VIVA INDUSTRIAL TRUST

Comprising:

VIVA INDUSTRIAL REAL ESTATE INVESTMENT TRUST

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

Viva Industrial Trust Management Pte. Ltd.

VIVA INDUSTRIAL BUSINESS TRUST

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

Viva Asset Management Pte. Ltd.

INTRODUCTION

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

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

As at 31 March 2018, VI-REIT has a diversified portfolio of nine properties located in Singapore comprising:

- two business parks, namely UE BizHub EAST ("**UEBH**") which includes a hotel, and Viva Business Park ("**VBP**");
- three logistics properties, namely Mauser Singapore, 30 Pioneer Road and 6 Chin Bee Avenue; and
- four light industrial properties, namely Jackson Square ("**JS**"), Jackson Design Hub ("**JDH**"), Home-Fix Building ("**HFB**") and 11 Ubi Road 1.

Stapled securities in VIT ("**Stapled Securities**") commenced trading on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 4 November 2013 (the "**Listing Date**").

The consolidated financial statements of the Stapled Group and of VI-REIT Group included the financial statements of a wholly-owned subsidiary, Viva iTrust MTN Pte. Ltd. ("**VMTN**"), which was established on 28 August 2014 with an initial capital of S$1 to act as the issuer of a S$500 million Multicurrency Medium Term Note Programme (the "**MTN Programme**"), which was established by VMTN on 28 August 2014.

Distribution Policy

VI-REIT's distribution policy is to distribute at least 90% of its annual distributable income. Distributions are made on a quarterly basis at the sole discretion of the REIT Manager.

As at 31 March 2018, VI-BT remains inactive. In the event that VI-BT becomes active and profitable, VI-BT's distribution policy will be to distribute as much of its income as practicable, and the declaration and payment of distributions by VI-BT will be at the sole discretion of the BT Trustee-Manager.

Summary of results of Viva Industrial Trust

	Stapled Group		
	1Q2018 S$'000	1Q2017 S$'000	Variance %
Gross revenue	28,692	27,379	4.8
Net property income	21,051	20,340	3.5
Distributable income[(a)]	16,170	17,807	(9.2)
Distribution declared[(b)(c)]	17,949	17,807	0.8
Distribution per Stapled Security[(d)(e)] (cents)	1.838	1.854	(0.9)

Notes:

(a) The distributable income for 1Q2018 of S$16.2 million was S$1.6 million or 9.2% lower than that of 1Q2017 mainly due to all of the management fees payable to the REIT Manager and the Property Manager for 1Q2018 were paid/payable in cash instead of a combination of cash and Stapled Securities as explained in note (c) on page 5 of this announcement.

(b) The distribution declared for 1Q2018 of S$17.9 million included the release of all the previously retained distributable income of S$1.78 million arising from the JS Rental Support Settlement as elaborated in note (a) on page 5 of this announcement.

(c) Distributions of the Stapled Group represent the aggregate of distributions by VI-REIT Group and VI-BT. The distributions of the Stapled Group are contributed solely by VI-REIT Group as VI-BT remains inactive. Accordingly, only the distribution of VI-REIT Group has been included for the purpose of calculating the Distribution per Stapled Security ("**DPS**").

(d) Had (i) the JS rental support arrangement (as elaborated in note (a) on page 5 of this announcement) remained in place for 1Q2018; and (ii) the management fees payable to the REIT Manager and the Property Manager for 1Q2018 continued to be paid by a combination of cash and Stapled Securities, the DPS for 1Q2018 would have been 1.945 cents as compared to the DPS for 1Q2017 of 1.854 cents.

(e) Please refer to section 6 on page 16 of this announcement for the calculation of DPS.

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

1(a)(i) Consolidated Statement of Total Return for the first quarter ended 31 March 2018 ("1Q2018")

	Note	1Q2018			1Q2017			Inc / (Dec)		
		Stapled Group S$'000	VI-REIT Group S$'000	VI-BT S$'000	Stapled Group S$'000	VI-REIT Group S$'000	VI-BT S$'000	Stapled Group %	VI-REIT Group %	VI-BT %
Gross revenue	(a)	28,692	28,692	-	27,379	27,379	-	4.8	4.8	-
Property expenses	(b)	(7,641)	(7,641)	-	(7,039)	(7,039)	-	8.6	8.6	-
Net property income		**21,051**	**21,051**	**-**	**20,340**	**20,340**	**-**	3.5	3.5	-
Rental support	(a)	2,756	2,756	-	2,900	2,900	-	(5.0)	(5.0)	-
REIT Manager's fees	(c)	(1,797)	(1,797)	-	(1,798)	(1,798)	-	(0.1)	(0.1)	-
REIT Trustee's fees		(51)	(51)	-	(47)	(47)	-	8.5	8.5	-
Amortisation of intangible asset	(d)	(825)	(825)	-	(825)	(825)	-	-	-	-
Other trust expenses	(e)	(414)	(413)	(1)	(362)	(361)	(1)	14.4	14.4	-
Finance income		4	4	-	5	5	-	(20.0)	(20.0)	-
Finance expenses	(f)	(5,231)	(5,231)	-	(4,942)	(4,942)	-	5.8	5.8	-
Net income		**15,493**	**15,494**	**(1)**	**15,271**	**15,272**	**(1)**	1.5	1.5	-
Change in fair value of investment properties	(g)	(3,894)	(3,894)	-	(2,239)	(2,239)	-	73.9	73.9	-
Change in fair value of derivative financial instruments	(h)	1,442	1,442	-	(1,367)	(1,367)	-	n.m.	n.m.	-
Total return before income tax		**13,041**	**13,042**	**(1)**	**11,665**	**11,666**	**(1)**	11.8	11.8	-
Income tax expense	(i)	(464)	(464)	-	(487)	(487)	-	(4.7)	(4.7)	-
Total return after income tax		**12,577**	**12,578**	**(1)**	**11,178**	**11,179**	**(1)**	12.5	12.5	-

n.m. – not meaningful

Notes:

