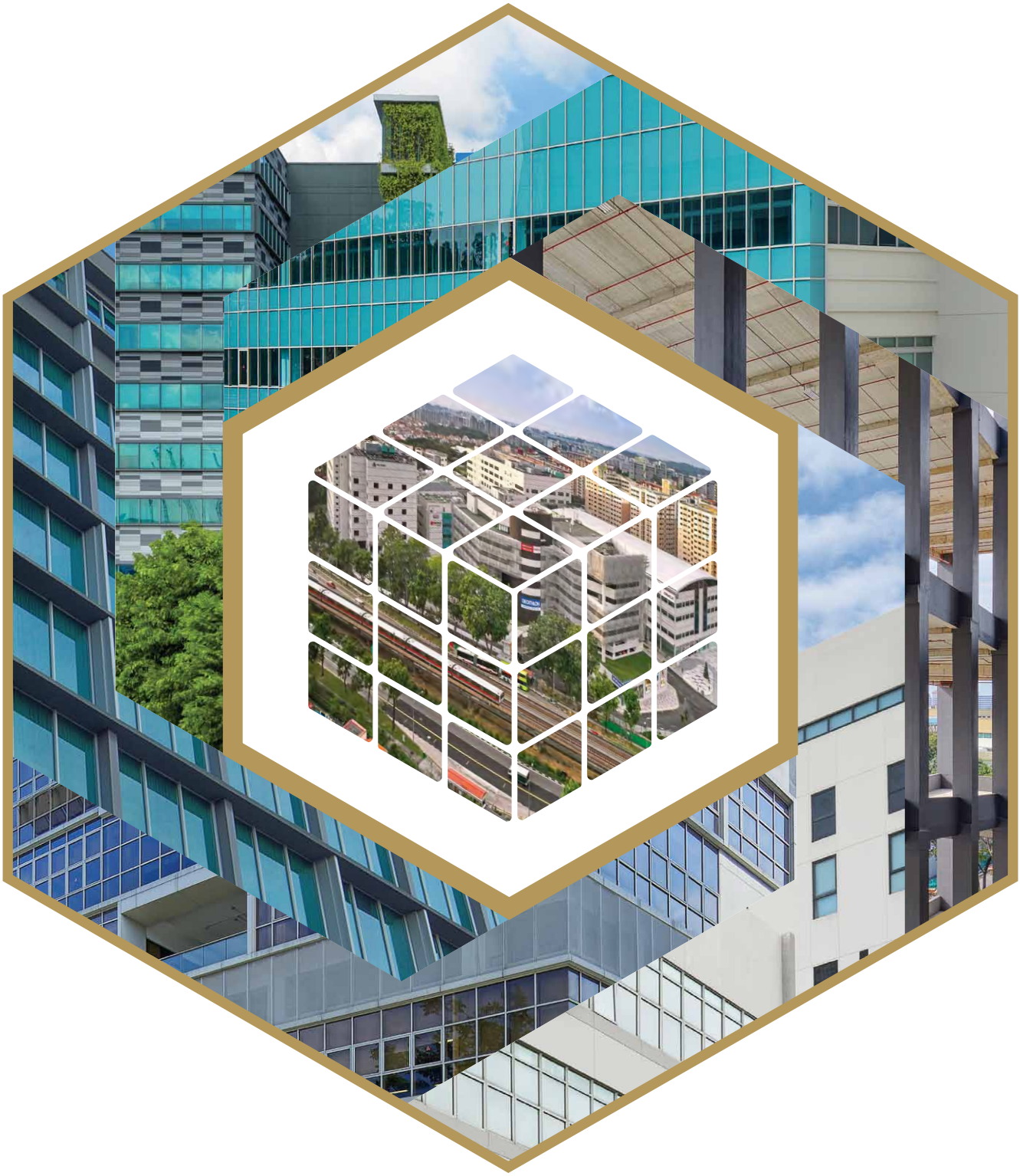
TRANSFORMING POTENTIAL

Annual Report 2016



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") 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's current property portfolio covers an aggregate gross floor area of 3.9 million sq ft and is strategically located in key business parks and established industrial clusters with an aggregate valuation of close to S$1.3 billion. Its nine properties serve over 144 tenants with 40% of them in information technology, e-business or data centre operations.

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.









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REIT MANAGER

VI-REIT is managed by Viva Industrial Trust Management Pte. Ltd. (the "REIT Manager"), which is wholly owned by Viva Investment Management Pte. Ltd. ("VIM").

The REIT Manager's main responsibility is to manage VI-REIT's assets and liabilities for the benefit of 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.

BT TRUSTEE-MANAGER

VI-BT is managed by Viva Asset Management Pte. Ltd. (the "BT Trustee-Manager"), which is wholly owned by VIM. VI-BT is presently inactive.

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 VIT stapled securityholders as a whole.



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 asset enhancements and utilise interest rate and currency hedging strategies 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.

SIGNIFICANT EVENTS

2016

JANUARY



Obtained TOP

for AEI works for 750A at VBP (Phase 1)

FEBRUARY

Completed Refinancing

with new S$330 million Term Loan and Revolving Credit Facilities syndicated by Standard Chartered Bank and BNP Paribas

APRIL



Completed Acquisition

of 30 Pioneer Road

MAY



Obtained TOP

for AEI works for 750 at VBP (Phase 2)

OCTOBER

Announced

the proposed acquisition of 6 Chin Bee Avenue for S$87.3 million

NOVEMBER

Completed Placement

of 60,811,000 new stapled securities at issue price of S$0.74 to raise gross proceeds of S$45 million



Obtained Partial TOP

for AEI works at 750B at VBP

DECEMBER

Entered Into a S$22 million

Term Loan Facility Agreement with United Overseas Bank

2017

JANUARY



Completed Acquisition

of 6 Chin Bee Avenue

FINANCIAL HIGHLIGHTS

FINANCIAL RESULTS

GROSS REVENUE
S$95.12M
FY2015
S$73.99 M
VARIANCE (%)
+28.6%

NET PROPERTY INCOME
S$68.48M
FY2015
S$50.84 M
VARIANCE (%)
+34.7%

DISTRIBUTABLE INCOME[1]
S$60.94M
FY2015
S$47.48 M
VARIANCE (%)
+28.3%

DISTRIBUTION PER STAPLED SECURITY[1] (SINGAPORE CENTS)
6.958CENTS
FY2015
7.000 CENTS
VARIANCE (%)
-0.6%

FINANCIAL POSITION

TOTAL ASSETS
S$1.25B
FY2015
S$1.20B
VARIANCE (%)
+4.6%

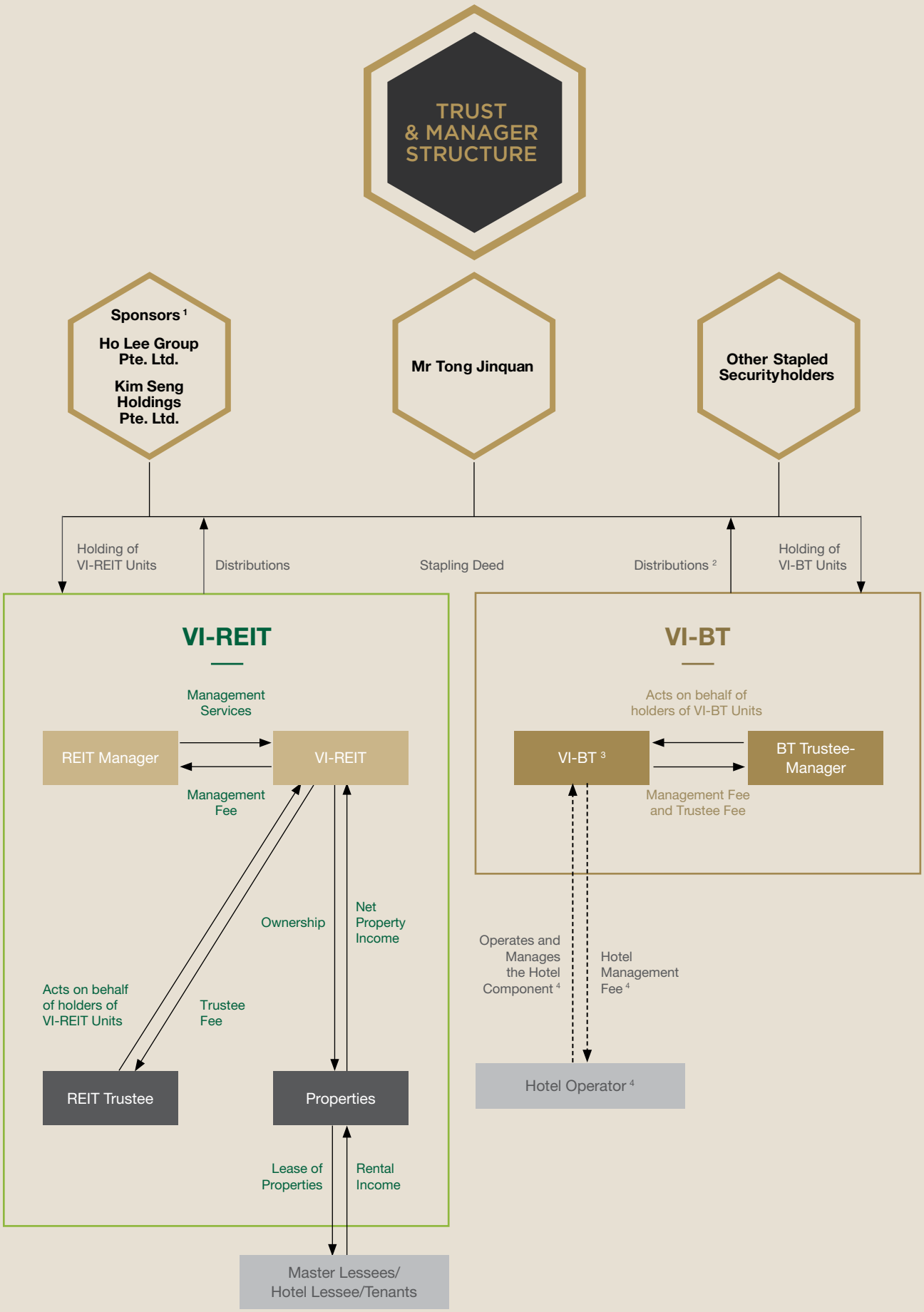
TOTAL LIABILITIES
S$514.96M
FY2015
S$496.70M
VARIANCE (%)
+3.7%

STAPLED SECURITYHOLDERS' FUNDS
S$738.95M
FY2015
S$701.62M
VARIANCE (%)
+5.3%

INVESTMENT PROPERTIES
S$1.20B
FY2015
S$1.12B
VARIANCE (%)
+6.8%

Notes
1. Distributions of VIT represent the aggregate of distributions 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.

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 inactive. 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.

UE BIZHUB EAST





CHAIRMAN AND CEO LETTER TO STAPLED SECURITYHOLDERS

Despite the challenging business environment in FY2016, VIT managed to achieve robust growth in distributable income, improve occupancy and rental performance and sustain portfolio valuations.



MR WILSON ANG
Chief Executive Officer

DR LEONG HORN KEE
Chairman

A TOTAL PORTFOLIO VALUATION OF ALMOST
S$1.20B

DISTRIBUTABLE INCOME ROSE STEADILY BY 28.3% Y-O-Y TO REACH
S$60.94M

DEAR STAPLED SECURITYHOLDERS,

On behalf of the Board of Directors of the REIT Manager, we are pleased to present VIT's fourth annual report for the financial year ended 31 December 2016 ("FY2016").

FY2016 was an eventful year with many geopolitical surprises on the global stage which contributed to greater volatility in the world economy. Despite the macroeconomic challenges weighing on Singapore's economic growth and the domestic industrial property sector, VIT's business park-focused portfolio has remained resilient as our growth strategies begin to bear fruit. On the back of both organic growth in rentals and occupancy, as well as our successful execution of yield accretive acquisitions and the asset enhancement initiative ("AEI") at Viva Business Park ("VBP"), VIT delivered a creditable set of financial results for FY2016, notwithstanding the challenging business climate.

REAPING THE FRUITS OF OUR GROWTH STRATEGIES

From just three properties in our portfolio at our Initial Public Offering ("IPO") in November 2013, we have grown rapidly to eight properties today with a total portfolio valuation of almost S$1.2 billion. Furthermore, we have also increased the portfolio's occupancy from 70.1% at IPO to 89.8% at year end. For FY2016, VIT's gross revenue grew by 28.6% year-on-year ("y-o-y") to S$95.1 million, while net property income ("NPI") climbed 34.7% y-o-y to S$68.5 million. As a result, distributable income rose steadily by 28.3% y-o-y to reach S$60.9 million, delivering a distribution per stapled security ("DPS") of 6.958 cents. This translates to an attractive distribution yield of 9.2%[1], and demonstrates our ability to create value even while the industrial property market remains tepid.

VIT's successful growth over the past three years was possible only because we remained steadfast in pursuing our growth strategies since our IPO. In FY2016, significant progress was made in the AEI for VBP which transformed the once-quiet high-tech industrial property into a vibrant work-live-play business park. To date, we have added over 20 new retail, food and beverage ("F&B") and lifestyle-based tenants, offering a refreshing mix of sports and fitness, F&B and family-oriented amenities at VBP.

The transformation of VBP also delivered higher income from the newly-created retail units at 750 and 750A, as well as electricity cost savings from the upgrading of chillers to achieve better efficiency and the adoption of the contestable electricity bulk purchase programme. The upgrading of chillers also sets new environmental sustainability standards for our properties as we endeavour to improve VIT's sustainability practices across our portfolio.

In addition, the strategic acquisitions of quality assets have sharpened VIT's portfolio, as well as diversified and strengthened its income base. In FY2016, we completed the acquisition of 30 Pioneer Road, and raised funds for the acquisition of 6 Chin Bee Avenue to capitalise on the increasing demand for centralised food storage facilities and high-specifications logistics and warehouse properties. Both assets are in line with our strategy of seeking out properties that either service recession-resilient sectors or position VIT to tap on the Singapore government's push towards the future economy.

In terms of organic growth, our leasing team's proactive tenant management has resulted in VIT retaining and attracting tenants, which further reinforces the quality of VIT's tenant base. During the year, we secured new leases for about 101,000 sq ft of space and renewed existing leases for about 356,000 sq ft of space. This translates to a high lease renewal rate of 90% for the portfolio, while notably recording a positive rental reversion of 5.2% at the same time.

PROACTIVE CAPITAL MANAGEMENT

While VIT has been actively pursuing its growth strategies, we have also remained prudent in our capital and risk management, so as to maintain a stable DPS for the benefit of all stapled securityholders.

To insulate VIT against interest rate volatility, we have fixed the interest rate exposure for 89.9%[2] of VIT's outstanding debt. In February 2016, we completed the refinancing of VIT's IPO loans, which reduced the interest rate margin while extending the loan tenures. As a result of the refinancing initiative, VIT has no major refinancing requirements until September 2018.

Furthermore, as a testament to VIT's ability to diversify our sources of funding and tap both debt and equity capital markets, we completed a private placement of S$45 million in November 2016 to partially fund the acquisition of 6 Chin Bee Avenue. The placement was not only oversubscribed, but it also attracted significant interest from institutional investors.

STRENGTHENING STAKEHOLDERS ENGAGEMENT

During the year, we made significant headway in our engagement with key stakeholders, including the investment and media community. We have also gained traction amongst both retail and institutional investors, who have developed a deeper appreciation of VIT's track record as a

1 Based on closing price of S$0.755 as at 30 December 2016.
2 Based on outstanding borrowings as at 31 December 2016.

CHAIRMAN AND CEO LETTER TO STAPLED SECURITYHOLDERS



30 Pioneer Road

safe haven defensive investment amidst the macroeconomic uncertainties. As we continue our drive for excellence, we will look to uphold good corporate governance and maintain high standards in our disclosures to all stakeholders.

We will also adopt sustainable business practices that will create long-term value for our stakeholders. For instance, the upgrading of chillers at VBP and contestable electricity bulk purchase programme were the first of many sustainability efforts that VIT will be looking to implement in the near future. We have outlined further details in our inaugural sustainability report which will be available exclusively on VIT's website.

At VIT, we believe that the development of human capital is necessary for any organisation to be successful in achieving its mission and business objectives. To this end, we are honoured to be one of the early adopters of Singapore National Employers Federation's ("SNEF") SAPPHIRE Star Blazers workforce transformation programme. Through this initiative, we aim to upskill our employees by equipping them with new skill sets and improving their responsiveness to the ever-changing business environment. By enabling our team to learn and self-develop continuously, they can quickly and easily adapt to changes as the Singapore economy transforms.

STAYING FOCUSED ON OUR CORE COMPETENCIES

Despite the challenging business environment in FY2016, VIT managed to achieve robust growth in distributable income, improve occupancy and rental performance and sustain portfolio valuations. Moving forward, we will build on VIT's growth momentum by focusing on both organic and inorganic growth opportunities in the years ahead.

We are confident that the defensive and diversified nature of VIT's portfolio will continue to put us in good stead to tap on market opportunities and surmount challenges in the increasingly competitive industrial property landscape.

While the results of FY2016 have demonstrated the strength of VIT's underlying fundamentals, we firmly believe that there are still growth opportunities in Singapore's industrial property market, and we will continue to explore suitable opportunities that will capture value for our stapled securityholders in the long term while remaining prudent and disciplined in our capital and risk management.

We will also align our growth strategies with the recommendations by Singapore's Committee on the Future Economy ("CFE") to build an open and connected economy with deep capabilities for the next phase of growth. As the Singapore economy transforms, we will focus on providing real estate solutions in business parks to companies implementing Industry Transformation Maps ("ITMs"), primarily in the information and communications technology ("ICT") and media sectors, where VIT has gained a strong foothold in terms of its diverse tenant base from these sectors.

Furthermore, our latest two acquisitions are logistics properties, a sector that the CFE has highlighted to be a critical enabler of Singapore's economy. In particular, the Transportation and Storage sector, which includes logistics, contributed about 8% to Singapore's GDP and about 7% of total employment in 2016. With the transformation of the logistics industry expected to achieve value-add of S$8.3 billion and introduce 2,000 new professionals, managers, executives and technicians ("PMET") jobs by 2020, we will position VIT's portfolio of high-quality logistics and light industrial properties to capitalise on the emerging opportunities in the logistics and food services sectors in the years ahead.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, we would like to thank all our stapled securityholders for your continued and unwavering support. In addition, special appreciation goes to our tenants, partners, business associates and trustee for believing in our mission and growing together with VIT.

In addition, we would like to express our heartfelt appreciation to our Board of Directors, for they have been instrumental in leading VIT to where we are today.

We are confident that our management team is forward-looking and adaptive to the rapidly changing industrial landscape. As we embark on the journey to bring VIT to greater heights, we will continue to seize new opportunities and deliver sustainable returns for our Stapled Securityholders.

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

尊敬的合订证券持有人，

谨代表億達工业房地产信托（以下简称“VIT”）董事会，我们很高兴为大家呈现截至2016年12月31日的第四份财政年度报告。

2016财政年是丰富多彩的一年，在全球舞台上许多地缘政治出现了突发结果，对世界经济带来极大的波动。尽管宏观经济挑战对新加坡的经济增长和国内工业房地产领域带来挑战，但VIT以商业园为主的投资组合仍然具有韧性，为我们的增长策略开始取得成果。我们在租金和租用率方面都取得有机增长的同时，也成功执行了可提高收益的收购和Viva商业园（“VBP”）的资产增值计划（“AEI”），尽管面临具有挑战性的商业环境，VIT依然为2016财政年取得了值得赞扬的业绩表现。

增长策略所取得的成果

从2013年11月首次公开发行（“IPO”）时只有的三个资产，我们迅速增长到今天拥有八个资产，总投资组合估值近新币12亿元。此外，我们还将投资组合的租用率从IPO时的70.1%提升到2016年底的89.8%。在2016财政年，VIT的总收入同比增长28.6%至新币9510万元，而净房地产收入（“NPI”）同比增长34.7%至新币6850万元。因此，可分配收入同比稳步上升28.3%，达到新币6090万元，每合订证券可派发收入（“DPS”）达新币6.958分。这相等于9.2%[1]的可观收益率，并展示了我们即使在工业房地产市场保持平稳时也能够创造价值。

VIT能成功取得过去三年的增长，要归功于我们自IPO以来对增长策略的坚持。在2016财政年，VBP的AEI取得了显着进展，将一度肃静的高科技工业产业转变为一个充满活力并融合了工作—生活—休闲为一体的商业园区。到目前为止，我们添加了超过20个新的零售，餐饮和休闲娱乐类式的租户，为VBP提供各种新的运动和保健、餐饮（“F&B”）和以家庭为导向的设施。

VBP在转型而为750和750A所新增的零售单位也为VBP带来更高的收入，以及通过更新冷却器达到高效节能，并通过采用可竞争的电力批量购买计划成功节省了电力成本。在我们为VIT投资组合努力加强实践可持续发展的同时，冷却器的提升也为我们的资产制定了新的环境可持续性标准。

此外，优质资产的战略性收购也巩固了VIT的投资组合，并加强与使其收入基础更多元化。在2016财政年，我们完成了对30 Pioneer Road资产的收购，并募集资金收购了6 Chin Bee Avenue，从而能在市场对中央食品仓储设施和高规格物流与仓库物业日益增长的需求中获益。 这两个资产都符合VIT的增长策略，那就是寻求对经济衰退拥有韧性的资产，或是能为VIT定位在一个有利位置，以便能善用新加坡政府在推广未来经济中获益。

在有机增长方面，我们的租赁团队积极的租户管理让VIT成功保留现有和吸引新租户，进一步加强了VIT租户质量的基础。在过去一年内，我们签订了约10万1000平方英尺的新租约，并更新约35万6000平方英尺的现有租约。这意味着投资组合成功获得90%的高续约率，同时也取得了5.2%的显著租金涨幅。

总投资组合估值近新币
12亿元

可分配收入同比稳步上升28.3%，达到新币
6090万元

[1] 根据2016年12月30日的新币0.755元闭市价。

主席与总裁
致全体合订证券持有人之信函

积极的资本管理

纵使VIT一直积极推行其增长策略，但我们在资本和风险管理方面仍保持谨慎，以期为所有的合订证券持有人维持稳定的DPS。

为了使VIT免受利率波动的影响，我们将VIT未偿还债务的利率风险敞口固定在89.9%[2]。在2016年2月，我们完成了VIT的IPO贷款再融资，降低了利差，同时延长了贷款期限。由于再融资计划的实行，VIT在2018年9月之前没有重大再融资的需要。

此外，我们于2016年11月完成了一项私募配售，筹集新币达4500万元的资金，用于部分资助收购6 Chin Bee Avenue，这证明了VIT能够善用债务和股市资本市场，通过多方面获得资金来源。该配售计划不仅获得超额认购，也吸引了机构投资者的显著兴趣。

加强与利益相关者的互动

在这一年中，我们在与主要利益相关者，包括投资和媒体界的互动中取得了重大进展。我们也吸引了零售和机构投资者，他们已经开始更深入了解VIT在这个充满不确定性宏观经济的环境中，扮演的安全避风港防御投资的角色。随着我们继续寻求卓越的成绩，我们将致力于维护良好的公司治理，并在向所有利益相关者披露信息方面保持高标准。

我们也将采用可持续的商业方针，为我们的利益相关者创造长期价值。例如，VBP冷却器的更新和可竞争电力批量采购计划，都是VIT计划在不久的将来所要实施的众多可持续性的部分计划。我们在VIT首个可持续发展报告中概述了更多细节，该报告将在VIT的网站上供浏览。

在VIT，我们认为人力资本的发展对于任何机构是否能成功实现其使命和业务目标扮演着重要角色。为此，我们很荣幸成为新加坡全国雇主联合会（“SNEF”）SAPPHIRE明星开拓者劳动力转型计划的早期采纳者之一。通过这一举措，我们的目标是为员工配备新的技能，提高他们对变化不断的商业环境的反应能力，让我们的团队在生活中不断学习与自我发展，以便能够快速与轻松地适应新加坡经济转型所带来的变化。

继续专注于我们的核心竞争力

尽管2016财政年面临了挑战性的商业环境，VIT实现了可分配收入的强劲增长、提高了租用率和租赁表现，并保持了投资组合的估值。展望未来，我们将以VIT的增长势头为基础，注重未来的有机和无机增长机会。

我们相信，VIT投资组合的防御性和多元化性质将继续使我们能更好地利用市场机遇，克服竞争日益激烈的工业房地产领域所带来的挑战。

2016财政年的业绩证明了VIT主要基本面的稳健，而我们坚信新加坡工业房地产市场仍有增长的空间，我们将继续探索合适的机会，为长期的合订证券持有人带来价值，并同时在我们的资本和风险管理方面保持谨慎。

我们也会将VIT的增长策略与新加坡未来经济委员会（“CFE”）的建议方向保持一致，以建立一个开放和互联的经济，并拥有深入能力来迎接下一阶段的增长。随着新加坡的经济转型，我们将专注于在商业园里提供房地产解决方案，帮助公司实施行业转型计划（“ITM”），尤其是信息和通信科技（“ICT”）领域，VIT也已在其多元化的租户当中，在这领域奠定了稳定的立足点。

此外，我们近两次收购的物流资产，也是CFE所强调为促进新加坡经济的关键领域。其中，包括物流在内的运输和仓储业在2016年对新加坡的国内生产总值贡献约8%，占总就业人数约7%。随着物流业的转型，该行业预计在2020年实现新币83亿元的增值，并创造2000个新专业人员、经理、高级管理人员和技术人员（“PMET”）的就业机会，我们将为VIT的高质量物流和轻工业资产组合定位，以迎合未来市场将呈现的物流和食品服务领域的各种新机遇 。

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的支持。同时，我们也要特别感谢我们的租户、合作伙伴、业务伙伴及受托人对我们的信任，和VIT一同成长。

此外，我们也要对董事会所提供的引导表达我们由衷的感谢，VIT今天所拥有的成绩，他们功不可没。

我们相信我们的管理团队是具有前瞻性，能够适应迅速变化的工业房地产市场。随着我们踏上新的旅程为VIT寻求再创另一高峰，我们将秉持有效策略，继续掌握新的机会，并保持谨慎，为我们的合订证券持有人提供可持续的回报。

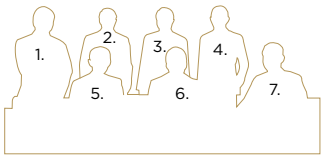
梁汉基博士
主席

洪富璨先生
总裁

[2] 根据2016年12月31日的未偿还贷款。

BOARD OF DIRECTORS





L-R Standing
1. Dr Choong Chow Siong 2. Mr Tan Kim Seng
3. Mr Ronald Lim Cheng Aun 4. Mr Richard Teo Cheng Hiang

L-R Seated
5. Mr Wilson Ang Poh Seong 6. Dr Leong Horn Kee 7. Mr Micheal Tan Hai Peng

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.

