA:

- at all times act honestly and exercise reasonable diligence in the discharge of its duties as VI-BT's Trustee-Manager in accordance with the BTA and the VI-BT Trust Deed;
- act in the best interests of all VI-BT Unitholders as a whole and give priority to the interests of all VI-BT Unitholders as a whole over its own interests in the event of a conflict between the interests of all VI-BT Unitholders as a whole and its own interests;
- not make improper use of any information acquired by virtue of its position as VI-BT's Trustee-Manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the VI-BT Unitholders;
- hold the VI-BT Trust Property on trust for all VI-BT Unitholders as a whole in accordance with the terms of the VI-BT Trust Deed;
- adhere with the business scope of VI-BT as set out in the VI-BT Trust Deed;
- review interested person transactions in relation to VI-BT; and
- review expense and cost allocations payable to the Trustee-Manager in its capacity as trustee-manager of VI-BT out of the VI-BT Trust Property, and ensure that fees and expenses charged to VI-BT are appropriate and in accordance with the VI-BT Trust Deed.

The MAS has also granted the Trustee-Manager an exemption from compliance with sections 10(2)(a) and 11(1)(a) of the BTA to the extent that sections 10(2)(a) and 11(1)(a) require the Trustee-Manager Directors to act in the best interests of the VI-BT Unitholders only so long as:

(a) the Trustee-Manager ensures that the units of VI-BT remain stapled to the units of VI-REIT; and

(b) the Trustee-Manager and its Directors shall act in the best interest of all the Stapled Securityholders as a whole.

VI-BT TRUST PROPERTY IS PROPERLY ACCOUNTED FOR

In the event that VI-BT becomes active, the VI-BT Trust Property shall be properly accounted for and kept distinct from the property of the Trustee-Manager in its own capacity. Different bank accounts shall be maintained for the Trustee-Manager in its personal capacity and its capacity as trustee-manager of VI-BT.

ADHERENCE TO THE BUSINESS SCOPE OF VI-BT

In the event that VI-BT becomes active, the Trustee-Manager Board shall review and approve all authorised businesses undertaken by VI-BT so as to ensure its adherence to the business scope as set out in the VI-BT Trust Deed. Such authorised businesses include:

(i) the acquisition, disposition and ownership of authorised investments and all activities, concerns, functions and matters reasonably incidental thereto;

(ii) ownership of subsidiaries which are engaged in the acquisition, disposition and ownership of authorised investments and all activities, concerns, functions and matters reasonably incidental thereto; and

(iii) any business, undertaking or activity associated with, incidental and/or ancillary to the carrying on of the businesses referred to in paragraphs (i) and (ii), including the management and leasing of the authorised investments.

FEES PAYABLE TO THE TRUSTEE-MANAGER

Base Fee

Under the VI-BT Trust Deed, the Trustee-Manager shall be entitled to a base fee comprising 10.0% of the distributable income of VI-BT in the relevant financial year (calculated before accounting for this base fee and the Trustee-Manager's performance fee in that financial year) ("BT Base Fee"), payable in the event that VI-BT becomes active.

Performance Fee

Under the VI-BT Trust Deed, the Trustee-Manager shall be entitled to a performance fee equal to the rate of 25.0% of the difference in the distribution per stapled security ("DPS") of VIT in a financial year with the DPS of VIT in the preceding complete financial year (calculated before accounting for the performance fee of the Trustee-Manager and the REIT Manager but after accounting for the base fee of the Trustee-Manager and the REIT Manager in each financial year) multiplied by the weighted average number of stapled securities in issue for such financial year ("BT Performance Fee").

The BT Performance Fee is payable if the DPS of VIT in respect of a financial year exceeds the DPS of VIT in the preceding complete financial year, notwithstanding that the DPS of VIT in the financial year where the BT Performance Fee is payable may be less than the DPS of VIT in any financial year prior to the preceding complete financial year.

STATEMENT ON POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF THE TRUST

For the purpose of the computation of the BT Performance Fee only, the DPS of VIT shall be calculated based on all income of VIT arising from the operations of VIT, such as, but not limited to, rentals, interest, dividends, and other similar payments or income arising from the authorised investments or authorised business of VIT but shall exclude any one-off income of VIT such as any income arising from any sale or disposal of (i) any real estate (whether directly or indirectly through one or more special purpose vehicles) or any part thereof, and (ii) any investments forming part of the VI-BT Trust Property or any part thereof.

For the purpose of calculating the BT Performance Fee for the first full financial year following VI-BT becoming active, the DPS of VIT for the base financial year shall be the annualised amount of the actual DPS of VIT made in respect of the prior financial year.

There should be no double-counting of fees in the event both the REIT Manager and the Trustee-Manager are entitled to the Base Fee and the Performance Fee. In the event that both the REIT Manager and the Trustee-Manager are entitled to Performance Fee, such fees payable to both the REIT Manager and the Trustee-Manager will be apportioned based on the respective proportionate contributions of VI-REIT and VI-BT in the Performance Fee. For the avoidance of doubt, the maximum Base Fee payable to both the REIT Manager and the Trustee-Manager, collectively, is 10.0% per annum of the distributable income and the maximum performance fee payable to both the REIT Manager and the Trustee-Manager collectively is 25.0% per annum of the difference in DPS of VIT in a financial year compared to the DPS of VIT in the preceding complete 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 Trustee-Manager may elect to receive the BT Base Fee and the BT Performance Fee in cash or stapled securities or a combination of cash and stapled securities (as it may in its sole discretion determine).

Trustee Fee

Under the VI-BT Trust Deed, the Trustee-Manager is entitled to a trustee fee in cash of up to 0.03% per annum of the value of the VI-BT Trust Property, provided that the value of the VI-BT Trust Property is at least $50.0 million.

For the purpose of calculating the trustee fee, if VI-BT holds only a partial interest in any of the VI-BT Trust Property, such VI-BT Trust Property shall be pro-rated in proportion to the partial interest held.

For the year under review, no management fee and trustee fee were paid to the Trustee-Manager as VI-BT remains inactive.

EXPENSES CHARGED TO VI-BT

The Trustee-Manager Board will carry out quarterly reviews to ensure that the expenses payable to the Trustee-Manager out of the VI-BT Trust Property are appropriate and in accordance with the VI-BT Trust Deed, in the event VI-BT becomes active.

For the year under review, no expenses were paid to the Trustee-Manager from the VI-BT Trust Property as VI-BT remains inactive.

COMPLIANCE WITH THE BTA AND THE SGX-ST LISTING MANUAL

The Trustee-Manager will engage the services of and obtain advice from professional advisers and consultants from time to time to ensure compliance with the requirements of the BTA and the SGX-ST Listing Manual in the event that VI-BT becomes active.

STATEMENT ON POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF THE TRUST

Composition of the Trustee-Manager Board

Under Regulation 12(1) of the BTR, the Trustee-Manager Board is required to comprise:

- at least a majority of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager;
- at least one-third of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager and from every Substantial Shareholder of the Trustee-Manager (defined as any shareholder of the Trustee-Manager with an interest of not less than 5.0% of the shares in issue); and
- at least a majority of Trustee-Manager Directors who are independent from any single Substantial Shareholder of the Trustee-Manager.

The Trustee-Manager Board consists of seven Directors, four of whom are Independent Directors for the purposes of the BTA. They are:

Name	Position
Leong Horn Kee	Chairman and Independent Non-Executive Director
Ang Poh Seong	Executive Director and Chief Executive Officer
Choong Chow Siong	Independent Non-Executive Director
Teo Cheng Hiang Richard	Independent Non-Executive Director
Ronald Lim Cheng Aun	Independent Non-Executive Director
Tan Kim Seng	Non-Executive Director
Tan Hai Peng Micheal	Non-Executive Director

Mr Ang Poh Seong is considered a non-independent director as he is the Chief Executive Officer of the Trustee-Manager. Mr Tan Kim Seng and Mr Tan Hai Peng Micheal are considered non-independent directors as both are also executive directors of Kim Seng Holdings Pte Ltd and Ho Lee Group Pte Ltd respectively, which are each a substantial shareholder of Viva Investment Management Pte Ltd, which owns 90.0% of the issued share capital of the Trustee-Manager.

None of the Trustee-Manager Directors would, by definition under the BTR, be independent from a Substantial Shareholder as the composition of the Trustee-Manager Board is the same as that of the REIT Manager Board, and both the Trustee-Manager and the REIT Manager are 90.0% owned by Viva Investment Management Pte Ltd and 10.0% owned by United Engineers Developments Pte Ltd.

The MAS has also granted the Trustee-Manager an exemption from compliance with regulations 12(1)(a) and 12(1)(b) of the BTR to the extent that regulations 12(1)(a) and 12(1)(b) of the BTR require the Trustee-Manager Directors to be independent, subject to certain conditions.

The stapling together of VI-BT units and VI-REIT units means that the VI-BT Unitholders are at the same time the investors of the stapled securities, who stand to benefit as a whole regardless of whether the directors of the Trustee-Manager are independent from the Substantial Shareholders of the Trustee-Manager.

In addition to compliance with the requirements under the BTA, the composition of the Trustee-Manager Board is determined using the following principles:

- the Chairman of the Trustee-Manager Board should be a non-executive director; and
- the Trustee-Manager Board should consist of directors with a broad range of commercial experience.

The composition of the Trustee-Manager Board will be reviewed regularly to ensure that the Trustee-Manager Board has the appropriate mix of expertise and experience.

STATEMENT ON POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF THE TRUST

Chairman and Chief Executive Officer

The positions of Chairman of the Trustee-Manager Board and Chief Executive Officer of the Trustee-Manager are held by two different individuals in order to ensure an appropriate balance of power, increased accountability and to maintain effective checks and balances. The Chairman of the Trustee-Manager Board is Dr Leong Horn Kee, while the Chief Executive Officer of the Trustee-Manager is Mr Ang Poh Seong. The Chairman is responsible for the overall management of the Trustee-Manager Board, while the Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Trustee-Manager.

Access to Information

The Trustee-Manager Board has separate and independent access to senior management of the Trustee-Manager (the "Management") and the company secretary of the Trustee-Manager (the "Company Secretary") at all times. The Directors also have access to independent professional advice where appropriate and whenever requested.

The Company Secretary for the REIT Manager, Ms Ang Siew Koon, is also the Company Secretary for the Trustee-Manager.

The Company Secretary reports to the Chief Executive Officer of the Trustee-Manager and her duties include:

- ensuring that board procedures of the Trustee-Manager Board are followed;
- assisting the Trustee-Manager with corporate secretarial administration matters for the Trustee-Manager, both in its personal capacity and in its capacity as trustee-manager of VI-BT, including attending all board meetings; and
- assisting the Trustee-Manager in preparing the announcements and notifications to be uploaded on the SGXNET as required under the SGX-ST Listing Manual.

Remuneration Matters

As VI-BT remains dormant, no compensation is payable to the Directors and Executive Officers of the Trustee-Manager.

Audit Committee

The MAS has granted the Trustee-Manager an exemption from compliance with section 15(1) of the BTA to the extent that section 15(1) requires an audit committee to be constituted before VI-BT becomes active, subject to certain conditions.

External Auditor

The Trustee-Manager, on behalf of VI-BT, confirms that VI-BT has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to its auditing firm.

Internal Audit

As VI-BT remains dormant, an internal auditor has not been appointed.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Trustee-Manager Board will put in place appropriate internal control systems including the following to manage business risks in the event that VI-BT becomes active.

The Trustee-Manager Board will meet quarterly or more frequently if necessary and will review the financial performance of VI-BT against a previously approved budget. The Trustee-Manager Board will also review the business risks of VI-BT, examine liability management and will act upon any comments from both the internal and external auditors of VI-BT.

STATEMENT ON POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF THE TRUST

In assessing business risks, the Trustee-Manager Board will consider the economic environment and risks relevant to the property industry. It will review management reports prior to approving major transactions.

The Management will meet regularly to review the operations of the Trustee-Manager and VI-BT and discuss any disclosure issues.

INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST

In general, transactions between:

- an entity at risk (in this case, the Trustee-Manager (acting in its capacity as the trustee-manager of VI-BT) or any of the subsidiaries or associated companies of VI-BT); and

- any of the Interested Persons (namely, the Trustee-Manager (acting in its personal capacity), a related corporation or related entity of the Trustee-Manager (other than a subsidiary or subsidiary entity of VI-BT), an associated company or associated entity of the Trustee-Manager (other than an associated company or associated entity of VI-BT) (as defined in the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005), a Director, Chief Executive Officer or controlling shareholder of the Trustee-Manager, a controlling Stapled Security holder or an associate of any such Director, Chief Executive Officer, controlling shareholder or controlling Stapled Security holder)

would constitute an Interested Person Transaction.

For so long as VI-BT is part of a stapled group and in the event that the Board of Directors of the REIT Manager and the Trustee-Manager Board cannot reach an agreement on any resolution relating to governance or compliance matters before them where such resolution would require the collective approval of both the Boards of Directors of the REIT Manager and the Trustee-Manager, the votes of the Independent Directors of the REIT Manager will prevail in the event that the Trustee-Manager Board has approved such resolutions.

Since the VI-REIT units and VI-BT units are held by the same pool of investors in the same proportion, concerns and potential abuses applicable to interested party transactions will be absent in transactions between VI-REIT and VI-BT.

INTERNAL CONTROL SYSTEM

In the event that VI-BT becomes active, the Trustee-Manager will establish an internal control system to ensure that all future Interested Person Transactions:

- will be undertaken on normal commercial terms; and

- will not be prejudicial to the interests of VI-BT and the Stapled Securityholders.

The Trustee-Manager will maintain a register to record all Interested Person Transactions which are entered into by VI-BT and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into.

The Trustee-Manager will also incorporate into its internal audit plan a review of all Interested Person Transactions entered into by VI-BT.

STATEMENT ON POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF THE TRUST

Where matters concerning VI-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of VI-BT with an Interested Person (as defined in the BTA) of the Trustee-Manager (which would include relevant associates thereof) or VI-BT, the Trustee-Manager Board will consider the terms of such transactions to satisfy itself that such transactions are:

- conducted on normal commercial terms;
- not prejudicial to the interests of VI-BT and the Stapled Securityholders; and
- in compliance with all applicable requirements of the SGX-ST Listing Manual and the BTA relating to the transaction in question.

If the Trustee-Manager is to sign any contract with an Interested Person of the Trustee-Manager or VI-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the SGX-ST Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST that apply to business trusts.

The aggregate value of all Interested Person Transactions which are subject to Rules 905 and 906 of the SGX-ST Listing Manual in a particular financial year will be disclosed in VIT's annual report for the relevant financial year.

Save for the Interested Person Transactions in connection with the setting up of VI-BT, Exempted Agreements, and Future Interested Party Transactions (as disclosed in the IPO prospectus of VIT), VI-BT will comply with Rule 905 of the SGX-ST Listing Manual by announcing any Interested Person Transaction in accordance with the SGX-ST Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person (as defined in the SGX-ST Listing Manual) during the same financial year, is 3.0% or more of the value of VI-BT's latest audited net tangible assets.

POTENTIAL CONFLICTS OF INTEREST

The Trustee-Manager has instituted the following procedures to deal with conflicts of interest issues:

- all resolutions in writing of the Trustee-Manager Directors in relation to matters concerning VI-BT must be approved by a majority of the Trustee-Manager Directors, including at least one Independent Trustee-Manager Director;
- all executive officers will be employed by the Trustee-Manager;
- in respect of matters in which a Trustee-Manager Director or his Associates (as defined in the SGX-ST Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Trustee-Manager Directors and must exclude such interested director;
- in respect of matters in which each of the Sponsors and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by such Sponsor and/or its subsidiaries to the Trustee-Manager Board to represent its/their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Trustee-Manager Directors and must exclude any nominee directors of such Sponsor and/or its subsidiaries; and
- where matters concerning VI-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of VI-BT with an Interested Person of the Trustee-Manager (which would include relevant associates thereof) or VI-BT, the Trustee-Manager Board is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of VI-BT and the Stapled Securityholders, and are in compliance with all applicable requirements of the SGX-ST Listing Manual and the BTA relating to the transaction in question. If the Trustee-Manager is to sign any contract with an Interested Person of the Trustee-Manager or VI-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the SGX-ST Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST that apply to business trusts.

Unitholders
Viva Industrial Business Trust
Viva Industrial Real Estate Investment Trust

REPORT ON THE FINANCIAL STATEMENTS

We have audited:

(i) the financial statements of Viva Industrial Business Trust ("VI-BT") (constituted in the Republic of Singapore pursuant to a trust deed dated 14 October 2013) for the financial year ended 31 December 2015;

(ii) the consolidated financial statements of Viva Industrial Real Estate Investment Trust ("VI-REIT") (constituted in the Republic of Singapore pursuant to a trust deed dated 23 August 2013 and as amended and restated by a first amending and restating deed dated 14 October 2013 (the "VI-REIT Trust Deed")) and its subsidiary (collectively referred to as "VI-REIT Group") for the financial year ended 31 December 2015; and

(iii) the consolidated financial statements of Viva Industrial Trust (constituted in the Republic of Singapore pursuant to a stapling deed dated 14 October 2013 (the "Stapling Deed")) for the financial year ended 31 December 2015.

Viva Industrial Trust, which comprises VI-BT and VI-REIT Group, is hereinafter referred to as the "Stapled Group".

The accompanying financial statements comprise the statements of financial position of VI-BT, VI-REIT Group and the Stapled Group as at 31 December 2015; the statement of comprehensive income of VI-BT, statements of total return of VI-REIT Group and the Stapled Group, distribution statements of VI-REIT Group and the Stapled Group, statements of movements in unitholders' funds of VI-BT, VI-REIT Group and the Stapled Group and statements of cash flows of VI-BT, VI-REIT Group and the Stapled Group, all for the financial year ended 31 December 2015; portfolio statements of VI-REIT Group and the Stapled Group as at 31 December 2015; and a summary of significant accounting policies and other explanatory information, as set out on pages 87 to 145.

Trustee-Manager's responsibilities for the financial statements

Viva Asset Management Pte. Ltd., the Trustee-Manager of VI-BT (the "Trustee-Manager"), is responsible for the preparation of the financial statements of VI-BT that give a true and fair view in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the registered business trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

REIT Manager's responsibilities for the financial statements

Viva Industrial Trust Management Pte. Ltd., the Manager of VI-REIT (the "REIT Manager"), is responsible for the preparation and fair presentation of the financial statements of VI-REIT Group and the Stapled Group in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the REIT Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee-Manager and the REIT Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

(a) the financial statements of VI-BT are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of VI-BT as at 31 December 2015 and the financial performance, movements in unitholders' funds and cash flows of VI-BT for the financial year then ended; and

(b) the consolidated financial statements of VI-REIT Group and the Stapled Group present fairly, in all material respects, the financial positions of VI-REIT Group and the Stapled Group as at 31 December 2015 and the total return, distributable income, movements in unitholders' funds and cash flows of VI-REIT Group and the Stapled Group for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the VI-REIT Trust Deed and the Stapling Deed.