(a) The breakdown of gross revenue and rental support derived from each property in 1Q2018, and the occupancy rate and weighted average lease expiry ("**WALE**") of each property as at 31 March 2018 are as follows:

	Stapled Group					
	1Q2018				1Q2017	
	Gross revenue S$'000	Rental support S$'000	Occupancy rate %	WALE[1] Years	Gross revenue S$'000	Rental support S$'000
VBP	10,776	-	81	2.1	10,026	-
UEBH - Business Park Component	6,568	2,708	90	2.6	6,191	2,424
UEBH – Hotel Component[2]	2,337	48	100	0.6	2,275	90
Mauser Singapore	479	-	100	1.2	479	-
JS	2,332	-	90	2.2	2,514	386
JDH	540	-	100	6.6	541	-
HFB	802	-	100	7.7	802	-
11 Ubi Road 1	1,803	-	100	7.7	1,803	-
30 Pioneer Road	1,134	-	100	3.0	1,134	-
6 Chin Bee Avenue	1,921	-	100	5.8	1,614	-
	28,692	2,756			27,379	2,900

Notes:

(1) WALE is calculated based on the underlying committed gross rental income as at 31 March 2018 assuming renewal options are not exercised.

(2) Includes the Hotel Leased Premises being leased to a single tenant under a hotel lease agreement at a fixed rental of S$8.55 million per annum for the first five-year term commencing from 4 November 2013, with the tenant obliged to renew the lease, subject to approval by JTC Corporation, at a fixed rental of S$9.66 million per annum for the second five-year term commencing from 4 November 2018.

Gross revenue of S$28.7 million for 1Q2018 was S$1.3 million or 4.8% higher than that of 1Q2017 mainly due to:

- higher rental contribution of S$0.3 million from 6 Chin Bee Avenue, which was acquired by VI-REIT on 16 January 2017;
- higher rental and other income contribution of S$0.8 million from VBP; and
- higher rental and other income contribution of S$0.4 million from UEBH;
- partially offset by lower rental contribution of S$0.2 million from JS.

Rental support relates to the rental differentials which are received/receivable under:

(i) the UEBH rental arrangement, pursuant to which the vendor of UEBH agreed to pay VI-REIT for the rental differential (where the actual net rental income derived from UEBH (excluding the Hotel Leased Premises) is less than an agreed amount of S$26 million per annum for each of the first two years, with a step-up of 5% in each of the third and fifth year (the "**Agreed Amount**")) for a duration of five years from the Listing Date; and

(ii) the JS rental support arrangement, pursuant to which the vendor of JS, Jackson International Private Limited ("**JIPL**"), agreed to pay VI-REIT for the rental differential where the actual aggregate gross rental income derived from JS is less than S$58 million over the period of five years commencing from the date of acquisition of JS on 21 November 2014.

Rental support of S$2.8 million for 1Q2018 was S$0.1 million or 5.0% lower than that of 1Q2017 mainly due to:

- the absence of rental top-up under the JS rental support arrangement in 1Q2018 as a result of the settlement agreement entered into with JIPL on 19 May 2017 pursuant to which, among other things, JIPL had been fully released and discharged from all its obligations under the JS rental support arrangement upon VI-REIT's receipt of a cash payment of S$1.0 million and the proceeds of S$3.9 million from the drawdown of the JS rental support bank guarantee (the "**JS Rental Support Settlement**") (Please refer to the announcement dated 21 May 2017 titled "Settlement Agreement with Jackson International Private Limited and Mr Tan Phong Guan" for further details);
- partially offset by higher rental top-up under the UEBH rental arrangement of S$0.3 million as a result of the 5% step-up on the Agreed Amount as described in note (a)(i) above with effect from November 2017.

(b) Property expenses of S$7.6 million for 1Q2018 was S$0.6 million or 8.6% higher than that of 1Q2017 mainly due to higher property expenses of S$0.5 million and S$0.1 million pertaining to UEBH and JS, respectively.

(c) This comprises the REIT Manager's base fee ("**Base Fee**"), which is calculated based on 10% per annum of the distributable income of VI-REIT (before accounting for the Base Fee).

Pursuant to the terms of the proposal received from ESR Funds Management (S) Limited (as manager of ESR-REIT) in relation to the proposed merger of VIT and ESR-REIT as disclosed in the announcement dated 29 January 2018, the REIT Manager has elected to receive all of the Base Fee for 1Q2018 in cash instead of a combination of cash and Stapled Securities.

The REIT Manager's fees of S$1.8 million for 1Q2018 were largely the same as that of 1Q2017.

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

(e) Other trust expenses include recurring expenses such as annual listing fee, registrar and secretarial fees, distribution related costs, audit and tax compliance fees, valuation fees, costs associated with the preparation of annual reports, investor relations costs and other miscellaneous costs.

(f) Finance expenses generally include interest expense, loan commitment fees and amortisation of debt-related transaction costs. Finance expenses of S$5.2 million for 1Q2018 were S$0.3 million or 5.8% higher than that of 1Q2017 mainly due to additional interest expense incurred on the additional borrowings drawn down to partially fund the asset enhancement at VBP and the acquisition of 6 Chin Bee Avenue.

(g) This relates to unrealised fair value loss arising from the revaluation of the investment properties as at 31 March 2018. Please refer to note (a) on page 9 of this announcement for further details.

(h) This relates to the change in fair value of interest rate swaps entered into to fix the interest rates for a substantial portion of the Stapled Group's floating rate borrowings. In accordance with Financial Reporting Standard ("**FRS**") 109 – *Financial Instruments*, the change in fair value of interest rate swaps is recognised in the consolidated statement of total return.