Dr Leong 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 programme. 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 SGX 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 the Toa Payoh West Balestier Citizens' Consultative Committee. He was conferred the Public Service Medal (1983) and Public Service Star (2007) in recognition of his contribution to the community. Mr Lim graduated from the University of Singapore with a Bachelor of Social Science in 1970.

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 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.

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 Manager. 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-R
1. Mr Frank Ng Tze Wei 2. Mr Lawrence Chan Wee Kiat 3. Mr Wilson Ang Poh Seong 4. Mr Kendrick Kwek Chin Liang
5. 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 Manager. 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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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.

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 and compliance functions.

Mr Chan has more than 15 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 FRANK NG TZE WEI
Head of Investor Relations & Investment

Mr Ng works with the CEO and members of the management team to formulate strategic plans for VIT and for sourcing and identifying investment opportunities to grow VIT. He is also responsible for facilitating VIT's communications and engagement activities with the investment and media communities, and managing any capital raising exercises for VIT.

Mr Ng is a Chartered Financial Analyst who began his career as an economist at the Monetary Authority of Singapore ("MAS"). He was a key personnel in the listing of VIT on the Singapore Exchange as the Head of Corporate Finance and Investor Relations. Prior to joining the REIT Manager, Mr Ng was Lead Economist at the MAS.

Mr Ng was involved in corporate finance work and managed investor relations activities as the Head of Investment & Strategy at Hoe Leong Corporation Ltd from 2010 to 2012. In addition, he was also in the deal team for an Asian-focused real estate development fund, Pacific Star Investment & Development.

Mr Ng currently holds a directorship in Viva Real Estate Asset Management Pte Ltd.

Mr Ng graduated with a Bachelor of Arts in Economics from Princeton University in 2004 and is an adjunct lecturer with the National University of Singapore, Department of Real Estate.

MR KENDRICK KWEK CHIN LIANG
Head of Asset Management

Mr Kwek is in charge of the asset management team, where he is responsible for formulating the overall business plans of VIT's properties.

Mr Kwek has over 26 years of real estate experience in property and asset management in Singapore and China. He has extensive experience in managing a wide range of real estate portfolios, including commercial, retail, industrial, residential, hotel and serviced apartments. Prior to joining the REIT Manager, Mr Kwek was Senior Director at Tishman Speyer, where he was the Head of Property Management in China and was responsible for all property management activities and operations of properties owned by Tishman Speyer in China.

Before Tishman Speyer, Mr Kwek was Assistant General Manager and Head of Property Management at one of the mixed-use developments in Dalian, which is owned by the Shui On group. He was responsible for the development of property management strategies and oversaw property management activities.

In addition, Mr Kwek has also held senior positions at several major developer companies and hotel group in Singapore including Cambridge Industrial Property Management Pte Ltd.

Mr Kwek also holds a directorship in Viva Real Estate Asset Management Pte Ltd.

Mr Kwek graduated from the National University of Singapore with a Bachelor of Science in Estate Management (Second Class Upper Division Honours) and holds a Master of Science in Real Estate. He previously served as Vice-Chair (Shanghai) of Buildings Owners & Managers Association ("BOMA") China. He is a member of the Singapore Association of Property and Facility Managers.

MR VINCENT LIM SIAK KWAN
Head of Compliance & Risk Management

Mr Lim is responsible for advising and updating the Manager on compliance requirements under the Securities and Futures Act ("SFA"), MAS Notices and Guidelines, Collective Investment Schemes ("CIS") code and SGX Listing Rules; and making recommendations with respect to the Manager's compliance and risk management processes. He is also responsible for developing and administering the compliance and risk management policies.

Prior to joining the 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.

VIVA BUSINESS PARK



TRANSFORMING LANDSCAPE

- ‘70s Rollei Camera Factory
- ‘80s Mail & Parcels Centre
- ‘90s Technopark@Chai Chee

FORMERLY KNOWN AS TECHNOPARK@CHAI CHEE


VIVA
BUSINESS PARK

PORTFOLIO REVIEW

AS AT
31 DECEMBER 2016

8
PROPERTY ASSETS

3.60M
SQ FT GFA

S$1.20B
TOTAL PORTFOLIO VALUATION

SINGAPORE FOCUSED PORTFOLIO

STEADY GROWTH MOMENTUM SINCE IPO

In FY2016, VIT continued to achieve robust growth in its property portfolio. Since its IPO in November 2013, VIT has grown its portfolio from three properties to eight properties, with a total portfolio valuation of almost S$1.2 billion. The portfolio is today well-diversified by asset type; comprising 2 business park assets (1 of which is integrated with a hotel component), 2 logistics and 4 light industrial properties. The overall portfolio GFA has grown by 9% to 3.6 million sq ft y-o-y, while concomitantly, NLA has increased by 11% to 3.1 million sq ft. The increase in portfolio GFA in FY2016 was solely due to the acquisition of 30 Pioneer Road in April 2016. Business park properties still formed the largest proportion of VIT's portfolio both by GFA (60.2%) and valuation (58.5%).

STABLE RENTALS THROUGH PROACTIVE LEASE MANAGEMENT

The REIT Manager's proactive lease management has resulted in VIT retaining and attracting tenants, which further reinforces the quality of VIT's tenant base. During the year, new leases (excluding the newly acquired 30 Pioneer Road) for about 101,000 sq ft of space were secured. All new leases (including 30 Pioneer Road) that commenced during FY2016 contributed to 9.7% of the gross revenue for FY2016. As at 31 December 2016, the WALE of the new leases (including 30 Pioneer Road) that commenced during FY2016 is approximately 3.1 years. During the year, 356,000 sq ft of space of existing leases were renewed. This translates to a high lease renewal rate of 90% for the portfolio, while notably recording a positive rental reversion of 5.2% at the same time. As at 31 December 2016, VIT achieved portfolio occupancy of 89.8%[1] , which was 2.8 percentage points higher than its portfolio occupancy of 87.0% as at end of FY2015. At the same time, VIT's WALE stood at 3.1 years while its lease expiry profile was well distributed with 32.8% of its leases extending beyond 2019.

OCCUPANCIES AT VIT'S PROPERTIES

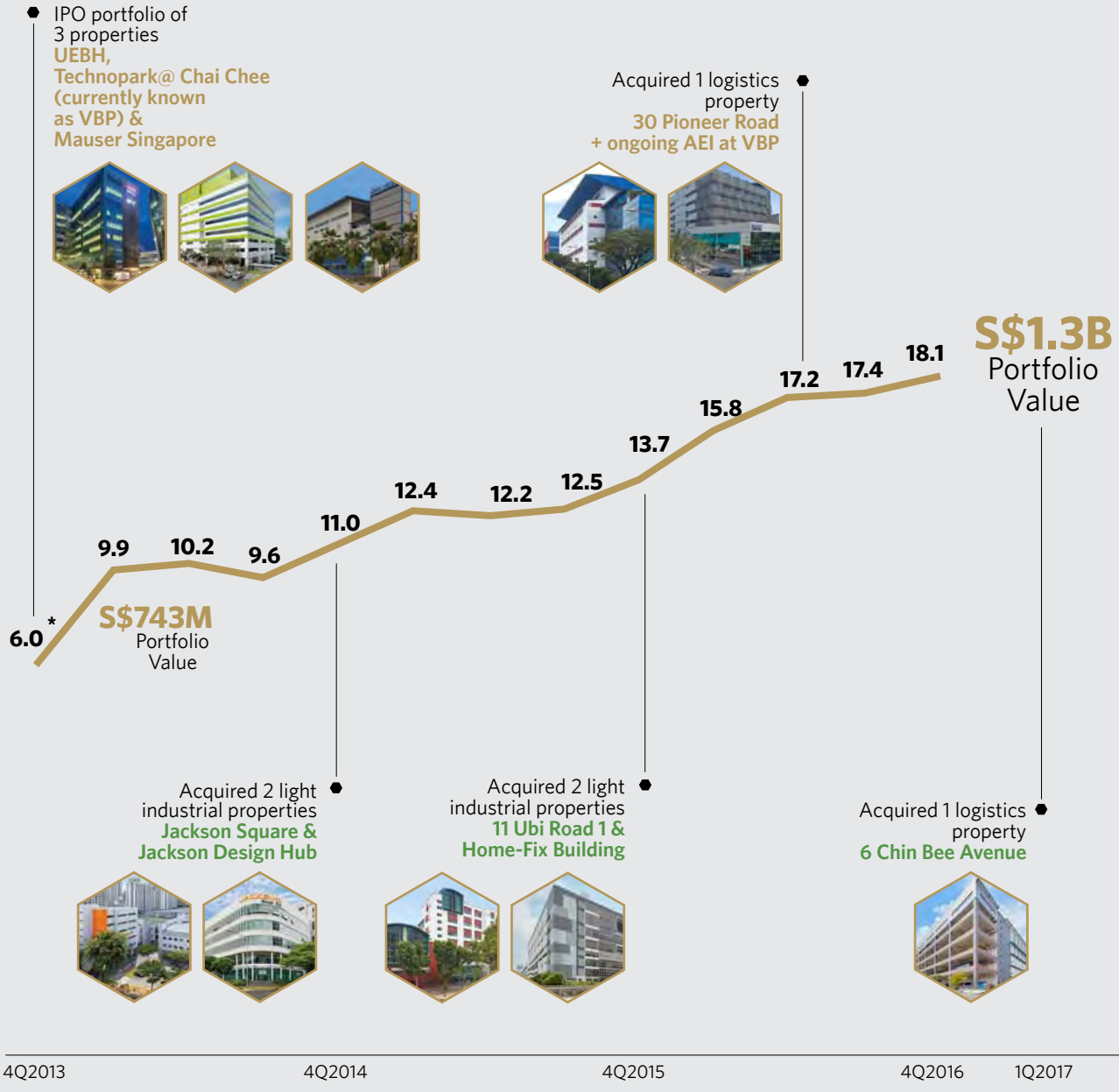
S/N	Property Name	Lease Structure	NLA (sq ft)	Occupancy
1	11 Ubi Road 1	Multi-Tenanted	253,058	100.0%
2	30 Pioneer Road	Sale and Leaseback	281,090	100.0%
3	Home-Fix Building ("HFB")	Sale and Leaseback	120,556	100.0%
4	Jackson Design Hub ("JDH")	Sale and Leaseback	85,070	100.0%
5	Jackson Square ("JS")	Multi-Tenanted	353,193	91.4%
6	Mauser Singapore	Sale and Leaseback	107,566	100.0%
7	UE BizHub EAST ("UEBH")	Multi-Tenanted[4]	669,368	91.9%[5]
8	Viva Business Park ("VBP")	Multi-Tenanted	1,131,500[2]	78.0%[3]
Overall Portfolio			3,001,401	89.8%[6]

1 Including all pre-committed leases except for a unit at 750B VBP which has not obtained TOP.
2 Taking into consideration the latest net lettable area post VBP's AEI.
3 Taking into account all pre-committed "white" space leases except for a unit at 750B VBP which has not obtained TOP. The occupancy including the pre-committed lease for the aforesaid unit at 750B VBP would be 78.7%.
4 Including the Hotel and Convention Centre, which is under a Master Lease with United Engineers Developments Pte Ltd.
5 Including the Hotel Component.
6 This refers to the portfolio weighted average occupancy by area.

PORTFOLIO MILESTONE

STRATEGIC ACQUISITIONS AND AEI HAVE RESULTED IN STEADY NPI GROWTH SINCE LISTING

NPI Performance Since IPO (S$'m)

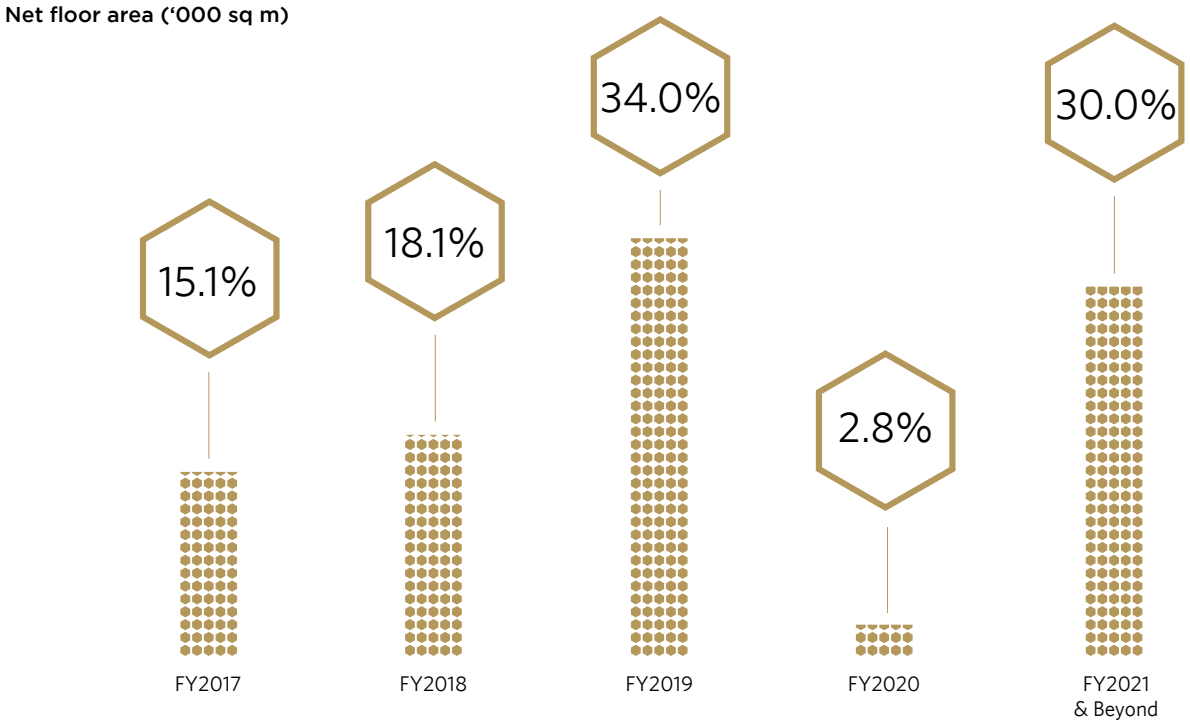


Acquisition of assets with long-term master leases and built in rental escalations, as well as new AEI revenue stream significantly enhanced VIT's NPI performance since IPO

* Relates to the period from 4 November 2013 (the "Listing Date") to 31 December 2013.

PORTFOLIO REVIEW

EXPIRY OF LEASES BY PERCENTAGE OF UNDERLYING GROSS RENTAL INCOME[7]



LEASE RENEWAL OF VIT'S MULTI-TENANTED PROPERTIES IN FY2016

S/N	Property Name	Area Due for Renewal (sq ft)	Area Renewed		Non-Renewal	
			Sqft	%	Sqft	%
1	VBP	290,530	262,634	90.4%	27,896	9.6%
2	UEBH	28,802	21,708	75.4%	7,094	24.6%
3	Jackson Square	73,788	71,833	97.4%	1,955	2.6%
4	11 Ubi Road 1	0	0	0.0%	0	0.0%
Total		393,120	356,175	90.6%	36,945	9.4%

WELL-DIVERSIFIED TENANT BASE

VIT's eight strategically located properties serve a well-diversified tenant base of multinational corporations ("MNCs"), government-linked companies ("GLCs") and small and medium enterprises ("SMEs"). Among the total tenant base of 143 tenants, MNCs contributed approximately 61.4% of VIT's underlying gross rental income. The top 10 tenants accounted for about 42.5% of VIT's underlying gross rental income, with no single tenant accounting for more than 7%. With the low dependency on any particular tenant, VIT is able to minimize single tenant risk and achieve stable rental collections.

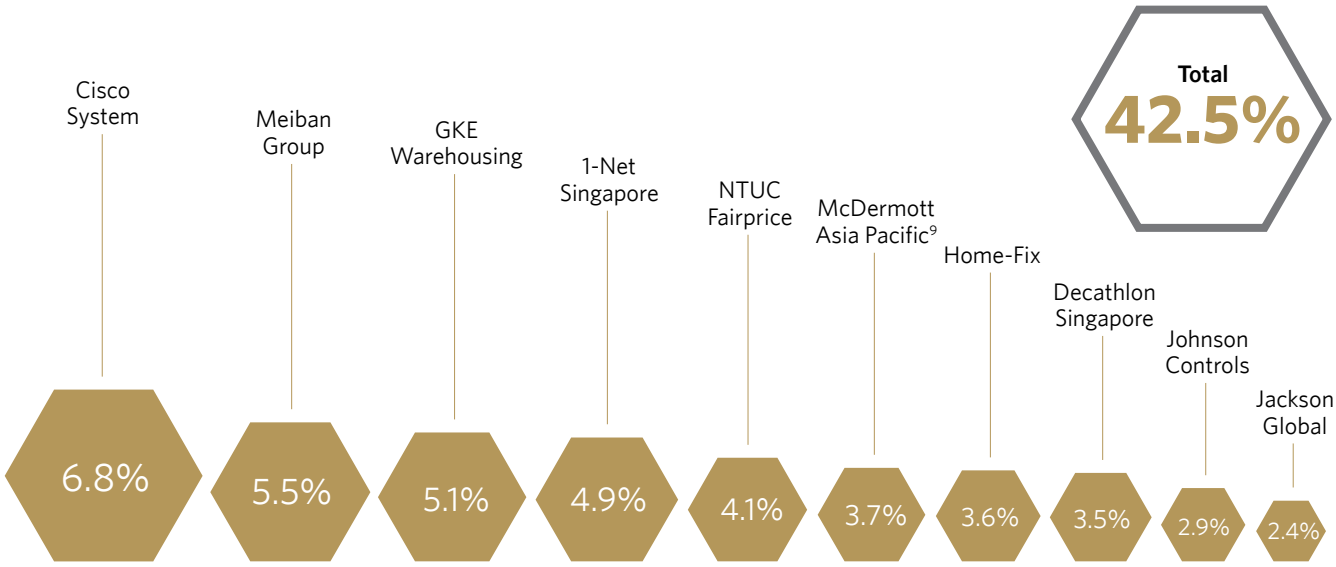
POTENTIAL GROWTH DRIVERS

The REIT Manager strives to align VIT's growth strategies with the recommendations made by the Singapore's CFE, which outlined the direction for Singapore's economic development. Amongst VIT's well-diversified tenant base, tenants from the ICT sector and the e-business/data centre sector collectively accounted for about 42.5% of its underlying gross rental income for FY2016. These sectors will form the key pillars of the CFE's strategy to digitize the economy and enhance productivity across many industries in the Singapore economy.

[7] Based on committed leases including lease renewal options that had been exercised as at 31 December 2016. United Engineers Developments Pte Ltd as lessee of the UEBH Hotel Leased Premises had been excluded.

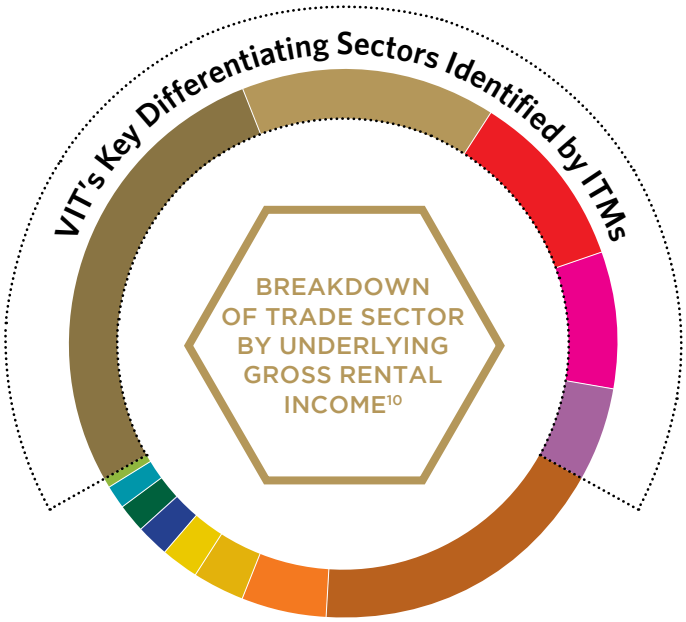
DIVERSIFIED QUALITY TENANT MIX[8]

TOP 10 TENANTS/SUB-TENANTS





- MNC **61.4%**
- SME **34.1%**
- GLC **4.5%**



- ICT/Information Technology **27.5%**
- E-Business/Data Centre **15.0%**
- Retail **10.5%**
- Lifestyle & Services **8.1%**
- F&B **5.3%**
- General Engineering/ Engineering Services **18.0%**
- Warehouse & Logistics **5.0%**
- Electronics **2.9%**
- Packaging & Storage **2.2%**
- Self Storage **1.9%**
- Others **1.7%**
- Healthcare **1.4%**
- Energy **0.5%**

[8] As at 31 December 2016, excluding United Engineers Developments Pte Ltd as lessee of the UEBH Hotel Leased Premises.
[9] McDermott will be vacating from Jackson Square and Foxconn has already taken over part of the vacated space.
[10] Based on monthly gross rental income for the month of December 2016, excluding the rental income from the UEBH Hotel Leased Premises.

PORTFOLIO REVIEW



Viva Business Park

GROWING THROUGH YIELD-ACCRETIVE ACQUISITIONS

In FY2016, the REIT Manager continued to seek out good quality assets to grow and strengthen its portfolio and completed the acquisition of a logistics property at 30 Pioneer Road from GKE Warehousing & Logistics Pte Ltd for S$45.0 million[11] in April 2016. The strategically located asset boosted the aggregate GFA of VIT's portfolio to 3.6 million sq ft and raised its portfolio value to S$1.2 billion. Tapping on the growth potential of logistics real estate in Singapore, the acquisition of 30 Pioneer Road has further diversified VIT's portfolio.

30 Pioneer Road is a high specifications 4-storey warehouse with a 7-storey ancillary office, spanning a total GFA of 281,090 sq ft. Strategically located at the junction of Pioneer Road and Benoi Road within the Jurong Industrial Estate, the property is in close proximity to Jurong Port and Tuas Checkpoint and offers easy access to the Pan-Island Expressway ("PIE") and Ayer Rajah Expressway ("AYE").

In addition, the REIT Manager also announced the proposed acquisition of a cold-storage ramp-up logistics warehouse at 6 Chin Bee Avenue from Sharikat National (Pte) Limited for a purchase consideration of S$87.3 million[12]. Built to cater to the resilient and growing food services sector, the proposed acquisition of 6 Chin Bee Avenue would enable VIT to tap on the strong potential of the fast-growing food services industry. The REIT Manager had subsequently completed the acquisition of the property in January 2017.

6 Chin Bee Avenue is an integrated ramp-up logistics development with five levels of high specifications logistics/ warehouse facilities, including two levels of integrated cold room facility, one level of ambient temperature food storage facility, as well as a mezzanine level on each warehouse floor accommodating storage, kitchen and ancillary showroom and offices.

REALISING VBP'S POTENTIAL THROUGH AEI TRANSFORMATION

We have successfully completed the asset enhancement of 750, 750A and part of 750B in FY2016. Retail and F&B tenants have progressively commenced their business operations since 1Q2016 and the final phase at 750B is expected to complete by 2Q2017.

The AEI works have contributed significantly to VIT's performance, with 94.9% of committed occupancy secured for the total "white" space at VBP from 23 tenants supporting the three core themes of sports and fitness, F&B and family-oriented amenities.