Other matters

The financial statements of VI-BT, VI-REIT Group and the Stapled Group for the financial year ended 31 December 2014 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements in their report dated 27 March 2015.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager on behalf of VI-BT have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2016

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Stapled Group 2015 $'000	Stapled Group 2014 $'000	VI-REIT Group 2015 $'000	VI-REIT Group 2014 $'000	VI-BT 2015 $'000	VI-BT 2014 $'000
Non-current assets							
Subsidiary	4	–	–	–	–	–	–
Investment properties	5	1,123,200	852,700	1,123,200	852,700	–	–
Intangible assets	6	9,378	13,435	9,378	13,435	–	–
		1,132,578	866,135	1,132,578	866,135	–	–
Current assets							
Trade and other receivables	7	14,546	11,423	14,546	11,423	–	–
Derivative financial instruments	11	2,314	–	2,314	–	–	–
Cash and bank balances	8	48,884	4,957	48,848	4,928	36	29
		65,744	16,380	65,708	16,351	36	29
Total assets		**1,198,322**	**882,515**	**1,198,286**	**882,486**	**36**	**29**
Non-current liabilities							
Interest-bearing borrowings	9	305,173	365,571	305,173	365,571	–	–
Current liabilities							
Trade and other payables	10	35,250	22,881	35,245	22,879	5	2
Interest-bearing borrowings	9	154,044	20,456	154,044	20,456	–	–
Derivative financial instruments	11	–	322	–	322	–	–
Income tax payable		2,235	1,799	2,235	1,799	–	–
		191,529	45,458	191,524	45,456	5	2
Total liabilities		**496,702**	**411,029**	**496,697**	**411,027**	**5**	**2**
Net assets		**701,620**	**471,486**	**701,589**	**471,459**	**31**	**27**
Represented by:							
Stapled Securityholders' funds							
Unitholders' funds of VI-REIT		701,589	471,459	701,589	471,459	–	–
Unitholders' funds of VI-BT		31	27	–	–	31	27
		701,620	**471,486**	**701,589**	**471,459**	**31**	**27**
Stapled Securities/ Units issued and issuable ('000)	12	**863,119**	**621,884**	**863,119**	**621,884**	**863,119**	**621,884**
Net asset value per Stapled Security/ Unit (cents)	13	**81.289**	**75.816**	**81.285**	**75.811**	**0.004**	**0.004**

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF TOTAL RETURN OF THE STAPLED GROUP AND VI-REIT GROUP/STATEMENT OF COMPREHENSIVE INCOME OF VI-BT

YEAR ENDED 31 DECEMBER 2015

	Note	Stapled Group		VI-REIT Group		VI-BT	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Gross revenue	14	73,989	61,740	73,989	61,740	–	–
Property expenses	15	(23,150)	(20,987)	(23,150)	(20,987)	–	–
Net property income		**50,839**	**40,753**	**50,839**	**40,753**	**–**	**–**
Rental support/rental arrangement	16	13,540	12,449	13,540	12,449	–	–
REIT Manager's fees	17	(5,100)	(4,105)	(5,100)	(4,105)	–	–
REIT Trustee's fees		(180)	(180)	(180)	(180)	–	–
Amortisation of intangible assets	6	(4,057)	(4,200)	(4,057)	(4,200)	–	–
Other trust expenses	18	(845)	(729)	(838)	(725)	(7)	(4)
Finance income		15	42	15	42	–	–
Finance expenses	19	(15,604)	(11,731)	(15,604)	(11,731)	–	–
Net income/(loss)		**38,608**	**32,299**	**38,615**	**32,303**	**(7)**	**(4)**
Change in fair value of investment properties	5	61,123	14,121	61,123	14,121	–	–
Change in fair value of derivative financial instruments		2,636	1,166	2,636	1,166	–	–
Total return for the year before income tax		**102,367**	**47,586**	**102,374**	**47,590**	**(7)**	**(4)**
Income tax expense	20	(2,227)	(1,791)	(2,227)	(1,791)	–	–
Total return for the year after income tax		**100,140**	**45,795**	**100,147**	**45,799**	**(7)**	**(4)**
Earnings per Stapled Security/Unit (cents)							
Basic	21	14.662	7.641	14.662	7.641	–	–
Diluted	21	14.662	7.641	14.662	7.641	–	–
Distribution per Stapled Security/ Unit (cents)	21	7.000	6.833	7.000	6.833	–	–

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS OF THE STAPLED GROUP AND VI-REIT GROUP

YEAR ENDED 31 DECEMBER 2015

	Stapled Group		VI-REIT Group	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Amount available for distribution to holders of Stapled Securities/Units at beginning of the year	3,767	6,421	3,771	6,421
Total return for the year	100,140	45,795	100,147	45,799
Net tax adjustments (Note A)	(52,669)	(4,832)	(52,669)	(4,832)
Income available for distribution for the year	47,471	40,963	47,478	40,967
Amount available for distribution to holders of Stapled Securities/Units	51,238	47,384	51,249	47,388
Distribution of 1.041 cents per Stapled Security/Unit for the period from 01/10/15 to 26/11/15	(7,365)	–	(7,365)	–
Distribution of 1.647 cents per Stapled Security/Unit for the period from 01/07/15 to 30/09/15	(11,622)	–	(11,622)	–
Distribution of 0.280 cents per Stapled Security/Unit for the period from 16/06/15 to 30/06/15	(1,971)	–	(1,971)	–
Distribution of 1.569 cents per Stapled Security/Unit for the period from 01/04/15 to 15/06/15	(9,784)	–	(9,784)	–
Distribution of 1.870 cents per Stapled Security/Unit for the period from 01/01/15 to 31/03/15	(11,629)	–	(11,629)	–
Distribution of 0.606 cents per Stapled Security/Unit for the period from 02/12/14 to 31/12/14	(3,758)	–	(3,758)	–
Distribution of 1.095 cents per Stapled Security/Unit for the period from 01/10/14 to 01/12/14	–	(6,573)	–	(6,573)
Distribution of 1.687 cents per Stapled Security/Unit for the period from 01/07/14 to 30/09/14	–	(10,098)	–	(10,098)
Distribution of 1.723 cents per Stapled Security/Unit for the period from 01/04/14 to 30/06/14	–	(10,284)	–	(10,284)
Distribution of 1.722 cents per Stapled Security/Unit for the period from 01/01/14 to 31/03/14	–	(10,247)	–	(10,247)
Distribution of 1.080 cents per Stapled Security/Unit for the period from 04/11/13 to 31/12/13	–	(6,415)	–	(6,415)
	(46,129)	(43,617)	(46,129)	(43,617)
Amount available for distribution to holders of Stapled Securities/Units at end of the year	5,109	3,767	5,120	3,771
Comprising:				
Taxable income	3,987	3,117	3,998	3,121
Tax exempt income	1,122	650	1,122	650
	5,109	3,767	5,120	3,771
Note A - Net tax adjustments comprise:				
– REIT Manager's fees paid/payable in Stapled Securities/Units	4,413	4,026	4,413	4,026
– Property Manager's fees paid/payable in Stapled Securities/Units	1,429	1,355	1,429	1,355
– REIT Trustee's fees	180	180	180	180
– Adjustment for recognition of rental income on a straight-line basis over the lease term	(1,243)	(1,279)	(1,243)	(1,279)
– Amortisation of intangible assets	4,057	4,200	4,057	4,200
– Amortisation of debt-related transaction costs	2,108	1,853	2,108	1,853
– Change in fair value of investment properties	(61,123)	(14,121)	(61,123)	(14,121)
– Change in fair value of derivative financial instruments	(2,636)	(1,166)	(2,636)	(1,166)
– Other non-taxable items	146	120	146	120
Net tax adjustments	(52,669)	(4,832)	(52,669)	(4,832)

Distributions of the Stapled Group represent the aggregate of distributions by VI-REIT Group and VI-BT. The distributions of the Stapled Group for both financial years were contributed solely by VI-REIT Group as VI-BT was inactive.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2015

	Stapled Group	Unitholders' funds of VI-REIT Group			Unitholders' funds of VI-BT		
	Total $'000	Units in issue $'000	Accumulated profits $'000	Total $'000	Units in issue $'000	Accumulated losses $'000	Total $'000
At 1 January 2014	448,555	447,722	803	448,525	30	–	30
Operations							
Increase/(decrease) in net assets resulting from operations	45,795	–	45,799	45,799	–	(4)	(4)
Unitholders' transactions							
Issuance of new Units	15,600	15,599	–	15,599	1	–	1
Units issued and issuable:							
– As payment of REIT Manager's fees	4,026	4,026	–	4,026	–	–	–
– As payment of Property Manager's fees	1,355	1,355	–	1,355	–	–	–
Issue expenses	(228)	(228)	–	(228)	–	–	–
Distributions to Unitholders	(43,617)	–	(43,617)	(43,617)	–	–	–
Net (decrease)/increase in net assets resulting from Unitholders' transactions	(22,864)	20,752	(43,617)	(22,865)	1	–	1
At 31 December 2014	471,486	468,474	2,985	471,459	31	(4)	27
At 1 January 2015	471,486	468,474	2,985	471,459	31	(4)	27
Operations							
Increase/(decrease) in net assets resulting from operations	100,140	–	100,147	100,147	–	(7)	(7)
Unitholders' transactions							
Issuance of new Units pursuant to:							
– Private placement	100,806	100,800	–	100,800	6	–	6
– Preferential offering	72,266	72,261	–	72,261	5	–	5
Units issued and issuable:							
– As payment of REIT Manager's fees	4,413	4,413	–	4,413	–	–	–
– As payment of Property Manager's fees	1,429	1,429	–	1,429	–	–	–
Issue expenses	(2,791)	(2,791)	–	(2,791)	–	–	–
Distributions to Unitholders	(46,129)	–	(46,129)	(46,129)	–	–	–
Net increase/(decrease) in net assets resulting from Unitholders' transactions	129,994	176,112	(46,129)	129,983	11	–	11
At 31 December 2015	701,620	644,586	57,003	701,589	42	(11)	31

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2015

Stapled Group

Description of Property	Leasehold tenure	Remaining lease term at 31/12/2015 (years)	Location	Existing use	Carrying value at 31/12/2015 $'000	Carrying value at 31/12/2014 $'000	Percentage of net assets at 31/12/2015 %	Percentage of net assets at 31/12/2014 %
Investment properties								
Singapore								
UE BizHub EAST (Business Park Component) #	30+30 years from 1 February 2008	52	6 & 8 Changi Business Park Avenue 1	Business park	355,000	374,000	50.6	79.3
UE BizHub EAST (Hotel Component) #	30+30 years from 1 February 2008	52	2 & 4 Changi Business Park Avenue 1	Hotel	160,000	140,000	22.8	29.7
Viva Business Park #*	Plot 1: 60 years from 1 April 1971 in respect of Lot 8134N Mukim 27	15	Blocks 750 to 750E Chai Chee Road	Business park	330,000	195,300	47.0	41.4
	Plot 2: 43 years from 1 March 1988 in respect of Lot 7837V Mukim 27	15						
Mauser Singapore #	60 years from 19 July 2006	51	81 Tuas Bay Drive	Logistics	28,000	28,000	4.0	5.9
Jackson Square	60 years from 16 May 1969	13	11 Lorong 3 Toa Payoh	Light industrial	82,000	82,000	11.7	17.4
Jackson Design Hub	30+30 years from 1 May 2007	51	29 Tai Seng Street	Light industrial	33,400	33,400	4.8	7.1
Home-Fix Building	30+30 years from 11 September 2007	52	19 Tai Seng Avenue	Light industrial	47,800	–	6.8	–
11 Ubi Road 1	30+30 years from 1 September 1995	40	11 Ubi Road 1	Light industrial	87,000	–	12.4	–
Investment properties, at valuation					1,123,200	852,700	160.1	180.8
Other assets and liabilities (net)					(421,580)	(381,214)	(60.1)	(80.8)
Net assets					**701,620**	**471,486**	**100.0**	**100.0**

\# *Further defined as Initial Properties*

* *Viva Business Park was formerly known as Technopark@Chai Chee*

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2015

VI-REIT Group

Description of Property	Leasehold tenure	Remaining lease term at 31/12/2015 (years)	Location	Existing use	Carrying value at 31/12/2015 $'000	Carrying value at 31/12/2014 $'000	Percentage of net assets at 31/12/2015 %	Percentage of net assets at 31/12/2014 %
Investment properties								
Singapore								
UE BizHub EAST (Business Park Component) #	30+30 years from 1 February 2008	52	6 & 8 Changi Business Park Avenue 1	Business park	355,000	374,000	50.6	79.3
UE BizHub EAST (Hotel Component) #	30+30 years from 1 February 2008	52	2 & 4 Changi Business Park Avenue 1	Hotel	160,000	140,000	22.8	29.7
Viva Business Park #*	Plot 1: 60 years from 1 April 1971 in respect of Lot 8134N Mukim 27	15	Blocks 750 to 750E Chai Chee Road	Business park	330,000	195,300	47.0	41.4
	Plot 2: 43 years from 1 March 1988 in respect of Lot 7837V Mukim 27	15						
Mauser Singapore #	60 years from 19 July 2006	51	81 Tuas Bay Drive	Logistics	28,000	28,000	4.0	5.9
Jackson Square	60 years from 16 May 1969	13	11 Lorong 3 Toa Payoh	Light industrial	82,000	82,000	11.7	17.4
Jackson Design Hub	30+30 years from 1 May 2007	51	29 Tai Seng Street	Light industrial	33,400	33,400	4.8	7.1
Home-Fix Building	30+30 years from 11 September 2007	52	19 Tai Seng Avenue	Light industrial	47,800	–	6.8	–
11 Ubi Road 1	30+30 years from 1 September 1995	40	11 Ubi Road 1	Light industrial	87,000	–	12.4	–
Investment properties, at valuation					1,123,200	852,700	160.1	180.8
Other assets and liabilities (net)					(421,611)	(381,241)	(60.1)	(80.8)
Net assets					**701,589**	**471,459**	**100.0**	**100.0**

\# *Further defined as Initial Properties*

* *Viva Business Park was formerly known as Technopark@Chai Chee*

The accompanying notes form an integral part of these financial statements.

Independent valuations of the investment properties as at 31 December 2015 were undertaken by Savills Valuation and Professional Services (S) Pte Ltd, Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Suntec Real Estate Consultants Pte Ltd. Valuations of the investment properties as at 31 December 2014 were undertaken by Suntec Real Estate Consultants Pte Ltd.

In determining the fair value, the valuers have used valuation techniques which involve certain estimates. In relying on the valuation reports, the REIT Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

The fair values of the investment properties are based on open market values, which are the valuers' opinion of the best price at which the sale of an interest in each property would complete unconditionally for cash consideration on the date of valuation, and are prepared in accordance with recognised appraisal and valuation standards.

The valuers have considered the direct comparison method, income capitalisation method, residual value method and discounted cash flow method in arriving at the open market values of the properties.

At the end of the reporting period, investment properties with an aggregate carrying value of $1.008 billion (2014: $737.3 million) have been mortgaged as security for loan facilities granted to VI-REIT Group (See note 9).

Leasing arrangements

Mauser Singapore is leased to a related party of the REIT Manager under a master lease agreement. The lease contains an initial term of approximately six years from 4 November 2013 with an option to renew for a further five years.

The Hotel Leased Premises of UE BizHub EAST are leased to a single tenant under a hotel lease agreement. The hotel lease contains an initial term of five years from 4 November 2013, which will be renewed for a further five years, subject to approval by JTC Corporation.

Jackson Design Hub is leased to a single tenant under a master lease agreement for a term of 10 years from 21 November 2014.

Home-Fix Building is leased to a single tenant under a master lease agreement for a term of 10 years from 24 November 2015.

11 Ubi Road 1 is partially leased to a tenant for a term of 10 years from 24 November 2015.

Other properties are leased to multiple tenants for a typical lease term of 2 to 3 years, with an option to renew for a further term upon expiry of the initial term.

STATEMENTS OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash flows from operating activities						
Total return for the year before income tax	102,367	47,586	102,374	47,590	(7)	(4)
Adjustments for:						
Effects of recognising rental income on a straight-line basis over the lease term	(1,243)	(1,279)	(1,243)	(1,279)	–	–
Finance income	(15)	(42)	(15)	(42)	–	–
Finance expenses	15,604	11,731	15,604	11,731	–	–
Change in fair value of investment properties	(61,123)	(14,121)	(61,123)	(14,121)	–	–
Change in fair value of derivative financial instruments	(2,636)	(1,166)	(2,636)	(1,166)	–	–
Amortisation of intangible assets	4,057	4,200	4,057	4,200	–	–
REIT Manager's fees paid/payable in Stapled Securities/Units (Note B below)	4,413	4,026	4,413	4,026	–	–
Property Manager's fees paid/payable in Stapled Securities/Units (Note B below)	1,429	1,355	1,429	1,355	–	–
Operating income/(loss) before working capital changes	**62,853**	**52,290**	**62,860**	**52,294**	**(7)**	**(4)**
Changes in working capital:						
Trade and other receivables	(1,880)	7,560	(1,880)	7,560	–	30
Trade and other payables	12,881	(1,913)	12,878	(1,945)	3	2
Cash generated from/(used in) operations	**73,854**	**57,937**	**73,858**	**57,909**	**(4)**	**28**
Income tax paid	(1,791)	(374)	(1,791)	(374)	–	–
Net cash generated from/ (used in) operating activities	**72,063**	**57,563**	**72,067**	**57,535**	**(4)**	**28**
Cash flows from investing activities						
Acquisition of investment properties (Note A below)	(137,715)	(112,851)	(137,715)	(112,851)	–	–
Refund of land premium for an investment property	56	–	56	–	–	–
Payment of differential premium and stamp duty for an investment property	(58,375)	–	(58,375)	–	–	–
Capital expenditure incurred	(13,343)	(128)	(13,343)	(128)	–	–
Deposit pledged	(1,000)	–	(1,000)	–	–	–
Interest received	5	–	5	–	–	–
Net cash used in investing activities	**(210,372)**	**(112,979)**	**(210,372)**	**(112,979)**	**–**	**–**

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash flows from financing activities						
Proceeds from issue of new Stapled Securities/Units	173,072	15,600	173,061	15,599	11	1
Issue expenses paid	(2,791)	(4,859)	(2,791)	(4,859)	–	–
Proceeds from borrowings	73,000	100,000	73,000	100,000	–	–
Repayment of borrowings	(1,000)	(9,000)	(1,000)	(9,000)	–	–
Payment of transaction costs on borrowings	(917)	(1,314)	(917)	(1,314)	–	–
Finance expenses paid	(13,999)	(8,120)	(13,999)	(8,120)	–	–
Distributions paid to holders of Stapled Securities/Units	(46,129)	(43,617)	(46,129)	(43,617)	–	–
Net cash generated from financing activities	**181,236**	**48,690**	**181,225**	**48,689**	**11**	**1**
Net increase/(decrease) in cash and cash equivalents	**42,927**	**(6,726)**	**42,920**	**(6,755)**	**7**	**29**
Cash and cash equivalents at beginning of the year	4,957	11,683	4,928	11,683	29	–
Cash and cash equivalents at end of the year (note 8)	**47,884**	**4,957**	**47,848**	**4,928**	**36**	**29**

Notes:

(A) Acquisition of Investment Properties

Net cash outflow arising from the acquisition of investment properties is set out below:

	VI-REIT Group and Stapled Group	
	2015 $'000	2014 $'000
Purchase consideration for investment properties	136,252	111,486
Costs directly attributable to the acquisition of investment properties	1,463	1,365
Net cash outflow	137,715	112,851

(B) Significant Non-Cash Transactions

For the year ended 31 December 2015, an aggregate of 5,872,023 (2014: 5,083,321) new Stapled Securities, amounting to approximately $4,413,000 (2014: $4,026,000), are issued/issuable to the REIT Manager as payment of the REIT Manager's management fees and performance fee; and an aggregate of 1,897,637 (2014: 1,709,606) new Stapled Securities, amounting to approximately $1,429,000 (2014: $1,355,000), are issued/issuable to the Property Manager as payment of the Property Manager's property management fees and lease management fees.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Trustee-Manager, the REIT Manager and the REIT Trustee on 31 March 2016.