The fair value gain on interest rate swaps of S$1.4 million in 1Q2018 was mainly due to the increase in the Singapore dollar Swap Offer Rate ("**SOR**") in 1Q2018.

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

Together with VI-REIT's tax advisers, the REIT Manager will continue to engage with the IRAS to seek its approval for tax transparency treatment to be accorded to the rental support received/receivable under the UEBH rental arrangement and the JS rental support arrangement. Further announcements will be made on the SGXNET when there are further developments on this matter.

Pending the outcome of the tax assessment, the Stapled Group has continued to make provision for income tax expense in respect of the rental support received/receivable under the UEBH rental arrangement for 1Q2018.

Income tax expense of S$0.5 million for 1Q2018 was S$23,000 or 4.7% lower than that of 1Q2017 mainly due to lower rental support in 1Q2018 as explained in note (a) above.

1(a)(ii) Distribution Statement

	Note	1Q2018		1Q2017		Inc / (Dec)	
		Stapled Group S$'000	VI-REIT Group S$'000	Stapled Group S$'000	VI-REIT Group S$'000	Stapled Group %	VI-REIT Group %
Total return after income tax		**12,577**	**12,578**	**11,178**	**11,179**	**12.5**	**12.5**
Net tax adjustments (**Note A**)		3,592	3,592	6,628	6,628	(45.8)	(45.8)
Distributable income	(a)	**16,169**	**16,170**	**17,806**	**17,807**	**(9.2)**	**(9.2)**
Release of previously retained distributable income	(b)	1,779	1,779	-	-	n.m.	n.m.
Distribution declared	(c)	**17,948**	**17,949**	**17,806**	**17,807**	**0.8**	**0.8**
Distribution per Stapled Security (cents):							
For the period	(d)		1.838		1.854		(0.9)
Annualised			7.454		7.519		(0.9)

n.m. – not meaningful

Notes:

(a) The distributable income for 1Q2018 of S$16.2 million was S$1.6 million or 9.2% lower than that of 1Q2017 mainly due to all of the management fees payable to the REIT Manager and the Property Manager for 1Q2018 were paid/payable in cash instead of a combination of cash and Stapled Securities as explained in note (c) on page 5 of this announcement.

(b) This relates to the release of all the previously retained distributable income arising from the JS Rental Support Settlement as elaborated in note (a) on page 5 of this announcement.

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

(d) Please refer to section 6 on page 16 of this announcement for the calculation of DPS.

Note A

	1Q2018		1Q2017		Inc / (Dec)	
	Stapled Group S$'000	**VI-REIT Group S$'000**	**Stapled Group S$'000**	**VI-REIT Group S$'000**	**Stapled Group %**	**VI-REIT Group %**
Net tax adjustments comprise:						
REIT Manager's fees payable in Stapled Securities	-	-	1,622	1,622	n.m.	n.m.
Property Manager's fees payable in Stapled Securities	-	-	669	669	n.m.	n.m.
REIT Trustee's fees	51	51	47	47	8.5	8.5
Adjustment for recognising rental income on a straight-line basis over the lease term	(396)	(396)	(634)	(634)	(37.5)	(37.5)
Amortisation of intangible asset	825	825	825	825	-	-
Amortisation of debt-related transaction costs	480	480	454	454	5.7	5.7
Change in fair value of investment properties	3,894	3,894	2,239	2,239	73.9	73.9
Change in fair value of derivative financial instruments	(1,442)	(1,442)	1,367	1,367	n.m.	n.m.
Other non-taxable items	180	180	39	39	361.5	361.5
Net tax adjustments	**3,592**	**3,592**	**6,628**	**6,628**	**(45.8)**	**(45.8)**

n.m. – not meaningful

1(b) Statement of Financial Position

1(b)(i) Statement of Financial Position as at 31 March 2018

	Note	31 Mar 2018			31 Dec 2017		
		Stapled Group S$'000	VI-REIT Group S$'000	VI-BT S$'000	Stapled Group S$'000	VI-REIT Group S$'000	VI-BT S$'000
Non-current assets							
Investment properties	(a)	1,284,700	1,284,700	-	1,284,700	1,284,700	-
Intangible asset	(b)	1,953	1,953	-	2,778	2,778	-
		1,286,653	1,286,653	-	1,287,478	1,287,478	-
Current assets							
Trade and other receivables	(c)	20,102	20,102	-	21,445	21,445	-
Pledged deposits	(d)	1,230	1,230	-	1,230	1,230	-
Cash and cash equivalents	(e)	11,312	11,284	28	8,242	8,214	28
		32,644	32,616	28	30,917	30,889	28
Total assets		**1,319,297**	**1,319,269**	**28**	**1,318,395**	**1,318,367**	**28**
Non-current liabilities							
Trade and other payables	(f)	8,225	8,225	-	8,700	8,700	-
Interest-bearing borrowings	(g)	431,124	431,124	-	420,774	420,774	-
Derivative financial instruments	(h)	393	393	-	2,476	2,476	-
		439,742	439,742	-	431,950	431,950	-
Current liabilities							
Trade and other payables	(f)	32,774	32,768	6	35,364	35,359	5
Interest-bearing borrowings	(g)	99,850	99,850	-	99,770	99,770	-
Derivative financial instruments	(h)	754	754	-	113	113	-
Income tax payable		5,090	5,090	-	4,626	4,626	-
		138,468	138,462	6	139,873	139,868	5
Total liabilities		**578,210**	**578,204**	**6**	**571,823**	**571,818**	**5**
Net assets		**741,087**	**741,065**	**22**	**746,572**	**746,549**	**23**
Represented by:							
Stapled Securityholders' funds		**741,087**	**741,065**	**22**	**746,572**	**746,549**	**23**

Notes:

(a) Movements in the carrying value of investment properties during 1Q2018 are as shown below:

	S$'000
Carrying value of investment properties as at 1 January 2018	1,284,700
Stamp duty	126
Consideration for vehicular access rights over the ramp and certain parts of the property adjoining to 30 Pioneer Road	3,000
Capital expenditure incurred	768
	1,288,594
Change in fair value of investment properties recognised in the consolidated statement of total return	(3,894)
Carrying value of investment properties as at 31 March 2018	1,284,700

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

Intangible asset decreased by S$0.8 million due to amortisation charge for 1Q2018.