In response to the liberalisation of the energy market, VIT has embarked on the contestable electricity bulk procurement programme at 5 of its 6 buildings at VBP. This programme contributed a net income of approximately S$0.5 million to VIT in FY2016. The REIT Manager will continue to work with the energy retailers and the tenants of the remaining building at 750E to implement the said programme.

In addition, the installation of nine sets of new chillers and cooling towers was completed successfully and they began operation in September 2016. With the intention to boost the buildings' overall efficiency, optimise energy consumption and minimise carbon footprint, the upgraded chilled water system is expected to achieve an efficiency of 0.065KW/RT. This translates to a 42% improvement in energy savings as compared to the old system. The new system is projected to achieve energy savings of 3.5 million kwh annually.

The retrofitting of toilets at 750C and 750E was completed in December 2016 while those at 750, 750A and 750D were completed in 1Q2017.

Lastly, the upgrading of the carpark system was completed in September 2016 to cater to the greater flow of visitors coming to VBP to enjoy the numerous amenities available there. The system is now in line with the latest carpark technology and is able to accept payments via CEPAS-compliant cards including EZ Link, flash pay card, credit card and debit card. LED displays were also installed in November 2016 to allow motorists to check on the availability of lots at various car parks, thus enhancing the traffic flow at VBP.

Notes

[11] Excluding upfront land premium of approximately S$5.3 million for the balance of the site's 30-year lease term. Based on the independent valuation report dated 14 April 2016 issued by Savills Valuation and Professional Services (S) Pte. Ltd., the valuation of 30 Pioneer Road (including upfront land premium) was S$55.0 million, which was arrived at based on the discounted cash flow method, income capitalization method and direct comparison method.

[12] Excluding upfront land premium of approximately S$5.4 million for the balance of the site's 30-year lease term. Based on the independent valuation report dated 12 October 2016 issued by Suntec Real Estate Consultants Pte Ltd, the valuation of 6 Chin Bee Avenue (including upfront land premium) was S$94.3 million, which was arrived at based on the discounted cash flow method and income capitalization method.

THE TRANSFORMATION OF VBP INTO A VIBRANT BUSINESS PARK



PHASE 3 (750B)
OBTAINED PARTIAL TOP ON
28 NOVEMBER 2016





PHASE 1 (750A)
OBTAINED TOP ON
11 JANUARY 2016





PHASE 2 (750)
OBTAINED TOP ON
4 MAY 2016





PROPERTIES PROFILE

JACKSON SQUARE





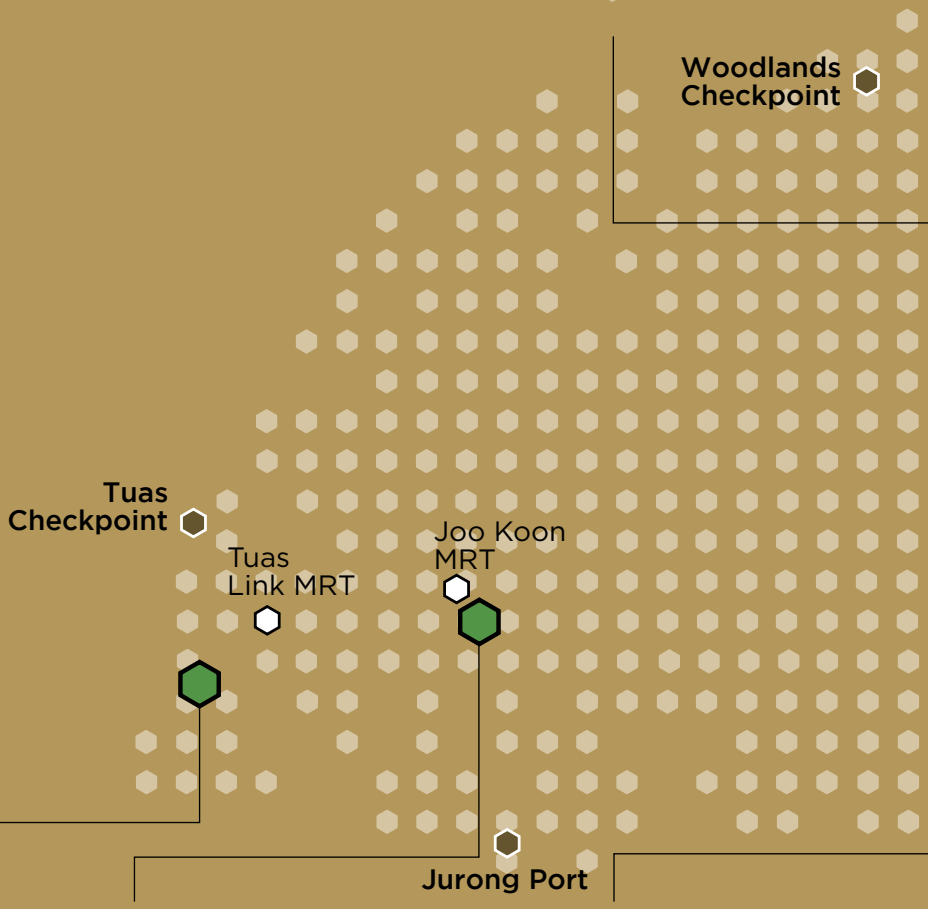
MAUSER SINGAPORE



30 PIONEER ROAD



HOME-FIX BUILDING



JACKSON DESIGN HUB

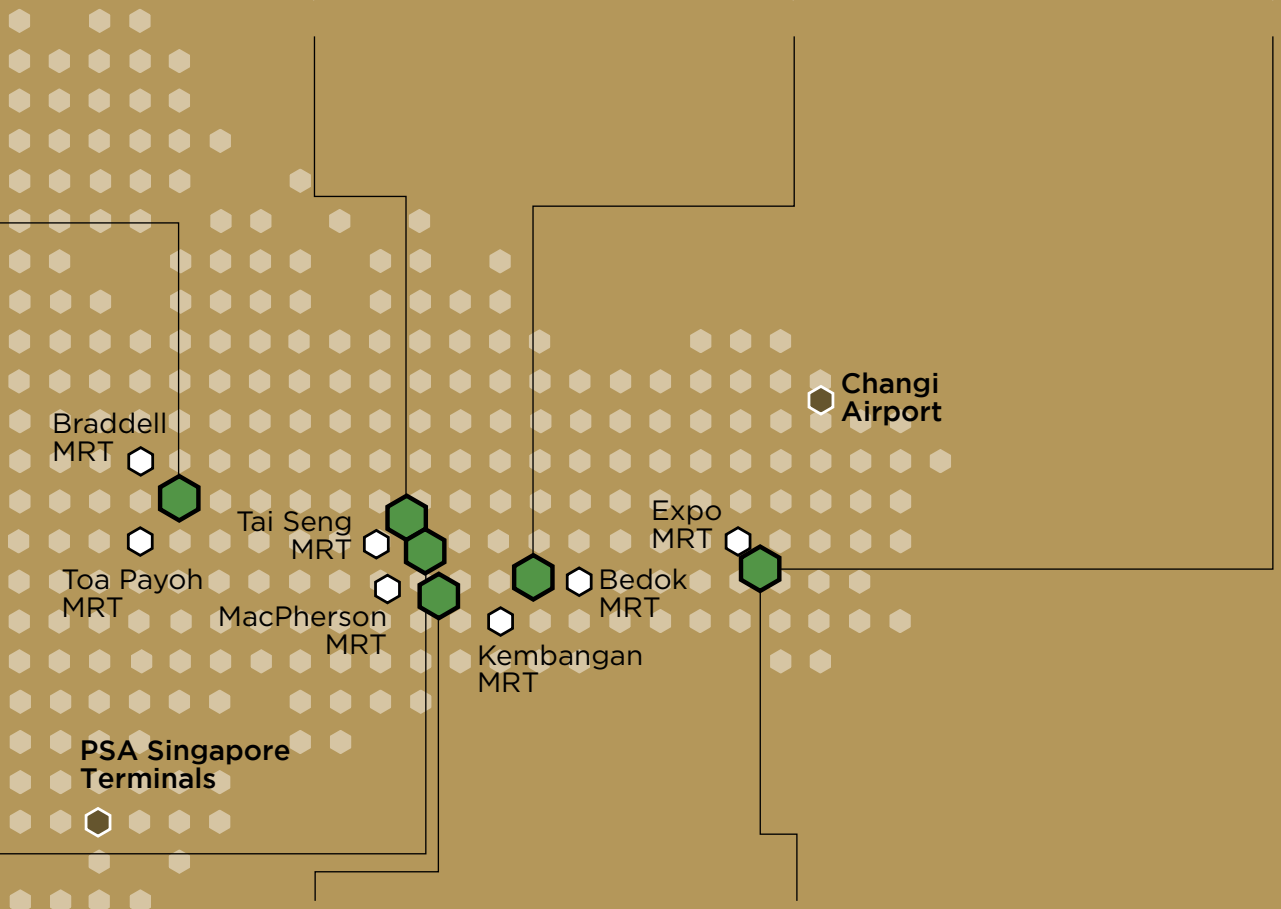


VIVA BUSINESS PARK



UE BIZHUB EAST
Business Park Component







11 UBI ROAD 1



UE BIZHUB EAST
Hotel Component

PROPERTIES PROFILE

VIVA BUSINESS PARK



750-750E Chai Chee Road

Property Type	**Business Park**
Valuation	**S$353.5m***
Purchase Cost	**S$193.0m**
Gross Revenue for the year	**S$34.2m**
GFA	**1,526,762 sq ft**
Age	**17.6 years**
Remaining Land Lease	**14.3 years**
Occupancy	**78.0%**
No of Tenants	**85**
No of Carpark Lots	**723**

JACKSON DESIGN HUB



29 Tai Seng Street

Property Type	**Light Industrial**
Valuation	**S$33.4m***
Purchase Cost	**S$31.4m**
Gross Revenue for the year	**S$2.2m**
GFA	**85,070 sq ft**
Age	**7.9 years**
Remaining Land Lease	**50.4 years**
Occupancy	**100%**
No of Tenant	**1**
No of Carpark Lots	**45**

11 UBI ROAD 1



11 Ubi Road 1

Property Type	**Light Industrial**
Valuation	**S$87.0m***
Purchase Cost	**S$86.1m**
Gross Revenue for the year	**S$7.2m**
GFA	**253,058 sq ft**
Age	**19.1 years**
Remaining Land Lease	**38.7 years**
Occupancy	**100%**
No of Tenants	**5**
No of Carpark Lots	**69**

* Based on independent valuation performed by Savills Valuation and Professional Services (S) Pte Ltd. as at 31 December 2016

UE BIZHUB EAST
Business Park Component

6 & 8 Changi Business Park Avenue 1

Property Type	**Business Park**
Valuation	**S$355.0m***
Purchase Cost	**S$380.0m**
Gross Revenue for the year	**S$23.8m**
GFA	**626,018 sq ft**
Age	**4.7 years**
Remaining Land Lease	**51.1 years**
Occupancy	**89.5%**
No of Tenants	**29**
No of Carpark Lots	**299**



UE BIZHUB EAST
Hotel Component

2 & 4 Changi Business Park Avenue 1

Property Type	**Hotel**
Valuation	**S$160.0m***
Purchase Cost	**S$138.0m**
Gross Revenue for the year	**S$9.2m**
GFA	**157,397 sq ft**
Age	**4.7 years**
Remaining Land Lease	**51.1 years**
Occupancy	**98.8%**
No of Tenants	**4**
No of Carpark Lots	**299**



JACKSON SQUARE

11 Lorong 3 Toa Payoh

Property Type	**Light Industrial**
Valuation	**S$80.0m***
Purchase Cost	**S$80.0m**
Gross Revenue for the year	**S$10.0m**
GFA	**418,586 sq ft**
Age	**7.1 years**
Remaining Land Lease	**12.4 years**
Occupancy	**91.4%**
No of Tenants	**17**
No of Carpark Lots	**223**





HOME-FIX BUILDING

19 Tai Seng Avenue

Property Type	**Light Industrial**
Valuation	**S$47.8m***
Purchase Cost	**S$46.4m**
Gross Revenue for the year	**S$3.2m**
GFA	**120,556 sq ft**
Age	**5.6 years**
Remaining Land Lease	**50.7 years**
Occupancy	**100%**
No of Tenant	**1**
No of Carpark Lots	**109**



MAUSER SINGAPORE

81 Tuas Bay Drive

Property Type	**Logistics**
Valuation	**S$28.0m***
Purchase Cost	**S$28.0m**
Gross Revenue for the year	**S$1.9m**
GFA	**107,566 sq ft**
Age	**4.6 years**
Remaining Land Lease	**49.6 years**
Occupancy	**100%**
No of Tenant	**1**
No of Carpark Lots	**14**



30 PIONEER ROAD

30 Pioneer Road

Property Type	**Logistics**
Valuation	**S$55.0m**
Purchase Cost	**S$50.3m**
Gross Revenue for the year	**S$3.2m**
GFA	**281,090 sq ft**
Age	**6.3 years**
Remaining Land Lease	**20.1 years**
Occupancy	**100%**
No of Tenant	**1**
No of Carpark Lots	**59**


30 PIONEER ROAD





No.	Highlights	FY2016 (S$'000)	FY2015 (S$'000)	Variance (%) Inc/(Dec)
Financial Results				
1.	Gross Revenue	**95,119**	73,989	28.6
2.	Net Property Income	**68,478**	50,839	34.7
3.	Distributable Income[1]	**60,938**	47,478	28.3
4.	Distribution per Stapled Security[1] (Singapore cents)	**6.958**	7.000	(0.6)
Financial Position				
1.	Total Assets	**1,253,906**	1,198,322	4.6
2.	Total Liabilities	**514,959**	496,702	3.7
3.	Stapled Securityholders' Funds	**738,947**	701,620	5.3
4.	Investment Properties	**1,199,700**	1,123,200	6.8
Financial Ratios				
1.	Net Asset Value per Stapled Security (Singapore cents)	**79.1**	81.3	
2.	Gearing Ratio (Total Borrowings over Total Assets) (%)	**37.2**	38.6	
3.	All-in Borrowing Cost (%)	**4.0**	4.0	
4.	Interest Cover (times)	**4.2**	4.2	
5.	Distribution Yield (%)	**8.9 (based on IPO price of S$0.780)** **9.2 (based on closing price of S$0.755 as at 30 Dec 2016)**	9.0 (based on IPO price of S$0.780) 9.9 (based on closing price of S$0.710 as at 31 Dec 2015)	
6.	Interest Rate Exposure Hedged[2] (%)	**89.9**	79.9	
7.	Fair Value of Financial Derivatives as a Percentage of Net Assets (%)	**0.24**	0.33	
8.	Total Operating Expenses as a Percentage of Net Assets (%)	**1.00**	0.87	
Credit Ratings				
1.	Corporate	**Ba1[3]**	BB[5]	
2.	MTN Programme	**(P)Ba2[3][4]**	BB+[5]	
3.	MTN Series 001	**Ba2[3]**	BB+[5]	

Notes
1. Distributions of VIT represent the aggregate of distributions 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.
2. Based on outstanding borrowings as at 31 Dec 2016 and 31 Dec 2015, respectively.
3. Assigned by Moody's Investors Service.
4. Moody's Investors Service assigns a provisional rating to all MTN programmes and will assign a definitive rating upon drawdown.
5. Assigned by S&P Global Ratings.

REVIEW OF FINANCIAL PERFORMANCE

VIT's gross revenue of S$95.1 million for FY2016 was 28.6% higher than that of FY2015. The strong performance was mainly attributed to additional rental income contributions of S$9.3 million from HFB and 11 Ubi Road 1, which were acquired in November 2015; additional rental income contribution of S$3.2 million from 30 Pioneer Road, which was acquired in April 2016; and higher rental and other income contributions of S$7.3 million from the retail units at 750 and 750A of VBP following the progressive completion of the AEI and the implementation of the contestable electricity bulk purchase programme. The net property income for the year grew by 34.7% to S$68.5 million, notwithstanding the increase in property expenses of 15.1% to S$26.6 million.

During the year, VIT received rental support of S$12.7 million, which was S$0.8 million or 6.1% lower than that of FY2015. This was mainly due to the S$1.1 million decrease in the rental top-up received under the rental support arrangement for JS which recorded higher gross revenue during the year; and the absence of rental top-up under the rental support arrangement for VBP which expired in the third quarter of FY2015. The aforesaid decrease in rental support was partially offset by higher rental top-up of S$0.8 million received under the UEBH rental support arrangement, mainly attributed to the step-up of 5% on the agreed amount of S$26 million per annum with effect from November 2015.

VIT achieved distributable income of S$60.9 million for FY2016, which was 28.3% or S$13.5 million higher y-o-y, while the DPS of 6.958 cents for the year was marginally lower than that of FY2015. This was due to the enlarged stapled securities base following the completion of (a) two private placements and a preferential offering in FY2015 to partially fund the acquisitions of HFB, 11 Ubi Road 1 and 30 Pioneer Road, as well as the AEI at VBP; and (b) a private placement in November 2016 to partially fund the acquisition of a logistics property located at 6 Chin Bee Avenue.

The acquisitions of HFB and 11 Ubi Road 1 were completed on 24 November 2015 and they contributed gross revenue of S$10.4 million in FY2016, as compared to S$1.1 million in FY2015. 30 Pioneer Road contributed gross revenue of S$3.2 million in FY2016 since its acquisition on 15 April 2016. The gross revenue from VBP of S$34.2 million in FY2016 was S$7.3 million higher than that of FY2015, mainly due to the additional rental income generated from the completed AEI works and the implementation of the contestable electricity bulk purchase programme. With the progressive completion of the remaining AEI works, VBP is expected to progressively contribute additional income to VIT. The acquisition of the logistics property located at 6 Chin Bee Avenue was completed on 16 January 2017 and it has since started contributing additional income to VIT.

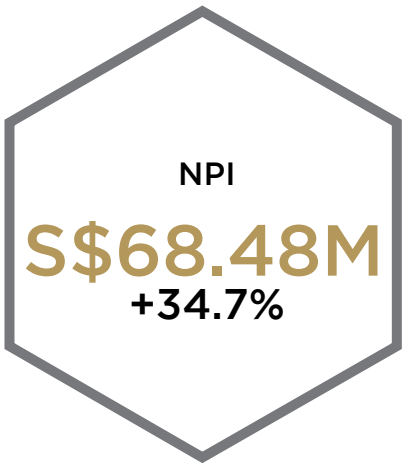
CASH FLOWS AND LIQUIDITY

As at 31 December 2016, VIT's cash and cash equivalents stood at S$30.5 million, as compared to S$48.9 million as at 31 December 2015.

Net cash generated from operating activities for FY2016 was S$89.3 million, which was an increase of S$17.2 million over the net operating cash inflows of S$72.1 million in FY2015. The increase was mainly attributed to the higher income contributions from VBP, HFB, 11 Ubi Road 1 and 30 Pioneer Road.

Net cash used in investing activities for FY2016 was S$76.3 million, which was a decrease of S$134.1 million as compared





FINANCIAL REVIEW

to the investing cash outflows of S$210.4 million in FY2015. The decrease was mainly due to the acquisition of 30 Pioneer Road of S$52.2 million in FY2016, as compared to the acquisitions of HFB and 11 Ubi Road 1 of S$137.7 million; and the payment for differential premium and stamp duty of S$58.4 million for VBP in FY2015. This was partially offset by higher investing cash outflows of S$10.6 million pertaining to the VBP AEI works and other capital expenditure incurred in FY2016.

Net cash used in financing activities was S$31.4 million in FY2016. This mainly included the repayment of borrowings of S$290.0 million with the refinancing of outstanding loans maturing in FY2016/17 (refer to Proactive Capital Management below for more information); payments for finance expenses of S$16.2 million and debt-related transaction costs of S$5.4 million; and distributions paid to stapled securityholders of S$56.4 million, partially offset by the proceeds from the refinancing of borrowings of S$294.0 million and the private placement of S$45.0 million. Net cash generated from financing activities in FY2015 relates mainly to the proceeds from two private placements and a preferential offering totalling S$173.1 million; and the proceeds from borrowings of S$73.0 million, partially offset by payments for finance expenses of S$14.0 million and distributions to stapled securityholders of S$46.1 million.

PROACTIVE CAPITAL MANAGEMENT

The primary objective of VIT's capital management is to optimise stapled securityholders' value through an appropriate mix of debt and equity to finance acquisitions and AEI works while maintaining a strong and flexible balance sheet complying with the statutory requirements and the financial covenants in connection with VIT's borrowings.

In February 2016, VIT 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$330.0 million. As at 31 December 2016, S$280.0 million in aggregate of these term loan facilities had been drawn down, of which S$270.0 million was used to refinance the outstanding term loans of the same amount and the remaining S$10.0 million was used to partially fund the AEI works at VBP. As at 31 December 2016, S$14.0 million of the RCF had been utilised to partially fund the acquisition of 30 Pioneer Road, the AEI works at VBP, as well as for general working capital purposes.

In November 2016, VIT completed a private placement of 60,811,000 new Stapled Securities to raise gross proceeds of S$45.0 million to partially fund the acquisition of 6 Chin Bee Avenue.

In December 2016, VIT obtained a new senior secured term loan facility of S$22.0 million, which was subsequently drawn down in January 2017 to partially fund the acquisition of 6 Chin Bee Avenue.

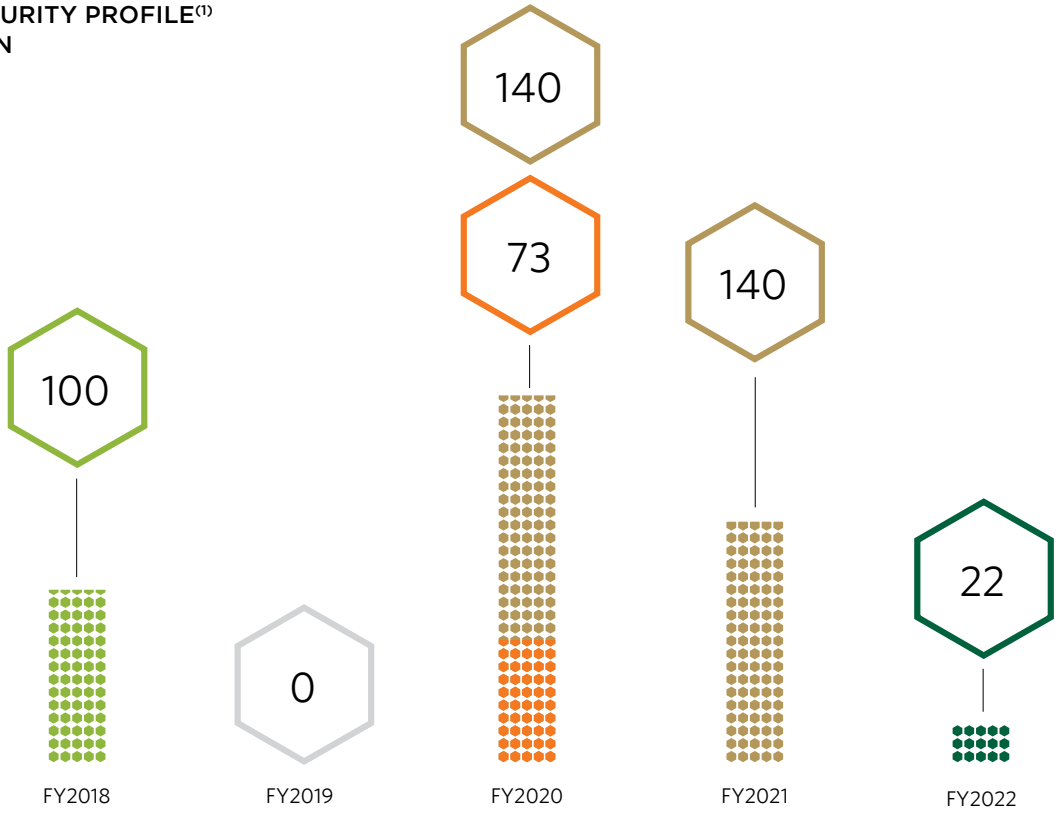
As at 31 December 2016, VIT's gearing ratio was 37.2%, which is within its financial policy of below 40.0%.

During the year, VIT entered into new interest rate swaps with a total notional amount of S$320.0 million for tenors of two to four years to partially hedge the interest rates for its loan facilities. As at 31 December 2016, VIT's total borrowings (including its S$100.0 million MTN) stood at S$467.0 million, of which 89.9% were on fixed interest rates. This is above the industry average of 75.0% to 85.0% hedged borrowings[1].

Notes

1. February 2017 issue of The Business Times Wealth.

DEBT MATURITY PROFILE[(1)]
S$ MILLION



- 4-year MTN maturing in FY2018
- 4-year term loan facility and 5-year term loan facility maturing in FY2020 and FY2021, respectively
- 5-year term loan facility maturing in FY2020
- 5-year term loan facility maturing in FY2022

With the refinancing of outstanding loans maturing in FY2016/17 completed in February 2016, VIT has no major refinancing requirements until FY2018. As at 31 December 2016, the weighted average maturity of VIT's debt was approximately 3.2 years[(1)].

Notes
1. Excludes the revolving credit facility of S$50 million.