1. GENERAL

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").

VI-REIT is a Singapore-domiciled real estate investment trust constituted pursuant to the trust deed dated 23 August 2013 and as amended and restated by a first amending and restating deed dated 14 October 2013 (the "VI-REIT Trust Deed") made between Viva Industrial Trust Management Pte. Ltd. (the "REIT Manager") and Perpetual (Asia) Limited (formerly known as The Trust Company (Asia) Limited) (the "REIT Trustee"). The VI-REIT Trust Deed is governed by the laws of the Republic of Singapore. The REIT Trustee is under a duty to take into custody and hold the assets of VI-REIT Group in trust for the holders of units in VI-REIT.

VI-BT is a Singapore-domiciled business trust constituted by a trust deed dated 14 October 2013 (the "VI-BT Trust Deed") and is managed by Viva Asset Management Pte. Ltd. (the "Trustee-Manager").

The registered office of the REIT Manager and the Trustee-Manager is located at 750 Chai Chee Road, #04-03 Viva Business Park, Singapore 469000.

The securities in each of VI-REIT and VI-BT are stapled together under the terms of a stapling deed dated 14 October 2013 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager (the "Stapling Deed") and cannot be traded separately. Each stapled security in Viva Industrial Trust (the "Stapled Security") comprises a unit in VI-REIT (the "VI-REIT Unit") and a unit in VI-BT (the "VI-BT Unit").

Viva Industrial Trust was formally admitted to the Official List of Singapore Exchange Securities Trading Limited ("SGX-ST") on 4 November 2013 (the "Listing Date").

The principal activity of VI-REIT is to invest in a diversified portfolio of income-producing real estates which are used predominantly for business park and other industrial purposes in Singapore and elsewhere in the Asia-Pacific region, as well as real estate-related assets in connection with the foregoing, with the primary objective of achieving an attractive level of return from rental income and long-term capital growth. In 2014, VI-REIT established a wholly-owned subsidiary, Viva iTrust MTN Pte. Ltd., to establish and act as the issuer of a $500 million Multicurrency Medium Term Note ("MTN") Programme. At the end of the reporting period, VI-BT remains inactive.

The consolidated financial statements of the Stapled Group comprise the financial statements of VI-BT and VI-REIT Group.

At the beginning of the reporting period, the immediate and ultimate holding companies of the Stapled Group were Wealthy Fountain Holdings Inc. ("WFH"), incorporated in the British Virgin Islands, and Shanghai Summit Pte. Ltd., incorporated in the Republic of Singapore, respectively. During the financial year, WFH transferred all of its Stapled Securityholdings to Leading Wealth Global Inc. ("LWG") and as a result, LWG became the immediate holding company of the Stapled Group. As WFH and LWG are entities under the common control of Mr Tong Jinquan, there was no change in control of the Stapled Group. At the end of the reporting period, the immediate and ultimate holding companies of the Stapled Group are LWG, incorporated in the British Virgin Islands, and Shanghai Summit (Group) Co., Ltd. (上海长峰(集团)有限公司), incorporated in the People's Republic of China, respectively.

1. GENERAL (CONT'D)

Several service agreements were entered into in relation to the management of VI-BT and VI-REIT, and its property operations. The fee structures of these services are as follows:

(i) Fees Payable to the Trustee-Manager

Management Fees Payable to the Trustee-Manager

Under the VI-BT Trust Deed, the Trustee-Manager is entitled to the following management fees payable in the event that VI-BT becomes active:

– a Business Trust ("BT") Base Fee of 10.0% per annum of the Distributable Income of VI-BT (as defined in the VI-BT Trust Deed) (calculated before accounting for the BT Base Fee and BT Performance Fee); and

– a BT Performance Fee equal to 25.0% per annum of the difference in Distribution per Stapled Security ("DPS") of VIT in a financial year with the DPS of VIT in the preceding complete financial year (calculated before accounting for the REIT Performance Fee and BT Performance Fee but after accounting for the REIT Base Fee and BT Base Fee in each financial year) multiplied by the weighted average number of Stapled Securities in issue for such financial year.

The BT Performance Fee is payable if the DPS of VIT in respect of a financial year exceeds the DPS of VIT in the preceding complete financial year, notwithstanding that the DPS of VIT in the financial year where the BT Performance Fee is payable may be less than the DPS of VIT in any financial year prior to the preceding complete financial year.

There should be no double-counting of fees in the event that both the REIT Manager and the Trustee-Manager are entitled to the Base Fee and the Performance Fee. In the event that both the REIT Manager and the Trustee-Manager are entitled to the Performance Fee, such fees payable to both the REIT Manager and the Trustee-Manager will be apportioned based on the respective proportionate contributions of VI-REIT and VI-BT in the Performance Fee.

For the avoidance of doubt, the maximum Base Fee payable to both the REIT Manager and the Trustee-Manager collectively is 10.0% per annum of the Distributable Income of VIT and the maximum Performance Fee payable to both the REIT Manager and the Trustee-Manager collectively is 25.0% per annum of the difference in DPS of VIT in a financial year compared to the DPS of VIT in the preceding complete 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 Trustee-Manager may elect to receive the BT Base Fee and the BT Performance Fee in cash or Stapled Securities or a combination of cash and Stapled Securities (as it may in its sole discretion determine). Any portion of the fees payable in the form of Stapled Securities shall be payable quarterly in arrears and any portion of the fees payable in cash shall be payable monthly in arrears.

1. GENERAL (CONT'D)

(i) Fees Payable to the Trustee-Manager (cont'd)

Acquisition Fee and Divestment Fee Payable to the Trustee-Manager

The Trustee-Manager is also entitled to:

– an acquisition fee of 1.0% of any of the following as is applicable (subject to there being no double-counting):

(i) in relation to an acquisition (whether directly or indirectly through one or more Special Purpose Vehicles ("SPVs") of VI-BT) of any real estate, the acquisition price of any real estate purchased by VI-BT, plus any other payments in addition to the acquisition price made by VI-BT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of VI-BT's interest);

(ii) in relation to an acquisition (whether directly or indirectly through one or more SPVs of VI-BT) of any SPV or holding entity which holds real estate, the underlying value of any real estate which is taken into account when computing the acquisition price payable for the acquisition from the vendor of the equity interests in any vehicle holding, directly or indirectly, the real estate purchased by VI-BT, plus any additional payments made by VI-BT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated if applicable to the proportion of VI-BT's interest); or

(iii) the acquisition price of any investment by VI-BT, whether directly or indirectly through one or more SPVs of VI-BT, in any debt securities of any property corporation or other SPV owning or acquiring real estate.

– a divestment fee of 0.5% of any of the following as is applicable (subject to there being no double-counting):

(i) the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by VI-BT (plus any other payments in addition to the sale price received by VI-BT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro-rated if applicable to the proportion of VI-BT's interest);

(ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding, directly or indirectly, the real estate being sold or divested, whether directly or indirectly through one or more SPVs, by VI-BT (plus any additional payments received by VI-BT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests) (pro-rated if applicable to the proportion of VI-BT's interest); or

(iii) the sale price of any investment sold or divested by VI-BT, whether directly or indirectly through one or more SPVs of VI-BT, in any debt securities of any property corporation or other SPVs owning or acquiring real estate.

1. GENERAL (CONT'D)

(i) Fees Payable to the Trustee-Manager (cont'd)

Acquisition Fee and Divestment Fee Payable to the Trustee-Manager (cont'd)

Any payment to third party agents or brokers in connection with the acquisition or divestment of any real estate of VI-BT shall be paid by the Trustee-Manager out of the VI-BT Trust Property and not by the Trustee-Manager to such persons.

The acquisition fee and divestment fee are payable to the Trustee-Manager in the form of cash and/or Stapled Securities (as the Trustee-Manager may elect) provided that in respect of any acquisition and sale or divestment of real estate assets from/to related parties, such a fee shall be in the form of Stapled Securities at prevailing market price(s) instead of cash. The Stapled Securities issued to the Trustee-Manager as its acquisition or divestment fee shall not be sold within one year from the date of their issuance.

Development Management Fee Payable to the Trustee-Manager

The Trustee-Manager is entitled to development management fees equivalent to 3.0% of the Total Project Costs (as defined in the VI-BT Trust Deed) incurred in a Development Project (as defined in the VI-BT Trust Deed) undertaken by the Trustee-Manager on behalf of VI-BT.

Trustee Fee Payable to the Trustee-Manager

Under the VI-BT Trust Deed, the Trustee-Manager is entitled to a trustee fee in cash of up to 0.03% per annum of the value of the VI-BT Trust Property, provided that the value of the VI-BT Trust Property is at least $50.0 million.

For the purpose of calculating the trustee fee, if VI-BT holds only a partial interest in any of the VI-BT Trust Property, such VI-BT Trust Property shall be pro-rated in proportion to the partial interest held.

The trustee fee shall be payable in arrears on a monthly basis in the form of cash.

(ii) REIT Trustee's fee

Under the VI-REIT Trust Deed, the REIT Trustee's fee is presently charged on a scaled basis of up to 0.015% per annum of the value of VI-REIT's Deposited Property, subject to a minimum of $15,000 per month. The actual fee payable will be determined between the REIT Manager and the REIT Trustee from time to time.

(iii) Fees Payable to the REIT Manager

Management Fees Payable to the REIT Manager

Pursuant to Clause 15.1 of the VI-REIT Trust Deed, the REIT Manager is entitled to the following management fees:

– a REIT Base Fee, being a fee not exceeding the rate of 10.0% per annum (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of the Distributable Income of VI-REIT (as defined in the VI-REIT Trust Deed) (calculated before accounting for the REIT Base Fee and the REIT Performance Fee); and

– a REIT Performance Fee, being a fee equal to a rate of 25.0% per annum of the difference in DPS of VIT in a financial year with the DPS of VIT in the preceding financial year (calculated before accounting for the REIT Performance Fee and the BT Performance Fee but after accounting for the REIT Base Fee and the BT Base Fee in each financial year) multiplied by the weighted average number of Stapled Securities in issue for such financial year.

1. GENERAL (CONT'D)

(iii) Fees Payable to the REIT Manager (cont'd)

Management Fees Payable to the REIT Manager (cont'd)

The REIT Performance Fee is payable if the DPS of VIT in respect of a financial year exceeds the DPS of VIT in the preceding complete financial year, notwithstanding that the DPS of VIT in the financial year where the REIT Performance Fee is payable may be less than the DPS of VIT in any financial year prior to the preceding complete financial year.

There should be no double-counting of fees in the event that both the REIT Manager and the Trustee-Manager are entitled to the Base Fee and the Performance Fee. In the event that both the REIT Manager and the Trustee-Manager are entitled to the Performance Fee, such fees payable to both the REIT Manager and the Trustee-Manager will be apportioned based on the respective proportionate contributions of VI-REIT and VI-BT in the Performance Fee. For the avoidance of doubt, the maximum Base Fee payable to both the REIT Manager and the Trustee-Manager collectively is 10.0% per annum of the Distributable Income of VIT and the maximum Performance Fee payable to both the REIT Manager and the Trustee-Manager collectively is 25.0% per annum of the difference in DPS of VIT in a financial year compared to the DPS of VIT in the preceding complete 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 has elected for the portion of the REIT Base Fee attributable to the Initial Properties and the REIT Performance Fee for the period from the Listing Date to 31 December 2015 to be paid in Stapled Securities. Thereafter, the REIT Manager may elect to receive the REIT Base Fee and the REIT Performance Fee in cash or Stapled Securities or a combination of cash and Stapled Securities (as it may in its sole discretion determine).

Any portion of the REIT Base Fee payable in the form of Stapled Securities shall be payable quarterly in arrears and any portion of the REIT Base Fee payable in cash shall be payable monthly in arrears. The REIT Performance Fee crystallises only once a year and shall be payable annually in arrears.

Acquisition Fee and Divestment Fee Payable to the REIT Manager

Pursuant to Clause 15.2 of the VI-REIT Trust Deed, the REIT Manager is also entitled to:

– an acquisition fee at the rate of 1.0% (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):

  (i) in relation to an acquisition (whether directly or indirectly through one or more SPVs of VI-REIT) of any real estate, the acquisition price of any real estate purchased by VI-REIT, plus any other payments in addition to the acquisition price made by VI-REIT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of VI-REIT's interest);

  (ii) in relation to an acquisition (whether directly or indirectly through one or more SPVs of VI-REIT) of any SPV or holding entity which holds real estate, the underlying value of any real estate which is taken into account when computing the acquisition price payable for the acquisition from the vendor of the equity interests in any vehicle holding, directly or indirectly, the real estate purchased by VI-REIT, plus any additional payments made by VI-REIT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated if applicable to the proportion of VI-REIT's interest); or

1. GENERAL (CONT'D)

(iii) Fees Payable to the REIT Manager (cont'd)

Acquisition Fee and Divestment Fee Payable to the REIT Manager (cont'd)

(iii) the acquisition price of any investment by VI-REIT, whether directly or indirectly through one or more SPVs of VI-REIT, in any debt securities of any property corporation or other SPV owning or acquiring real estate.

– a divestment fee at the rate of 0.5% (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):

(i) the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by VI-REIT (plus any other payments in addition to the sale price received by VI-REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro-rated if applicable to the proportion of VI-REIT's interest);

(ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding, directly or indirectly, the real estate being sold or divested, whether directly or indirectly through one or more SPVs, by VI-REIT (plus any additional payments received by VI-REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests) (pro-rated if applicable to the proportion of VI-REIT's interest); or

(iii) the sale price of any investment sold or divested by VI-REIT, whether directly or indirectly through one or more SPVs of VI-REIT, in any debt securities of any property corporation or other SPVs owning or acquiring real estate.

Any payment to third party agents or brokers in connection with the acquisition or divestment of any real estate of VI-REIT shall be paid by the REIT Manager out of the VI-REIT Deposited Property and not by the REIT Manager to such persons.

The acquisition fee and divestment fee are payable to the REIT Manager in the form of cash and/or Stapled Securities (as the REIT Manager may elect) provided that in respect of any acquisition and sale or divestment of real estate assets from/to related parties, such a fee shall be in the form of Stapled Securities at prevailing market price(s) instead of cash. The Stapled Securities issued to the REIT Manager as its acquisition or divestment fee shall not be sold within one year from the date of their issuance.

Development Management Fee Payable to the REIT Manager

Pursuant to Clause 15.6 of the VI-REIT Trust Deed, the REIT Manager is entitled to a development management fee equivalent to 3.0% of the Total Project Costs (as defined in the VI-REIT Trust Deed) incurred in a Development Project (as defined in the VI-REIT Trust Deed) undertaken by the REIT Manager on behalf of VI-REIT.

Subject to the Property Funds Appendix, the development management fee shall be payable to the REIT Manager in the form of cash. The development management fee is payable in equal monthly instalments over the construction period of each Development Project based on the REIT Manager's best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount when the Total Project Costs is finalised. For the avoidance of doubt, no acquisition fee shall be paid when the REIT Manager receives the development management fee for a Development Project.

1. GENERAL (CONT'D)

(iv) Property Manager's fee

Property and lease management fees

Under the property management agreement dated 14 October 2013 (the "Property Management Agreement") between VI-REIT and Viva Real Estate Asset Management Pte. Ltd. (the "Property Manager"), the Property Manager is entitled to the following management fees on each property of VI-REIT located in Singapore under its management:

– a property management fee of 2.0% per annum of the gross revenue of each property, except for the Hotel Leased Premises of UE BizHub EAST for which property management fee is based on 1.0% per annum of its gross revenue; and

– a lease management fee of 1.0% per annum of the gross revenue of each property, except for the Hotel Leased Premises of UE BizHub EAST for which no lease management fee is payable to the Property Manager.

The Property Manager has waived its right to the lease management fee in respect of UE BizHub EAST and Mauser Singapore for the first three years from the Listing Date.

The Property Manager has elected for the property and lease management fees in respect of the Initial Properties for the period from the Listing Date to 31 December 2015 to be paid in Stapled Securities. Thereafter, the Property Manager may elect to receive the property and lease management fees in cash or Stapled Securities or a combination of cash and Stapled Securities (as it may in its sole discretion determine). Any portion of the fees payable in the form of Stapled Securities shall be payable quarterly in arrears and any portion of the fees payable in cash shall be payable monthly in arrears.

Marketing services fee

– The Property Manager is entitled to the following marketing services commissions:

– up to one month's gross rent inclusive of service charge, for securing a tenancy of three years or less;

– up to two months' gross rent inclusive of service charge, for securing a tenancy of more than three years;

– up to 0.5 month's gross rent inclusive of service charge, for securing a renewal of tenancy of three years or less; and

– up to one month's gross rent inclusive of service charge, for securing a renewal of tenancy of more than three years.

If a third party agent secures a tenancy, the Property Manager will be responsible for all marketing services commission payable to such third party agent, and the Property Manager will be entitled to the following marketing services commissions:

– up to 1.2 months' gross rent inclusive of service charge, for securing a tenancy of three years or less; and

– up to 2.4 months' gross rent inclusive of service charge, for securing a tenancy of more than three years.

The marketing services fee is payable to the Property Manager in cash.

1. GENERAL (CONT'D)

(iv) Property Manager's fee (cont'd)

Project management fee

The Property Manager is entitled to the following fees in relation to the refurbishment, retrofitting and renovation works on a property:

– a fee of 3.0% of the construction costs, where the construction costs are $2.0 million or less;

– a fee of 2.0% of the construction costs or $60,000, whichever is the higher, where the construction costs exceed $2.0 million but do not exceed $20.0 million;

– a fee of 1.5% of the construction costs or $400,000, whichever is the higher, where the construction costs exceed $20.0 million but do not exceed $50.0 million; and

– a fee of 1.4% of the construction costs or $750,000, whichever is the higher, where the construction costs exceed $50.0 million.

The project management fee is payable to the Property Manager in cash.

Property tax services fee

In relation to the services provided in respect of property tax objections submitted to the tax authorities on any proposed annual value of a property, the Property Manager is entitled to the following fees if as a result of such objections, the proposed annual value of a property is reduced, resulting in property tax savings for VI-REIT:

– if the proposed annual value is reduced by $1.0 million or less, 7.5% of the property tax savings;

– if the proposed annual value is reduced by more than $1.0 million but less than $5.0 million, 5.5% of the property tax savings; and

– if the proposed annual value is reduced by more than $5.0 million, 5.0% of the property tax savings.