(c) Decrease in trade and other receivables of S$1.3 million was mainly due to:

- deferred property tax of S$1.7 million charged to the statement of total return in 1Q2018;
- recovery of property tax of S$1.3 million from the respective lessee of the properties under master leases; and
- deferred marketing commission of S$0.3 million charged to the statement of total return in 1Q2018, partially offset by:
  - increase in accrued revenue of S$0.4 million due to recognition of rental income on a straight-line basis over the lease term of the respective leases;
  - increase in trade receivables of S$0.8 million; and
  - deferred marketing commission of S$0.8 million incurred in 1Q2018.

(d) Pledged deposits represent bank balances that are pledged as security for Loan Facility II and Loan Facility IV (as defined hereinafter) as disclosed on page 12 of this announcement.

(e) Cash and cash equivalents increased by S$3.1 million as a result of net cash generated from operating activities of S$21.2 million, partially offset by net cash used in investing activities of S$4.2 million and net cash used in financing activities of S$13.9 million. Please refer to the consolidated statement of cash flows for 1Q2018 on page 14 of this announcement for further details.

(f)

(f) Non-current trade and other payables comprise security and other deposits received from tenants. Decrease in total trade and other payables of S$3.1 million was mainly due to:

- decrease in property tax payable of S$2.7 million;
- decrease in security deposits received from tenants of S$0.5 million;
- decrease in net GST payable of S$0.4 million; and
- decrease in interest payable of S$1.1 million, partially offset by:
  - increase in payables and accruals for trust and property-related expenses (including capital expenditure) of S$1.3 million; and
  - increase in retention sums payable of S$0.3 million.

(g) Increase in total interest-bearing borrowings of S$10.4 million was mainly due to:

- drawdown of S$10 million of the revolving credit facility under Loan Facility I (as defined hereinafter); and
- amortisation of debt-related transaction costs of S$0.5 million for 1Q2018;
- partially offset by debt-related transaction costs of S$0.1 million incurred on Loan Facility I.

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

(h) This represents the fair value of interest rate swaps entered into to fix the interest rates for a substantial portion of the Stapled Group's floating rate borrowings.

Except for an interest rate swap maturing in February 2020, the fair value of all the interest rate swaps maturing in February 2019 has been reclassified from non-current liabilities as at 31 December 2017 to current liabilities as at 31 March 2018.

Under the interest rate swaps, the Stapled Group pays interest at fixed rates and receives interest at floating rates based on the Singapore dollar SOR. The decrease in derivative financial liabilities was mainly due to the increase in the Singapore dollar SOR in 1Q2018.

(i) As at 31 March 2018, the Stapled Group's current liabilities exceeded its current assets by S$105.8 million (31 December 2017: S$109.0 million) mainly due to the classification of its S$100 million MTN as current liabilities as the S$100 million MTN will be repayable in September 2018, i.e. within one year. The aforesaid S$100 million MTN can be refinanced by issuing new MTN of the same amount under the S$500 million Multicurrency MTN Programme, which has an undrawn balance of S$400 million. As such, the Managers are of the view that the Stapled Group will be able to meet its obligations as and when they fall due.

1(b)(ii) Aggregate amount of borrowings

	Note	Stapled Group	
		31 Mar 2018 S$'000	31 Dec 2017 S$'000
Secured borrowings	(a)		
Amount repayable after one year		435,000	425,000
Less: Unamortised transaction costs		(3,876)	(4,226)
		431,124	420,774
Unsecured borrowings	(b)		
Amount repayable within one year		100,000	100,000
Less: Unamortised transaction costs		(150)	(230)
		99,850	99,770
Total borrowings		**530,974**	**520,544**
Current		99,850	99,770
Non-current		431,124	420,774
		530,974	**520,544**
Gearing ratio	(c)	**40.6%**	**39.8%**

Details of borrowings and collateral:

(a) Secured borrowings

(i) VI-REIT has in place a Singapore dollar denominated senior four-year secured term loan facility and a Singapore dollar senior five-year secured term loan facility, each amounting to S$140 million, from a syndicate of lenders (the "**Syndicated Lenders**") (the "**Term Loan Facilities**"). In addition, VI-REIT has in place a committed revolving credit facility of S$50 million from the Syndicated Lenders (the "**Revolving Credit Facility**", together with the Term Loan Facilities, the "**Loan Facility I**").

The Loan Facility I bears interest at rates based on the aggregate of a margin plus SOR per annum and is secured by way of the following:

- mortgages over three properties, namely UEBH, VBP and Mauser Singapore (the "**Loan Facility I Mortgaged Properties**");
- a debenture creating first fixed and floating charges on all present and future assets in relation to the Loan Facility I Mortgaged Properties and replacement properties (if any);
- an assignment of the relevant lease agreements, acquisition agreement, services agreement, rental support arrangement, bankers' guarantees and other key agreements in relation to the Loan Facility I Mortgaged Properties;
- an assignment of all tenancy agreements, sale agreements (including sale proceeds and rental proceeds), certain bank accounts and all sums from time to time which VI-REIT is entitled to receive from the Loan Facility I Mortgaged Properties; and
- an assignment of all insurance policies (including insurance proceeds) in relation to the Loan Facility I Mortgaged Properties.

As at 31 March 2018, S$280 million in aggregate of the Term Loan Facilities has been fully drawn down and S$25 million of the Revolving Credit Facility has been utilised.