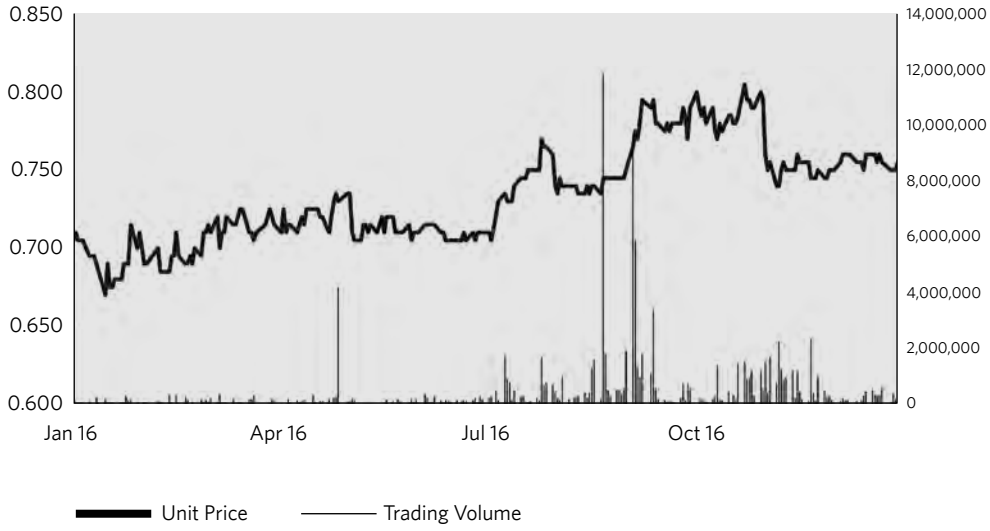
STAPLED SECURITY PRICE PERFORMANCE

Stapled Security Price Performance	2016	2015
Opening Price as at 1 January (S$)	0.715[1]	0.800[2]
Closing Price as at 31 December (S$)	0.755[3]	0.710
Highest Traded Price (S$)	0.805	0.840
Lowest Traded Price (S$)	0.670	0.680
Total Traded Volume (units)	114,627,600	65,377,200
Daily Average Traded Volume (units)	454,871	273,545
Stapled Securities issued and issuable at the end of the year (units)	934,090,384	863,118,597
Market Capitalisation based on closing price at the end of the year (S$ million)	703.2[4]	611.0[5]

Notes
1. As at 4 January 2016, as there was no trading on the SGX on 1 January 2016.
2. As at 2 January 2015, as there was no trading on the SGX on 1 January 2015.
3. As at 30 December 2016, as there was no trading on the SGX on 31 December 2016.
4. Based on closing price of S$0.755 as at 30 December 2016.
5. Based on closing price of S$0.710 as at 31 December 2015.

FINANCIAL REVIEW

TRADING PERFORMANCE (TRADED SHARE PRICE AND VOLUME CHART FOR THE FINANCIAL YEAR)



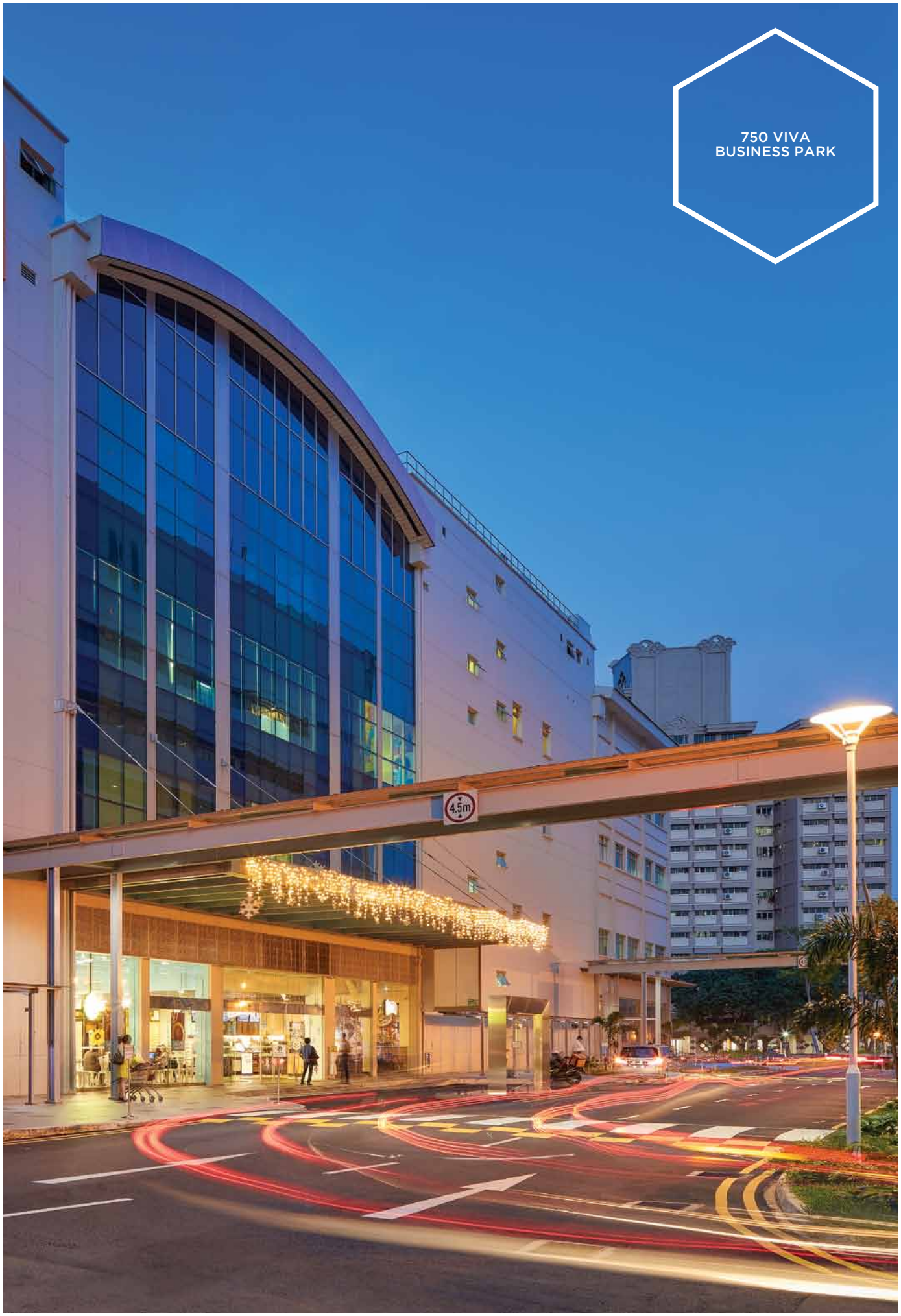
ATTRACTIVE YIELD SINCE LISTING

VIT has delivered a creditable performance since its listing in November 2013, with a total return on investment of 28.2%, assuming that distributions paid are reinvested. The DPS of 6.958 cents for FY2016 translates to an attractive yield of 9.2% per annum based on the closing price of S$0.755 as at 30 December 2016.

Return on Investment	Return on Investment (%)	Stapled Security Price (%)
From 1 January 2016 to 31 December 2016	16.7[1]	+6.3[2]
From Listing on 4 November 2013 to 31 December 2016	28.2[3]	-3.2[4]

Notes

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. Calculated based on the closing price of S$0.755 as at 30 December 2016 and the closing price of S$0.710 as at 31 December 2015.
3. Total return is calculated based on the IPO price 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.
4. Calculated based on the closing price of S$0.755 as at 30 December 2016 and the IPO price of S$0.780.


750 VIVA
BUSINESS PARK
4.5m

INDEPENDENT MARKET REPORT

BY KNIGHT FRANK PTE LTD
CONSULTANCY & RESEARCH
17 MARCH 2017

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 2016, same as the 2.0 per cent annual growth recorded in 2015 (Exhibit 1-1). The growth rate was largely influenced by macroeconomic uncertainties spanning from global events such as Brexit, Trump presidency in the US, and slowing growth in China's economy.

1.2 SINGAPORE INFLATION

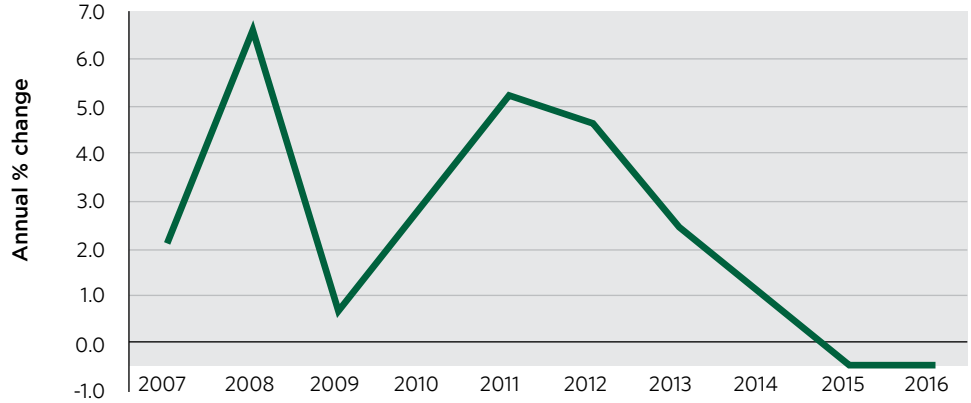
Singapore saw an inflation of negative 0.5 per cent in 2016, largely due to the decline in retail goods inflation which more than offset the increase in services inflation.

EXHIBIT 1-1: SINGAPORE GDP GROWTH, 2007 TO 2016



Source: MTI, Singstat, Knight Frank Research

EXHIBIT 1-2: SINGAPORE INFLATION RATE, 2007 TO 2016



Source: Singstat, Knight Frank Research

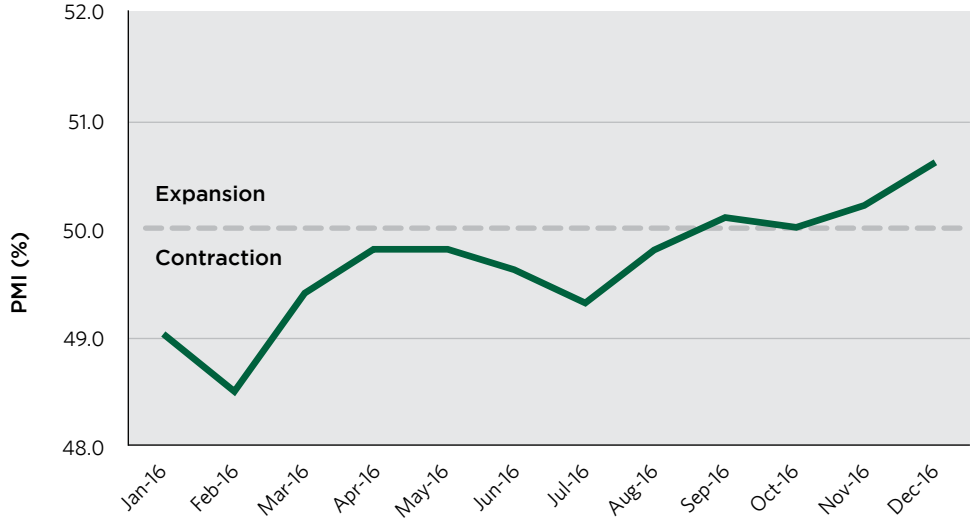
1.3 MANUFACTURING SECTOR, OUTPUT AND INVESTMENT COMMITMENTS

According to the Economic Development Board ("EDB")'s monthly manufacturing performance for December 2016, Singapore's manufacturing output increased 21.3 per cent year-on-year ("y-o-y"), notably higher than the 11.9 per cent y-o-y growth in November 2016.

All clusters, except the transport engineering cluster, expanded in December 2016. Growth in the electronics cluster (49.4 per cent y-o-y) was largely supported by a 94 per cent increase in output from the electronics cluster. The biomedical manufacturing cluster expanded 44.9 per cent y-o-y in December 2016 due to higher production in the pharmaceutical segment (53.8 per cent y-o-y) and higher output in the medical technology segment (19.0 per cent y-o-y). The precision engineering cluster expanded 6.1 per cent y-o-y on the back of higher export demand for the machinery & systems segment (8.5 per cent y-o-y) and higher output for the precision modules & components segment in December 2016. Similarly, growth seen in the chemical cluster (4.1 per cent y-o-y) was supported by increased output in the petrochemicals (18.4 per cent y-o-y), petroleum (16.7 per cent y-o-y) and specialties (4.1 per cent y-o-y) segments, which was partly offset by decline of 12.6 per cent in the other chemicals segment. In contrast, the transport engineering cluster contracted 10.5 per cent y-o-y due to uneven growth registered for the key segments for the aerospace segment (15.0 per cent y-o-y), land transport segment (11.5 per cent y-o-y), marine & offshore engineering segment (-26.1 per cent y-o-y) in December 2016.

The Singapore Purchasing Managers' Index ("PMI") improved from 49.0 in January 2016 to 50.6 in December 2016 (Exhibit 1-3). The PMI was in contraction territory between January and August 2016 due to lower demand in new orders, new export and the production output. Since September 2016, the PMI improved with gradual expansion of new orders, new export and higher production output.

EXHIBIT 1-3: SINGAPORE PMI FROM JANUARY TO DECEMBER 2016



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

According to Singapore's Index of Industrial Production, the manufacturing sector saw an expansion in output by 3.6 per cent annually in 2016, after a contraction of 5.1 per cent in 2015. For the whole of 2016, output for electronics cluster, biomedical manufacturing cluster and precision engineering cluster rose 15.9 per cent, 13.6 per cent and 0.8 per cent respectively compared to 2015.

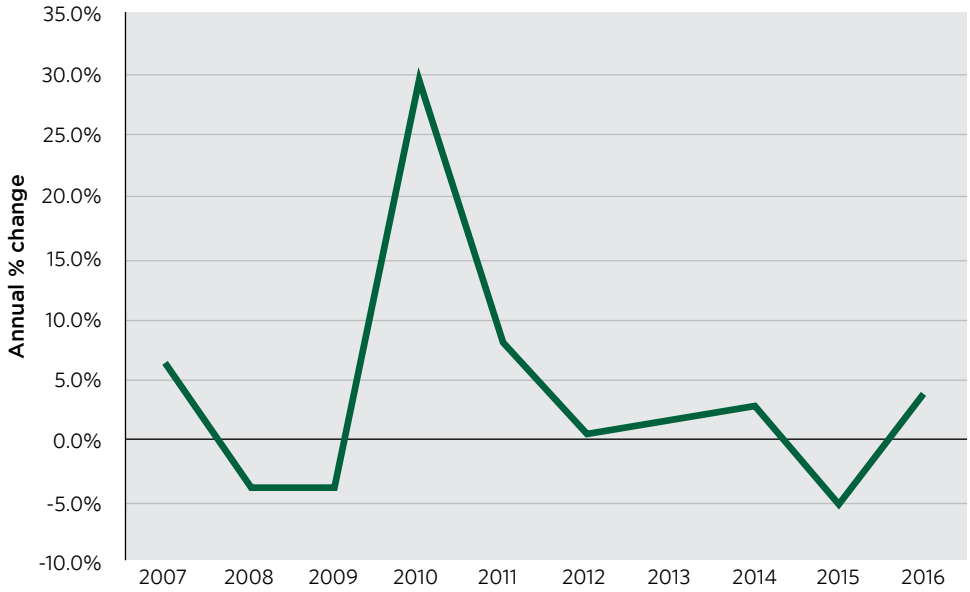
Conversely, output for the chemicals cluster, general manufacturing cluster and transport engineering cluster fell by 0.9 per cent, 2.5 per cent and 17.8 per cent respectively in 2016 compared to 2015.

Singapore received close to S$5.8 billion in total manufacturing fixed asset investment ("FAI") for the whole of 2016, 30.1 per cent lower than the S$8.3 billion for 2015 (Exhibit 1-5). The cutback in investment is largely broad-based, with the most significant decline stemming from the chemicals cluster which accounted for 22.4 per cent of total manufacturing FAI. The electronics cluster, constituting 37.9 per cent of total manufacturing FAI, saw investment commitments fall by 32.6 per cent in 2016 compared to 2015.

The precision and transport engineering clusters experienced a significant surge in FAI by 809.1 per cent and 124.9 per cent respectively for 2016, albeit from a lower base in 2015.

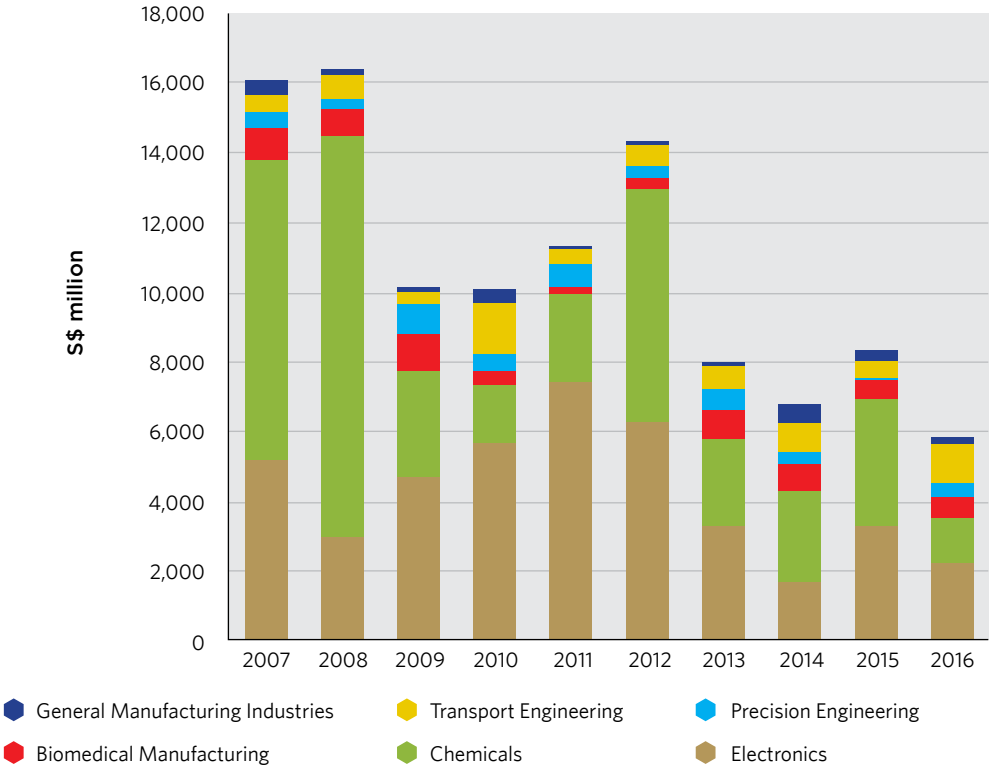
INDEPENDENT MARKET REPORT

EXHIBIT 1-4: SINGAPORE INDEX OF INDUSTRIAL PRODUCTION, 2007 TO 2016



Source: Singstat, Knight Frank Research

EXHIBIT 1-5: TOTAL MANUFACTURING FAI, 2007 TO 2016



Source: Singstat, Knight Frank Research

1.4 TRANSPORTATION AND STORAGE SECTOR PERFORMANCE

The transportation and storage sector grew 2.3 per cent in 2016, largely driven by the water transport and storage segments.

1.5 SINGAPORE ECONOMIC OUTLOOK FOR 2017

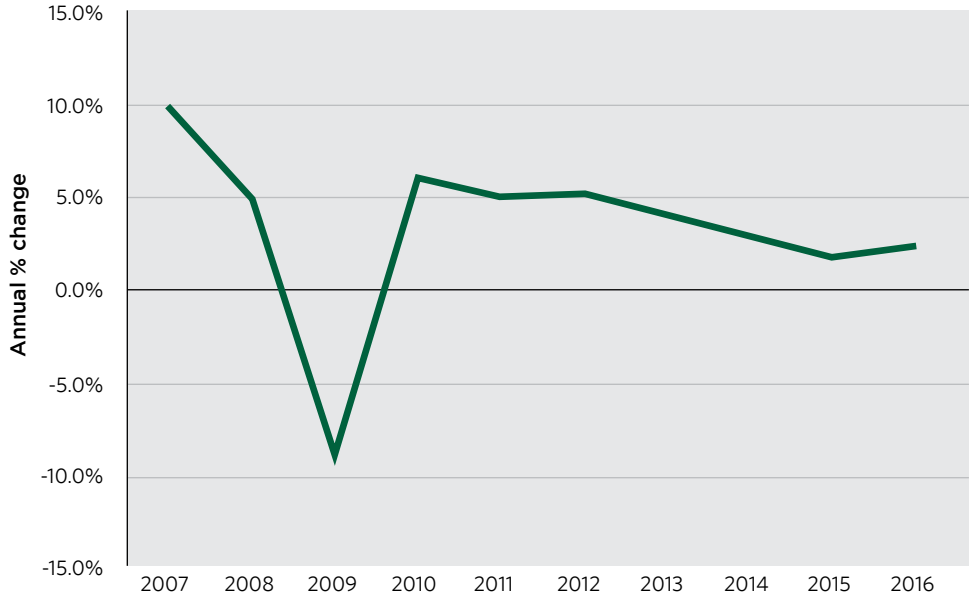
According to the Ministry of Trade and Industry ("MTI"), the Singapore's economy grew by 2.0 per cent for the whole of 2016. Singapore's economy is projected to grow at a modest pace for the rest of the year with sectors such as electronics, information & communications and 'other services industries' likely to support growth, while the wholesale trade and finance & insurance sectors could continue to face external headwinds.

Come 2017, Singapore's open economy remains largely influenced by unfolding global events. While global growth could improve slightly in 2017 on the back of positive economic growth prospects in economies such as the US, Japan and Southeast Asia markets, downside risks in the global economy persist. First, the possible backlash against globalisation and free trade especially from the US could cast a pall on global trade growth. Second, the continuing uncertainties in the UK and EU economies from Brexit may impact global financial market performance and economic growth in Europe. In addition over in Asia, the rising corporate debt levels amid economic restructuring in China, coupled with risks of sharper-than-expected property price corrections could weigh on economic growth prospects of the world's second largest economy. These uncertainties and subsequent headwinds would inevitably affect business and consumer confidence both globally and in Singapore. Another set of challenge that will arise, is the hike of water prices by 30 per cent in two phases announced during the Singapore Budget 2017. Businesses, which are already grappling with high cost of operation, will have to factor this higher water cost in their day to day operations from 1 July 2017.

Against this macroeconomic backdrop and barring full actualisation of downside risks, the growth outlook for Singapore's economy is expected to be modest in 2017 and MTI forecasts economic growth at a pace of 1.0 to 3.0 per cent. The manufacturing sector is forecast to see an uptick in performance with the prospect of sustained global demand for semiconductors and semiconductor equipment, while the marine & offshore engineering segment and firms supporting the global oil and gas industry could see continual challenges and muted demand conditions amidst low oil prices. Externally-oriented services sectors such as finance & insurance and wholesale trade are expected to remain sluggish. On potential growth sectors, information & communications and 'other services industries' are likely to continue to support growth, while tourism-related sectors such as accommodation & food services could benefit from a boost in travel demand as global economic outlook improves.

To address the uneven performance across the different sectors in 2016, the recent budget was structured beyond the conventional stimulus with a long-term perspective and will be more targeted towards issues faced by different sectors. Enterprises are encouraged to develop deep capabilities, particularly in the areas of digital technology and innovation and to scale up globally and come together in partnerships within the industry. To facilitate these partnerships, 23 Industry Transformation Maps ("ITMs") were launched by the Committee on the Future Economy ("CFE"). The ITMs are categorised under six clusters comprising the manufacturing, built environment, trade and connectivity, essential domestic services, modern services and lifestyle clusters. So far, six ITMS have been launched, ie. precision engineering, logistics, food manufacturing, food services, hotels and retail ITMs, and another 17 ITMs are expected to be rolled out by March 2018. These ITMs will help to identify key enablers, which involve different stakeholders to transform the respective sectors in a more targeted and concerted approach for the future.

EXHIBIT 1-6: ANNUAL GROWTH IN TRANSPORT & STORAGE SECTOR, 2007 TO 2016



Source: Singstat, Knight Frank Research

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2 SINGAPORE GOVERNMENT POLICIES ON INDUSTRIAL PROPERTY MARKET

2.1 INDUSTRIAL GOVERNMENT LAND SALES (IGLS) PROGRAMME

Against the backdrop of the subdued economy and muted sentiment from industrialists, only a total of six industrial sites with a combined site area of 3.7 hectares are listed on the H1 2017 IGLS programme. Four of the six confirmed sites under the H1 2017 IGLS programme are located in Tuas South of the West region. The remaining two sites are in the East and North regions. All sites are zoned as Business 2 usage and have land tenures of 20 years. JTC has been introducing smaller sites with shorter lease tenures of between 20 to 30 years in recent years, to help industrialists manage their land acquisition / occupancy cost.

A total of 12 IGLS sites were sold for the whole of 2016, amounting to a transaction value of S$73.7 million, which worked out to about 33.0% lower compared to S$110.0 million (15 sites sold) in 2015. On average, each site received about 3.4 bids in 2016, slightly higher than the 3.3 bids received for each site in 2015. In spite of the moderated manufacturing outlook, the only 30-year leasehold site at Tuas South Link 1 (plot 1) closed at S$37.5 million, and this worked out to S$563 per sq m on GFA.