The property tax services fee is payable to the Property Manager in cash.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of VI-BT are prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The consolidated financial statements of VI-REIT Group and the Stapled Group are prepared in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the VI-REIT Trust Deed and the Stapling Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of FRS.

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of accounting

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Stapled Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 *Impairment of Assets*.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the functional currency of VI-BT and VI-REIT. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the accounting policies

Management is of the opinion that any instances of application of judgement are not expected to have a significant effect on the amount recognised in the financial statements, apart from those involving estimation (see below).

Key sources of estimation uncertainty

(a) Valuation of investment properties

The Stapled Group carries its investment properties at fair value, with changes in fair values being recognised in the statement of total return. The fair values of investment properties are determined by independent real estate valuation experts using recognised valuation techniques. The determination of the fair values of the investment properties requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery and the overall physical condition of the properties) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of each reporting period. The carrying amounts and key assumptions used to determine the fair values of the investment properties are further explained in note 5 and note 26. The REIT Manager is of the view that the valuation methods and estimates are reflective of the current market conditions.

2. BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

(b) Valuation of financial instruments

Where the fair values of financial instruments recorded on the statement of financial position cannot be derived from active markets, they are determined by valuation models. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions could affect the reported fair values of financial instruments. The valuation of financial instruments is described in more details in note 11 and note 26.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by VI-BT, VI-REIT Group and the Stapled Group consistently to the periods presented in these financial statements.

3.1 Consolidation

Stapling

Where entities enter into a stapling arrangement, the stapling arrangement is accounted for as a business combination under the purchase method except where the entities entering into the stapling arrangement are entities under common control, in which case, the stapling arrangement is accounted for as a business combination under common control, in a manner similar to the pooling of interest method.

Subsidiary

A subsidiary is an entity controlled by VI-REIT Group. VI-REIT Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements of VI-REIT Group and the Stapled Group.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Stapled Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate prevailing at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in the statement of total return.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of total return or profit or loss (as the case may be). The cost of a purchased property comprises its purchase price and any directly attributable expenditure including transaction costs. The fair values of investment properties are determined based on the valuations undertaken by independent registered valuers at least once a year.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the investment property) is recognised in the statement of total return in the period in which the investment property is derecognised.

Investment properties are not depreciated. Investment properties are subject to continued maintenance and are regularly revalued on the basis set out above.

3.4 Intangible assets

Intangible assets are measured initially at cost. Following the initial recognition, the intangible assets are measured at cost less any accumulated amortisation and impairment losses.

The intangible assets are amortised in the statement of total return on a systematic basis over their estimated useful lives of two years and five years. The intangible assets are tested for impairment as described in note 3.6.

3.5 Financial instruments

Financial assets and financial liabilities are recognised when the Stapled Group becomes a party to the contractual provisions of the instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Interest income or expense is recognised on an effective interest basis for debt instruments.

Non-derivative financial assets

Financial assets are initially measured at fair value. Transaction costs, including front-end fees and commitment fees, that are directly attributable to the acquisition or issue of financial assets (other than financial assets designated at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in the statement of total return or profit or loss (as the case may be).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. The Stapled Group initially recognises loans and receivables on the date that they are originated. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Interest is recognised by applying the effective interest method, except for short-term receivables where the effect of discounting is immaterial.

Loans and receivables comprise trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents comprise cash and bank balances that are subject to an insignificant risk of changes in value.

Derecognition of financial assets

The Stapled Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Stapled Group is recognised as a separate asset or liability.

If the Stapled Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred financial asset, the Stapled Group recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the Stapled Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Stapled Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Non-derivative financial liabilities

The Stapled Group initially recognises financial liabilities (including liabilities designated at fair value through statement of total return or profit or loss (as the case may be)) on the trade date, which is the date that the Stapled Group becomes a party to the contractual provisions of the instrument.

The Stapled Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise borrowings, trade and other payables, and rental deposits.

Borrowing

Borrowing is initially recognised at fair value (net of transaction costs incurred) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to expenses over the period of borrowing using the effective interest method.

Borrowing is presented as a current liability unless the Stapled Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case, they are presented as non-current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

Derecognition of financial liabilities

The Stapled Group derecognises a financial liability when its contractual obligations are discharged or cancelled or when they expire.

Derivative financial instruments

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of total return or profit or loss (as the case may be) when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in the statement of total return or profit or loss (as the case may be). Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivatives are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through the statement of total return or profit or loss (as the case may be).

Offsetting arrangement

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Stapled Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Equity instruments

Classification as debt or equity

Debt and equity instruments issued are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Stapled Group entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

3.6 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through the statement of total return or profit or loss (as the case may be) is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Stapled Group on terms that the Stapled Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

Non-derivative financial assets (cont'd)

Loans and receivables

The Stapled Group considers evidence of impairment for loans and receivables at specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Stapled Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of total return or profit or loss (as the case may be) and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Stapled Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of total return or profit or loss (as the case may be) not exceeding what the amortised cost would have been had the impairment not been recognised.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Non-financial assets

The carrying amounts of the Stapled Group's non-financial assets, other than investment properties, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of total return or profit or loss (as the case may be).

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Unitholders' funds

Unitholders' funds of the Stapled Group comprise unitholders' funds of VI-BT and VI-REIT Group. Unitholders' funds are classified as equity.

Issue expenses relate to expenses incurred in connection with the issue of Stapled Securities and are deducted directly against the unitholders' funds.

3.8 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services and facilities provided in the ordinary course of business, net of discount.

Rental income from operating leases

Rental income from operating leases is recognised in the statement of total return or profit or loss (as the case may be) on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised as an integral part of the total rental income to be received. Variable rentals are recognised as income in the accounting period in which they are earned and the amount can be measured reliably.

Service charges and other income

Service charges and other income, which consist of payments in respect of the operation of the properties which are payable by the tenants, are recognised as income when the services and facilities are provided.

3.9 Finance income and finance expense

Finance income comprises interest income and net gains on hedging instruments that are recognised in the statement of total return or profit or loss (as the case may be). Interest income is recognised as it accrues, using the effective interest method.

Finance expense comprises interest expense on borrowings, amortisation of debt-related transaction costs, and net losses on hedging instruments that are recognised in the statement of total return or profit or loss (as the case may be). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of total return or profit or loss (as the case may be) using the effective interest method.

3.10 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return or profit or loss (as the case may be) except to the extent that they relate to items recognised directly in unitholders' funds.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Tax (cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Stapled Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Stapled Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Stapled Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Stapled Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of VI-REIT for income earned and expenditure incurred after its listing on SGX-ST. Subject to meeting the terms and conditions of the tax ruling which includes the distribution of at least 90% of VI-REIT's taxable income, VI-REIT will not be taxed on the portion of its taxable income that is distributed to holders of VI-REIT Units ("Unitholders"). Any portion of VI-REIT's taxable income that is not distributed to Unitholders will be taxed at VI-REIT's level. In the event that there are subsequent adjustments to the taxable income when the actual taxable income of VI-REIT is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the taxable income for the next distribution following the agreement with IRAS.

Although VI-REIT is not taxed on the portion of its taxable income that is distributed to Unitholders, the REIT Trustee and the REIT Manager are required to withhold income tax at the applicable corporate tax rates from the distributions of such taxable income (i.e. which has not been taxed in the hands of the REIT Trustee) to certain Unitholders.

Qualifying Unitholders are entitled to receive gross distributions of taxable income from VI-REIT. For distributions of VI-REIT's taxable income made to qualifying non-resident non-individual Unitholders during the period up to 31 March 2020, the REIT Trustee and the REIT Manager are required to withhold income tax at the reduced concessionary tax rate of 10% from such distributions made. For other types of Unitholders, the REIT Trustee and the REIT Manager are required to withhold income tax at the prevailing corporate tax rate from the distributions of taxable income made by VI-REIT. Such other types of Unitholders are subject to tax on the regrossed amounts of the distributions received but may claim a credit for the tax deducted at source at the prevailing corporate tax rate by the REIT Trustee.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Tax (cont'd)

A Qualifying Unitholder refers to a unit holder who is:

- An individual;
- A company incorporated and tax resident in Singapore;
- A Singapore branch of a company incorporated outside Singapore that has obtained the IRAS's approval for distributions to be made to it by VI-REIT without deduction of tax; or
- A body of persons incorporated or registered in Singapore, including a charity registered under the Charities Act (Cap. 37) or established by any written law, a town council, a statutory board, a co-operative society registered under the Co-operative Societies Act (Cap. 62) or a trade union registered under the Trade Unions Act (Cap. 333).

A qualifying non-resident non-individual Unitholder refers to a unit holder who:

- does not have any permanent establishment in Singapore; or
- carries on any operation through a permanent establishment in Singapore, where the funds used by that person to acquire the units in VI-REIT are not obtained from that operation in Singapore.

The above tax transparency ruling does not apply to gains from the disposal of any properties such as immovable properties and shares that are determined by the IRAS to be revenue gains chargeable to tax; and income derived by VI-REIT but not distributed to the Unitholders in the same year in which the income is derived. Such gains or profits will be subject to tax in accordance with Section 10(1)(a) of the Income Tax Act (Cap. 134) and the resultant tax will be collected from the REIT Trustee.

Distributions made out of after-tax amounts will not be subject to any further tax. Where the disposal gains are regarded as capital in nature, such gains will not be subject to tax and the REIT Trustee and the REIT Manager may distribute the capital gains without tax being deducted at source.

3.11 Segment reporting

An operating segment is a component of the Stapled Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that arise from transactions with any of the other components of the Stapled Group. All operating segments' operating results are reviewed regularly by the Board of Directors of the REIT Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 New standards and interpretations not adopted

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Stapled Group were issued but not effective:

- FRS 109 *Financial Instruments*[1]
- FRS 115 *Revenue from Contracts with Customers*[1]
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*[2]
- Improvements to Financial Reporting Standards (November 2014)[2]

[1] *Applies to annual periods beginning on or after 1 January 2018, with early application permitted.*
[2] *Applies to annual periods beginning on or after 1 January 2016, with early application permitted.*

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities; (ii) general hedge accounting; and (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss ("FVTPL"). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt investments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that on specified dates give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 New standards and interpretations not adopted (cont'd)

FRS 109 *Financial Instruments* (cont'd)

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The REIT Manager is currently evaluating the potential impact of the application of FRS 109 on the financial statements of the Stapled Group in the period of initial adoption.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, FRS 115 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been included in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

The REIT Manager is currently evaluating the potential impact of the application of FRS 115 on the financial statements of the Stapled Group in the period of initial adoption.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 New standards and interpretations not adopted (cont'd)

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments – An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes – Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

The REIT Manager is currently evaluating the potential impact of the application of these amendments to FRS 1 on the financial statements of the Stapled Group in the period of initial adoption.

4. SUBSIDIARY

Investment in a subsidiary is stated in VI-REIT's statement of financial position at cost less accumulated impairment losses.

	VI-REIT	
	2015 $'000	**2014 $'000**
Unquoted equity investment, at cost	*	*

* *Denotes an amount of $1*

Details of the subsidiary are as follows:

Name of subsidiary	**Principal activities**	**Country of incorporation**	**Effective equity interest held**	
			2015 * %	**2014 # %**
Held through VI-REIT				
Viva iTrust MTN Pte. Ltd.	To establish and act as the issuer of a MTN Programme	Singapore	100	100

\# *Audited by KPMG LLP*

* *Audited by Deloitte & Touche LLP*

On 28 August 2014, VI-REIT acquired 100% of the equity interest in Viva iTrust MTN Pte. Ltd., which established a $500 million Multicurrency MTN Programme on that same date.

5. INVESTMENT PROPERTIES

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At beginning of the year	852,700	725,600	852,700	725,600	–	–
Acquisition of investment properties	136,252	111,486	136,252	111,486	–	–
Acquisition related costs	1,463	1,365	1,463	1,365	–	–
	137,715	112,851	137,715	112,851	–	–
Payment of differential premium and stamp duty for Viva Business Park [1]	58,375	–	58,375	–	–	–
Refund of land premium	(56)	–	(56)	–	–	–
Capital expenditure incurred	13,343	128	13,343	128	–	–
Change in fair value	61,123	14,121	61,123	14,121	–	–
At end of the year	1,123,200	852,700	1,123,200	852,700	–	–

[1] *This relates to the conversion of certain industrial space to "white" space for commercial and retail use.*

The investment properties are stated at fair value based on the independent valuations undertaken by Savills Valuation and Professional Services (S) Pte Ltd, Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Suntec Real Estate Consultants Pte Ltd as at 31 December 2015. Valuations of the investment properties as at 31 December 2014 were undertaken by Suntec Real Estate Consultants Pte Ltd. The independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued.

In determining the fair values of the investment properties, the independent valuers have used valuation techniques which involve certain estimates. In relying on the valuation reports, the REIT Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. The fair values of the properties are based on open market values, which are the valuers' opinion of the best price at which the sale of an interest in each property would complete unconditionally for cash consideration on the date of valuation, and are prepared in accordance with recognised appraisal and valuation standards. The valuers have considered the direct comparison method, income capitalisation method, residual value method and discounted cash flow method in arriving at the open market values of the properties.

The net change in fair value of the investment properties has been recognised in the statement of total return in accordance with the accounting policies of the Stapled Group.

At the end of the reporting period, investment properties with an aggregate carrying amount of $1,007,800,000 (2014: $737,300,000) are pledged as security to secure borrowings (see note 9).

6. INTANGIBLE ASSETS

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cost						
At beginning and end of the year	18,300	18,300	18,300	18,300	–	–
Accumulated amortisation and impairment losses						
At beginning of the year	4,865	665	4,865	665	–	–
Amortisation	4,057	4,200	4,057	4,200	–	–
At end of the year	8,922	4,865	8,922	4,865	–	–
Carrying amount						
At beginning of the year	13,435	17,635	13,435	17,635	–	–
At end of the year	9,378	13,435	9,378	13,435	–	–

Intangible assets represent the contractual rights of VI-REIT to receive payments from the respective vendors of UE BizHub EAST and Viva Business Park, which are determined in accordance with the respective sale and purchase agreements entered into with the respective vendors, net of accumulated amortisation and impairment losses. The rental differential is amortised on a straight-line basis over the respective rental guarantee periods of five years for the Business Park component of UE BizHub EAST and two years for Viva Business Park, commencing from the Listing Date. The intangible assets pertaining to Viva Business Park has been fully amortised as at 31 December 2015 as mentioned in note 16.

7. TRADE AND OTHER RECEIVABLES

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade receivables:						
– the Property Manager (note 25)	–	11	–	11	–	–
– third parties	1,124	2,084	1,124	2,084	–	–
	1,124	2,095	1,124	2,095	–	–
Other receivables:						
– third parties	3,192	1,618	3,192	1,618	–	–
GST receivable	474	–	474	–	–	–
Refundable deposits	490	490	490	490	–	–
Property tax recoverable from third parties	4,531	2,095	4,531	2,095	–	–
Loans and receivables	9,811	6,298	9,811	6,298	–	–
Prepayments	4,735	5,125	4,735	5,125	–	–
	14,546	11,423	14,546	11,423	–	–

The REIT Manager is of the opinion that there is no impairment loss arising from these outstanding balances.

The aging of trade receivables, which were not impaired, at the end of the reporting period was as follows:

	Gross 2015 $'000	Gross 2014 $'000
VI-REIT Group and Stapled Group		
Less than 3 months	1,091	2,095
More than 3 months but less than 6 months	33	–
Past due but not impaired	1,124	2,095

8. CASH AND BANK BALANCES

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash at bank	17,884	4,957	17,848	4,928	36	29
Fixed deposits	31,000	–	31,000	–	–	–
	48,884	4,957	48,848	4,928	36	29
Less: Pledged deposits	(1,000)	–	(1,000)	–	–	–
Cash and cash equivalents in statement of cash flows	47,884	4,957	47,848	4,928	36	29

Fixed deposits bear interest at fixed rates ranging from 1.02% to 1.45% per annum, with tenures ranging from 13 days to one year.

Deposits pledged represent bank balances pledged as security to obtain credit facilities (See note 9).

9. INTEREST-BEARING BORROWINGS

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Secured borrowings	363,000	291,000	363,000	291,000	–	–
Less: Unamortised debt-related transaction costs	(2,922)	(3,799)	(2,922)	(3,799)	–	–
	360,078	287,201	360,078	287,201	–	–
Unsecured borrowings	100,000	100,000	100,000	100,000	–	–
Less: Unamortised debt-related transaction costs	(861)	(1,174)	(861)	(1,174)	–	–
	99,139	98,826	99,139	98,826	–	–
Total borrowings (net of transaction costs)	459,217	386,027	459,217	386,027	–	–
Maturity of borrowings						
– Current	154,044	20,456	154,044	20,456	–	–
– Non-current	305,173	365,571	305,173	365,571	–	–
	459,217	386,027	459,217	386,027	–	–

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Year of maturity		Face value		Carrying amount	
	2015	2014	2015 $'000	2014 $'000	2015 $'000	2014 $'000
VI-REIT Group and Stapled Group						
Secured borrowings						
Term Loan Facility I (i)						
– Floating rate loan A	2016	2016	135,000	135,000	134,273	133,492
– Floating rate loan B	2017	2017	135,000	135,000	133,868	133,253
Revolving Credit Facility (i)						
– Floating rate loan C	2016	2015	20,000	21,000	19,771	20,456
Term Loan Facility II (ii)	2020	–	73,000	–	72,166	–
Unsecured borrowings						
Medium Term Notes	2018	2018	100,000	100,000	99,139	98,826
			463,000	391,000	459,217	386,027

9. INTEREST-BEARING BORROWINGS (CONT'D)

Secured borrowings

(i) VI-REIT Group has in place a Singapore dollar denominated senior 3-year secured term loan facility and a Singapore dollar denominated senior 4-year secured term loan facility, each amounting to $135 million (2014: $135 million), from a syndicate of lenders (the "Syndicated Lenders") (the "Term Loan Facilities"). In addition, VI-REIT Group has in place a committed revolving credit facility of $45 million (2014: $45 million) from the Syndicated Lenders (the "Revolving Credit Facility", together with the Term Loan Facilities, the "Term Loan Facility I").

The Term Loan Facility I bears interest at rates based on the aggregate of a margin plus Singapore dollar Swap Offer Rate ("SOR") per annum and is secured by way of the following:

- mortgages over the Initial Properties (the "Term Loan Facility I Mortgaged Properties");
- debenture creating fixed and floating charges on all present and future assets in relation to the Term Loan Facility I Mortgaged Properties;
- an assignment of the relevant lease agreements, acquisition agreement, services agreement and other key agreements in relation to the Term Loan Facility I Mortgaged Properties;
- an assignment of all tenancy agreements, insurance policies, rental assignments, rental support arrangements and bankers' guarantees in relation to the Term Loan Facility I Mortgaged Properties; and
- an assignment of all rental, sale and insurance proceeds and all sums from time to time which VI-REIT Group is entitled to receive from the Term Loan Facility I Mortgaged Properties.