(ii) VI-REIT has in place a Singapore dollar denominated senior five-year secured bilateral term loan facility amounting to S$73 million (the "**Loan Facility II**").

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

- a mortgage over 11 Ubi Road 1, and a deed of assignment of the building agreement (together with a mortgage-in-escrow) in relation to HFB (11 Ubi Road 1 and HFB collectively known as the "**Loan Facility II Mortgaged Properties**");
- a debenture creating fixed and floating charges on all present and future assets in relation to the Loan Facility II Mortgaged Properties;
- an assignment of the relevant lease agreements and acquisition agreements in relation to the Loan Facility II Mortgaged Properties;
- an assignment of the relevant sale agreements (including sale proceeds), insurance policies, tenancy agreements (including tenancy proceeds) and bankers' guarantees given, in each case, in relation to the Loan Facility II Mortgaged Properties;
- charges over the rental proceeds bank accounts and a sale proceeds bank account in relation to the Loan Facility II Mortgaged Properties; and
- a charge over a fixed deposit of S$1.0 million.

As at 31 March 2018, the Loan Facility II of S$73 million has been fully drawn down.

(iii) VI-REIT has in place a Singapore dollar denominated senior five-year secured bilateral term loan facility amounting to S$22 million (the "**Loan Facility III**").

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

- a mortgage over 30 Pioneer Road; and
- an assignment and charge of all of VI-REIT's rights, benefits, title and interest in, under and arising out of the tenancy agreements, the bank guarantees, the rental proceeds and the tenancy account, in each case, in relation to 30 Pioneer Road.

As at 31 March 2018, the Loan Facility III of S$22 million has been fully drawn down.

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

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

- a mortgage over 6 Chin Bee Avenue;
- an assignment of all of VI-REIT's rights, benefits, title and interest in, under and arising out of all policies and contracts of insurance (other than public liability insurance), in each case, in relation to 6 Chin Bee Avenue;
- an assignment and charge of all of VI-REIT's rights, benefits, title and interest in, under and arising out of, *inter alia*, sale agreements, tenancy agreements, performance guarantees, sale proceeds, rental proceeds, sale proceeds account and tenancy account, in each case, in relation to 6 Chin Bee Avenue; and
- a charge of all of VI-REIT's rights, benefits, title and interest in, under and arising out of a debt service reserve account of S$230,000.

As at 31 March 2018, the Loan Facility IV of S$35 million has been fully drawn down.

VI-REIT has entered into interest rate swaps to fix the interest rates for 78.9% of its outstanding floating rate borrowings as at 31 March 2018.

(b) Unsecured borrowings

The Stapled Group issued S$100 million in principal amount of four-year Singapore dollar MTN comprised in series 001 (the "**Series 001 Notes**") in September 2014 (maturing in September 2018) under its S$500 million Multicurrency MTN Programme. The Series 001 Notes are unsecured and bear interest at a fixed rate of 4.15% per annum payable semi-annually in arrears.

(c) Gearing ratio

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

1(c) Consolidated Statement of Cash Flows

	Stapled Group	
	1Q2018 S$'000	1Q2017 S$'000
Cash flows from operating activities		
Total return for the period before income tax	13,041	11,665
Adjustments for:		
Effects of recognising rental income on a straight-line basis over the lease term	(396)	(634)
Finance income	(4)	(5)
Finance expenses	5,231	4,942
Change in fair value of investment properties	3,894	2,239
Change in fair value of derivative financial instruments	(1,442)	1,367
Amortisation of intangible asset	825	825
REIT Manager's fees payable in Stapled Securities	-	1,622
Property Manager's fees payable in Stapled Securities	-	669
Operating income before working capital changes	**21,149**	**22,690**
Changes in working capital:		
Trade and other receivables	1,741	1,044
Trade and other payables (Note (a))	(1,645)	(1,154)
Cash generated from operations	**21,245**	**22,580**
Income taxes paid	-	(41)
Net cash generated from operating activities	**21,245**	**22,539**
Cash flows from investing activities		
Acquisition of an investment property	-	(73,317)
Payment of stamp duty for an investment property	-	(154)
Capital expenditure incurred (Note (a))	(4,237)	(6,151)
Interest received	1	4
Net cash used in investing activities	**(4,236)**	**(79,618)**
Cash flows from financing activities		
Payment of issue expenses	-	(29)
Proceeds from borrowings	10,000	54,000
Payment of debt-related transaction costs	(50)	(378)
Payment of finance expenses	(5,827)	(5,479)
Distributions paid to Stapled Securityholders	(18,062)	(9,612)
Net cash (used in) / generated from financing activities	**(13,939)**	**38,502**
Net increase / (decrease) in cash and cash equivalents	3,070	(18,577)
Cash and cash equivalents at beginning of the period	8,242	29,462
Cash and cash equivalents at end of the period	**11,312**	**10,885**

Note:

(a) During 1Q2018, the Stapled Group incurred S$3,768,000 (1Q2017: S$941,000) of capital expenditure on investment properties and S$10,449,000 (1Q2017: S$10,291,000) were included in trade and other payables as at the end of the financial period. Cash payments of S$4,237,000 (1Q2017: S$6,151,000) were made for capital expenditure during 1Q2018.