EXHIBIT 2-1: INDUSTRIAL GOVERNMENT LAND SALES FOR H1 2017

Industrial Government Land Sales ("IGLS") – H1 2017					
Confirmed List of Industrial Sites					
Location	Site Area (ha)	Zoning	Gross Plot Ratio	Tenure (years)	Estimated Launch Month
Plot 15, Tuas South Link 3*	0.50	B2	1.4	20	Jan 2017
Plot 3, Tampines North Drive 3**	0.58	B2	2.5	20	Feb 2017
Plot 24, Tuas South Link 3*	0.49	B2	1.4	20	Mar 2017
Plot 18, Tuas South Link 3	0.43	B2	1.4	20	Apr 2017
Plot A, Jalan Lam Huat	0.80	B2	2.5	20	May 2017
Plot 10, Tuas South Link 2	0.47	B2	1.4	20	Jun 2017
Total	3.27				
Reserve List of Industrial Sites					
Tuas Bay Close*	2.72	B2	1.7	30	Available
Woodlands Height*	1.60	B1	2.5	30	Available
Plot 13, Tuas South Link 1*	2.40	B2	2.0	30	Available
Plot 25, Tuas South Link 3	0.47	B2	1.4	20	Available
Plot 21, Tuas South Link 3	0.79	B2	1.4	20	Available
Total	7.98				

Source: MTI, Knight Frank Research, as at 23 December 2016
* Previously in the H2 2016 Reserve List
** Previously in the H1 2016 Confirmed List

2.2 REVISED SUBLETTING RULES FOR REAL ESTATE INVESTMENT TRUSTS ("REITS") FROM HOUSING DEVELOPMENT BOARD ("HDB")

With effect from 1 January 2016, HDB allows REITs to sublet 100% of the GFA whereby 70% of the GFA must be sublet to anchor tenant(s).

2.3 CONSOLIDATION OF HDB INDUSTRIAL LAND AND PROPERTIES UNDER JTC CORPORATION ("JTC") BY Q1 2018

On 19 October 2016, JTC announced that by the first quarter of 2018, some 10,700 industrial units and 540 industrial land leases under the HDB will be transferred to JTC. The consolidation of all public sector industrial land and properties under a single government agency will enable the Government to better support industrialists, in particular small and medium enterprises ("SMEs"), in their business growth. According to JTC, the contracted terms and conditions of all HDB tenancies and leases with HDB will remain unchanged for the duration of the tenancy or lease contracts.

Industrialists will have one-stop access to the full range of public sector industrial facilities available. They will receive better support for their land and space needs across the different stages of their growth, as JTC will be able to better match their needs with a larger supply of industrial land and space.

The move also enables the Government to undertake more comprehensive master-planning of industrial estates across Singapore, as well as to facilitate more efficient clustering of complementary activities and integration of activities along the value chain. With the consolidation, some 16,300 industrial units and 3,640 land leases with total land area of 8,100 hectares will be under JTC's purview[1].

3 BUSINESS PARK SEGMENT OVERVIEW

3.1 EXISTING AND POTENTIAL SUPPLY

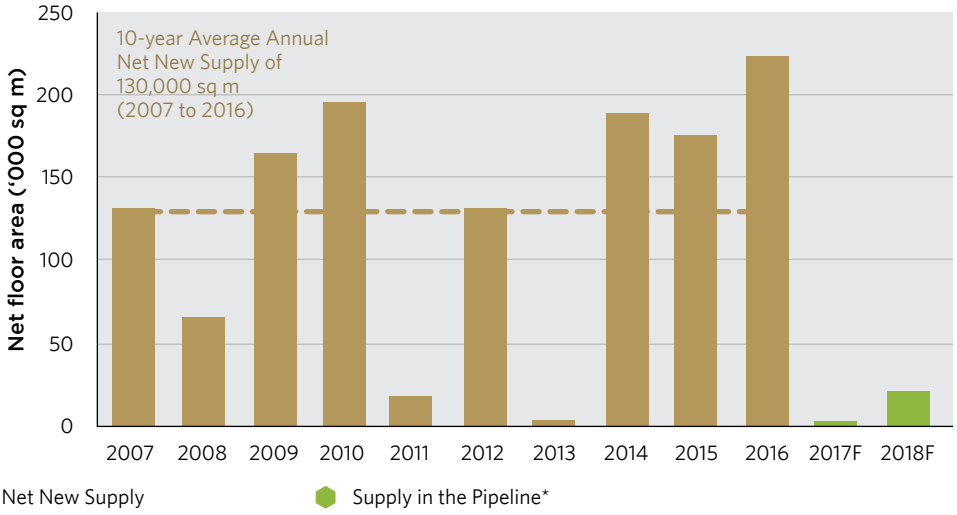
As at Q4 2016, the existing stock of business park space totalled 2.1 million sq m Net Lettable Area ("NLA"), a 11.7 percent y-o-y increase from 2015. Total net new supply stood at 224,000 sq m in 2016, a 2.7 per cent y-o-y higher than 2015. Nonetheless, this is about 72.0 per cent higher than the ten-year average annual net new supply of approximately 130,000 sq m between 2007 and 2016.

Only an estimated 3,000 sq m NLA of business park space is slated to be completed by the end of 2017. Another 21,000 sq m NLA of business park space is projected to be completed by 2018, and this include the business park developments by Kingsmen Creatives Ltd and Singapore Science Park Ltd respectively. There is presently no reported new supply of business park space beyond 2019.

3.2 DEMAND AND OCCUPANCY

Net new demand of business park space stood at 165,000 sq m in 2016, about 26.0 per cent lower compared to 2015, and 56.1 per cent higher than the 10-year average annual net new demand of 106,000 sq m between 2007 to 2016 period. Occupancy rate of business park space slipped marginally from 84.1 per cent in 2015 to 83.0 per cent in 2016.

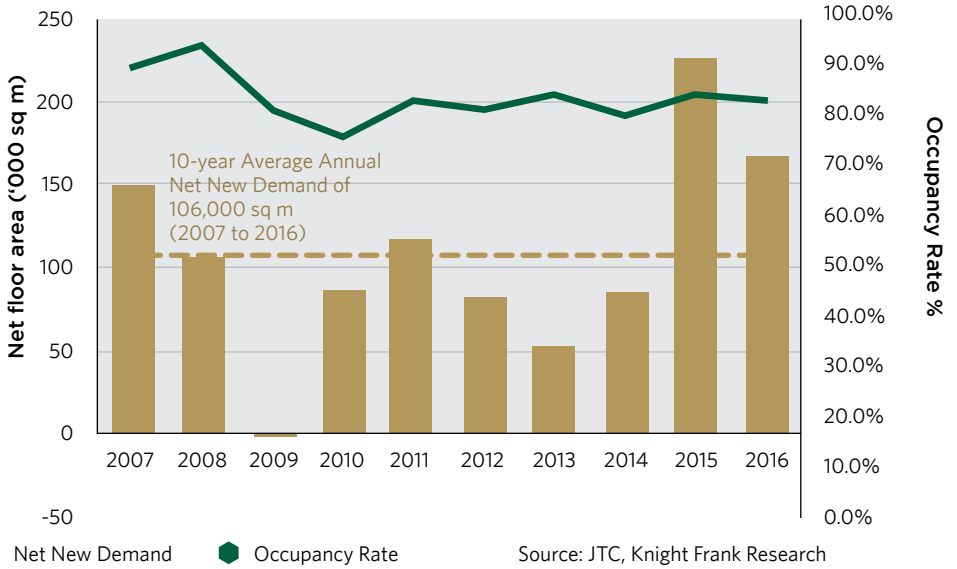
EXHIBIT 3-1: NET NEW SUPPLY AND POTENTIAL SUPPLY OF BUSINESS PARK SPACE, AS AT Q4 2016



*Gross potential supply is adjusted to net floor area based on Knight Frank's assumption of 85% space efficiency factor for Business Park developments

Source: JTC, Knight Frank Research

EXHIBIT 3-2: NET NEW DEMAND AND OCCUPANCY RATE OF BUSINESS PARK SPACE



Source: JTC, Knight Frank Research

[1] Source: The Business Times: 'All HDB Industrial Space to be under JTC by Q1 2018', 20 October 2016

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3.3 RENTS

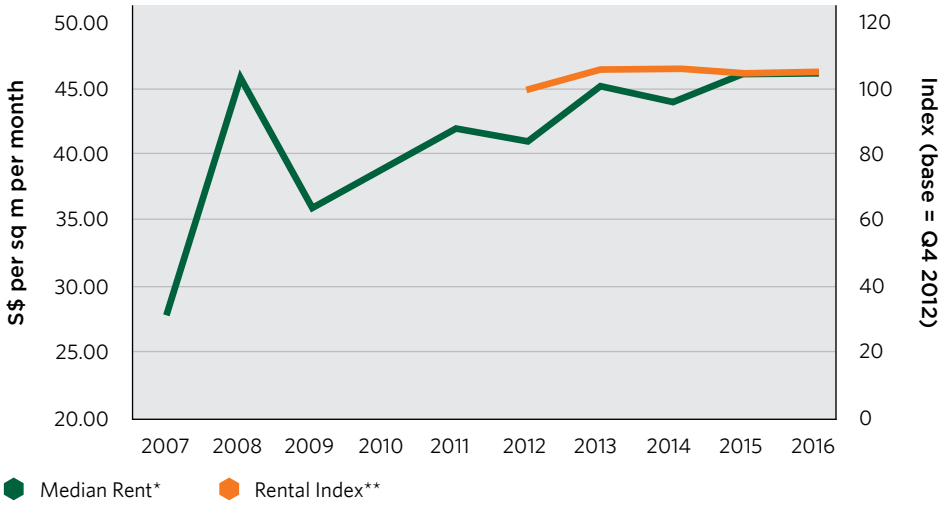
Island-wide median rents of business park space held steady at S$46.13 per sq m per month ("psm pm") in 2016 compared to S$46.14 psm pm in 2015. JTC Rental Index for Business Park (which takes into account island-wide rental transactions of business park space) increased marginally by 0.5 per cent y-o-y in 2016, due to completion of new business park spaces commanding higher rents.

3.4 OUTLOOK

Against the backdrop of potential stable demand from a larger pool of qualifying trades such as technology, media and telecommunications, medical technology and e-commerce, the outlook for business park segment is envisaged to stay fairly healthy in 2017. With the high occupancy of business parks and the gradual convergence of office and business park rentals, the 'flight for rent savings' from office to business park spaces by qualifying tenants is envisaged to slow from mid-2017 onwards.

Supported by the limited new supply of business park space beyond 2016 despite the prevailing muted economic outlook, occupancy is likely to remain stable especially for well-located business park developments supported by adequate retail amenities in 2017. As competition for tenants heightens among business park landlords, older projects such as The Gemini at Science Park and the Viva Business Park embarked on Asset Enhancement Initiatives ("AEIs") in recent years to revitalise business park spaces to create vibrant work-play-eat-shop destinations. Island-wide occupancy is expected to hover between 80.0 to 85.0 per cent, while rents may see sideway trending of between minus 1 per cent drop to 2 per cent y-o-y growth by Q4 2017.

EXHIBIT 3-3: JTC MEDIAN RENTS AND RENTAL INDEX OF BUSINESS PARK SPACE, AS AT Q4 2016



*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 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 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
Q1 2016	$38.40/ $3.57	$42.26/ $3.93	$46.14/ $4.29	$52.00/ $4.83	$59.21/ $5.50
Q2 2016	$34.47/ $3.20	$41.98/ $3.90	$46.13/ $4.10	$50.00/ $4.65	$60.28/ $5.60
Q3 2016	$33.32/ $3.10	$43.06/ $4.00	$45.80/ $4.25	$53.41/ $4.96	$67.88/ $6.31
Q4 2016	$29.07/ $2.70	$41.73/ $3.88	$46.13/ $4.29	$50.71/ $4.71	$66.74/ $6.20

Source: REALIS, Knight Frank Research

4 FACTORY SEGMENT OVERVIEW

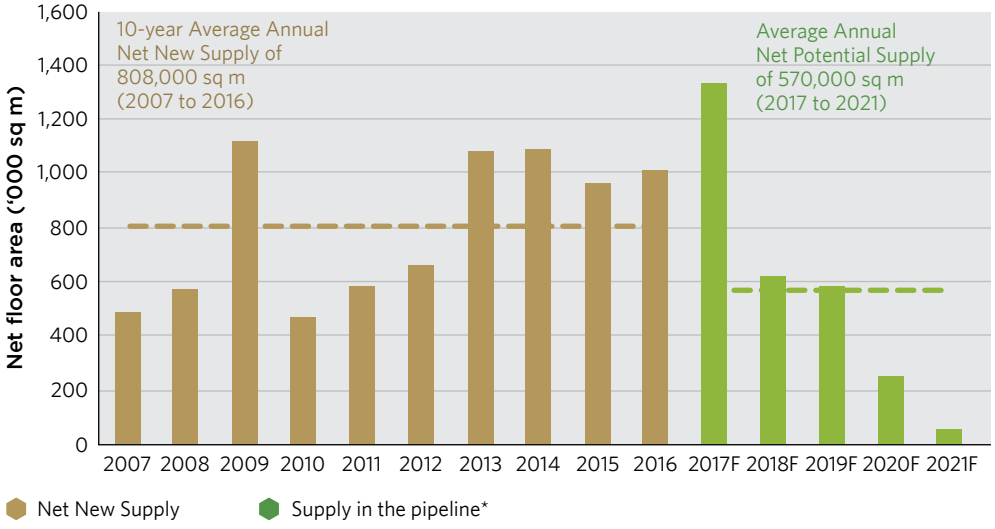
4.1 EXISTING AND POTENTIAL SUPPLY

As at Q4 2016, the existing stock for factory (including business park space) totalled 36.8 million sq m NLA, up by 3.5 per cent y-o-y. Excluding business park space, the existing factory stock stood at 34.7 million sq m NLA, a 3.0 per cent increase compared to Q4 2015. Of which, 30.5 per cent (10.6 million sq m) were multiple-user factory while single-user accounted for the remaining 69.5 per cent (24.1 million sq m) of the total existing factory stock (excluding business park space).

Net new supply increased to 1.0 million sq m in 2016, an annual increase of 5.4 per cent from 2015. This was 26.1 per cent higher than the ten-year average annual net new supply of 808,000 sq m between 2007 and 2016.

As at Q4 2016, an estimated 2.9 million sq m NLA of new factory spaces (excluding business park space) is set for completion between 2017 and 2021. Net new factory space of about 1.3 million sq m (or 46.9 per cent) is expected to be ready by 2017, and this is about 134.6 per cent higher than the average annual potential supply of 570,000 sq m between 2017 to 2021. Multiple-user factory space accounted for 45.1 per cent (1.3 million sq m NLA) of the total net new factory space between 2017 and 2021, while the remaining 54.9 per cent is expected to be single-user factory space (1.6 million sq m).

EXHIBIT 4-1: NET NEW SUPPLY AND POTENTIAL SUPPLY OF FACTORY (EXCLUDING BUSINESS PARK) SPACE, AS AT Q4 2016



*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

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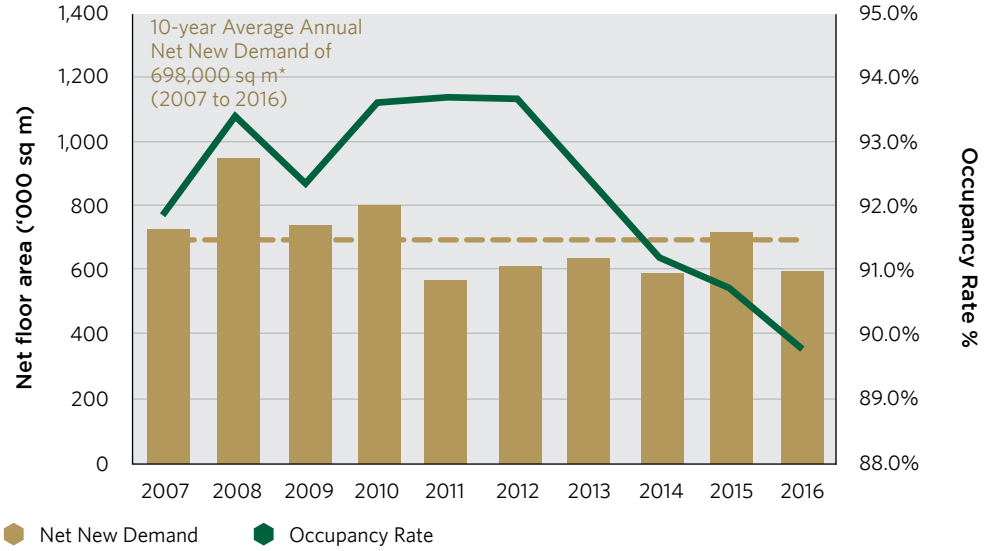
4.2 DEMAND AND OCCUPANCY

Net new demand of factory space (excluding business park space) is about 602,000 sq m in 2016, a 16.6 per cent annual fall from 2015. This is about 13.7 per cent below the ten-year average annual net new demand of 698,000 sq m between 2007 and 2016. Occupancy rate of factory space experienced a drop from 90.7 per cent in 2015 to 89.8 per cent in 2016.

4.3 RENTS

As at Q4 2016, median rents of island-wide factory space (excluding business park space) is estimated at S$19.39 psm pm, 4.6 per cent y-o-y lower than 2015. JTC Rental Indices of multiple-user and single-user factory space, which take into account island-wide rental transactions, have also declined by 7.7 per cent and 6.6 per cent y-o-y respectively in 2016.

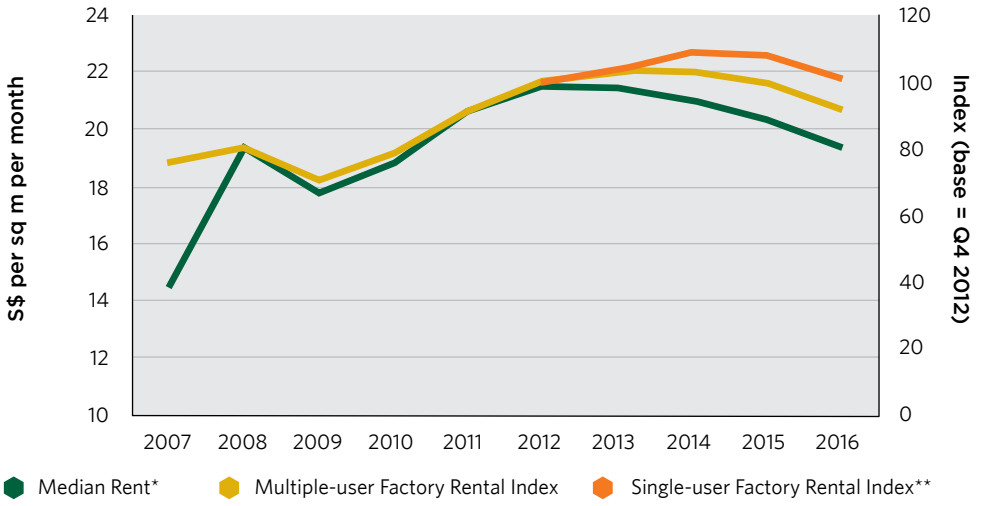
EXHIBIT 4-2: NET NEW DEMAND AND OCCUPANCY RATE OF FACTORY (EXCLUDING BUSINESS PARK) SPACE



*The figures may not match due to rounding differences.

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 2016



*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

4.4 OUTLOOK

The outlook of the factory property segment is projected to remain challenging in 2017 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 2017, rental and price performances of private factory space 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, 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. The Precision Engineering ("PE") ITM launched by the Enterprise Development Board ("EDB") will drive enterprises to adopt digital manufacturing technologies within the PE industry, and potentially lead to higher demand for factory spaces with high specification in the mid to long term.

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 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
Q1 2016	$7.85/ $0.73	$16.24/ $1.51	$20.09/ $1.87	$24.22/ $2.25	$49.18/ $4.57
Q2 2016	$7.44/ $0.69	$15.74/ $1.46	$19.38/ $1.80	$23.74/ $2.21	$46.99/ $4.37
Q3 2016	$7.44/ $0.69	$16.27/ $1.51	$19.54/ $1.82	$23.67/ $2.20	$56.38/ $5.24
Q4 2016	$8.26/ $0.77	$16.15/ $1.50	$19.39/ $1.80	$23.68/ $2.20	$51.02/ $4.74

Source: REALIS, Knight Frank Research

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5 WAREHOUSE SEGMENT OVERVIEW

5.1 EXISTING AND POTENTIAL SUPPLY

As at Q4 2016, the existing stock for warehouse totalled 9.5 million sq m NLA, amounting to 6.6 per cent higher than 2015. The majority of warehouse space is based in the West Planning Region (62.1 per cent) while the rest of the stock is distributed across East, Central, North and North-East Planning Regions at 15.7 per cent, 13.6 per cent, 4.5 per cent and 4.1 per cent respectively.

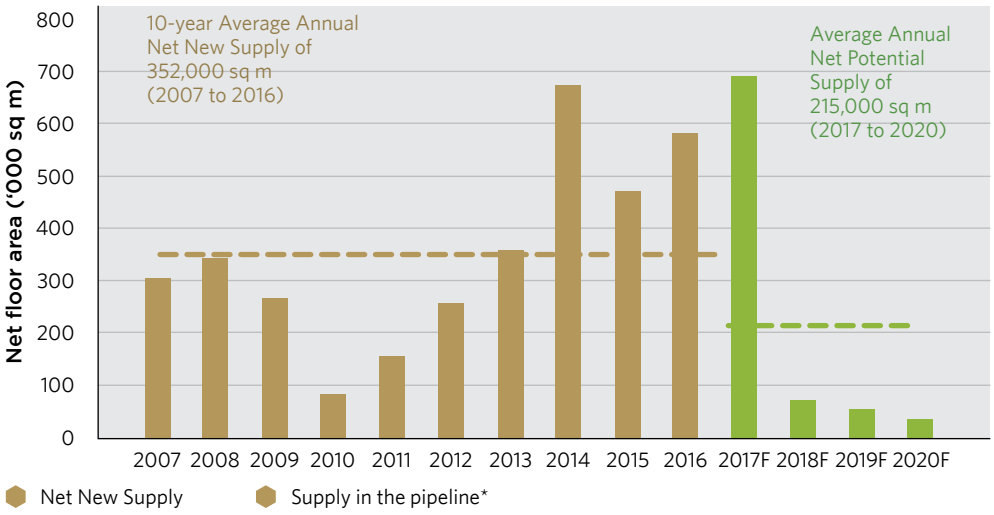
Net new supply of warehouse space is approximately 583,000 sq m in 2016, which is 23.0 per cent higher compared with the preceding year. This is 65.8 per cent more than the ten-year average annual net new supply of 352,000 sq m between 2007 and 2016.

As at Q4 2016, a total of 0.9 million sq m net warehouse space is projected to come on-stream between 2017 and 2020. Of which, 80.7 per cent (692,000 sq m) is expected to be ready by 2017.

5.2 DEMAND AND OCCUPANCY

Net new demand of warehouse space is estimated at 372,000 sq m in 2016, a 5.8 per cent lower than the previous year. This is 15.9 per cent higher than the ten-year average annual net new demand of 321,000 sq m between 2007 and 2016. Island-wide occupancy rate slipped marginally to 89.7 per cent in 2016, from 91.4 per cent in 2015.