At the end of the reporting period, $270 million (2014: $270 million) in aggregate of the Term Loan Facilities have been drawn down to partially finance the acquisition of the Initial Properties and $20 million (2014: $21 million) of the Revolving Credit Facility have been utilised for general working capital purposes.

Subsequent to the end of the reporting period, VI-REIT completed the refinancing of Term Loan Facility I. Please refer to note 28 for further details.

(ii) VI-REIT Group has in place a Singapore dollar denominated senior 5-year secured bilateral term loan facility amounting to $73 million (2014: $Nil) (the "Term Loan Facility II", together with the Term Loan Facility I, the "Credit Facilities").

The Term Loan Facility II bears interest at a rate which is based on the aggregate of a margin plus SOR per annum and 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 Home-Fix Building (11 Ubi Road 1 and Home-Fix Building collectively known as the "Term Loan Facility II Mortgaged Properties");
- a debenture creating fixed and floating charges on all present and future assets in relation to the Term Loan Facility II Mortgaged Properties;
- an assignment of the relevant lease agreements and acquisition agreements in relation to the Term 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 Term Loan Facility II Mortgaged Properties;

9. INTEREST-BEARING BORROWINGS (CONT'D)

(ii) VI-REIT Group has in place a Singapore dollar denominated senior 5-year secured bilateral term loan facility amounting to $73 million (2014: $Nil) (the "Term Loan Facility II", together with the Term Loan Facility I, the "Credit Facilities"). (cont'd)

- charges over the rental proceeds accounts and a sale proceeds account in relation to the Term Loan Facility II Mortgaged Properties; and
- a charge over a fixed deposit of $1.0 million.

At the end of the reporting period, $73 million (2014: $Nil) in aggregate of the Term Loan Facility II have been drawn down to partially finance the acquisition of the Term Loan Facility II Mortgaged Properties.

Interest rates of the outstanding Credit Facilities are repriced on a monthly or quarterly basis. VI-REIT Group has entered into interest rate swaps to fix the interest rates for 74.4% (2014: 79.0%) of the outstanding Credit Facilities as at 31 December 2015 (see note 11).

Unsecured borrowings

On 28 August 2014, VI-REIT, through its wholly-owned subsidiary, Viva iTrust MTN Pte. Ltd. (the "Issuer"), established a $500 million Multicurrency MTN Programme (the "MTN Programme"). Under the MTN Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the "Notes") denominated in Singapore dollars and/or any other currencies.

The Notes may be issued in one or more tranches, on the same or different issue dates. Each tranche of Notes may be issued in various amounts and tenors, and may bear fixed, floating, or variable rates of interest. Hybrid Notes or zero coupon Notes may also be issued under the MTN Programme. The maximum aggregate principal amount of the Notes outstanding at any time shall be $500 million, or such higher amount as may be determined pursuant to the MTN Programme.

The payment of all amounts payable in respect of the Notes will be unconditionally and irrevocably guaranteed by the REIT Trustee, as guarantor of the MTN Programme.

On 19 September 2014, the Issuer issued $100 million in principal amount of 4-year Singapore dollar fixed rate Notes comprised in series 001 (the "Series 001 Notes") under its 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, and will mature on 18 September 2018. The Issuer has on-lent the proceeds from the issuance of the Series 001 Notes to VI-REIT, which has in turn used such proceeds to partially finance the acquisition of two investment properties, namely Jackson Square and Jackson Design Hub.

At the end of the reporting period, both the MTN Programme and the Series 001 Notes have been assigned a credit rating of "BB+" (2014: "BBB-") by Standard & Poor's Rating Services.

At the end of the reporting period, the weighted average effective interest rate of the outstanding borrowings (including the margins charged on the Credit Facilities and the amortisation of debt-related transaction costs) is 3.99% (2014: 3.79%) per annum, and the total borrowings (excluding the Revolving Credit Facility) have a weighted average maturity period of 2.2 years (2014: 2.7 years).

10. TRADE AND OTHER PAYABLES

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade and other payables:						
– third parties	3,813	2,213	3,808	2,211	5	2
– related party (note 25)	1,981	–	1,981	–	–	–
– the REIT Manager (note 25)	183	58	183	58	–	–
– the REIT Trustee (note 25)	45	45	45	45	–	–
– the Property Manager (note 25)	133	40	133	40	–	–
GST payable	–	378	–	378	–	–
Finance costs payable	1,942	2,445	1,942	2,445	–	–
Security deposits	15,775	9,054	15,775	9,054	–	–
Rental income and rental support received in advance	1,282	1,099	1,282	1,099	–	–
Property tax payable	8,083	6,468	8,083	6,468	–	–
Accrued operating expenses	2,013	1,081	2,013	1,081	–	–
	35,250	22,881	35,245	22,879	5	2

Outstanding balances with the REIT Manager, REIT Trustee, Property Manager and a related party are unsecured, interest-free and are repayable on demand.

Included in security deposits is an amount of $46,000 (2014: $46,000) received from the REIT Manager.

11. DERIVATIVE FINANCIAL INSTRUMENTS

	Stapled Group				VI-REIT Group				VI-BT			
	2015		2014		2015		2014		2015		2014	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
Interest rate swaps	2,314	–	–	(322)	2,314	–	–	(322)	–	–	–	–

VI-REIT Group and the Stapled Group use interest rate swaps to manage their exposures to interest rate movements on the floating rate interest-bearing borrowings by swapping the interest expense of such borrowings from floating rates to fixed rates.

At the end of the reporting period, VI-REIT Group and the Stapled Group have entered into interest rate swap contracts with a total notional amount of $270 million (2014: $230 million) to provide fixed rate funding for approximately 1.4 years (2014: 1.5 years). Under these interest rate swap contracts, VI-REIT Group and the Stapled Group pay interest at a weighted average fixed interest rate of 1.20% (2014: 0.95%) per annum and receive interest at SOR.

12. STAPLED SECURITIES/UNITS ISSUED AND ISSUABLE

A Stapled Security comprises one unit of VI-REIT and one unit of VI-BT stapled together under the terms of the Stapling Deed.

	Stapled Group		VI-REIT		VI-BT	
	2015	2014	2015	2014	2015	2014
	Number of Stapled Securities		Number of Units		Number of Units	
Stapled Securities/ Units issued						
At beginning of the year	620,241,958	594,000,275	620,241,958	594,000,275	620,241,958	594,000,275
Issue of new Stapled Securities/Units:						
– pursuant to private placement	132,394,300	20,000,000	132,394,300	20,000,000	132,394,300	20,000,000
– pursuant to preferential offering	101,071,000	–	101,071,000	–	101,071,000	–
– as payment of REIT Manager's fees	5,129,865	4,705,490	5,129,865	4,705,490	5,129,865	4,705,490
– as payment of Property Manager's fees	1,778,092	1,536,193	1,778,092	1,536,193	1,778,092	1,536,193
At end of the year	860,615,215	620,241,958	860,615,215	620,241,958	860,615,215	620,241,958
Stapled Securities/ Units issuable						
REIT Manager's fees payable in Stapled Securities/Units	1,949,634	1,207,476	1,949,634	1,207,476	1,949,634	1,207,476
Property Manager's fees payable in Stapled Securities/Units	553,748	434,203	553,748	434,203	553,748	434,203
	2,503,382	1,641,679	2,503,382	1,641,679	2,503,382	1,641,679
Total issued and issuable Stapled Securities/Units at end of the year	863,118,597	621,883,637	863,118,597	621,883,637	863,118,597	621,883,637

12. STAPLED SECURITIES/UNITS ISSUED AND ISSUABLE (CONT'D)

For the year ended 31 December 2015, the following were issued:

- 80,347,100 new Stapled Securities were issued on 16 June 2015 at an issue price of $0.785 per Stapled Security pursuant to a private placement. Stapled Securityholders on the register with The Central Depository (Pte) Limited on 15 June 2015 received an advanced distribution on 7 July 2015, of 1.569 cents per Stapled Security in respect of the period from 1 April 2015 to 15 June 2015. Thereafter, the 80,347,100 new Stapled Securities rank pari passu in all respects with the Stapled Securities in issue prior to 16 June 2015, including the entitlement to all future distributions.

- 52,047,200 new Stapled Securities were issued on 27 November 2015 at an issue price of $0.725 per Stapled Security pursuant to a private placement. Stapled Securityholders on the register with The Central Depository (Pte) Limited on 26 November 2015 received an advanced distribution on 23 December 2015, of 1.041 cents per Stapled Security in respect of the period from 1 October 2015 to 26 November 2015. Thereafter, the 52,047,200 new Stapled Securities rank pari passu in all respects with the Stapled Securities in issue prior to 27 November 2015, including the entitlement to all future distributions.

- 101,071,000 new Stapled Securities were issued on 17 December 2015 at an issue price of $0.715 per Stapled Security pursuant to a pro-rata and non-renounceable preferential offering on the basis of one new Stapled Security for every seven existing Stapled Securities held on 26 November 2015.

- 5,129,865 new Stapled Securities, amounting to approximately $4,001,000, were issued to the REIT Manager at issue prices ranging from $0.7321 to $0.8011 per Stapled Security (as determined in accordance with the VI-REIT Trust Deed) as payment of the REIT Manager's fees.

- 1,778,092 new Stapled Securities, amounting to approximately $1,386,000, were issued to the Property Manager at issue prices ranging from $0.7321 to $0.8011 per Stapled Security (as determined in accordance with the VI-REIT Trust Deed) as payment of the Property Manager's fees.

For the year ended 31 December 2014, the following were issued:

- 20,000,000 new Stapled Securities were issued on 2 December 2014 at an issue price of $0.780 per Stapled Security pursuant to a private placement. Stapled Securityholders on the register with The Central Depository (Pte) Limited on 1 December 2014 received an advanced distribution on 23 December 2014, of 1.095 cents per Stapled Security in respect of the period from 1 October 2014 to 1 December 2014. Thereafter, the 20,000,000 new Stapled Securities rank pari passu in all respects with the Stapled Securities in issue prior to 2 December 2014, including the entitlement to all future distributions.

- 4,705,490 new Stapled Securities, amounting to approximately $3,705,000, were issued to the REIT Manager at issue prices ranging from $0.7668 to $0.8100 per Stapled Security (as determined in accordance with the VI-REIT Trust Deed) as payment of the REIT Manager's fees.

- 1,536,193 new Stapled Securities, amounting to approximately $1,210,000, were issued to the Property Manager at issue prices ranging from $0.7668 to $0.8100 per Stapled Security (as determined in accordance with the VI-REIT Trust Deed) as payment of the Property Manager's fees.

12. STAPLED SECURITIES/UNITS ISSUED AND ISSUABLE (CONT'D)

At the end of the reporting period, the following are issuable:

- 1,548,789 (2014: 1,207,476) new Stapled Securities, amounting to approximately $1,092,000 (2014: $963,000), are issuable to the REIT Manager at an issue price of $0.7049 (2014: $0.7977) per Stapled Security (as determined in accordance with the VI-REIT Trust Deed) as payment of the REIT Manager's base fee attributable to VI-REIT's portfolio of properties excluding Jackson Square and Jackson Design Hub (for which the attributable base fee is paid in cash) for the calendar period from 1 October to 31 December for the respective financial period.

- 400,845 (2014: Nil) new Stapled Securities, amounting to approximately $283,000 (2014: $Nil), are issuable to the REIT Manager at an issue price of $0.7049 (2014: Nil) per Stapled Security (as determined in accordance with the VI-REIT Trust Deed) as payment of the REIT Manager's performance fee for the financial years ended 31 December 2015 and 31 December 2014.

- 553,748 (2014: 434,203) new Stapled Securities, amounting to approximately $390,000 (2014: $347,000), are issuable to the Property Manager at an issue price of $0.7049 (2014: $0.7977) per Stapled Security (as determined in accordance with the VI-REIT Trust Deed) as payment of the Property Manager's fees attributable to VI-REIT's portfolio of properties excluding Jackson Square and Jackson Design Hub (for which the attributable fees are paid in cash) for the calendar period from 1 October to 31 December for the respective financial period.

Each Stapled Security represents an undivided interest in VI-REIT and VI-BT. A holder of the Stapled Securities has no equitable or proprietary interest in the underlying assets of VI-REIT and VI-BT, and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of VI-REIT and VI-BT.

The liability of a holder of the Stapled Securities is limited to the amount paid or payable for the Stapled Securities.

Each Stapled Security carries one vote.

Capital management

The REIT Manager's key objective is to provide Stapled Securityholders with a competitive rate of return by ensuring stable distributions to Stapled Securityholders as well as long-term growth in distribution per Stapled Security and net asset value per Stapled Security, while maintaining an optimal capital structure.

The REIT Manager will endeavour to employ an appropriate mix of debt and equity in financing acquisitions and utilise interest rate and currency hedging strategies where appropriate to minimise exposure to market volatility and optimise risk-adjusted returns to Stapled Securityholders.

Prior to 1 January 2016, the Property Fund Appendix of the CIS Code stipulates that the total borrowings and deferred payments (together, the "Aggregate Leverage") of a property fund should not exceed 35% of the fund's deposited property. The Aggregate Leverage of a property fund may exceed 35% of the fund's deposited property (up to a maximum of 60%) only if a credit rating from Fitch Inc., Moody's or Standard & Poor's is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its Aggregate Leverage exceeds 35% of the fund's deposited property. With effect from 1 January 2016, the Aggregate Leverage of a property fund should not exceed 45.0% of the value of the property fund's deposited property regardless of the property fund's credit rating.

At the end of the reporting period, VI-REIT has been assigned a corporate credit rating of "BB" (2014: "BB+") by Standard & Poor's Rating Services. The Aggregate Leverage of VI-REIT as at 31 December 2015 was 38.6% (2014: 44.3%) of its deposited property and remained within the Aggregate Leverage limit of 60% (2014: 60%) during the year.

12. STAPLED SECURITIES/UNITS ISSUED AND ISSUABLE (CONT'D)

Distribution policy

VI-REIT's distribution policy is to distribute 100% of its distributable income for the period from the Listing Date to 31 December 2015 and thereafter, to distribute at least 90% of its distributable income. Distributions are made on a quarterly basis at the sole discretion of the REIT Manager.

At the end of the reporting period, 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 Trustee-Manager.

13. NET ASSET VALUE PER STAPLED SECURITY/UNIT

	Stapled Group		VI-REIT Group		VI-BT	
	2015	2014	2015	2014	2015	2014
Net asset value per Stapled Security/ Unit is calculated based on:						
Net assets ($'000)	701,620	471,486	701,589	471,459	31	27
Total number of issued and issuable Stapled Securities/Units ('000)	863,119	621,884	863,119	621,884	863,119	621,884
Net asset value per Stapled Security/Unit (cents)	81.289	75.816	81.285	75.811	0.004	0.004

14. GROSS REVENUE

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Property rental income	57,820	48,602	57,820	48,602	–	–
Services charges income	10,367	8,503	10,367	8,503	–	–
Other income	5,802	4,635	5,802	4,635	–	–
	73,989	61,740	73,989	61,740	–	–

15. PROPERTY EXPENSES

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Property Manager's fees paid/payable in:						
– cash	329	38	329	38	–	–
– Stapled Securities	1,429	1,355	1,429	1,355	–	–
	1,758	1,393	1,758	1,393	–	–
Repair and maintenance expenses	9,115	7,332	9,115	7,332	–	–
Property tax expense	5,657	5,443	5,657	5,443	–	–
Insurance premium	130	160	130	160	–	–
Other property expenses	6,490	6,659	6,490	6,659	–	–
	23,150	20,987	23,150	20,987	–	–

The Property Manager has elected for the property and lease management fees in respect of the Initial Properties for the period from the Listing Date to 31 December 2015 to be paid in Stapled Securities.

16. RENTAL SUPPORT/RENTAL ARRANGEMENT

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Viva Business Park rental support arrangement (Note A below)	511	1,565	511	1,565	–	–
UE BizHub EAST rental arrangement (Note B below)	10,384	10,638	10,384	10,638	–	–
Jackson Square rental support arrangement (Note C below)	2,645	246	2,645	246	–	–
	13,540	12,449	13,540	12,449	–	–

Notes:

(A) Viva Business Park ("VBP") rental support arrangement

Pursuant to the sale and purchase agreement entered into between VI-REIT and the vendor of VBP, Wan Tien Realty (Pte) Ltd ("WTR"), WTR agreed to pay VI-REIT for the rental differential where the actual gross rental income derived from VBP is less than $2.15 million per month. The aggregate amount of the rental support to be provided by WTR under the VBP rental support arrangement is capped at $2.3 million. The said aggregate amount of rental support had been received in advance by VI-REIT on the Listing Date. The duration of the VBP rental support arrangement is for a period of two years from the Listing Date. If VI-REIT does not fully utilise the rental support amount of $2.3 million by the end of the rental support period, the remaining unutilised balance of the rental support amount shall be refunded to WTR after expiry of the VBP rental support arrangement on 3 November 2015.

The VBP rental support amount of $2.3 million has been fully utilised by VI-REIT in the third quarter of 2015.

(B) UE BizHub EAST ("UEBH") rental arrangement

Pursuant to the sale and purchase agreement entered into between VI-REIT and the vendor of UEBH, United Engineers Developments Pte Ltd ("UED"), UED 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 per annum (the "Agreed Amount"). The duration of the UEBH rental arrangement is for a period of five years from the Listing Date. The Agreed Amount is $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 of the term. If the actual net rental income derived from UEBH (excluding the Hotel Leased Premises) is in excess of the Agreed Amount, VI-REIT shall pay the excess amount to UED.

(C) Jackson Square rental support arrangement

Pursuant to the sale and purchase agreement entered into between VI-REIT and the vendor of Jackson Square, Jackson International Private Limited ("JIPL"), JIPL agreed to pay VI-REIT for the rental differential where the actual aggregate gross rental income derived from Jackson Square is less than $58 million over the rental support period of five years commencing from the date of acquisition of Jackson Square on 21 November 2014. If the actual aggregate gross rental income derived from Jackson Square is more than $58 million over the rental support period of five years, VI-REIT shall be entitled to the excess amount.

17. REIT MANAGER'S FEES

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Base fees paid/payable in:						
– cash	687	79	687	79	–	–
– Stapled Securities	4,130	4,026	4,130	4,026	–	–
Performance fee payable in Stapled Securities	283	–	283	–	–	–
	5,100	4,105	5,100	4,105	–	–

The REIT Manager has elected for the portion of the REIT Base Fee attributable to the Initial Properties and the REIT Performance Fee for the period from the Listing Date to 31 December 2015 to be paid in Stapled Securities.