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

	Stapled Group	
	1Q2018 S$'000	1Q2017 S$'000
Balance at beginning of the period	**746,572**	**738,947**
Operations		
Total return for the period after income tax	12,577	11,178
Net increase in net assets resulting from operations	**12,577**	**11,178**
Stapled Securityholders' transactions		
Issuance of new Stapled Securities in connection with the acquisition of an investment property	-	23,000
Issue expenses	-	(29)
Stapled Securities issued and issuable:		
- As payment of REIT Manager's fees	-	1,622
- As payment of Property Manager's fees	-	669
Distribution to Stapled Securityholders	(18,062)	(9,612)
Net (decrease) / increase in net assets resulting from Stapled Securityholders' transactions	**(18,062)**	**15,650**
Balance at end of the period	**741,087**	**765,775**

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

	Stapled Group	
	1Q2018 Units	1Q2017 Units
Stapled Securities in issue at beginning of the period	**972,658,241**	**931,405,379**
Issuance of new Stapled Securities in connection with the acquisition of an investment property	-	30,483,700
New Stapled Securities issued as payment of:		
- REIT Manager's fees	-	1,898,457
- Property Manager's fees	-	786,548
Total issued Stapled Securities	**972,658,241**	**964,574,084**
New Stapled Securities issuable as payment of:		
- REIT Manager's fees	3,100,366	2,052,983
- Property Manager's fees	-	846,516
Total issued and issuable Stapled Securities at end of the period	**975,758,607**	**967,473,583**

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited but have been reviewed by the auditors of the Stapled Group in accordance with the Singapore Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*".

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Please refer to the auditor's report accompanying this announcement.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The accounting policies and methods of computation applied in the Stapled Group's financial statements for the current financial period are consistent with those applied in its audited financial statements for the financial year ended 31 December 2017, except that in the current financial period, the Stapled Group has adopted all the new and revised FRSs that are effective for annual periods beginning on or after 1 January 2018. The adoption of these new and revised FRSs did not have any material effect on the financial performance or position of the Stapled Group.

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

Please refer to section 4 above.

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

	Note	Stapled Group	
		1Q2018	1Q2017
EPS is calculated based on:			
Total return after income tax (S$'000)		12,577	11,178
Weighted average number of issued and issuable Stapled Securities during the period ('000)		975,759	959,526
Basic and diluted EPS (cents)	(a)	1.289	1.165
DPS is calculated based on:			
Distribution declared for the period (S$'000)	(b)	17,949	17,807
Applicable number of Stapled Securities for calculation of DPS ('000)		975,759	959,954
DPS (cents)	(c)	1.838	1.854

Notes:

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

(b) Distributions of the Stapled Group represent the aggregate of distributions by VI-REIT Group and VI-BT. The distributions of the Stapled Group are contributed solely by VI-REIT Group as VI-BT remains inactive. Accordingly, only the distribution of VI-REIT Group has been included for the purpose of calculating the DPS. Please refer to section 1(a)(ii) for the Distribution Statement for 1Q2018.

(c) The pro forma DPS for 1Q2018 without the effects of rental support would have been 1.446 cents (1Q2017: 1.605 cents). Had the management fees payable to the REIT Manager and the Property Manager for 1Q2018 continued to be paid by a combination of cash and Stapled Securities, the pro forma DPS for 1Q2018 without the effects of rental support would have been 1.668 cents (1Q2017: 1.605 cents).

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

	Stapled Group	
	31 Mar 2018	31 Dec 2017
NAV / NTA per Stapled Security is calculated based on:		
Net assets (S$'000)	741,087	746,572
Net tangible assets (S$'000)	739,134	743,794
Number of Stapled Securities ('000):		
- issued	972,659	972,659
- issuable	3,100	3,100
	975,759	975,759
NAV per Stapled Security (cents)	75.95	76.51
NTA per Stapled Security (cents)	75.75	76.23

8 A review of the performance for the quarter ended 31 March 2018

A review of the performance for 1Q2018 is set out in section 1(a) – Consolidated Statement of Total Return for 1Q2018 and section 1(b)(i) – Statement of Financial Position as at 31 March 2018.

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

No forecast or prospect statement for the financial year ending 31 December 2018 has been previously disclosed to Stapled Securityholders.

10 Commentary on the significant trends and competitive conditions of the industry in which the Stapled Group operates and any known factors or events that may affect the Stapled Group in the next reporting period and the next 12 months

Based on advance estimates[1], the Singapore economy grew by 4.3% on a year-on-year (y-o-y) basis in 1Q2018, higher than the 3.6% growth in the fourth quarter of last year. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 1.4%, a moderation from the 2.1% growth in the fourth quarter. The manufacturing sector grew by 10.1% on a y-o-y basis in the first quarter, faster than the 4.8% growth in the previous quarter. All the clusters within the sector expanded, with the electronics and precision engineering clusters contributing the most to the sector's growth.

Furthermore, the March 2018 reading of Singapore Purchasing Managers' Index ("**PMI**") recorded an expansion at 53.0[2] from an earlier 52.7 in February. This was a notch faster than economists' expectations of 52.8, according to a poll by Bloomberg. The PMI, based on surveys, is a leading indicator of economic activity. The latest PMI reading was attributed mainly to faster growth in factory output, as well as higher new orders and new exports.[3]

While the manufacturing sector had been experiencing robust growth, performance in the industrial real estate sector had been more muted. According to JTC's Quarterly Market Report for 1Q2018[4], both the occupancy and rentals of industrial space experienced some decline, with occupancy rate of the overall industrial property market dipping marginally by 0.4 percentage points y-o-y and rental indices shrinking by 2.0% y-o-y. However, the business park segment stood out with a 6.9% rental recovery and 1.1 percentage points improvement in occupancy compared to a year ago. According to JLL[5], this robust out-turn by the business park segment was underpinned by steady demand amid the growth of the digital economy, lack of new supply, as well as the spill-over effects from the rise in office rents.

Looking ahead, JTC's data showed that another 1.4 million sqm gross floor area of new industrial space is expected to come on-stream for the rest of 2018. This figure is lower than the average annual supply of industrial space at around 1.7 million sqm in the past 3 years but still higher than the 3-year average of 1.2 million sqm of demand. JLL cited that with the improvement in the overall economy, logistics and warehouse rents could potentially see some upside by year-end on the back of an expected reduction in vacant stock while the business park segment is expected to continue to outperform the general market given steady demand.