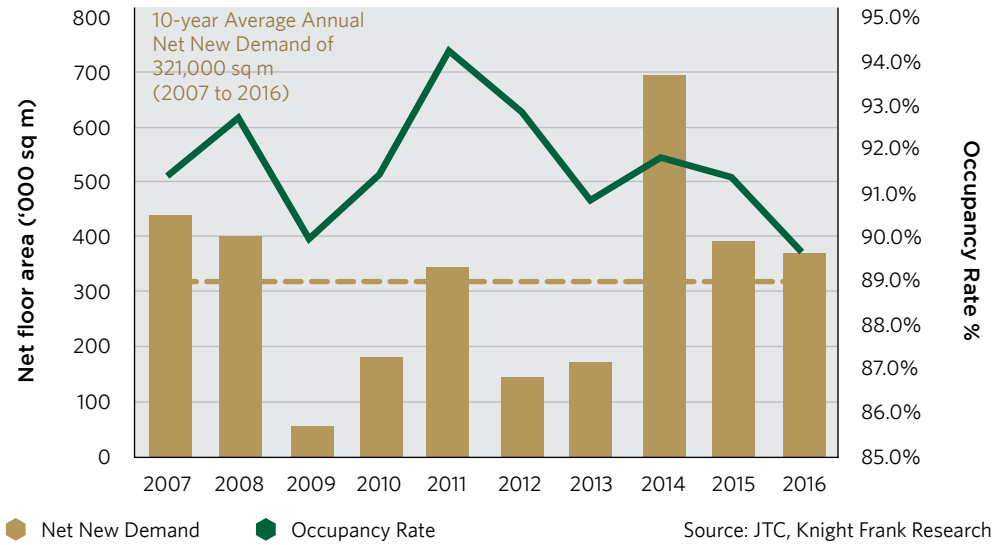
EXHIBIT 5-1: NET NEW SUPPLY AND POTENTIAL SUPPLY OF WAREHOUSE SPACE, AS AT Q4 2016



*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

EXHIBIT 5-2: NET NEW DEMAND AND OCCUPANCY RATE OF WAREHOUSE SPACE



Source: JTC, Knight Frank Research

5.3 RENTS

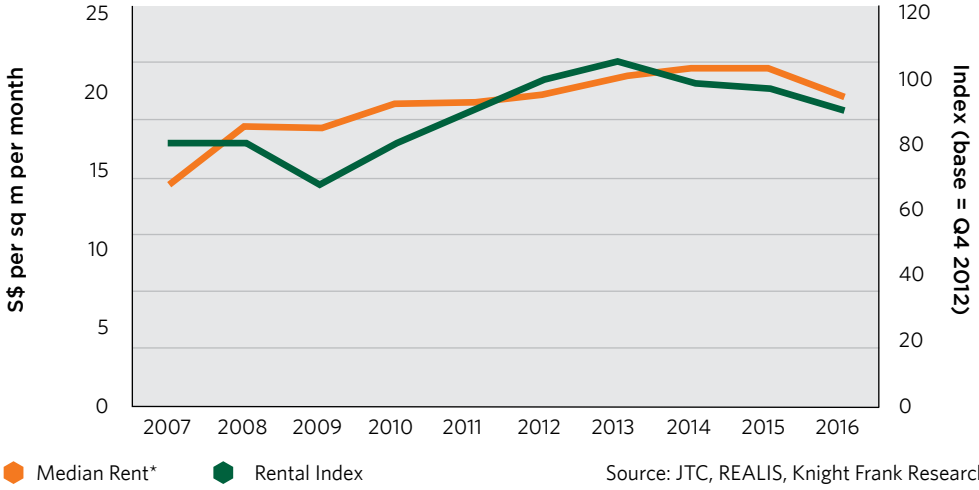
As at Q4 2016, median rents of island-wide warehouse space fell 8.0 per cent y-o-y to $19.80 per sq m per month. Correspondingly, JTC Warehouse Rental Index slipped 6.4 per cent y-o-y in 2016.

5.4 OUTLOOK

Benefitting from the growing e-commerce landscape, the warehousing and logistics sector is projected to see continual and stable growth in demand over the next two to three years. To promote long term growth, the Logistics ITM launched in November 2016 will support the adoption of technology and deeper development into sectors such as food and healthcare through the development of specialised logistics handling capabilities. Segments such as self-storage facilities for households and businesses, as well as specialized cold room warehousing facilities such as Viva Industrial Trust's 6 Chin Bee Avenue, could be the outperformers in this property segment due to the changing business operating models and the growth of the food & beverage industry.

Against the backdrop of subdued global trade movement, modest economic growth and the prospects of weaker consumption by both households and businesses, the demand for warehousing space could soften in the short term for 2017. The large injection of 692,000 sq m of warehouse space this year is envisaged to moderate occupancy and rental performance. Rental rates of warehouse space are projected to decline by a further -8 to -6 per cent in Q4 2017. However, the government will invest in next generation facilities with high-specification units that encourage co-location of companies. This new generation of buildings will be able to capture cargo volumes in the next few years as the industry matures and transforms.

EXHIBIT 5-3: MEDIAN RENTS AND JTC RENTAL INDEX OF WAREHOUSE SPACE, AS AT Q4 2016



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 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
Q1 2016	$10.30/ $0.96	$18.01/ $1.67	$21.72/ $2.02	$27.59/ $2.56	$37.71/ $3.50
Q2 2016	$10.75/ $1.00	$17.65/ $1.64	$21.74/ $2.02	$27.50/ $2.55	$42.66/ $3.96
Q3 2016	$8.86/ $0.82	$17.22/ $1.60	$20.91/ $1.94	$26.24/ $2.44	$45.45/ $4.22
Q4 2016	$8.61/ $0.80	$16.67/ $1.55	$19.80/ $1.84	$24.75/ $2.30	$41.99/ $3.90

Source: JTC, REALIS, Knight Frank Research

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6 HOTEL MARKET OVERVIEW

6.1 INTERNATIONAL VISITOR ARRIVALS

Overall visitor arrivals rose marginally by 0.8 per cent for the whole of 2016 to 16.4 million compared to 15.2 million in 2015. Particularly, the number of visitor arrivals from China surged by a significant 36.0 per cent in 2016 compared to 2015. In a bid to broaden the exposure of Singapore's tourism industry, the government worked towards attracting first-time visitors from mid-tier Chinese cities by adding more Singapore-bound flights to these second and third-tier cities. Overall, visitor arrivals from Indonesia have increased (5.9 per cent), while those from Malaysia (excluding land arrivals) continued to decline (-1.7 per cent) during the same period.

For the first nine months of 2016, total tourism receipts saw an improvement by 10.8 per cent to reach S$18.4 billion compared to the same period in 2015 (S$16.6 billion), with increased spending on shopping (48.1 per cent), F&B (24.1 per cent) and accommodation (24.0 per cent) components. For the whole of 2015, tourism receipts collected amounted to S$21.9 billion, 6.4 per cent lower compared to 2014 (S$23.4 billion) on an annual basis. This contrasted with the rising visitor arrivals during the same period due to the drop in business travellers, whose spending accounted for a third of the total tourism receipts. With the shift in the nature of visits towards sight-seeing and relative visitations, as well as the depreciating regional currencies (particularly Malaysian Ringgit and Indonesian Rupiah) that weakened spending capacity of the visitors, this created further downside pressure on visitor expenditures.

6.2 EXISTING AND POTENTIAL SUPPLY

As of end of 2015, Singapore had an inventory of 222 gazetted and 176 non-gazetted hotel developments contributing to a total of 60,841 rooms, based on STB estimates. About 2,358 hotel rooms were injected into the hotel market for 2016, bringing the estimated hotel rooms to 63,199 in 2016.

Some examples of major hotel completions in 2016 include Katong Square (582 rooms), Mercure Singapore Bugis (395 rooms), Ibis Styles (298 rooms) and M Social Singapore (293 rooms).

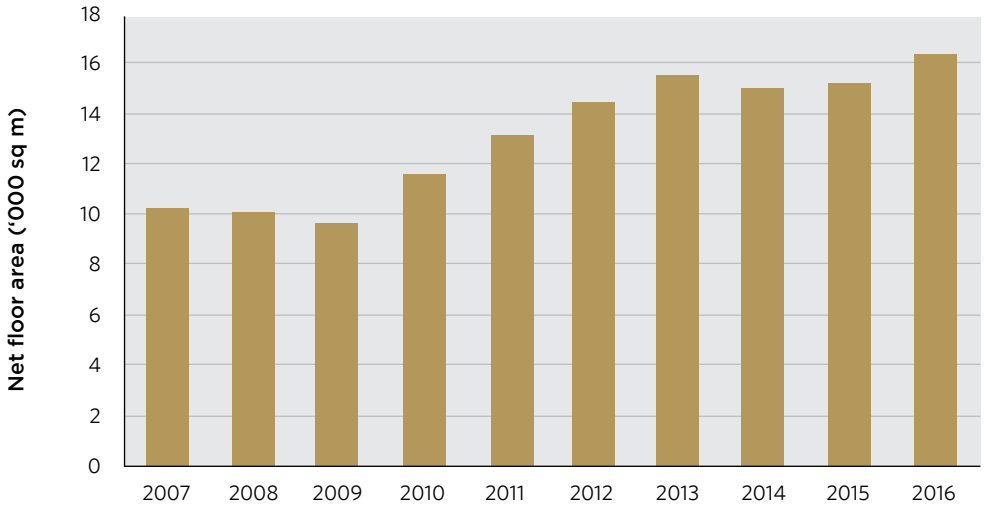
As at Q4 2016, about 6,496 new hotel rooms will be slated for completion between 2017 and 2021. The bulk of the upcoming hotel room supply of about 52.7 per cent (3,425 rooms) is expected to commence operations by end of 2017. Some of these hotels projected to be completed by 2017 include Andaz Singapore, Park Hotel Farrer Park and Courtyard by Marriott in Novena.

6.3 HOTEL TRADING PERFORMANCE

The island-wide standard average occupancy rate ("AOR") stood at 84.2 per cent for the whole of 2016 compared with 85.0 per cent in 2015. The overall standard average room rates ("ARR") for gazetted hotel sector slipped marginally to S$237 in 2016. Similarly, the ARR for mid-tier standard room also slipped to S$171 in the first eleven months of 2016.

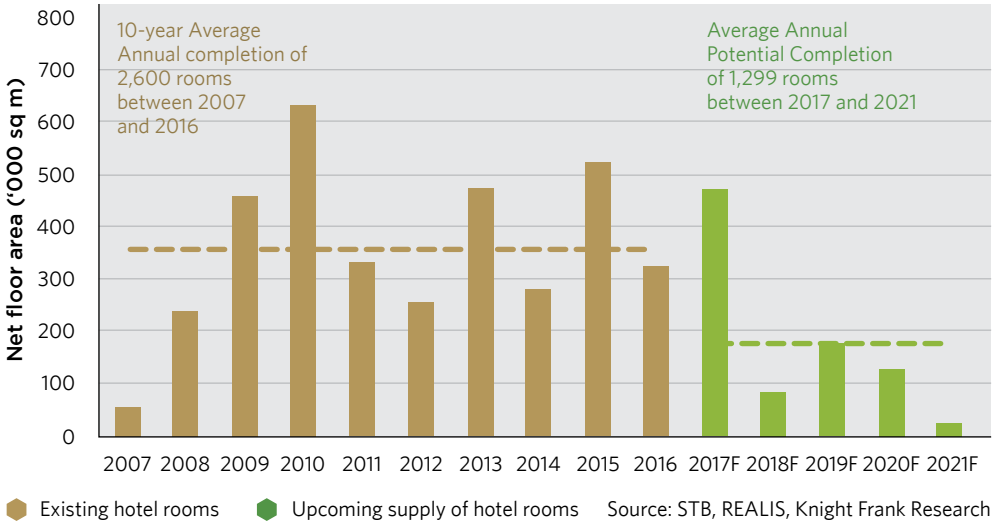
As a result, lower revenue per available room ("RevPAR") with the overall gazetted hotel sector of S$199 was reported for 2016. The RevPAR for mid-tier standard room also declined to S$145 in 2016, with average occupancy rate for mid-tier standard maintaining fairly stable at 85.4 per cent in 2016 compared with 85.5 per cent in 2015.

EXHIBIT 6-1: TOTAL INTERNATIONAL VISITOR ARRIVALS IN SINGAPORE



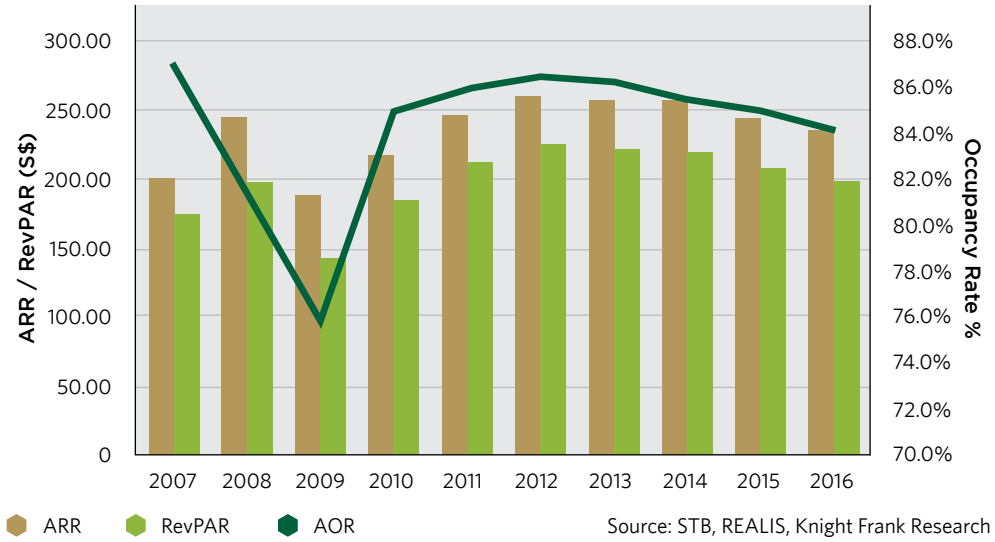
Source: STB, Knight Frank Research

EXHIBIT 6-2: HISTORICAL AND UPCOMING HOTEL ROOM OPENINGS IN SINGAPORE, AS AT Q4 2016



Source: STB, REALIS, Knight Frank Research

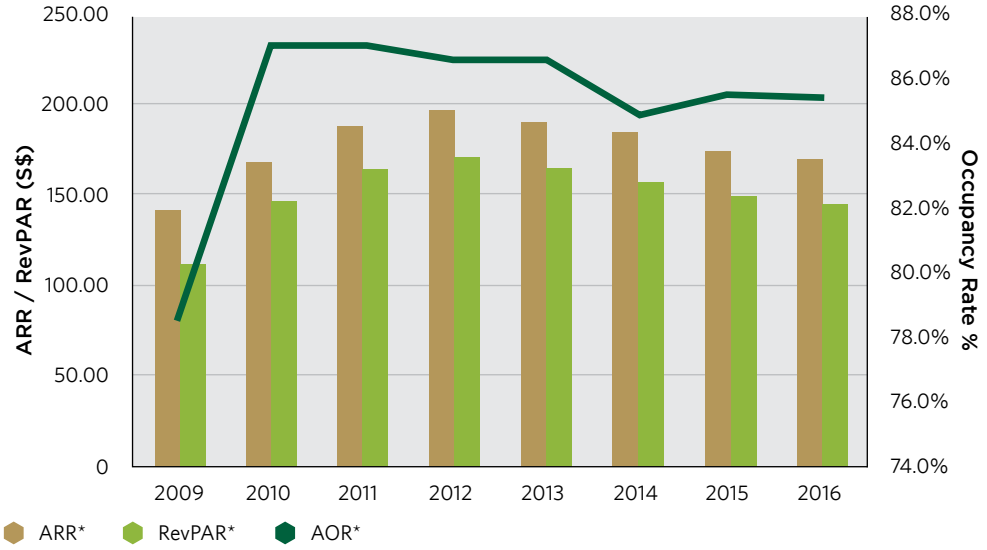
EXHIBIT 6-3: AOR, ARR AND REVPAR OF SINGAPORE GAZETTED HOTELS ISLAND-WIDE



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

While the Asia-Pacific region is seen to be one of the fastest regions for tourism growth, Singapore expects higher regional competition for the tourist dollars resulting in a fairly modest outlook for 2017.

Occupancy for mid-tier hotels outperformed luxury and upscale hotels in the first eleven months of 2016. This was largely supported by factors such as the uncertainties in the global economy which saw softer corporate demand and initiatives by Singapore Tourism Board ("STB") to expand into second-tier cities from key markets. Following STB's successful marketing campaigns, visitors from China and India grew 36.1 per cent and 8.2 per cent respectively between January and November 2016 compared to the same period in 2015.

In the government's quest to maintain Singapore's standing as Asia's top meeting and convention city, STB and the industry jointly developed the Meetings, Incentives, Conferencing and Exhibitions ("MICE") 2020 roadmap. The MICE 2020 roadmap aims to enhance strong MICE resource capital, create a smart MICE city that enhances business visitors' travel experience, and develop Singapore into an attractive destination with experiential events and authentic local offering. This plan will continue to enhance Singapore's attractiveness as a MICE venue, supporting overall demand for hotel rooms in the medium term. At the same time, STB launched the Hotel ITM last November to ensure Singapore's hotel industry stays abreast of consumers' changing needs and to tackle the manpower-constrained landscape. This ITM is built on three keys pillars namely, 1) build manpower-lean business models and innovate to develop new solutions, 2) grow businesses through internationalization and 3) build a strong pipeline of talent and deepen skill workforce.

Coupled with an estimated 3,425 hotel rooms slated for completion in 2017, hotel operators in Singapore are under pressure to maintain occupancy rates. While ARR for luxury hotel segment maintained in the first eleven months of 2016, ARR for upscale and mid-tier hotels slipped 1.5 per cent and 2.8 per cent compared to the same period in 2015. Correspondingly, lower ARR and heightened competition amongst hotel operators have dragged RevPAR for all hotel tiers down by between 1.3 per cent and 5.3 per cent in the first eleven months of 2016. On the whole, island-wide ARR and RevPAR is expected to trend lower in 2017 as hotel operators seek to maintain competitive rates and develop value-added concierge services amid the intense competition locally and regionally.

7 LIMITING CONDITIONS OF THIS REPORT

This Report is subject to the following limiting conditions:

a) Knight Frank's responsibility in connection with this Report is limited to Viva Industrial Trust Management Pte Ltd, i.e. the Client to whom the Report is addressed.

b) It disclaims all responsibility and will accept no liability to any other party.

c) The Report was prepared strictly in accordance with the terms and for the purpose expressed therein and is to be utilized for such purpose only.

d) Reproduction of this Report in any manner whatsoever in whole or in part or any reference to it in any published document, circular or statement without the Knight Frank's prior written approval of the form and context in which it may appear is prohibited.

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f) Projections or forecasts in the course of the study are made to the best of the Knight Frank's judgment. However, Knight Frank's disclaims any liability for these projections or forecasts as they pertain to future market conditions, which may change due to unforeseen circumstances.

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h) The statements, information and opinions expressed or provided are intended only as a guide to some of the important considerations that relate to the property prices. Neither Knight Frank nor any person involved in the preparation of this Report give any warranties as to the contents nor accept any contractual, tortuous or other form of liability for any consequences, loss or damage which may arise as a result of any person acting upon or using the statements, information or opinions in the Report.

SUSTAINABILITY REPORTING

In 2016, SGX made it mandatory for all publicly-listed companies to produce sustainability reports annually, with effect from the financial year ending 31 December 2017.

VIT recognises the importance of sustainability reporting and is pleased to present its inaugural sustainability report ("Sustainability Report") for the financial year ended 31 December 2016 ("FY2016"), a year ahead of the mandated deadline. As part of its commitment to deliver its inaugural report, VIT has engaged the services of Ernst & Young LLP to advise VIT in its preparation of the report.

VIT strongly believes in the benefits of sustainability reporting to its stakeholders and strives to present a report that is balanced, accurate and transparent. Accordingly, the Sustainability Report is aligned with the Global Reporting Initiative's (GRI) G4 reporting framework. **As part of the corporate green movement, this "Sustainability Reporting" section in the Annual Report will only provide a summary of VIT's Sustainability Report. The detailed version of VIT's Sustainability Report will be available online at VIT's corporate website: www.vivaitrust.com.**

MANAGING RESPONSIBLY: ACHIEVING SUSTAINABILITY

Sustainability is ingrained in all aspects of VIT's operations. VIT believes that in order to achieve a truly sustainable business, every department plays an important role by incorporating best practices in their daily operational activities. To reflect this approach, VIT has identified internal ambassadors from all departments to ensure that the concerns and interests of all its stakeholders are fairly represented and aligned.

The key functional heads form VIT's Sustainability Committee, which is responsible for planning and implementing principles and policies as well as overseeing the progress of sustainability across VIT's operations. The committee engaged in regular discussions with the CEO and presented the necessary information to the Board on its performance and outlook on financial and non-financial aspects of operations at the board meetings.

MATERIALITY ASSESSMENT

In May 2016, VIT conducted its first materiality assessment to determine material sustainability issues for monitoring and reporting in FY2016. Members of the management team, including the CEO, were interviewed by consultants to identify a list of issues relevant to VIT and its external stakeholders. From this exercise, a list of 32 sustainability issues were identified and further assessed by members of VIT's management team to determine the order of importance to internal and external stakeholders. Thereafter, a matrix of issues was derived and the Board agreed to focus VIT's inaugural Sustainability Report on the top-most important sustainability issues, termed as material issues.

Based on the availability of information and the result of the materiality assessment, VIT decided to focus on the following sustainability issues, and disclosures for these selected issues would focus on information within the reporting boundary of VIT.

LIST OF MATERIAL ISSUES FOR REPORTING IN SUSTAINABILITY REPORT

GOVERNANCE

- GOVERNANCE
- REGULATORY COMPLIANCE
- ANTI-CORRUPTION
- ENTERPRISE RISK MANAGEMENT

ECONOMIC

- ECONOMIC IMPACT
- QUALITY OF ASSETS AND SERVICES

SOCIAL

- TALENT ATTRACTION AND RETENTION
- SECURITY OF INFORMATION

ENVIRONMENT

- ENERGY AND CARBON FOOTPRINT
- WATER MANAGEMENT

CORPORATE GOVERNANCE

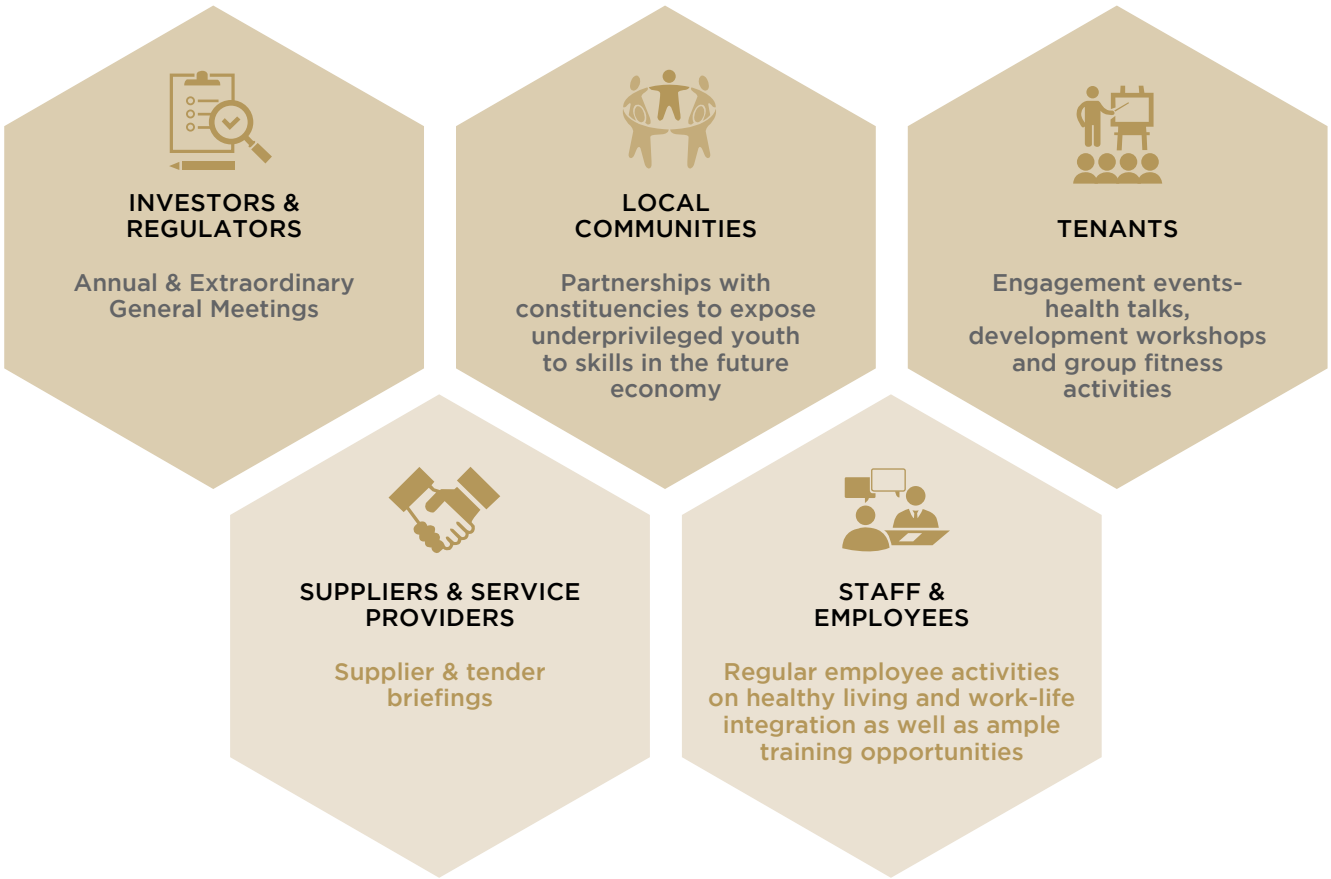
VIT adopts robust corporate governance practices as detailed in the Corporate Governance section of the Annual Report. For instance, VIT has put in place measures to ensure that the Board consists of not only qualified individuals, but also maintains a board that is at least 50% independent, diverse and high-performing. The Directors of the Managers of VIT uphold strict standards to protect VIT's assets, enhance investment values and set internal controls.

For details on VIT's Corporate Governance, please refer to page 61 of the Annual Report.