18. OTHER TRUST EXPENSES

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Fees paid/payable to the Stapled Group's auditors and their affiliates:						
– audit fees	153	143	150	139	3	4
– non-audit fees	48	40	46	40	2	–
Valuation fees	55	23	55	23	–	–
Other expenses	589	523	587	523	2	–
	845	729	838	725	7	4

19. FINANCE EXPENSES

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Amortisation of debt-related transaction costs	2,108	1,853	2,108	1,853	–	–
Interest expense and loan commitment fee	13,496	9,878	13,496	9,878	–	–
	15,604	11,731	15,604	11,731	–	–

20. INCOME TAX EXPENSE

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current tax expense						
Current year	2,194	1,791	2,194	1,791	–	–
Under provision for prior year	33	–	33	–	–	–
	2,227	1,791	2,227	1,791	–	–
Reconciliation of effective tax rate						
Total return for the year before income tax	102,367	47,586	102,374	47,590	(7)	(4)
Tax calculated using Singapore tax rate of 17% (2014: 17%)	17,402	8,090	17,403	8,090	(1)	(1)
Non-tax deductible items	2,097	1,993	2,096	1,993	1	1
Non-taxable items	(11,050)	(2,816)	(11,050)	(2,816)	–	–
Tax transparency (note 3.10)	(6,255)	(5,476)	(6,255)	(5,476)	–	–
Under provision for prior year income tax	33	–	33	–	–	–
	2,227	1,791	2,227	1,791	–	–

Tax treatment of the rental income support in respect of the UEBH rental arrangement

The IRAS has, on 11 October 2013, granted VI-REIT a provisional approval for tax transparency treatment to be accorded to the rental income support in respect of the UEBH rental arrangement, subject to certain conditions being met (the "Provisional Approval").

The IRAS has, on 23 April 2014, issued a letter to withdraw the aforesaid Provisional Approval. The withdrawal of the Provisional Approval by the IRAS has no financial impact on the financial statements of VI-REIT Group and the Stapled Group as such financial statements have been prepared on the basis that tax transparency treatment would not be applicable to the rental income support in respect of the UEBH rental arrangement. At the end of the reporting period, VI-REIT Group and the Stapled Group made income tax provision of approximately $1,736,000 (2014: $1,791,000) in respect of the rental income support arising from the UEBH rental arrangement.

Tax treatment of the rental income support in respect of the Jackson Square ("JS") rental arrangement

The IRAS has, on 16 April 2015, issued a letter to reject the application for tax transparency treatment to be accorded to the rental income support in respect of the JS rental support arrangement. Consequently, VI-REIT Group and the Stapled Group made income tax provision of approximately $491,000 in respect of such rental income support for the year ended 31 December 2015. Included in current year's tax provision is $41,000 relating to underprovision for prior year income tax in respect of the rental income support arising from the JS rental arrangement.

21. EARNINGS AND DISTRIBUTION PER STAPLED SECURITY/UNIT

Earnings per Stapled Security/Unit

Basic earnings per Stapled Security/Unit is calculated based on:

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Total return for the year after income tax	100,140	45,795	100,147	45,799	(7)	(4)
	Number of Stapled Securities ('000)		Number of Units ('000)		Number of Units ('000)	
	('000)	('000)	('000)	('000)	('000)	('000)
Number of issued and issuable Stapled Securities/Units at beginning of the year	620,242	595,091	620,242	595,091	620,242	595,091
Effect of new Stapled Securities/ Units issued and issuable:						
– pursuant to private placement	48,796	1,644	48,796	1,644	48,796	1,644
– pursuant to preferential offering	9,692	–	9,692	–	9,692	–
– as payment of REIT Manager's fees	3,156	1,976	3,156	1,976	3,156	1,976
– as payment of Property Manager's fees	1,097	647	1,097	647	1,097	647
Weighted average number of issued and issuable Stapled Securities/Units during the year	682,983	599,358	682,983	599,358	682,983	599,358

Diluted earnings per Stapled Security/Unit is the same as the basic earnings per Stapled Security/Unit as there were no potential dilutive instruments in issue during the year.

Distribution per Stapled Security/Unit

Distribution per Stapled Security/Unit ("DPS"/"DPU") is calculated based on the amount available for distribution for the financial year and the applicable number of Stapled Securities/Units which is either the number of Stapled Securities/Units in issue at the end of the financial year or the applicable number of Stapled Securities/Units in issue during the financial year.

21. EARNINGS AND DISTRIBUTION PER STAPLED SECURITY/UNIT (CONT'D)

	VI-REIT Group and Stapled Group	
	2015 $'000	2014 $'000
Amount available for distribution for the year	47,478	40,967
	Number of Stapled Securities/Units ('000)	
	('000)	('000)
Applicable number of Stapled Securities/Units for the calculation of DPS/DPU	678,203	599,530

Without the effects of rental support/rental arrangement, the DPS/DPU for the year ended 31 December 2015 would be 5.357 cents (2014: 5.054 cents).

Distributions of the Stapled Group represent the aggregate of distributions by VI-REIT Group and VI-BT. The distributions of the Stapled Group for the current year are contributed solely by VI-REIT Group as VI-BT was inactive during the year. Accordingly, only the amount available for distribution of VI-REIT Group has been included for the purpose of calculating the DPS.

22. OPERATING SEGMENTS

Business segments

The Stapled Group has four reportable business segments as follows:

- Business park
- Hotel
- Logistics
- Light industrial

Management monitors the operating results of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment information is presented in respect of the Stapled Group's business segments, based on its management and internal reporting structure.

Segment revenue comprises mainly income generated from tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly the REIT Manager's fees, amortisation expense, trust expenses, finance income/costs and change in fair value of derivative financial instruments and related assets and liabilities.

Performance is measured based on segment net property income, as included in the internal management reports that are reviewed by the Board of Directors of the REIT Manager. Segment net property income is used to measure performance as management believes that such information is the most relevant in evaluating the results of each segment relative to other entities that operate within the same industry.

22. OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Business park $'000	Hotel $'000	Logistics $'000	Light industrial $'000	Total $'000
Stapled Group					
Year ended 31 December 2015					
Gross revenue	50,479	9,439	1,916	12,155	73,989
Property expenses	(20,261)	(354)	(44)	(2,491)	(23,150)
Net property income	**30,218**	**9,085**	**1,872**	**9,664**	**50,839**
Rental support/rental arrangement	10,892	3	–	2,645	13,540
Reportable segment results	41,110	9,088	1,872	12,309	64,379
Unallocated items:					
– REIT Manager's fees					(5,100)
– REIT Trustee's fees					(180)
– Amortisation of intangible assets					(4,057)
– Other trust expenses					(845)
– Finance income					15
– Finance expenses					(15,604)
Net income					**38,608**
Change in fair value of investment properties	44,018	20,000	–	(2,895)	61,123
Change in fair value of derivative financial instruments					2,636
Total return for the year before income tax					**102,367**
Income tax expense					(2,227)
Total return for the year after income tax					**100,140**
At 31 December 2015					
Reportable segment assets	705,328	160,470	28,436	252,125	1,146,359
Unallocated assets					51,963
Total assets					**1,198,322**
Reportable segment liabilities	20,486	474	268	10,783	32,011
Unallocated liabilities					464,691
Total liabilities					**496,702**

22. OPERATING SEGMENTS (CONT'D)

	Business park $'000	Hotel $'000	Logistics $'000	Light industrial $'000	Total $'000
Stapled Group					
Year ended 31 December 2014					
Gross revenue	49,114	9,421	1,917	1,288	61,740
Property expenses	(20,326)	(356)	(41)	(264)	(20,987)
Net property income	**28,788**	**9,065**	**1,876**	**1,024**	**40,753**
Rental support/rental arrangement	12,164	39	–	246	12,449
Reportable segment results	40,952	9,104	1,876	1,270	53,202
Unallocated items:					
– REIT Manager's fees					(4,105)
– REIT Trustee's fees					(180)
– Amortisation of intangible assets					(4,200)
– Other trust expenses					(729)
– Finance income					42
– Finance expenses					(11,731)
Net income					**32,299**
Change in fair value of investment properties	10,079	1,500	(7)	2,549	14,121
Change in fair value of derivative financial instruments					1,166
Total return for the year before income tax					**47,586**
Income tax expense					(1,791)
Total return for the year after income tax					**45,795**
At 31 December 2014					
Reportable segment assets	592,660	140,565	28,268	115,723	877,216
Unallocated assets					5,299
Total assets					**882,515**
Reportable segment liabilities	15,793	716	176	2,714	19,399
Unallocated liabilities					391,630
Total liabilities					**411,029**

Geographical segments

Segment information by geographical area is not presented as all of the Stapled Group's assets are located in Singapore.

23. FINANCIAL RISK MANAGEMENT

Risk management is integral to the whole business of the Stapled Group. The Stapled Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Trustee-Manager and the REIT Manager continually monitor the Stapled Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Stapled Group's activities.

The Audit and Risk Committee of the REIT Manager oversees how the REIT Manager Board monitors compliance with the Stapled Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Stapled Group.

There has been no change to the Stapled Group's exposure to these financial risks or the manner in which it manages and measures the risk.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a tenant or counterparty of the Stapled Group to settle its financial and contractual obligations, as and when they fall due.

Credit evaluations are performed before lease agreements are entered into with tenants. Rental deposits or bank guarantees are collected or obtained, where appropriate, to reduce credit risk. In addition, the REIT Manager monitors the balances due from tenants on an ongoing basis.

The tenant profile of the Stapled Group is generally well-diversified, except for one major tenant, which accounted for 62.3% (2014: 38.2%) of the trade receivables as at 31 December 2015.

The Stapled Group establishes an allowance for impairment, based on a specific loss component that relates to individually significant exposures, that represents its estimate of incurred losses in respect of trade and other receivables.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Stapled Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with financial institutions which are regulated.

The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statement of financial position.

23. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk

Liquidity risk is the risk that the Stapled Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Trustee-Manager and the REIT Manager monitor the Stapled Group's liquidity risk and maintain a level of cash and cash equivalents deemed adequate to finance the Stapled Group's operations and to mitigate the effects of fluctuations in cash flows. The REIT Manager also monitors and observes the CIS Code issued by the MAS in respect of limits on total borrowings.

In addition, the Stapled Group maintains the following lines of credit:

- $135 million (2014: $135 million) secured Term Loan Facility I, which is fully repayable by way of a bullet repayment on 28 October 2016. At the end of the reporting period, this facility has been fully drawn down.

- $135 million (2014: $135 million) secured Term Loan Facility I, which is fully repayable by way of a bullet repayment on 28 October 2017. At the end of the reporting period, this facility has been fully drawn down.

- $45 million (2014: $45 million) committed and secured Revolving Credit Facility, which can be rolled-over on a monthly or quarterly basis until its final maturity date on 28 October 2016. At the end of the reporting period, $20 million (2014: $21 million) of this facility has been drawn down.

- $73 million (2014: $Nil) secured Term Loan Facility II, which is fully repayable by way of a bullet repayment on 24 November 2020. At the end of the reporting period, this facility has been fully drawn down.

- $100 million (2014: $100 million) in principal amount of unsecured Series 001 Notes issued under the MTN Programme, which will mature on 18 September 2018.

As at 31 December 2015, the Stapled Group was in a net current liability position of $125.8 million. However, this included $154 million of interest-bearing borrowings, which have been refinanced subsequent to year end, from the drawdown of new loan facilities obtained (see note 28).

After refinancing, the Stapled Group would be in a net current asset position. The Stapled Group believes that it has adequate working capital for its present requirements and that its loan facilities, together with cash and cash equivalents, will provide sufficient funds to satisfy its working capital requirements, anticipated capital expenditures and other payment obligations for the next 12 months.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

23. FINANCIAL RISK MANAGEMENT (CONT'D)

	Carrying amount $'000	Contractual cash flows $'000	------- Cash flows ------- Within 1 year $'000	Between 2 to 5 years $'000
VI-REIT Group				
2015				
Non-derivative financial liabilities				
Trade and other payables (a)	25,880	(25,880)	(25,880)	–
Interest-bearing borrowings	459,217	(499,642)	(170,785)	(328,857)
	485,097	(525,522)	(196,665)	(328,857)
2014				
Non-derivative financial liabilities				
Trade and other payables (b)	14,934	(14,934)	(14,934)	–
Interest-bearing borrowings	386,027	(422,615)	(30,918)	(391,697)
	400,961	(437,549)	(45,852)	(391,697)
Derivative financial instruments				
Interest rate swaps	322	(322)	(322)	–
	401,283	(437,871)	(46,174)	(391,697)

	Carrying amount $'000	Contractual cash flows $'000	------- Cash flows ------- Within 1 year $'000	Between 2 to 5 years $'000
Stapled Group				
2015				
Non-derivative financial liabilities				
Trade and other payables (a)	25,885	(25,885)	(25,885)	–
Interest-bearing borrowings	459,217	(499,642)	(170,785)	(328,857)
	485,102	(525,527)	(196,670)	(328,857)
2014				
Non-derivative financial liabilities				
Trade and other payables (b)	14,936	(14,936)	(14,936)	–
Interest-bearing borrowings	386,027	(422,615)	(30,918)	(391,697)
	400,963	(437,551)	(45,854)	(391,697)
Derivative financial instruments				
Interest rate swaps	322	(322)	(322)	–
	401,285	(437,873)	(46,176)	(391,697)

(a) Excluding rental income and rental support received in advance and property tax payable

(b) Excluding rental income and rental support received in advance, property tax payable and GST payable

The maturity analyses show the contractual undiscounted cash flows of the financial liabilities of VI-REIT Group and the Stapled Group on the basis of their earliest possible contractual maturity. Derivative financial instruments held are normally not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled.

The financial assets of VI-REIT Group and the Stapled Group are either repayable on demand or due within one year from the end of the reporting period other than the fixed deposits as disclosed in note 8.

23. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect VI-REIT Group's and the Stapled Group's total return or the value of their holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

VI-REIT Group's and the Stapled Group's exposure to changes in interest rates relate primarily to interest-bearing financial liabilities. This risk is managed by the REIT Manager on an on-going basis with the primary objective of limiting the extent to which the finance costs could be affected by an adverse movement in the market interest rates.

At the end of the reporting period, the interest rate profile of the interest-bearing financial instruments was as follows:

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Fixed rate instruments						
Medium Term Notes (principal amount)	100,000	100,000	100,000	100,000	–	–
Variable rate instruments						
Floating rate borrowings (principal amount)	363,000	291,000	363,000	291,000	–	–
Interest rate swaps (notional amount)	(270,000)	(230,000)	(270,000)	(230,000)	–	–

The REIT Manager's strategy to manage the risk of potential interest rate volatility may be through the use of interest rate hedging instruments and/or fixed rate borrowings. The REIT Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges, after taking into account the prevailing market conditions.

Derivative financial instruments are used to manage exposures to interest rate risk arising from financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

23. FINANCIAL RISK MANAGEMENT (CONT'D)

Sensitivity analysis for variable rate instruments

For the variable rate instruments, a change of 100 basis points (bp) in interest rate at the end of the reporting period would have increased/(decreased) total return and unitholders' funds (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	VI-REIT Group and Stapled Group			
	Statement of Total Return		Unitholders' funds	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
2015				
Variable rate instruments				
Interest-bearing borrowings				
– Interest expense	(3,968)	3,968	(3,968)	3,968
Interest rate swaps				
– Interest expense	2,355	(2,355)	2,355	(2,355)
– Change in fair value of derivative financial instruments	3,300	(3,300)	3,300	(3,300)
Cash flow sensitivity (net)	1,687	(1,687)	1,687	(1,687)

	VI-REIT Group and Stapled Group			
	Statement of Total Return		Unitholders' funds	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
2014				
Variable rate instruments				
Interest-bearing borrowings				
– Interest expense	(3,217)	3,217	(3,217)	3,217
Interest rate swaps				
– Interest expense	2,300	(2,300)	2,300	(2,300)
– Change in fair value of derivative financial instruments	3,100	(3,100)	3,100	(3,100)
Cash flow sensitivity (net)	2,183	(2,183)	2,183	(2,183)

23. FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values

Accounting classifications and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	Loans and receivables $'000	Fair value through profit or loss $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
VI-REIT Group					
2015					
Financial assets					
Loans and receivables (a)	6,538	–	–	6,538	6,538
Cash and cash equivalents	48,848	–	–	48,848	48,848
Derivative financial instruments	–	2,314	–	2,314	2,314
	55,386	2,314	–	57,700	57,700
Financial liabilities					
Interest-bearing borrowings	–	–	(459,217)	(459,217)	(458,078)
Trade and other payables (b)	–	–	(25,880)	(25,880)	(25,880)
	–	–	(485,097)	(485,097)	(483,958)
2014					
Financial assets					
Loans and receivables (c)	4,741	–	–	4,741	4,741
Cash and cash equivalents	4,928	–	–	4,928	4,928
	9,669	–	–	9,669	9,669
Financial liabilities					
Interest-bearing borrowings	–	–	(386,027)	(386,027)	(386,027)
Derivative financial instruments	–	(322)	–	(322)	(322)
Trade and other payables (d)	–	–	(14,934)	(14,934)	(14,934)
	–	(322)	(400,961)	(401,283)	(401,283)

23. FINANCIAL RISK MANAGEMENT (CONT'D)

	Loans and receivables $'000	Fair value through profit or loss $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Stapled Group					
2015					
Financial assets					
Loans and receivables (a)	6,538	–	–	6,538	6,538
Cash and cash equivalents	48,884	–	–	48,884	48,884
Derivative financial instruments	–	2,314	–	2,314	2,314
	55,422	2,314	–	57,736	57,736
Financial liabilities					
Interest-bearing borrowings	–	–	(459,217)	(459,217)	(458,078)
Trade and other payables (b)	–	–	(25,885)	(25,885)	(25,885)
	–	–	(485,102)	(485,102)	(483,963)
2014					
Financial assets					
Loans and receivables (c)	4,741	–	–	4,741	4,741
Cash and cash equivalents	4,957	–	–	4,957	4,957
	9,698	–	–	9,698	9,698
Financial liabilities					
Interest-bearing borrowings	–	–	(386,027)	(386,027)	(386,027)
Derivative financial instruments	–	(322)	–	(322)	(322)
Trade and other payables (d)	–	–	(14,936)	(14,936)	(14,936)
	–	(322)	(400,963)	(401,285)	(401,285)

(a) Excluding prepayments, deferred income and GST receivable

(b) Excluding rental income and rental support received in advance and property tax payable

(c) Excluding prepayments and deferred income

(d) Excluding rental income and rental support received in advance, property tax payable and GST payable

The Stapled Group has an established control framework with respect to the measurement of fair values. This framework includes a team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The team regularly reviews significant unobservable inputs and valuation adjustments applied in the fair value measurements. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy that the resulting fair value estimate should be classified.

23. FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- **Level 1**: quoted prices (unadjusted) in active markets for identical assets or liabilities that VI-REIT Group and the Stapled Group can access at the measurement date;
- **Level 2**: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- **Level 3**: unobservable inputs for the asset or liability.

Financial assets and liabilities carried at fair value

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
VI-REIT Group and Stapled Group				
2015				
Derivative financial instruments	–	2,314	–	2,314
2014				
Derivative financial instruments	–	(322)	–	(322)

24. COMMITMENTS

Capital commitments

At the end of the reporting period, VI-REIT Group and the Stapled Group have capital commitments of $19.2 million (2014: $4.2 million) in respect of the construction costs of landscaping works and an underground passageway in relation to UE BizHub EAST and the cost of the asset enhancement initiative ("AEI") works at Viva Business Park.