Against this backdrop, the REIT Manager has, in 1Q2018, renewed about 61,400 sqft or 10.2% of the total area of approximately 602,500 sqft due for renewal in FY2018 with an overall positive rental reversion of 2.6% (similar to 2017 full year positive rental reversion of 2.6%). In addition, the REIT Manager has secured about 87,900 sqft of new leases in 1Q2018.

Positive Catalyst for 30 Pioneer Road

The construction of the vehicular link connecting 30 Pioneer Road to the adjoining property at 39 Benoi Road has been completed. The owner of 39 Benoi Road, GKE Warehousing & Logistics Pte Ltd, has granted VI-REIT vehicular access rights over the ramp and certain parts of 39 Benoi Road, thereby allowing container trucks to access the loading and unloading bays on every floor of 30 Pioneer Road via the vehicular ramp of 39 Benoi Road. With access via the vehicular ramp of 39 Benoi Road, 30 Pioneer Road has been transformed into a ramp-up logistics facility with container access to all levels.

[1] "Singapore's GDP Grew by 4.3 Per Cent in the First Quarter of 2018", Ministry of Trade and Industry Singapore, Press Release, 13 April 2018

[2] PMI Monthly Bulletin, Singapore Institute of Purchasing & Materials Management, March 2018

[3] http://www.straitstimes.com/business/economy/singapore-manufacturing-sector-expands-for-19th-straight-month-in-march, The Straits Times

[4] Quarterly market report, Industrial Properties, First Quarter 2018

[5] JLL News Flash, A bottom is in sight for industrial property market, 26 April 2018

Proposed Merger with ESR-REIT

On 28 January 2018, the Managers received a non-binding proposal from ESR Funds Management (S) Limited, as manager of ESR-REIT (the "**ESR Manager**") in relation to the proposed merger of VIT and ESR-REIT (the "**Proposed Merger**") and entered into exclusive discussions with the ESR Manager in relation to the Proposed Merger. At the date of this announcement, the Managers' exclusive discussions with the ESR Manager in relation to the Proposed Merger are still ongoing and no definitive legally binding agreements have been entered into with ESR-REIT or the ESR Manager in relation to the Proposed Merger. Please refer to the initial announcement dated 29 January 2018 and the subsequent update announcements dated 23 February 2018, 23 March 2018, 30 March 2018, 30 April 2018 and 15 May 2018 for further details on the Proposed Merger.

11 Distributions

11(a) Current financial period

Any distribution declared for the current period?

Yes.

Name of distribution:	Distribution for the period from 1 January 2018 to 31 March 2018
Distribution type:	Taxable income / Tax exempt income
Distribution rate:	1.838 cents per Stapled Security comprising (a) Taxable income - 1.424 cents (b) Tax exempt income - 0.414 cents
Tax Rate:	Taxable income distribution The distribution is made out of VI-REIT's taxable income. Stapled Securityholders receiving distributions will be subject to Singapore income tax on the distributions received except for individuals where the distribution is exempt from tax (unless they hold their Stapled Securities through partnership or as trading assets). Tax exempt income distribution The distribution is made out of income that has been taxed on VI-REIT's trustee and will be exempt from tax in the hands of all Stapled Securityholders, regardless of their nationality, corporate identity or tax residence status. Stapled Securityholders are not entitled to claim tax credit against their Singapore income tax liability in respect of the tax paid at VI-REIT's trustee level.

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

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

Yes.

Name of distribution:	Distribution for the period from 1 January 2017 to 31 March 2017
Distribution type:	Taxable income / Tax exempt income
Distribution rate:	1.854 cents per Stapled Security comprising (a) Taxable income - 1.581 cents (b) Tax exempt income - 0.273 cents

Tax Rate:

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

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

11(c) Books closure date: 23 May 2018

11(d) Date Payable: 18 June 2018

12 If no dividend has been declared/recommended, a statement to that effect

Not applicable.

13 Certificate pursuant to Paragraph 7.3 of the Property Funds Guidelines

In relation to the distribution to Stapled Securityholders for the period from 1 January 2018 to 31 March 2018 (the "**Distribution**"), the REIT Manager, in consultation with the REIT Trustee, hereby certifies that it is satisfied on reasonable grounds that, immediately after making the Distribution, VI-REIT will be able to fulfil, from its deposited property, its liabilities as and when they fall due.

VI-REIT's distribution policy is to distribute at least 90% of its annual distributable income. Distributions are made on a quarterly basis at the sole discretion of the REIT Manager.

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

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

15 Segment revenue and results

	Stapled Group									
	1Q2018					1Q2017				
	Business Park S$'000	Hotel S$'000	Logistics S$'000	Light Industrial S$'000	Total S$'000	Business Park S$'000	Hotel S$'000	Logistics S$'000	Light Industrial S$'000	Total S$'000
Gross revenue	17,344	2,337	3,534	5,477	28,692	16,217	2,275	3,227	5,660	27,379
Property expenses	(6,441)	(100)	(109)	(991)	(7,641)	(5,961)	(80)	(100)	(898)	(7,039)
Net property income	**10,903**	**2,237**	**3,425**	**4,486**	**21,051**	**10,256**	**2,195**	**3,127**	**4,762**	**20,340**
Rental support	2,708	48	-	-	2,756	2,424	90	-	386	2,900
Reportable segment results	**13,611**	**2,285**	**3,425**	**4,486**	**23,807**	**12,680**	**2,285**	**3,127**	**5,148**	**23,240**
Unallocated items:										
- REIT Manager's fees					(1,797)					(1,798)
- REIT Trustee's fees					(51)					(47)
- Amortisation of intangible asset					(825)					(825)
- Other trust expenses					(414)					(362)
- Finance income					4					5
- Finance expenses					(5,231)					(4,942)
Net income					**15,493**					**15,271**
Change in fair value of investment properties					(3,894)					(2,239)
Change in fair value of derivative financial instruments					1,442					(1,367)
Total return for the period before income tax					**13,041**					**11,665**
Income tax expense					(464)					(487)
Total return for the period after income tax					**12,577**					**11,178**

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

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

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

Pursuant to Rule 705(5) of the Listing Manual, we, on behalf of the directors of the Managers, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the respective board of directors of the Managers which may render the unaudited financial results of the Stapled Group for the quarter ended 31 March 2018 to be false or misleading in any material respect.