STAKEHOLDER ENGAGEMENTS

VIT interacts and engages with all its stakeholders on a regular basis, with various stakeholder engagements and programmes. Besides providing VIT with suitable opportunities to understand issues that concern various stakeholders and aims to address these issues systematically and cooperatively, such engagements also foster a strong relationship with stakeholders, and lay a strong foundation for a sustainable business in the long-term. The figure below shows VIT's stakeholders and examples of the various engagements:

FIGURE 1: SUMMARY OF STAKEHOLDER ENGAGEMENTS



INVESTOR RELATIONS

VIT strongly believes that proactive engagement with stakeholders will promote better understanding of the resilience of VIT's portfolio and appreciation of its investment merits. Hence, the REIT Manager strives to provide all stakeholders, including the investment and media community, with regular disclosure on VIT's performance and growth strategies on a continuous basis.

REGULAR CORPORATE DISCLOSURES

VIT announces its quarterly financial results on SGXNet and its corporate website www.vivaitrust.com, which ensures timely and transparent updates that are easily accessed by all stakeholders, including stapled securityholders and members of the public. In FY2016, the REIT Manager upgraded the features and content of the website to provide better insights on VIT's financial and operational performance metrics, in a bid to help investors make informed investment decisions. The REIT Manager welcomes two-way interactions with investors who can submit their enquiries via the website.

DYNAMIC STAKEHOLDER ENGAGEMENT

VIT aims to be proactive in its engagement with the investment community through regular face-to-face meetings, conference calls and direct communications, so as to enhance the market's understanding of VIT. During the year, the REIT Manager conducted media and analyst briefings for its four quarterly results announcements. Through these briefing sessions, VIT's management explained the portfolio's performance and execution of VIT's growth strategies, as well as addressed any concerns that the investment community may have in an expedient manner.

SUSTAINABILITY REPORTING

In FY2016, the REIT Manager increased its participation in corporate day presentations and non-deal roadshows in Singapore and overseas markets, so as to articulate VIT's investment merits and growth strategies to the investment community, including research analysts, fund managers and institutional investors. The REIT Manager also took part in several investor talks reaching out to retail investors in Singapore, such as the REITs Symposium 2016 which enabled the senior management team to build greater understanding of VIT amongst retail investors.

These efforts bore fruit resulting in increased institutional investor holdings in size, as well as significant improvement in trading volume throughout the year.

To showcase the newly-acquired properties as well as the AEI project at VBP, the REIT Manager also organised site visits for the investment community in FY2016. Besides enabling both institutional and retail investors to view VIT's newly-added quality assets, such visits also enabled visitors to obtain deeper insights on VIT's portfolio performance.

In line with the increase in proactive outreach efforts by the REIT Manager in FY2016, VIT managed to broaden its rated coverage with regular reports by the following research houses:

- OCBC Investment Research
- RHB Research Institute Singapore

FY2016 INVESTOR RELATIONS CALENDAR

1Q 2016	2Q 2016	3Q 2016	4Q 2016
• Announced 4Q 2015 and FY2015 results with media and analyst briefing • Presented at Private Banking Asia 2016 and KGI Fraser – REITs Seminar 2016 • Conducted multiple one-on-one investor meetings, luncheons and site visits	• Announced 1Q 2016 results • Held Annual General Meeting (AGM) • Participated in Standard Chartered Bank Southeast Asia Institutional Investment Forum • Participated in Singapore non-deal roadshow organised by OCBC • Presented at REITs Symposium 2016 organised by ShareInvestor • Conducted multiple one-on-one investor meetings, luncheons and site visits	• Announced 2Q 2016 & 1H 2016 results with media and analyst briefing • Participated in Singapore non-deal roadshows organised by BOAML and RHB, and Hong Kong non-deal roadshow organised by OCBC • Conducted Remisier Roadshows with Phillip Capital, Maybank Kim Eng, OCBC and RHB • Conducted multiple one-on-one investor meetings, luncheons and site visits	• Announced 3Q 2016 & 9M 2016 results • Announced launch of Placement of New Stapled Securities to raise gross proceeds of approximately S$45 million to partially fund the acquisition of 6 Chin Bee Avenue • Participated in Macquarie Tiffin Lunch Investor Meeting • Participated in Kuala Lumpur non-deal roadshow organised by Maybank Kim Eng • Conducted multiple one-on-one investor meetings, luncheons and site visits




FY2015 Annual General Meeting, 27 April 2016




REITs Symposium 2016, 4 June 2016




3Q2016 Analysts and Media Results Briefing & Site Visit to VBP, 21 October 2016




FY2016 Analysts and Media Results Briefing, 26 January 2017

SUSTAINABILITY REPORTING

SOCIAL

CORPORATE SOCIAL RESPONSIBILITY

BUILDING COHESIVE COMMUNITIES

During the year, the REIT Manager continued to engage the community through its partnerships with the Toa Payoh East-Novena Grassroots Organisations ("TEN") and Halogen Foundation.

The REIT Manager collaborated with TEN and introduced its first "Future Leaders in the Making" experiential learning programme, which is in line with Singapore Government's Skills Future, Smart Nation and Maker Movement initiatives. As part of the programme, a group of 20 secondary school students attended the inaugural workshop which was held at HFB, one of VIT's properties, in December 2016.

Mr. Saktiandi Supaat, a Member of Parliament for Bishan-Toa Payoh Group Representation Constituency and Adviser to Bishan-Toa Payoh GRC Grassroots Organisations, who is also a strong advocate of youth development, was present at the workshop and witnessed how the students learned and applied the knowledge acquired on micro controller programming, woodworking and electronics to create a mobile fan.



Mr. Saktiandi Supaat with the student participants





Student participants attending micro controller programming and woodworking workshop briefing at HFB

The REIT Manager also supported Halogen Foundation's leadership and entrepreneurship development programme which aims to inspire and influence the youths from challenging family backgrounds. Through these youth-focused programmes, the REIT Manager is committed towards promoting holistic development amongst youths and equipping them with core skill sets that will improve their relevance and readiness in the new economy.

INTEGRATED TENANT ACTIVITIES

As part of its proactive tenant management approach, the REIT Manager also rolled out various activities to engage its tenants, particularly those at VBP. The REIT Manager raised social awareness among tenants at VBP through organizing events such as Blood Donation drives by Blood Bank Singapore and Singapore Red Cross; Charity Massage by Singapore Association of the Visually Handicapped; Prosperity for Poverty by World Vision; and outreach events by Alzheimer Disease Association, Bone Marrow Donor Programme, and the Food Bank Singapore Ltd amongst others. Encouragingly, the tenants have actively participated in these events and the events have helped to raise awareness for these social and charity organisations.

In addition, the "Get Healthy Programme" that was a movement that began within the REIT Manager has since been extended to tenants, with more workout classes conducted at VBP on bi-monthly basis to encourage active living at the workplace. The REIT Manager also introduced "Wellness Day" amongst tenants to promote healthy living by giving out fresh fruits to tenants on a quarterly basis, encouraging them to develop healthy eating habits at work.

MANAGING SUPPLY CHAIN

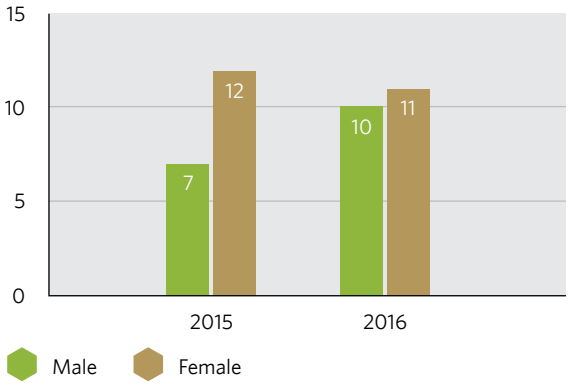
The REIT Manager engages third-party service providers and contractors regularly through meetings, briefings, phone calls and email communications on matters relating to property management works to ensure that the environmental, health and safety guidelines are duly complied. The REIT Manager reviews

its supply chain periodically to ensure that the approved vendors are certified by the authorities. Vendors are encouraged to provide their feedback via the various communications channels available including email, phone calls and meetings.

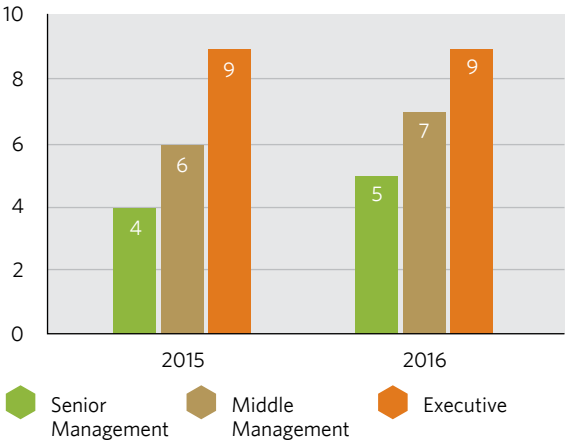
ADVANCING STAFF DEVELOPMENT

In FY2016, the REIT Manager expanded its team by 11% to manage its growing portfolio. The current team composition (including the Property Manager) of 21 professionals has a relatively balanced distribution in terms of gender and positions. The REIT Manager is committed to developing human capital through their continuous learning journey. As one of the early adopters of SNEF's SAPPHIRE programme, employees are encouraged to acquire new skill sets and constantly upgrade themselves with relevant and forward-thinking practices, so as to maximize their potential and capabilities.

EMPLOYEES BY GENDER



EMPLOYEES BY LEVEL



ENVIRONMENT

Singapore's commitment to reducing environmental impact is evident from the government's pledge in September 2016 to, by 2030, reduce the country's Greenhouse Gas ("GHG") emissions intensity by 36% from 2005 levels. The National Climate Change Secretariat identified buildings to be the third largest GHG contributor in the country.

In line with the government's greening initiatives, VIT upgraded the chiller systems at VBP in FY2016 as part of its AEI works to improve energy efficiency, which helped to reduce GHG emissions. In addition, VIT also replaced water-inefficient fixtures to promote water conservation. Apart from reducing VIT's environmental footprint, these initiatives have resulted in cost savings for VIT and tenants through lower utility charges.

Finally, VIT is working on renewing the Green Mark certification at UEBH, which had been certified Green Mark Gold^{Plus} for the Business Park component and Green Mark Gold for the Hotel component, respectively.

SECURITY OF INFORMATION

Protecting the privacy of tenants and customers is an important aspect in VIT's management practice. With technological advancement and the increased use of digital transactions, the risk for information theft has increased significantly.

In FY2016, the REIT Manager improved its server storage practices by upgrading its server equipment and engaged an IT service provider to carry out regular server maintenance and backup of information to improve its Business Continuity Planning processes. VIT also upgraded its internet systems and access speed to improve internet accessibility and document download time.

The REIT Manager also engaged a professional IT security service provider to install a firewall equipped with advanced systems to protect VIT's servers from virus and hacker attacks. The firewall would control traffic from the public internet entering VIT's De-Militarized Zone ("DMZ") of its internal server. The DMZ is reinforced with Intrusion Protection System, Advance Threat Protection and Denial of Service capabilities to ensure maximum information security.

Lastly, staff members of the REIT Manager have also been provided with computers with enhanced security functions for increased protection from data theft.

We are happy to receive any feedback on our inaugural Sustainability Report, please forward any queries and feedback to contactus@vivaitrust.com


UE BIZHUB EAST
CISCO
BT

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 (in its capacity as 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, the "Managers") executed a stapling deed dated 14 October 2013 to create the stapled group.

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

The REIT Manager was 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 legislation 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 inactive (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 strategies 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;
- ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced;
- Identify the key stakeholder groups and recognise that their perceptions affect the REIT Manager's reputation;
- set the values and standards of the REIT Manager (including ethical standards), and ensure that obligations to stapled securityholders and other stakeholders are understood and met; and
- consider sustainability issues such as environmental, social and governance factors, as part of the strategic formulation of the REIT Manager.

Each member of the REIT Manager Board has a fiduciary duty to discharge his duties and responsibilities in the best interests of the REIT Manager and the stapled securityholders.

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.

CORPORATE GOVERNANCE

The number of meetings of the REIT Manager Board and the Committees held for the financial year ended 31 December 2016 ("FY2016"), as well as the attendance of the directors and members at these meetings is disclosed below:

	Board	Audit and Risk Committee	Nominating and Remuneration Committee	Investment Committee
No of Meetings held	**5**	**4**	**1**	**2**
Name of Directors		**No. of Meetings attended for FY2016**		
Dr Leong Horn Kee	5/5	n/a	1/1	2/2
Teo Cheng Hiang Richard	5/5	4/4	n/a	2/2
Dr Choong Chow Siong	5/5	4/4	1/1	n/a
Ronald Lim Cheng Aun	5/5	4/4	1/1	n/a
Tan Hai Peng, Micheal	5/5	n/a	1/1	2/2
Wilson Ang Poh Seong	5/5	n/a	n/a	2/2
Tan Kim Seng	4/5	n/a	1/1	1/2

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

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 Dr Leong Horn Kee, Mr Wilson Ang Poh Seong, Mr Tan Hai Peng Micheal and Mr Tan Kim Seng. The IC held two meetings in FY2016.

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.

The REIT Manager will issue a formal letter of appointment setting out the directors' duties and responsibilities to any new director. The new director is required to attend a briefing on the business activities and the governance practices of the REIT Manager. During FY2016, no new director was appointed.

CORPORATE GOVERNANCE

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 meetings. 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 auditor at the quarterly Audit and Risk Committee meetings.

All directors are provided with continuing training in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act and the CIS Code, and industry-related matters conducted by external parties such as Singapore Institute of Directors and SGX-ST.

Employees are also guided by the REIT Manager's core values and are expected to comply strictly with the Employee Code of Conduct stated in the Employee's Handbook. Any violation of these rules and standards may be subject to disciplinary action, including termination of employment for serious offences such as disruptive behaviour, gambling and theft.

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 ("CEO"), 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 commercial experience including expertise in fund management, investment, audit, accounting 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.

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, both the REIT Manager Board and the BT Trustee-Manager Board are comprised of majority independent directors.

Four of the seven directors 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.

None of the independent directors has served on the REIT Manager Board for more than nine years from the date of their first appointment.

The Nominating and Remuneration Committee reviews annually the balance and diversity of skills, experience, gender and knowledge required by the REIT Manager Board and Committees. The REIT Manager Board, with the concurrence of the Nominating and Remuneration Committee, having reviewed and considered the size of the REIT Manager Board and the Committees, is of the view that the current size is appropriate for the nature and scope of its operations and facilitates effective decision-making for the existing needs and demands of the REIT Manager's operations.

CORPORATE GOVERNANCE

The REIT Manager Board, with the concurrence of the Nominating and Remuneration Committee, is also of the view that the composition of the REIT Manager Board and the Committees, as a group, provides an appropriate balance and diversity of skills, experience, and knowledge of the REIT Manager's operations. No individual or group dominates the REIT Manager Board's or Committees' decision-making process.

The NEDs always constructively challenge and help develop proposals on strategy and reviews the management's performance in meeting agreed goals and objectives, and monitor the reporting of management's performance. 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 CEO 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 CEO is Mr Wilson Ang Poh Seong.

There is a clear separation of the roles and responsibilities between the Chairman and the CEO. The Chairman, Dr Leong Horn Kee is responsible for the overall management of the REIT Manager Board, as well as ensuring that the members of the Board and the management work together with integrity and competency, and he engages the Board members in constructive debate on strategy, business operations, enterprise risk and other plans. His other roles include the following:

(i) leading the REIT Manager Board to ensure its effectiveness on all aspects of its roles;

(ii) setting the agenda items for Board meetings and ensure adequate time is available for discussion of all agenda items, in particular strategic issues;

(iii) promoting a culture of openness and debate at the Board meetings;

(iv) ensuring that the directors receive accurate, adequate, timely and clear information;

(v) ensuring effective communication with stapled securityholders;

(vi) facilitating the effective contribution of NEDs at Board meetings; and

(vii) promoting high standards of corporate governance.

The CEO, Mr Wilson Ang Poh Seong, 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 68 of this Annual Report. The composition of the NRC can be found on page 67 of this Annual Report.

CORPORATE GOVERNANCE

The NRC has put in place a process for the selection and appointment of directors, including a set of guidelines governing this process. The process will start with an assessment of the need for a new appointment, drawing up the desired profile, searching for the desired candidate through various channels, shortlisting from the candidate pool, and finally the nomination to the Board for approval. The final appointment is subject to the MAS giving its approval.

In its search and selection process for new directors, the NRC considers the attributes of the existing Board members, reviews the composition of the Board including the diversity of skills, knowledge and experience on the Board. Other considerations include, but are not limited to background, gender, age, and ethnicity. The short-listed candidates would be required to furnish their curricula vitae stating in details their qualifications, working experience, employment history, in addition to completing certain prescribed forms to enable the NRC to assess the candidates' independence status and compliance with the REIT Manager's established internal guidelines.

The NRC will then meet and interview the candidates to assess their suitability taking into account factors such as integrity, independent mindedness, core competencies, time commitment, track records of making good decisions, experience in high-performing corporations or property funds and financial knowledge to ensure that the candidates are aware of the expectations and the level of commitment required. The NRC will also carry out due diligence checks on the shortlisted candidates through its own contacts and network.

The REIT Manager Board would generally avoid approving the appointment of alternate directors, unless in exceptional cases of medical emergency. No alternate director has ever been appointed to the REIT Manager Board since VIT became listed on the SGX-ST.

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 re-appointment 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 FY2016. Each director has made his declaration by signing on the form.

These duly signed forms were tabled at the NRC meeting held in January 2017 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 judgment.

Key information regarding the directors such as academic and professional qualifications, present directorships in other listed companies and other principal commitments are disclosed on pages 13 to 15 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 the 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 meetings of the Board and its Committees, understanding of business plans and strategies, and ability to articulate thoughts and opinions in a clear and concise manner.

CORPORATE GOVERNANCE

Each director is required to complete the evaluation forms, and 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 2017 in respect of FY2016. Based on the results compiled from the evaluation forms, and the Board's review at the Board meeting held in January 2017, 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.

No external facilitator was appointed to assist in the performance evaluation for FY2016. The NRC will seek advice from an external consultant where required although currently the NRC appraises directors internally.

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 and related materials 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 the 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.

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 NEDs:

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

CORPORATE GOVERNANCE

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, qualifications, experience and diversity) of the REIT Manager Board and its Committees;

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

(iii) review the independence of NEDs and that of alternate director, if any, annually, or when necessary, along with issues of conflict of interest;

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

(v) identify and develop training programmes for the Board and assist with similar programmes for the 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 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, 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 (including weighing the use of share schemes against the other types of long-term incentive scheme).

The NRC held its meeting in January 2017 to review and determine the remuneration packages of the CEO and key management personnel, to ensure that they are adequately but not excessively remunerated.

The NRC may seek expert advice inside and/or outside the REIT Manager on remuneration of all directors, as and when required.

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 the Committees, and are benchmarked against market practices. The Chairman of the Board and of each Committee is paid a higher fee compared with members of the Board and of such 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.

CORPORATE GOVERNANCE

REMUNERATION POLICY IN RESPECT OF KEY MANAGEMENT PERSONNEL

The NRC exercises broad discretion and independent judgment 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 NEDs has a service contract with the REIT Manager. They receive a base fee and an additional fee for serving on the 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 NED's and the key management personnel's remuneration paid and payable in respect of FY2016 is disclosed below.

Remuneration	Salary S$	Bonus S$	Fees S$	Other Benefits S$	Share Plan S$	Total S$
Non-Executive Directors						
Dr Leong Horn Kee	–	–	90,000	–	–	90,000
Dr Choong Chow Siong	–	–	75,000	–	–	75,000
Mr Ronald Lim Cheng Aun	–	–	75,000	–	–	75,000
Mr Teo Cheng Hiang Richard	–	–	75,000	–	–	75,000
Mr Tan Hai Peng Micheal	–	–	65,000	–	–	65,000
Mr Tan Kim Seng	–	–	65,000	–	–	65,000

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 that stability and continuity of business operations with a competent and experienced management team are in place.

CORPORATE GOVERNANCE

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 NEDs, 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 FY2016.

There is no contractual provision in the service contracts of executive director and key management personnel to allow the REIT Manager to reclaim incentive components from its executive director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the REIT Manager.

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.

The REIT Manager Board complies with the relevant rules of the Listing Manual with prompt announcements of VIT's quarterly and full-year unaudited financial results, press releases, presentation slides and other price sensitive information to stapled securityholders 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 such that the REIT Manager Board may effectively discharge its duties. The REIT Manager Board may require additional information from time to time to enable it to make a balanced and informed assessment of the REIT Manager's performance, position and prospects.

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 controls 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, examines 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.

CORPORATE GOVERNANCE

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 interest rate hedging transactions, (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 to be implemented by VI-REIT to the REIT Manager Board, and the trading of such financial 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:

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

(ii) 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 VI-REIT and VI-REIT Unitholders.

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

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

(ii) 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 the Management, the assurance from the CEO and CFO, works performed by the external auditor and internal auditor, 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 2016.

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. None of the members of the ARC is a former partner of the REIT Manager's or VIT's external auditor, Deloitte & Touche LLP ("Deloitte") or has any financial interest in Deloitte.

CORPORATE GOVERNANCE

The REIT Manager Board has determined that Dr Choong Chow Siong, Mr Teo Cheng Hiang Richard and Mr Ronald Lim Cheng Aun have recent and relevant accounting and 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. Given the organisation size and operations of the REIT Manager, the ARC assumed the function of the Board risk committee to oversee the enterprise risk management framework and policies.

The key responsibilities of the ARC include:

(i) monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to IPT and the provisions of the Property Funds Appendix relating to IPT;

(ii) monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;

(iii) 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;

(iv) examining the effectiveness of financial, operational, compliance and information technology risks management policies and systems at least annually;

(v) reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial actions are taken by the management;

(vi) reviewing the adequacy of external audits in respect of cost, scope and performance;

(vii) making recommendations to the REIT Manager Board on the appointment, re-appointment and removal of external auditors and approving the remuneration and terms of engagement of external auditors;

(viii) 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 VI-REIT, keeping the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;

(ix) reviewing internal audit reports annually to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;

(x) ensuring that the internal audit function is adequately resourced and effective and has appropriate standing within the REIT Manager;

(xi) meeting with external and internal auditors, without the presence of the REIT Manager Executive Officers, at least on an annual basis;

(xii) reviewing the financial statements and the internal audit report;

(xiii) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of VI-REIT and any formal announcements relating to VI-REIT's financial performance;

(xiv) investigating any matters within the ARC's terms of reference, whenever it deems necessary;

(xv) reporting to the REIT Manager Board on material matters, findings and recommendations; and

(xvi) deliberating on resolutions relating to conflicts of interest situations involving VI-REIT.

CORPORATE GOVERNANCE

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.

The ARC has reviewed the audit plans from both the internal and external auditors for FY2016 to ensure that the scope of the plans has sufficiently covered the audit of the internal controls of VI-REIT. The ARC has met with the internal and external auditors without the presence of the Executive Director and the management of the REIT Manager once in FY2016 and again in January 2017.

ARC meetings are held quarterly to review the financial statements of VI-REIT 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 matters and judgements to ensure that the appropriate disclosure and accounting policies are applied. The following significant financial reporting matter was discussed with management and the external auditors and was reviewed by the ARC:

Significant financial reporting matter	**How the ARC reviewed this matter and what conclusion was made**
Fair valuation of investment properties	The fair values of investment properties are based on the valuations undertaken by independent registered valuers. The ARC considered the approach and methodology applied to the valuation methods and estimates of the valuers. The ARC reviewed the reasonableness of the direct comparison method, income capitalisation method and discounted cash flow method used in assessing the fair valuation of the investment properties and concluded that the investment properties were fairly stated as at 31 December 2016. The fair valuation of investment properties was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in their audit report for the financial year ended 31 December 2016. Refer to page 96 of this Annual Report.

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 the ARC has an interest in a transaction, he 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 Deloitte. 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 and payable to Deloitte is as follows:

Fees for audit and non-audit services paid and payable to Deloitte for FY2016

Breakdown of fees for audit and non-audit services	S$
Audit Services	153,000
Non-Audit Services	98,000
% of Audit Services	64%

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.

Whistle-blowing 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.

CORPORATE GOVERNANCE

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 VI-REIT'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 internal auditor has unfettered access to all the REIT Manager's documents, records, properties and personnel including access to the ARC. 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 the 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 and has effectively performed its functions, and has appropriate standing within the REIT Manager.

STAPLED SECURITYHOLDERS' RIGHTS AND RESPONSIBILITIES
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 financial results. These briefing materials are also made available on SGXNET and VIT's corporate 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 at least 90% of its distributable income. Distributions are made on a quarterly basis at the sole discretion of the REIT Manager.

VI-BT remains inactive 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 meeting.

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.

All resolutions put to every general meeting of VIT are voted separately unless the resolutions are interdependent and linked so as to form one significant proposal.

CORPORATE GOVERNANCE

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 general meetings will be made available to the stapled securityholders upon request.

DEALINGS IN STAPLED SECURITIES

Each 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 stapled securities or, as the case may be, VI-REIT Units which he holds or in which he has an interest.

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

The REIT Manager and its directors and employees 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 VI-REIT Units 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 VI-REIT Units 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 Board in relation to matters concerning VI-REIT must be approved by a majority of the directors, including at least one director who is 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;

CORPORATE GOVERNANCE

- 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 who are 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 VI-REIT Unitholders 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 VI-REIT Unitholders 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 directors of the REIT Manager 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 VI-REIT Unitholders and/or which is in the interests of the VI-REIT Unitholders. 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 VI-REIT and its unitholders.