In addition, VI-REIT Group and the Stapled Group have entered into a put and call option agreement for the acquisition of a logistics property located at 30 Pioneer Road, Singapore 628502 at a purchase consideration of $45.0 million (excluding estimated upfront land premium of $5.3 million).

Included in the capital commitments of $19.2 million (2014: $4.2 million) is $11.5 million (2014: $Nil) contracted with a related party of the REIT Manager in relation to the AEI works at Viva Business Park.

Operating lease rental receivable

Non-cancellable operating lease rentals are receivable as follows:

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Within 1 year	77,797	62,544	77,797	62,544	–	–
After 1 year but within 5 years	156,259	124,256	156,259	124,256	–	–
After 5 years	88,925	42,072	88,925	42,072	–	–
	322,981	228,872	322,981	228,872	–	–

The above operating lease rental receivables are based on the fixed component of the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for under the lease agreements.

25. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Stapled Group if the Stapled Group has the ability to directly or indirectly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa. Related parties may be individuals or other entities.

The REIT Manager, the Trustee-Manager, the Property Manager and the Stapled Group are entities under common control.

In the normal course of the operations of VI-REIT, the REIT Manager's fees and the REIT Trustee's fee have been paid or are payable to the REIT Manager and the REIT Trustee, respectively. Property and lease management fees are payable to the Property Manager, a related party of the REIT Manager.

The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions carried out on terms agreed between the parties:

	Stapled Group		VI-REIT Group		VI-BT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Rental income received/ receivable from:						
– the REIT Manager	197	101	197	101	–	–
– a related party of the REIT Manager	1,845	1,830	1,845	1,830	–	–
Construction costs paid/ payable to a related party of the REIT Manager	10,340	–	10,340	–	–	–
Acquisition fee paid to the REIT Manager in relation to the acquisition of investment properties	1,227	1,080	1,227	1,080	–	–
Marketing commission paid/payable to the Property Manager	353	577	353	577	–	–

26. DETERMINATION OF FAIR VALUES

A number of the Stapled Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Investment properties

The fair values of investment properties are based on independent valuations undertaken. Further information is set out in note 5.

(ii) Trade and other receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoiced amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and for disclosure purposes, at the end of each reporting period.

(iii) Derivatives

The fair values of interest rate swaps (Level 2 fair values) are based on banks' quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Stapled Group and the counterparty where appropriate.

(iv) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value at initial recognition and for disclosure purposes, at the end of each reporting period. The fair values of non-derivative financial liabilities with a maturity of less than one year are assumed to approximate their carrying values because of the short period to maturity. The fair values of other non-derivative financial liabilities are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

Fair value hierarchy

Fair value and fair value hierarchy information of financial instruments are disclosed in note 23.

The table below analyses fair value measurements for non-financial assets carried at fair value by valuation method. The different levels have been defined as follows:

- **Level 1**: quoted prices (unadjusted) in active markets for identical assets or liabilities that VI-REIT Group and the Stapled Group can access at the measurement date;
- **Level 2**: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- **Level 3**: unobservable inputs for the asset or liability.

26. DETERMINATION OF FAIR VALUES (CONT'D)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
VI-REIT Group and Stapled Group				
2015				
Investment properties	–	–	1,123,200	1,123,200
2014				
Investment properties	–	–	852,700	852,700

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	VI-REIT Group and Stapled Group	
	2015 $'000	2014 $'000
Investment properties		
At beginning of the year	852,700	725,600
Acquisition (including acquisition-related costs)	137,715	112,851
Capital expenditure incurred	71,662	128
Change in fair value recognised in statement of total return	61,123	14,121
At end of the year	1,123,200	852,700

The following table shows the key unobservable inputs used in the valuation models as at the end of the reporting period:

Type	Key unobservable input 2015	Key unobservable input 2014	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties			
Industrial properties for leasing	Capitalisation rates (from 5.75% to 7.25%)	Capitalisation rates (from 6.0% to 8.0%)	The estimated fair value would decrease as the capitalisation rates and discount rates increase
	Discount rates (from 7.0% to 8.25%)	Discount rates (from 6.5% to 8.0%)	

Valuation process applied by the Stapled Group

The fair value of investment properties is determined by external independent property valuers, having the appropriate recognised professional qualifications and recent experience in the location and category of properties being valued. Valuation of VI-REIT Group's and the Stapled Group's investment properties is carried out at least once a year.

Key unobservable inputs

Key unobservable inputs correspond to:

- Discount rate, based on the risk-free rate for 10-year bonds issued by the government in the relevant market, adjusted for a risk premium to reflect the increased risk of investing in the asset class.
- Capitalisation rate corresponds to a rate of return on investment properties based on the expected income that the property will generate.

27. FINANCIAL RATIOS

	Stapled Group		VI-REIT Group	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Operating expenses [1]				
– including performance component of the REIT Manager's fees	6,104	5,000	6,104	5,000
– excluding performance component of the REIT Manager's fees	5,821	5,000	5,821	5,000

	Stapled Group		VI-REIT Group	
	2015 %	2014 %	2015 %	2014 %
Expenses to weighted average net assets [2]				
– including performance component of the REIT Manager's fees	1.04	1.10	1.04	1.10
– excluding performance component of the REIT Manager's fees	0.99	1.10	0.99	1.10
Portfolio turnover rate [3]	–	–	–	–

[1] *The expenses used in the computation relate to expenses of VI-REIT Group and the Stapled Group, excluding property expenses, interest expense, and income tax expense of each entity, if applicable.*

[2] *The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore.*

[3] *The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of VI-REIT Group and the Stapled Group expressed as a percentage of daily average net asset value.*

28. SUBSEQUENT EVENTS

On 1 February 2016, VI-REIT entered into a facility agreement with Standard Chartered Bank and BNP Paribas, as mandated lead arrangers and bookrunners, and RHB Bank Singapore, The Bank of East Asia Limited, Singapore Branch and United Overseas Bank Limited, as mandated lead arrangers, for the grant of senior secured transferable loan facilities of up to $330 million (the "2016 Facilities"). The 2016 Facilities comprise the following tranches:

(i) a Singapore dollar 4-year term loan facility of $140 million ("TLF A");

(ii) a Singapore dollar 5-year term loan facility of $140 million ("TLF B"); and

(iii) a Singapore dollar 4-year revolving credit facility of $50 million ("RCF").

The 2016 Facilities are secured over the Initial Properties.

On 11 February 2016, $270 million were drawn down from TLF A and TLF B to fully refinance the Term Loan Facility I.

On 4 February 2016, an aggregate of 2,503,382 new Stapled Securities were issued to the REIT Manager and the Property Manager at an issue price of $0.7049 per Stapled Security (as determined in accordance with the VI-REIT Trust Deed) comprising:

(i) 1,548,789 new Stapled Securities issued to the REIT Manager as payment of its base fee attributable to VI-REIT's portfolio of properties excluding Jackson Square and Jackson Design Hub (for which the attributable base fee is paid in cash) for the period from 1 October 2015 to 31 December 2015;

(ii) 400,845 new Stapled Securities issued to the REIT Manager as payment of its performance fee for the financial year ended 31 December 2015; and

(iii) 553,748 new Stapled Securities issued to the Property Manager as payment of its property management fee and lease management fee attributable to VI-REIT's portfolio of properties excluding Jackson Square and Jackson Design Hub (for which the attributable property and lease management fees are paid in cash) for the period from 1 October 2015 to 31 December 2015.

On 29 February 2016, VI-REIT Group and the Stapled Group paid a distribution of approximately $5,103,000 or 0.593 cents per Stapled Security to Stapled Securityholders in respect of the period from 27 November 2015 to 31 December 2015.

VIVA ASSET MANAGEMENT PTE. LTD.

(Registration No. 201316690M)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

Year ended 31 December 2015

CONTENTS

147 Directors' Statement

150 Independent Auditors' Report

152 Statement of Financial Position

153 Statement of Profit or Loss and Other Comprehensive Income

154 Statement of Changes in Equity

155 Statement of Cash Flows

156 Notes to the Financial Statements

The directors present their statement together with the audited financial statements of the Company for the financial year ended 31 December 2015.

In the opinion of the directors, the financial statements set out on pages 152 to 161 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Company for the financial year then ended and at the date of this statement, with the continuing financial support from its immediate holding company, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1. DIRECTORS

The directors of the Company in office at the date of this statement are:

Ang Poh Seong
Tan Hai Peng Micheal
Tan Kim Seng (Appointed on 22 April 2015)
Leong Horn Kee
Teo Cheng Hiang Richard
Ronald Lim Cheng Aun
Choong Chow Siong

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act (the "Act") except as follows:

	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
Name of director and company in which interests are held	**At beginning of year or date of appointment, if later**	**At end of year**	**At beginning of year or date of appointment, if later**	**At end of year**
The Company				
Tan Hai Peng Micheal				
– Ordinary Shares	–	–	90	90

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of director and company in which interests are held	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year or date of appointment, if later	At end of year	At beginning of year or date of appointment, if later	At end of year
Intermediate Holding Company, Maxi Capital Pte. Ltd.				
Ang Poh Seong				
– Ordinary Shares	420	420	–	–
– Preference Shares	272	272	–	–
Immediate Holding Company, Viva Investment Management Pte. Ltd.				
Tan Hai Peng Micheal				
– Ordinary Shares	–	–	402,778	402,778
Tan Kim Seng				
– Ordinary Shares	–	–	241,667	241,667

By virtue of Section 7 of the Act, Tan Hai Peng Micheal is deemed to have an interest in all the other subsidiaries of Viva Investment Management Pte Ltd, at the beginning and at the end of the financial year.

4. SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Company was granted.

(b) Options exercised

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under options

At the end of the financial year, there were no unissued shares of the Company under options.

5. AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Ang Poh Seong
Director

Leong Horn Kee
Director

Singapore
31 March 2016

INDEPENDENT AUDITORS' REPORT

Members of the Company
Viva Asset Management Pte. Ltd.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Viva Asset Management Pte. Ltd. (the "Company") which comprise the statement of financial position of the Company as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 152 to 161.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Other matters

The financial statements of the Company for the year ended 31 December 2014 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements in their report dated 27 March 2015.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2016

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2015

	Note	2015 $	2014 $
ASSET			
Current asset			
Cash and cash equivalents	7	12,578	12,628
Total asset		12,578	12,628
LIABILITY AND NET CAPITAL DEFICIENCY			
Current liability			
Other payables	8	35,293	27,341
Capital and accumulated losses			
Share capital	9	100	100
Accumulated losses		(22,815)	(14,813)
Net capital deficiency		(22,715)	(14,713)
Total liability and net capital deficiency		12,578	12,628

See accompanying notes to financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2015

	Note	2015 $	2014 $
Administrative expenses		(8,002)	(9,668)
Loss before income tax		(8,002)	(9,668)
Income tax	10	–	–
Loss for the year, representing total comprehensive loss for the year	11	(8,002)	(9,668)

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

	Share capital $	Accumulated losses $	Total $
Balance as at 1 January 2014	100	(5,145)	(5,045)
Loss for the year, representing total comprehensive loss for the year	–	(9,668)	(9,668)
Balance as at 31 December 2014	100	(14,813)	(14,713)
Loss for the year, representing total comprehensive loss for the year	–	(8,002)	(8,002)
Balance as at 31 December 2015	100	(22,815)	(22,715)

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

	2015 $	2014 $
Operating activities		
Loss before tax, representing operating cash flows before movements in working capital	(8,002)	(9,668)
Other payables	350	1,158
Net cash used in operating activities	(7,652)	(8,510)
Financing activity		
Non-trade amount due to immediate holding company, representing net cash from financing activity	7,602	1,038
Net decrease in cash and cash equivalents	(50)	(7,472)
Cash and cash equivalents at beginning of the year	12,628	20,100
Cash and cash equivalents at end of the year (Note 7)	12,578	12,628

See accompanying notes to financial statements.

1. GENERAL

The Company (Registration No. 201316690M) is incorporated in Singapore with its principal place of business and registered office at 750 Chai Chee Road, #04-03 Viva Business Park, Singapore 469000. The financial statements are expressed in Singapore dollars, which is the Company's functional currency.

The principal activity of the Company is to act as the trustee-manager of Viva Industrial Business Trust ("VI-BT"), a business trust registered under the Business Trusts Act, Chapter 31A of Singapore. The Company is the trustee-manager of VI-BT which is part of Viva Industrial Trust ("VIT"), a stapled group comprising Viva Industrial Real Estate Investment Trust and VI-BT. VIT is listed on Singapore Exchange Securities Trading Limited. VI-BT has been dormant since the listing of VIT and it does not own any properties.

The financial statements of the Company for the year ended 31 December 2015 were authorised for issue by the Board of Directors on 31 March 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On 1 January 2015, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs did not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

Management has considered and is of the view that the adoption of the new/revised FRSs, INT FRSs and amendments to FRS that are issued as at the date of authorisation of these financial statements but effective only in future periods will have no material impact on the financial statements in the period of their initial adoption.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at "fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the receivables have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when its contractual obligations are discharged or cancelled or when they expire.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly to equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash at bank and are subject to an insignificant risk of changes in value.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the Company's accounting policies

Management is of the opinion that there has been no critical judgement in applying accounting policies which has a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

Management is of the opinion that there are no key assumptions concerning the future, and key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2015 $	2014 $
Financial assets		
Loans and receivables (including cash and cash equivalents)	12,578	12,628
Financial liabilities		
Liabilities at amortised cost	35,293	27,341

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Company does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

(c) Financial risk management policies and objectives

Management monitors and manages the financial risks relating to the operation of the Company to ensure appropriate measures are implemented in a timely and effective manner.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

The Company is not exposed to any significant foreign exchange risk and interest rate risk. Accordingly, no sensitivity analysis is presented. Cash and cash equivalents are deposited with a reputable bank.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(c) Financial risk management policies and objectives (cont'd)

Liquidity risk management

As at 31 December 2015, the Company's total liabilities exceeded its total assets by $22,715 (2014: $14,713). The Company is dependent on its immediate holding company for continued financial support and management is satisfied that the financial support will be available when required.

All financial assets and liabilities of the Company are either repayable on demand or due within one year from the end of the reporting period, and are non-interest bearing.

Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

(d) Capital risk management policies and objectives

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprises issued capital (Note 9) and amounts provided by the immediate holding company (Note 8). The Company's capital risk management strategy remains unchanged from 2014.

5. HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Viva Investment Management Pte. Ltd., incorporated in Singapore. The Company's intermediate and ultimate holding companies are Maxi Capital Pte. Ltd. and Shanghai Summit Pte. Ltd., respectively, both incorporated in Singapore. Related companies in these financial statements refer to members of the ultimate holding company's group of companies. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

There were no significant transactions between the Company and related companies during the financial year.

6. RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the financial year, there were no significant related party transactions other than those disclosed elsewhere in the financial statements.

Compensation of directors and key management personnel

There are no key management personnel apart from the Company's directors who received remuneration from a related company in their capacities as directors and/or executives.

7. CASH AND CASH EQUIVALENTS

	2015 $	2014 $
Cash at bank	12,578	12,628

8. OTHER PAYABLES

	2015 $	2014 $
Non-trade amount due to immediate holding company (Note 5)	29,943	22,341
Accrued operating expenses	5,350	5,000
	35,293	27,341

9. SHARE CAPITAL

	2015 Number of ordinary shares	2014 Number of ordinary shares	2015 $	2014 $
Issued and paid up:				
At beginning and end of the year	100	100	100	100

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

10. INCOME TAX

Domestic income tax is calculated at 17% (2014: 17%) of the estimated assessable profit for the year.

The income tax for the year can be reconciled to the accounting loss as follows:

	2015 $	2014 $
Loss before tax	(8,002)	(9,668)
Tax at the domestic income tax rate of 17% (2014: 17%)	(1,360)	(1,644)
Tax effect of current year tax losses not eligible to be carried forward	1,360	1,644
	–	–

11. LOSS FOR THE YEAR

The Company did not have any employees and accordingly, no employee benefits expense (including directors' remuneration) was incurred as the administrative support is provided by a related company.

DIRECTORS' INTERESTS IN STAPLED SECURITIES

AS AT 31 DECEMBER 2015 AND 21 JANUARY 2016

Name of Director	Direct Interests		Deemed Interests	
	No. of Stapled Securities	%*	No. of Stapled Securities	%*
Ang Poh Seong	1,250,000	0.15	–	–
Leong Horn Kee	64,000	0.01	–	–
Teo Cheng Hiang Richard	200,000	0.02	–	–
Ronald Lim Cheng Aun	93,000	0.01	–	–
Tan Hai Peng Micheal	–	–	79,091,411[1][2]	9.19
Tan Kim Seng	–	–	36,629,800[3]	4.26

* *Computed based on total number of issued Stapled Securities as at 31 December 2015 and 21 January 2016 of 860,615,215.*

(1) Mr Tan Hai Peng Micheal is a beneficiary of Ho Lee Group Trust ("HLGT") and is therefore, deemed to be interested in the Stapled Securities held by Perpetual (Asia) Limited, in its capacity as trustee of HLGT.

(2) Mr Tan Hai Peng Micheal owns 20.0% equity interest in Teck Lee Holdings Pte. Ltd., which in turn owns 81.25% equity interest in Ho Lee Group Pte. Ltd. ("HLGPL"). HLGPL owns 27.78% equity interest in Viva Investment Management Pte. Ltd., which in turn owns 90.0% equity interest in Viva Industrial Trust Management Pte. Ltd. (the "REIT Manager") and 100.0% equity interest in Viva Real Estate Asset Management Pte. Ltd. (the "Property Manager"). Therefore, Mr Tan Hai Peng Micheal is deemed to be interested in the Stapled Securities held by the REIT Manager and the Property Manager.

(3) Mr Tan Kim Seng owns 25.0% equity interest in China Enterprises Limited ("CEL") and is therefore, deemed to be interested in the Stapled Securities held by CEL.

There were no changes in the Directors' interests in Stapled Securities between 31 December 2015 and 21 January 2016.