On behalf of the Board of Directors

Leong Horn Kee
Chairman

Wilson Ang Poh Seong
Chief Executive Officer and
Executive Director

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

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

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

15 May 2018

IMPORTANT NOTICE

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

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

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

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

Deloitte & Touche LLP
Unique Entity No. T08LL0721A
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809

Tel: +65 6224 8288
Fax: +65 6538 6166
www.deloitte.com/sg

15 May 2018

The Board of Directors

Viva Asset Management Pte. Ltd.
(as trustee-manager of Viva Industrial Business Trust) (the "Trustee-Manager")
750 Chai Chee Road
#04-03 Viva Business Park
Singapore 469000

Viva Industrial Trust Management Pte. Ltd.
(as manager of Viva Industrial Real Estate Investment Trust) (the "REIT Manager")
750 Chai Chee Road
#04-03 Viva Business Park
Singapore 469000

Perpetual (Asia) Limited
(as trustee of Viva Industrial Real Estate Investment Trust)
8 Marina Boulevard #05-02
Marina Bay Financial Centre Tower 1
Singapore 018981

Attention: Mr Ang Poh Seong

Dear Sir

Review of Interim Financial Information
For the three-month period ended 31 March 2018

Introduction

We have reviewed:

(i) the interim financial information of Viva Industrial Business Trust ("VI-BT") for the three-month period ended 31 March 2018;

(ii) the interim financial information of Viva Industrial Real Estate Investment Trust ("VI-REIT") and its subsidiary (collectively referred to as "VI-REIT Group") for the three-month period ended 31 March 2018; and

(iii) the interim financial information of Viva Industrial Trust for the three-month period ended 31 March 2018.

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

Deloitte & Touche LLP (Unique Entity No. T08LL0721A) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).

Deloitte.

The accompanying interim financial information comprises the statements of financial position of VI-BT, VI-REIT Group and the Stapled Group as at 31 March 2018; 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, statement of movements in unitholders' funds of the Stapled Group and statement of cash flows of the Stapled Group, all for the three-month period ended 31 March 2018; and certain explanatory notes to the interim financial information.

The Trustee-Manager is responsible for the preparation and fair presentation of the interim financial information of VI-BT in accordance with Financial Reporting Standard 34 *Interim Financial Reporting* ("FRS 34"). The REIT Manager is responsible for the preparation and fair presentation of the interim financial information of VI-REIT Group and the Stapled Group in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants. Our responsibility is to express a conclusion on the interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less than the scope of an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review,

(a) nothing has come to our attention that causes us to believe that the accompanying interim financial information of VI-BT is not prepared, in all material respects, in accordance with FRS 34; and

(b) nothing has come to our attention that causes us to believe that the accompanying interim financial information of VI-REIT Group and the Stapled Group are not prepared, in all material respects, in accordance with RAP 7.

Deloitte.

Restriction of use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the interim financial information for the purpose of assisting the Stapled Group in meeting the requirements of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in the Stapled Group's announcement of its interim financial information for the information of its stapled securityholders. We do not assume responsibility to anyone other than the Stapled Group for our work, for our report, or for the conclusions we have reached in our report.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

15 May 2018

KPMG Corporate Finance Pte Ltd
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Internet www.kpmg.com.sg

The Directors

Viva Industrial Trust Management Pte. Ltd.
(as REIT manager of Viva Industrial Real Estate Investment Trust)

Viva Asset Management Pte. Ltd.
(as trustee-manager of Viva Industrial Business Trust)

750 Chai Chee Road
#04-03 Viva Business Park
Singapore 469000

Perpetual (Asia) Limited
(as trustee of Viva Industrial Real Estate Investment Trust)
8 Marina Boulevard #05-02
Marina Bay Financial Centre Tower 1
Singapore 018981

15 May 2018

Dear Sirs

PROPOSED MERGER OF ESR-REIT AND VIVA INDUSTRIAL TRUST ("VIT") BY WAY OF A TRUST SCHEME ARRANGEMENT

1. On 15 May 2018, the directors (the "**Directors**") of Viva Industrial Trust Management Pte. Ltd. and Viva Asset Management Pte. Ltd. (collectively, the "**VIT Managers**") announced the unaudited consolidated financial statements of VIT for the first quarter ended 31 March 2018 (the "**1Q18 Results**"). We have examined the 1Q18 Results and have discussed the same with the management of the VIT Managers who are responsible for their preparation. We have also considered the report by Deloitte & Touche LLP (VIT's auditor) dated 15 May 2018 on their review of the 1Q18 Results.

2. For the purposes of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us by VIT. Save as provided in this letter, we do not express any opinion and views on the 1Q18 Results. The Directors of the VIT Managers remain solely responsible for the 1Q18 Results.

3. Based on the above, we are of the opinion that the 1Q18 Results have been prepared by the VIT Managers after due and careful enquiry.

4. This letter is provided to the Directors of the VIT Managers solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and not for any other purpose. We do not accept responsibility for any person(s), other than the

KPMG Corporate Finance Pte Ltd (Registration No. 198500417D), is a Singapore incorporated company and associated with KPMG, the Singapore member firm of KPMG International, a Swiss cooperative.

Directors of the VIT Managers, in respect of, arising out of, or in connection with this letter.

Yours faithfully

for and on behalf of

KPMG Corporate Finance Pte Ltd

Vishal Sharma
Executive Director

Jeremy Bogue
Director