STATISTICS OF HOLDINGS OF STAPLED SECURITIES

AS AT 18 MARCH 2016

Type	:	Stapled securities
Voting rights	:	One vote per unit of stapled securities
No. of units of stapled securities	:	863,118,597

DISTRIBUTION OF STAPLED SECURITYHOLDINGS

Size of Unitholdings	No. of Stapled Securityholders	%	No. of Stapled Securities	%
1 – 99	0	0.00	0	0.00
100 – 1,000	446	14.39	433,400	0.05
1,001 – 10,000	1,359	43.84	9,134,050	1.06
10,001 – 1,000,000	1,264	40.77	73,823,450	8.55
1,000,001 AND ABOVE	31	1.00	779,727,697	90.34
TOTAL	**3,100**	**100.00**	**863,118,597**	**100.00**

TWENTY LARGEST STAPLED SECURITYHOLDERS

No.	Name	No. of Stapled Securities	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	399,629,060	46.30
2	DB NOMINEES (SINGAPORE) PTE LTD	71,016,012	8.23
3	DBS NOMINEES (PRIVATE) LIMITED	56,648,496	6.56
4	RAFFLES NOMINEES (PTE) LIMITED	53,981,033	6.25
5	ABN AMRO NOMINEES SINGAPORE PTE LTD	43,196,000	5.00
6	UNITED ENGINEERS DEVELOPMENTS PTE LTD	29,700,000	3.44
7	MEIBAN INVESTMENT PTE LTD	24,444,142	2.83
8	BANK OF SINGAPORE NOMINEES PTE. LTD.	15,202,938	1.76
9	MAYBANK KIM ENG SECURITIES PTE. LTD.	13,784,436	1.60
10	HONG LEONG FINANCE NOMINEES PTE LTD	11,784,989	1.37
11	HOME-FIX D.I.Y. PTE LTD	11,721,050	1.36
12	GOH TIONG YONG	8,148,914	0.94
13	BEIJING HUALIAN HYPERMARKET (SINGAPORE) PURCHASING PTE LTD	6,300,000	0.73
14	TAN KAH GUAN (CHEN JIAYUAN)	4,630,714	0.54
15	VIVA REAL ESTATE ASSET MANAGEMENT PTE LTD	3,868,033	0.45
16	TNG KAY LIM	3,000,000	0.35
17	OCBC SECURITIES PRIVATE LIMITED	2,465,956	0.29
18	ONG CHIN CHOON	2,300,000	0.27
19	TEO SOON ENG	2,100,000	0.24
20	UOB KAY HIAN PRIVATE LIMITED	1,620,327	0.19
	TOTAL	**765,542,100**	**88.70**

STATISTICS OF HOLDINGS OF STAPLED SECURITIES

AS AT 18 MARCH 2016

REGISTER OF SUBSTANTIAL HOLDERS OF STAPLED SECURITIES AS AT 18 MARCH 2016

Name	Direct Interests		Deemed Interests	
	No. of Stapled Securities	%	No. of Stapled Securities	%
Leading Wealth Global Inc ("LWG")	411,545,904	47.68	–	–
Tong Jinquan	54,745,285	6.34	427,198,926[1][2]	49.49
Longemont Real Estate Pte. Ltd. ("LRE")	–	–	411,545,904[1]	47.68
Shanghai Summit (Group) Co., Ltd ("SSG")	–	–	411,545,904[1]	47.68
Perpetual (Asia) Limited, in its capacity as trustee of Ho Lee Group Trust ("HLGT Trustee")	65,941,771	7.64	–	–
Tan Thuan Teck	342,900	0.04	81,594,793[3][4]	9.45
Tan Hai Seng Benjamin	–	–	81,594,793[3][4]	9.45
Tan Hai Peng Micheal	–	–	81,594,793[3][4]	9.45
Ong Yew Lee	–	–	65,941,771[3]	7.64
Tan Yong Hiang Priscilla	–	–	65,941,771[3]	7.64
Seow Whye Pheng	–	–	65,941,771[3]	7.64
Seow Hwye Min	–	–	65,941,771[3]	7.64
Seow Whye Teck	–	–	65,941,771[3]	7.64
Seow Hwye Tiong	–	–	65,941,771[3]	7.64
Loh Guik Kiang	–	–	65,941,771[3]	7.64

Notes:

(1) LWG is a wholly-owned subsidiary of LRE, which is in turn wholly-owned by SSG, which is in turn wholly-owned by Tong Jinquan. Therefore, each of Tong Jinquan, LRE and SSG is deemed to be interested in the Stapled Securities held by LWG.

(2) Shanghai Summit Pte. Ltd. (which is wholly-owned by Tong Jinquan) owns 62.0% equity interest in Maxi Capital Pte. Ltd., which in turn owns 55.55% equity interest in Viva Investment Management Pte. Ltd. ("VIMPL"), which in turn owns 90.0% equity interest in Viva Industrial Trust Management Pte. Ltd. (the "REIT Manager") and 100.0% equity interest in Viva Real Estate Asset Management Pte. Ltd. (the "Property Manager"). Therefore, Tong Jinquan is deemed to be interested in the 15,653,022 Stapled Securities held by the REIT Manager and the Property Manager.

(3) Each of Tan Thuan Teck, Tan Hai Seng Benjamin, Tan Hai Peng Micheal, Ong Yew Lee, Tan Yong Hiang Priscilla, Seow Whye Pheng, Seow Hwye Min, Seow Whye Teck, Seow Hwye Tiong and Loh Guik Kiang is a beneficiary of Ho Lee Group Trust and is therefore, deemed to be interested in the Stapled Securities held by HLGT Trustee.

(4) Each of Tan Thuan Teck, Tan Hai Seng Benjamin and Tan Hai Peng Micheal owns not less than 20.0% equity interest in Teck Lee Holdings Pte. Ltd., which in turn owns 81.25% equity interest in Ho Lee Group Pte. Ltd. ("HLGPL"). HLGPL owns 27.78% equity interest in VIMPL, which in turn owns 90.0% equity interest in the REIT Manager and 100.0% equity interest in the Property Manager. Therefore, each of Tan Thuan Teck, Tan Hai Seng Benjamin and Tan Hai Peng Micheal is deemed to be interested in the 15,653,022 Stapled Securities held by the REIT Manager and the Property Manager.

PERCENTAGE OF HOLDINGS OF STAPLED SECURITIES IN THE HANDS OF PUBLIC

As at 18 March 2016, 28.61% of the stapled securities of Viva Industrial Trust is held in the hands of the public. Accordingly, Viva Industrial Trust has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

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)	(a business trust constituted on 14 October 2013 under the laws of the Republic of Singapore)
managed by **Viva Industrial Trust Management Pte. Ltd.**	managed by **Viva Asset Management Pte. Ltd.**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 3rd Annual General Meeting of the holders of Stapled Securities of Viva Industrial Trust ("VIT") will be held at 750E Chai Chee Road, #03-01 Viva Business Park, Singapore 469005 on Wednesday, 27 April 2016 at 10.00 am to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Report of Viva Asset Management Pte. Ltd., as the trustee-manager of VI-BT (the "BT Trustee-Manager"), the Statement by the Chief Executive Officer of the BT Trustee-Manager, the Report of Perpetual (Asia) Limited (formerly known as The Trust Company (Asia) Limited), as the trustee of VI-REIT (the "REIT Trustee"), the Report of Viva Industrial Trust Management Pte. Ltd., as the manager of VI-REIT (the "REIT Manager") and the Audited Financial Statements of VIT, VI-REIT and VI-BT for the financial year ended 31 December 2015 and the Independent Auditors' Report thereon. **(Resolution 1)**

2. To re-appoint Messrs Deloitte & Touche LLP as Independent Auditors of VIT comprising VI-REIT and VI-BT to hold office until the conclusion of the next Annual General Meeting of VIT and to authorise the REIT Manager and the BT Trustee-Manager to fix their remuneration. **(Resolution 2)**

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

3. That authority be and is hereby given to the REIT Manager and the BT Trustee-Manager, to **(Resolution 3)**

(a) (1) issue new units in VI-REIT ("VI-REIT Units") and new units in VI-BT ("VI-BT Units", together the "Stapled Securities") whether by way of rights or otherwise; and/or

(2) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Stapled Securities to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Stapled Securities,

at any time and upon such terms and conditions and for such purposes and to such persons as the REIT Manager and the BT Trustee-Manager may in their absolute discretion deem fit; and

(b) issue Stapled Securities in pursuance of any Instrument made or granted by the REIT Manager and the BT Trustee-Manager while this Resolution is in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force), provided that:

(1) the aggregate number of Stapled Securities to be issued pursuant to this Resolution (including Stapled Securities to be issued in pursuance of Instruments made or granted pursuant to this Resolution), shall not exceed fifty per cent (50%) of the total number of issued Stapled Securities (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Stapled Securities to be issued other than on a pro rata basis to Stapled Securityholders shall not exceed twenty per cent (20%) of the total number of issued Stapled Securities (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited ("SGX-ST") for the purpose of determining the aggregate number of Stapled Securities that may be issued under sub paragraph (1) above, the total number of issued Stapled Securities shall be based on the number of issued Stapled Securities at the time this Resolution is passed, after adjusting for:

(i) any new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of Stapled Securities;

(3) in exercising the authority conferred by this Resolution, the REIT Manager and the BT Trustee-Manager shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST), the Business Trusts Act, Chapter 31A of Singapore for the time being in force (unless otherwise exempted or waived by The Monetary Authority of Singapore), the trust deed constituting VI-REIT (as amended) (the "REIT Trust Deed") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore), the trust deed constituting VI-BT (the "BT Trust Deed") for the time being in force (unless otherwise exempted or waived by The Monetary Authority of Singapore) and the Stapling Deed entered into between the REIT Manager, the REIT Trustee and the BT Trustee-Manager for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) (unless revoked or varied by the Stapled Securityholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meeting of VIT; or (ii) the date by which the next Annual General Meeting of VIT is required by law to be held, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Stapled Securities into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the REIT Manager and the BT Trustee-Manager are authorised to issue additional Instruments or Stapled Securities pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments are issued; and

(6) the REIT Manager, the REIT Trustee and the BT Trustee-Manager be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the REIT Manager, the REIT Trustee or, as the case may be, the BT Trustee-Manager may consider expedient or necessary or in the interest of VI-REIT, VI-BT and VIT as whole to give effect to the authority conferred by this Resolution.

On behalf 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

12 April 2016

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTICE:

1. A Stapled Securityholder who is not a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Stapled Securityholder.

2. Where a Stapled Securityholder appoints two proxies and does not specify the proportion of his/her stapled securityholding to be represented by each proxy, then the Stapled Securities held by the Stapled Securityholder are deemed to be equally divided between the proxies.

3. A Stapled Securityholder who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote in his/her stead. Where such Stapled Securityholder appoints more than two proxies, the number and class of Stapled Securities in relation to which each proxy has been appointed shall be specified in the proxy form.

   "relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Stapled Securities in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act Chapter 289 of Singapore who holds Stapled Securities in that capacity; or

   (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Stapled Securities purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Stapled Securities in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. The proxy form must be lodged at the office of VIT's Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 48 hours before the time set for holding the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTE ON ORDINARY RESOLUTION 3

The Ordinary Resolution 3 above, if passed, will empower the REIT Manager and the BT Trustee-Manager to issue Stapled Securities and to make or grant Instruments (such as warrants, debentures or other securities) convertible into Stapled Securities and issue Stapled Securities pursuant to such Instruments from the date of the Annual General Meeting until (i) the conclusion of the next Annual General Meeting of VIT; or (ii) the date by which the next Annual General Meeting of VIT is required by the applicable regulations to be held, whichever is earlier, unless such authority is earlier revoked or varied by the Stapled Securityholders at a general meeting. The aggregate number of Stapled Securities which the REIT Manager and the BT Trustee-Manager may issue (including Stapled Securities to be issued pursuant to convertibles) under this Resolution must not exceed fifty per cent. (50%) of the total number of issued Stapled Securities of which up to twenty per cent. (20%) of the total number of issued Stapled Securities may be issued other than on a pro rata basis to Stapled Securityholders.

The Ordinary Resolution 3 above, if passed, will empower the REIT Manager and the BT Trustee-Manager from the date of the Annual General Meeting until the date of the next Annual General Meeting of VIT, to issue Stapled Securities as either partial or full payment of the fees which the REIT Manager, the Property Manager and the BT Trustee-Manager are entitled to receive for their own accounts pursuant to the REIT Trust Deed and BT Trust Deed respectively.

For the purpose of determining the aggregate number of Stapled Securities that may be issued, the percentage of issued Stapled Securities will be calculated based on the total number of issued Stapled Securities at the time the Ordinary Resolution 3 above is passed, after adjusting for (i) new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and (ii) any subsequent bonus issue, consolidation or subdivision of Stapled Securities.

Fund raising by issuance of new Stapled Securities may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Stapled Securityholders is required under the Listing Manual of SGX-ST, the REIT Trust Deed, the BT Trust Deed and the Stapling Deed or any relevant laws and regulations in such instances, the REIT Manager and the BT Trustee-Manager will then obtain the approval of Stapled Securityholders accordingly.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Stapled Securityholder of VIT (i) consents to the collection, use and disclosure of the Stapled Securityholder's personal data by VIT (or its agents) for the purpose of the processing and administration by VIT (or its agents) or proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for VIT (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Stapled Securityholder discloses the personal data of the Stapled Securityholder's proxy(ies) and/or representative(s) to VIT (or its agents), the Stapled Securityholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by VIT (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Stapled Securityholder will indemnify VIT in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Stapled Securityholder's breach of warranty.

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IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Stapled Securityholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2016.

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.

PROXY FORM

ANNUAL GENERAL MEETING OF VIVA INDUSTRIAL TRUST

I/We _____ (Name(s) with

NRIC No./Passport No./Company Registration No.) _____

of _____ (Address)

being a Stapled Securityholder/Stapled Securityholders of Viva Industrial Trust ("VIT") hereby appoint:

Name	Address	NRIC No./ Passport No.	Proportion of Stapled Securityholdings	
			No. of Stapled Securities	%

and/or (delete as appropriate)

Name	Address	NRIC No./ Passport No.	Proportion of Stapled Securityholdings	
			No. of Stapled Securities	%

or, both of whom failing, the Chairman of the Annual General Meeting ("AGM") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the AGM of VIT to be held at 750E Chai Chee Road, #03-01 Viva Business Park, Singapore 469005 on Wednesday, 27 April 2016 at 10.00 am or at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion.

	Ordinary Resolution	No. of Votes For*	No. of Votes Against*
Ordinary Business			
1.	Adoption of the BT Trustee-Manager's Report, the Statement by the Chief Executive Officer of the BT Trustee-Manager, the REIT Trustee's Report, the REIT Manager's Report and the Audited Financial Statements of VIT, VI-REIT and VI-BT for the financial year ended 31 December 2015 and the Independent Auditors' Report thereon.		
2.	Re-appointment of Independent Auditors and authorisation of the REIT Manager and the BT Trustee-Manager to fix the Independent Auditors' remuneration.		
Special Business			
3.	Authority to issue Stapled Securities and to make or grant convertible instruments.		

* *If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this _____ day of _____ 2016

Total number of Stapled Securities held

_____
Signature(s) of Stapled Securityholder(s)/Common Seal of Corporate Stapled Securityholder

Fold this flap to seal

Postage will be paid by addressee. For posting in Singapore only

BUSINESS REPLY SERVICE
PERMIT NO. 09181

Viva Industrial Trust Management Pte Ltd
(as manager of Viva Industrial Real Estate Investment Trust)
&
Viva Asset Management Pte Ltd
(as trustee-manager of Viva Industrial Business Trust)

c/o: Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Fold here

Notes to Proxy Form

1. A Stapled Securityholder who is not a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Stapled Securityholder.
2. Where a Stapled Securityholder appoints more than one proxy, he/she must specify the proportion of his/her stapled securityholding (expressed as a percentage of the whole) to be represented by each proxy. Where a Stapled Securityholder appoints two proxies and does not specify the proportion of his/her stapled securityholding to be represented by each proxy, then the Stapled Securities held by the Stapled Securityholder are deemed to be equally divided between the proxies.
3. A Stapled Securityholder who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote in his/her stead. Where such Stapled Securityholder appoints more than two proxies, the number and class of Stapled Securities in relation to which each proxy has been appointed shall be specified in the proxy form.

   "relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Stapled Securities in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act Chapter 289 of Singapore who holds Stapled Securities in that capacity; or

   (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Stapled Securities purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Stapled Securities in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. A Stapled Securityholder should insert the total number of Stapled Securities held. If the Stapled Securityholder has Stapled Securities entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he/she should insert that number of Stapled Securities. If no number is inserted, this form of proxy will be deemed to relate to all the Stapled Securities held by the Stapled Securityholder.
5. The instrument appointing a proxy or proxies (the "Proxy Form") must be deposited at the Stapled Security Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for holding the Annual General Meeting.
6. The Proxy Form must be signed by the appointor or his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. VIT shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a Stapled Securityholder whose Stapled Securities are entered against his/her name in the Depository Register, VIT may reject any instrument appointing a proxy or proxies lodged if such Stapled Securityholder is not shown to have Stapled Securities entered against his/her name in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to VIT.
8. A Depositor shall not be regarded as a Stapled Securityholder of VIT entitled to attend the Annual General Meeting and to speak and vote thereat unless his/her name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.
9. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

CORPORATE INFORMATION

REIT MANAGER
Viva Industrial Trust Management Pte. Ltd.

BT TRUSTEE-MANAGER
Viva Asset Management Pte. Ltd.

BUSINESS AND REGISTERED ADDRESS OF THE REIT MANAGER AND BT TRUSTEE-MANAGER
750 Chai Chee Road
#04-03 Viva Business Park
Singapore 469000
T: +65 6229 5555
F: +65 6229 5550
W: www.vivaitrust.com

REIT TRUSTEE
Perpetual (Asia) Limited
(formerly known as The Trust Company (Asia) Limited)
8 Marina Boulevard
#05-02 Marina Bay Financial Centre
Singapore 018981
T: +65 6908 8203
F: +65 6438 0255

BOARD OF DIRECTORS
Dr Leong Horn Kee
Chairman and
Independent Non-Executive Director

Dr Choong Chow Siong
Independent Non-Executive Director

Mr Ronald Lim Cheng Aun
Independent Non-Executive Director

Mr Richard Teo Cheng Hiang
Independent Non-Executive Director

Mr Micheal Tan Hai Peng
Non-Executive Director

Mr Tan Kim Seng
Non-Executive Director

Mr Wilson Ang Poh Seong
Chief Executive Officer and
Executive Director

AUDIT & RISK COMMITTEE
Dr Choong Chow Siong
Chairman

Mr Ronald Lim Cheng Aun
Member

Mr Richard Teo Cheng Hiang
Member

INVESTMENT COMMITTEE
Mr Richard Teo Cheng Hiang
Chairman

Dr Leong Horn Kee
Member

Mr Micheal Tan Hai Peng
Member

Mr Tan Kim Seng
Member

Mr Wilson Ang Poh Seong
Member

NOMINATING & REMUNERATION COMMITTEE
Mr Ronald Lim Cheng Aun
Chairman

Dr Leong Horn Kee
Member

Dr Choong Chow Siong
Member

Mr Tan Kim Seng
Member

Mr Micheal Tan Hai Peng
Member

COMPANY SECRETARY
Ms Ang Siew Koon

UNIT REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 046623
T: +65 6536 5355
F: +65 6536 1360

INDEPENDENT AUDITOR
Deloitte & Touche LLP
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809
T: +65 6224 8288
F: +65 6538 6166

Partner-in-charge:
Mr Xu Jun
(Appointed on 16 November 2015)

INTERNAL AUDITOR
BDO LLP
21 Merchant Road
#05-01
Singapore 058267
T: +65 6828 9118
F: +65 6828 9111

PRINCIPAL BANKERS
Standard Chartered Bank
BNP Paribas
United Overseas Bank Limited
Hong Leong Finance Limited
RHB Bank Singapore



VIVA INDUSTRIAL TRUST MANAGEMENT PTE. LTD.
Registration Number: 201204203W

VIVA ASSET MANAGEMENT PTE. LTD.
Registration Number: 201316690M

750 Chai Chee Road, #04-03 Viva Business Park Singapore 469000
T +65 6229 5555 | F +65 6229 5550 | www.vivaitrust.com