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;

CORPORATE GOVERNANCE

- 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 as described in the preceding paragraph, by the REIT Manager's ARC which may, as it deems fit, request for 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 VI-REIT Unitholders at a meeting duly convened.

- The aggregate value of the IPTs entered into by VI-REIT in FY2016 is set out below:

	Aggregate value of all IPTs during the financial year under review		
Name of Interested Person/Party	**VIT S$'000**	**VI-REIT Group S$'000**	**VI-BT S$'000**
The REIT Manager			
Management fees paid and payable	6,163	6,163	–
Acquisition fee paid in relation to the acquisition of investment properties	450	450	–
Rental income and utilities charges received and receivable	204	204	–
Viva Real Estate Asset Management Pte Ltd (the "Property Manager") (Note (a))			
Property and lease management fees paid and payable	2,419	2,419	–
Marketing commission paid and payable	1,437	1,437	–
Project management fee paid and payable	400	400	–
The REIT Trustee			
Trustee fees paid and payable	183	183	–
Ho Seng Lee Industries Pte Ltd (Related party of the REIT Manager) (Note (b))			
Rental income received and receivable	1,922	1,922	–
Wee Poh Construction Co. (Pte.) Ltd. (Related party of the REIT Manager) (Note (b))			
Progress claims paid and payable under the construction contract for the asset enhancement initiative at Viva Business Park	16,457	16,457	–

Notes:

(a) The Property Manager is a related corporation of the REIT Manager.

(b) A wholly-owned subsidiary of Ho Lee Group Pte Ltd ("HLG"), which is related to the REIT Manager by virtue of HLG's indirect equity interest in the REIT Manager of 27.8%.

There were no IPTs conducted under stapled securityholders' mandate pursuant to Rule 920 of the Listing Manual during the financial year under review.

CORPORATE GOVERNANCE

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 FY2016.

STATEMENT OF POLICIES AND PRACTICES

VI-BT has been inactive since VIT became listed on the Main Board of SGX-ST. Although VI-BT is inactive, 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 the 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 pages 88 to 94 of this Annual Report.

UTILISATION OF PROCEEDS FROM PRIVATE PLACEMENT

With reference to the Managers' announcements dated 17 November 2016, 28 November 2016, 11 January 2017 and 16 January 2017 (collectively, the "Use of Proceeds Announcements"), the net proceeds of approximately S$43.5 million raised from the private placement completed on 7 November 2016 (the "Private Placement") have been fully utilised to partially fund the acquisition of a logistics property located at 6 Chin Bee Avenue, Singapore 619930 on 16 January 2017.

The aforementioned use of proceeds is in accordance with the intended use and is materially in accordance with the allocated percentage of the proceeds of the Private Placement as originally stated and further updated by the Managers in the Use of Proceeds Announcements.

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 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.

FEES PAYABLE TO THE REIT MANAGER

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.

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.

FINANCIAL STATEMENTS

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 2016

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 2016

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

FINANCIAL STATEMENTS
Year ended 31 December 2016

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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 2016.

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
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	Holdings at end of the year	Holdings at beginning of the year	Holdings at end of the year
Ang Poh Seong	1,250,000	1,250,000	–	–
Leong Horn Kee	64,000	64,000	–	–
Ronald Lim Cheng Aun	93,000	93,000	–	–
Teo Cheng Hiang Richard	200,000	200,000	–	–
Tan Kim Seng	–	–	36,629,800	36,629,800
Tan Hai Peng Micheal	–	–	79,091,411	75,930,875

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 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 2017.

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 100 to 166 are drawn up so as to give a true and fair view of the financial position of VI-BT as at 31 December 2016 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 2016, 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
4 April 2017

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
4 April 2017

REPORT OF THE TRUSTEE OF VIVA INDUSTRIAL REAL ESTATE INVESTMENT TRUST

Perpetual (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 100 to 166, 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
4 April 2017

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 100 to 166, 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 2016, 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 2016, 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 (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
4 April 2017

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;

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

- 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 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").

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

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 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 financial year.

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 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 100.0% (2015: 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 wholly-owned by Viva Investment Management 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 also the holders 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 inactive, 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 inactive, 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 Securityholder or an associate of any such Director, Chief Executive Officer, controlling shareholder or controlling Stapled Securityholder)

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.

INDEPENDENT AUDITORS' REPORT

Stapled Securityholders
Viva Industrial Business Trust
Viva Industrial Real Estate Investment Trust

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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 2016;

(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 2016; 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 2016.

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 2016; 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 then ended; portfolio statements of VI-REIT Group and the Stapled Group as at 31 December 2016; and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 100 to 166.

In our opinion:

(a) the financial statements of VI-BT are properly drawn up in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of VI-BT as at 31 December 2016 and of the financial performance, movements in unitholders' funds and cash flows of VI-BT for the financial year ended on that date; 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 2016 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 ended on that date 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.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Stapled Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
Fair Valuation and Disclosure of Fair Value for Investment Properties The Stapled Group owns a portfolio of investment properties comprising business parks and industrial properties in Singapore. The investment properties represent the single largest category of assets on the Statement of Financial Position, at $1,199,700,000 as at 31 December 2016. The Stapled Group has adopted the fair value model under FRS 40 *Investment Property* which requires all the investment properties to be measured at fair value. The Stapled Group has engaged external independent valuers ("Valuers") to perform the fair value assessment of the investment properties. The fair valuation of investment properties is considered to be a matter of significance as it requires the application of judgement in determining the appropriate valuation methodology to be used, use of subjective assumptions and various unobservable inputs. The fair valuations are sensitive to underlying assumptions applied in deriving the capitalisation rate, discount rate, and terminal capitalisation rate as a small change in these assumptions can result in an increase or decrease in fair valuation of the investment properties. The valuation techniques, their key inputs and the inter-relationships between the inputs and the valuation have been disclosed in Note 5 to the financial statements of the Stapled Group.	We have assessed the REIT Manager's process of appointing and instructing the Valuers for the scope of work, as well as their process of reviewing, and accepting the Valuers' investment property valuations. We have assessed the qualifications, competence, independence, and the terms of engagement of the Valuers to determine whether there were any matters which might affect the objectivity of the Valuers or impede their scope of work. We held discussions with the REIT Manager and the Valuers on the valuation reports, and engaged our valuation specialist to assist in: • assessing the valuation methodology, assumptions and estimates used by the Valuers against general market practise for similar types of properties; • comparing valuation assumptions and rates to historical rates and available industry data for comparable markets and properties; and • assessing the integrity of the valuation calculations, valuation inputs, including the review of lease schedules and lease agreements and comparing them to the inputs made to the projected cash flows. Based on the audit procedures performed, the fair valuations of the investment properties and the various inputs used are within a reasonable range of our expectations. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITORS' REPORT

Information Other than the Financial Statements and Auditors' Report Thereon

Viva Asset Management Pte. Ltd., the Trustee-Manager of VI-BT (the "Trustee-Manager") and Viva Industrial Trust Management Pte. Ltd., the Manager of VI-REIT (the "REIT Manager"), are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustee-Manager and Directors of the Trustee-Manager for the financial statements 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 Act and FRSs, 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.

In preparing the financial statements, the Trustee-Manager is responsible for assessing VI-BT's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee-Manager either intends to liquidate VI-BT or to cease VI-BT's operations, or has no realistic alternative but to do so.

The responsibilities of the Directors of the Trustee-Manager include overseeing VI-BT's financial reporting process.

Responsibilities of the REIT Manager and Directors of the REIT Manager for the financial statements of VI-REIT Group and the Stapled Group

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.

In preparing the financial statements, the REIT Manager is responsible for assessing VI-REIT Group's and the Stapled Group's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the REIT Manager either intends to liquidate VI-REIT or to cease VI-REIT's operations, or has no realistic alternative but to do so.

The responsibilities of the Directors of the REIT Manager include overseeing VI-REIT Group's and the Stapled Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT

Auditors' responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 VI-BT's, VI-REIT Group's and the Stapled Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee-Manager and the REIT Manager.

- Conclude on the appropriateness of the Trustee-Manager's and REIT Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of VI-BT, VI-REIT Group and the Stapled Group to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause VI-BT, VI-REIT Group and the Stapled Group to cease to continue as going concerns.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within VI-REIT Group and the Stapled Group to express an opinion on the consolidated financial statements of VI-REIT Group and of the Stapled Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors of the Trustee-Manager and the REIT Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors of the Trustee-Manager and the REIT Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors of the Trustee-Manager and the REIT Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

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.

The engagement partner on the audit resulting in this Independent Auditors' Report is Mr Xu Jun.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants

Singapore
4 April 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Stapled Group 2016 $'000	Stapled Group 2015 $'000 (reclassified)	VI-REIT Group 2016 $'000	VI-REIT Group 2015 $'000 (reclassified)	VI-BT 2016 $'000	VI-BT 2015 $'000
Non-current assets							
Subsidiary	4	–	–	–	–	–	–
Investment properties	5	1,199,700	1,123,200	1,199,700	1,123,200	–	–
Intangible assets	6	6,078	9,378	6,078	9,378	–	–
		1,205,778	1,132,578	1,205,778	1,132,578	–	–
Current assets							
Trade and other receivables	7	17,666	14,546	17,666	14,546	–	–
Derivative financial instruments	11	–	2,314	–	2,314	–	–
Cash and cash equivalents	8	30,462	48,884	30,428	48,848	34	36
		48,128	65,744	48,094	65,708	34	36
Total assets		**1,253,906**	**1,198,322**	**1,253,872**	**1,198,286**	**34**	**36**
Non-current liabilities							
Trade and other payables	10	7,986	8,444	7,986	8,444	–	–
Interest-bearing borrowings	9	461,509	305,173	461,509	305,173	–	–
Derivative financial instruments	11	1,778	–	1,778	–	–	–
		471,273	313,617	471,273	313,617	–	–
Current liabilities							
Trade and other payables	10	39,306	26,806	39,300	26,801	6	5
Interest-bearing borrowings	9	–	154,044	–	154,044	–	–
Income tax payable		4,380	2,235	4,380	2,235	–	–
		43,686	183,085	43,680	183,080	6	5
Total liabilities		**514,959**	**496,702**	**514,953**	**496,697**	**6**	**5**
Net assets		**738,947**	**701,620**	**738,919**	**701,589**	**28**	**31**
Represented by:							
Stapled Securityholders' funds							
Unitholders' funds of VI-REIT		738,919	701,589	738,919	701,589	–	–
Unitholders' funds of VI-BT		28	31	–	–	28	31
		738,947	**701,620**	**738,919**	**701,589**	**28**	**31**
Stapled Securities/ Units issued and issuable ('000)	12	**934,090**	**863,119**	**934,090**	**863,119**	**934,090**	**863,119**
Net asset value per Stapled Security/Unit (cents)	13	**79.109**	**81.289**	**79.106**	**81.285**	**0.003**	**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 2016

	Note	Stapled Group 2016 $'000	Stapled Group 2015 $'000	VI-REIT Group 2016 $'000	VI-REIT Group 2015 $'000	VI-BT 2016 $'000	VI-BT 2015 $'000
Gross revenue	14	95,119	73,989	95,119	73,989	–	–
Property expenses	15	(26,641)	(23,150)	(26,641)	(23,150)	–	–
Net property income		**68,478**	**50,839**	**68,478**	**50,839**	**–**	**–**
Rental support/rental arrangement	16	12,719	13,540	12,719	13,540	–	–
REIT Manager's fees	17	(6,163)	(5,100)	(6,163)	(5,100)	–	–
REIT Trustee's fees		(183)	(180)	(183)	(180)	–	–
Amortisation of intangible assets	6	(3,300)	(4,057)	(3,300)	(4,057)	–	–
Other trust expenses	18	(1,077)	(845)	(1,071)	(838)	(6)	(7)
Finance income		55	15	55	15	–	–
Finance expenses	19	(21,669)	(15,604)	(21,669)	(15,604)	–	–
Net income/(loss)		**48,860**	**38,608**	**48,866**	**38,615**	**(6)**	**(7)**
Change in fair value of investment properties	5	172	61,123	172	61,123	–	–
Change in fair value of derivative financial instruments		(4,092)	2,636	(4,092)	2,636	–	–
Total return for the year before income tax		**44,940**	**102,367**	**44,946**	**102,374**	**(6)**	**(7)**
Income tax expense	20	(2,145)	(2,227)	(2,145)	(2,227)	–	–
Total return for the year after income tax		**42,795**	**100,140**	**42,801**	**100,147**	**(6)**	**(7)**
Earnings per Stapled Security/Unit (cents)							
Basic	21	4.885	14.662	4.885	14.662	–	–
Diluted	21	4.885	14.662	4.885	14.662	–	–
Distribution per Stapled Security/ Unit (cents)	21	6.958	7.000	6.958	7.000	–	–

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 2016

	Stapled Group		VI-REIT Group	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Amount available for distribution to holders of Stapled Securities/Units at beginning of the year	5,109	3,767	5,120	3,771
Total return for the year	42,795	100,140	42,801	100,147
Net tax adjustments (Note A)	18,137	(52,669)	18,137	(52,669)
Income available for distribution for the year	60,932	47,471	60,938	47,478
Amount available for distribution to holders of Stapled Securities/Units	66,041	51,238	66,058	51,249
Distribution of 0.728 cents per Stapled Security/Unit for the period from 01/10/16 to 06/11/16	(6,320)	–	(6,320)	–
Distribution of 1.81 cents per Stapled Security/Unit for the period from 01/07/16 to 30/09/16	(15,713)	–	(15,713)	–
Distribution of 1.750 cents per Stapled Security/Unit for the period from 01/04/16 to 30/06/16	(15,146)	–	(15,146)	–
Distribution of 1.638 cents per Stapled Security/Unit for the period from 01/01/16 to 31/03/16	(14,138)	–	(14,138)	–
Distribution of 0.593 cents per Stapled Security/Unit for the period from 27/11/15 to 31/12/15	(5,103)	–	(5,103)	–
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)
	(56,420)	(46,129)	(56,420)	(46,129)
Amount available for distribution to holders of Stapled Securities/Units at end of the year	9,621	5,109	9,638	5,120
Comprising:				
Taxable income	8,075	3,987	8,092	3,998
Tax exempt income	1,546	1,122	1,546	1,122
	9,621	5,109	9,638	5,120

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 2016

	Stapled Group		VI-REIT Group	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Note A – Net tax adjustments comprise:				
– REIT Manager's fees paid/payable in Stapled Securities/Units	5,467	4,413	5,467	4,413
– Property Manager's fees paid/payable in Stapled Securities/ Units	2,056	1,429	2,056	1,429
– REIT Trustee's fees	183	180	183	180
– Adjustment for recognition of rental income on a straight-line basis over the lease term	(1,626)	(1,243)	(1,626)	(1,243)
– Amortisation of intangible assets	3,300	4,057	3,300	4,057
– Amortisation of debt-related transaction costs	1,821	2,108	1,821	2,108
– Unamortised debt-related transaction costs written off	1,890	–	1,890	–
– Debt prepayment and cancellation fees	801	–	801	–
– Change in fair value of investment properties	(172)	(61,123)	(172)	(61,123)
– Change in fair value of derivative financial instruments	4,092	(2,636)	4,092	(2,636)
– Other non-taxable items	325	146	325	146
Net tax adjustments	18,137	(52,669)	18,137	(52,669)

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 2016

	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 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.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2016

	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 2016	701,620	644,586	57,003	701,589	42	(11)	31
Operations							
Increase/(decrease) in net assets resulting from operations	42,795	–	42,801	42,801	–	(6)	(6)
Unitholders' transactions							
Issuance of new Units pursuant to:							
– Private placement	45,000	44,997	–	44,997	3	–	3
Units issued and issuable:							
– As payment of REIT Manager's fees	5,467	5,467	–	5,467	–	–	–
– As payment of Property Manager's fees	2,056	2,056	–	2,056	–	–	–
Issue expenses	(1,571)	(1,571)	–	(1,571)	–	–	–
Distributions to Unitholders	(56,420)	–	(56,420)	(56,420)	–	–	–
Net (decrease)/increase in net assets resulting from Unitholders' transactions	(5,468)	50,949	(56,420)	(5,471)	3	–	3
At 31 December 2016	738,947	695,535	43,384	738,919	45	(17)	28

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

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2016

Stapled Group

Description of Property	Leasehold tenure	Remaining lease term at 31/12/2016 (years)	Location	Existing use	Carrying value at 31/12/2016 $'000	Carrying value at 31/12/2015 $'000	Percentage of net assets at 31/12/2016 %	Percentage of net assets at 31/12/2015 %
Investment properties								
Singapore								
UE BizHub EAST (Business Park Component)	30+30 years from 1 February 2008	51	6 & 8 Changi Business Park Avenue 1	Business park	355,000	355,000	48.0	50.6
UE BizHub EAST (Hotel Component)	30+30 years from 1 February 2008	51	2 & 4 Changi Business Park Avenue 1	Hotel	160,000	160,000	21.7	22.8
Viva Business Park	Plot 1: 60 years from 1 April 1971 in respect of Lot 8134N Mukim 27	14	Blocks 750 to 750E Chai Chee Road	Business park	353,500	330,000	47.8	47.0
	Plot 2: 43 years from 1 March 1988 in respect of Lot 7837V Mukim 27	14						
Mauser Singapore	60 years from 19 July 2006	50	81 Tuas Bay Drive	Logistics	28,000	28,000	3.8	4.0
Jackson Square	60 years from 16 May 1969	12	11 Lorong 3 Toa Payoh	Light industrial	80,000	82,000	10.8	11.7
Jackson Design Hub	30+30 years from 1 May 2007	50	29 Tai Seng Street	Light industrial	33,400	33,400	4.5	4.8
Home-Fix Building	30+30 years from 11 September 2007	51	19 Tai Seng Avenue	Light industrial	47,800	47,800	6.5	6.8
11 Ubi Road 1	30+30 years from 1 September 1995	39	11 Ubi Road 1	Light industrial	87,000	87,000	11.8	12.4
30 Pioneer Road	30 years from 16 February 2007	20	30 Pioneer Road	Logistics	55,000	–	7.4	–
Investment properties, at valuation					1,199,700	1,123,200	162.3	160.1
Other assets and liabilities (net)					(460,753)	(421,580)	(62.3)	(60.1)
Net assets					**738,947**	**701,620**	**100.0**	**100.0**

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

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2016

VI-REIT Group

Description of Property	Leasehold tenure	Remaining lease term at 31/12/2016 (years)	Location	Existing use	Carrying value at 31/12/2016 $'000	Carrying value at 31/12/2015 $'000	Percentage of net assets at 31/12/2016 %	Percentage of net assets at 31/12/2015 %
Investment properties								
Singapore								
UE BizHub EAST (Business Park Component)	30+30 years from 1 February 2008	51	6 & 8 Changi Business Park Avenue 1	Business park	355,000	355,000	48.0	50.6
UE BizHub EAST (Hotel Component)	30+30 years from 1 February 2008	51	2 & 4 Changi Business Park Avenue 1	Hotel	160,000	160,000	21.7	22.8
Viva Business Park	Plot 1: 60 years from 1 April 1971 in respect of Lot 8134N Mukim 27	14	Blocks 750 to 750E Chai Chee Road	Business park	353,500	330,000	47.8	47.0
	Plot 2: 43 years from 1 March 1988 in respect of Lot 7837V Mukim 27	14						
Mauser Singapore	60 years from 19 July 2006	50	81 Tuas Bay Drive	Logistics	28,000	28,000	3.8	4.0
Jackson Square	60 years from 16 May 1969	12	11 Lorong 3 Toa Payoh	Light industrial	80,000	82,000	10.8	11.7
Jackson Design Hub	30+30 years from 1 May 2007	50	29 Tai Seng Street	Light industrial	33,400	33,400	4.5	4.8
Home-Fix Building	30+30 years from 11 September 2007	51	19 Tai Seng Avenue	Light industrial	47,800	47,800	6.5	6.8
11 Ubi Road 1	30+30 years from 1 September 1995	39	11 Ubi Road 1	Light industrial	87,000	87,000	11.8	12.4
30 Pioneer Road	30 years from 16 February 2007	20	30 Pioneer Road	Logistics	55,000	–	7.4	–
Investment properties, at valuation					1,199,700	1,123,200	162.3	160.1
Other assets and liabilities (net)					(460,781)	(421,611)	(62.3)	(60.1)
Net assets					**738,919**	**701,589**	**100.0**	**100.0**

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

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2016

Independent valuations of the investment properties as at 31 December 2016 were undertaken by Savills Valuation and Professional Services (S) Pte Ltd. 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.

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 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 $1.086 billion (2015: $1.008 billion) 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 6 years from 4 November 2013 with an option to renew for a further 5 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 5 years from 4 November 2013, which will be renewed for a further 5 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.

30 Pioneer Road is leased to a single tenant under a master lease agreement for an initial term of 5 years from 15 April 2016 with an option to renew for a further 5 years.

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.

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

STATEMENTS OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2016

	Stapled Group		VI-REIT Group		VI-BT	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash flows from operating activities						
Total return for the year before income tax	44,940	102,367	44,946	102,374	(6)	(7)
Adjustments for:						
Effects of recognising rental income on a straight-line basis over the lease term	(1,626)	(1,243)	(1,626)	(1,243)	–	–
Finance income	(55)	(15)	(55)	(15)	–	–
Finance expenses	21,669	15,604	21,669	15,604	–	–
Change in fair value of investment properties	(172)	(61,123)	(172)	(61,123)	–	–
Change in fair value of derivative financial instruments	4,092	(2,636)	4,092	(2,636)	–	–
Amortisation of intangible assets	3,300	4,057	3,300	4,057	–	–
REIT Manager's fees paid/payable in Stapled Securities/Units (Note B below)	5,467	4,413	5,467	4,413	–	–
Property Manager's fees paid/payable in Stapled Securities/Units (Note B below)	2,056	1,429	2,056	1,429	–	–
Operating income/(loss) before working capital changes	**79,671**	**62,853**	**79,677**	**62,860**	**(6)**	**(7)**
Changes in working capital:						
Trade and other receivables	(1,494)	(1,880)	(1,494)	(1,880)	–	–
Trade and other payables	11,118	12,881	11,117	12,878	1	3
Cash generated from/(used in) operations	**89,295**	**73,854**	**89,300**	**73,858**	**(5)**	**(4)**
Income tax paid	–	(1,791)	–	(1,791)	–	–
Net cash generated from/ (used in) operating activities	**89,295**	**72,063**	**89,300**	**72,067**	**(5)**	**(4)**
Cash flows from investing activities						
Acquisition of investment properties (Note A below)	(52,235)	(137,715)	(52,235)	(137,715)	–	–
Refund of land premium for an investment property	–	56	–	56	–	–
Payment of differential premium/stamp duty for an investment property	(156)	(58,375)	(156)	(58,375)	–	–
Capital expenditure incurred	(23,937)	(13,343)	(23,937)	(13,343)	–	–
Deposit pledged	–	(1,000)	–	(1,000)	–	–
Interest received	62	5	62	5	–	–
Net cash used in investing activities	**(76,266)**	**(210,372)**	**(76,266)**	**(210,372)**	–	–

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

STATEMENTS OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2016

	Stapled Group		VI-REIT Group		VI-BT	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash flows from financing activities						
Proceeds from issue of new Stapled Securities/Units	45,000	173,072	44,997	173,061	3	11
Issue expenses paid	(1,571)	(2,791)	(1,571)	(2,791)	–	–
Proceeds from borrowings	294,000	73,000	294,000	73,000	–	–
Repayment of borrowings	(290,000)	(1,000)	(290,000)	(1,000)	–	–
Payment of transaction costs on borrowings	(5,419)	(917)	(5,419)	(917)	–	–
Payment of debt prepayment and cancellation fees	(801)	–	(801)	–	–	–
Finance expenses paid	(16,240)	(13,999)	(16,240)	(13,999)	–	–
Distributions paid to holders of Stapled Securities/Units	(56,420)	(46,129)	(56,420)	(46,129)	–	–
Net cash (used in)/generated from financing activities	**(31,451)**	**181,236**	**(31,454)**	**181,225**	**3**	**11**
Net (decrease)/increase in cash and cash equivalents	**(18,422)**	**42,927**	**(18,420)**	**42,920**	**(2)**	**7**
Cash and cash equivalents at beginning of the year	47,884	4,957	47,848	4,928	36	29
Cash and cash equivalents at end of the year (note 8)	**29,462**	**47,884**	**29,428**	**47,848**	**34**	**36**

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	
	2016 $'000	2015 $'000
Purchase consideration for investment properties	51,653	136,252
Costs directly attributable to the acquisition of investment properties	582	1,463
Net cash outflow	52,235	137,715

(B) Significant Non-Cash Transactions

For the year ended 31 December 2016, an aggregate of 7,386,235 (2015: 5,872,023) new Stapled Securities, amounting to approximately $5,467,000 (2015: $4,413,000), were issued/issuable to the REIT Manager as payment of the REIT Manager's management fees; and an aggregate of 2,774,552 (2015: 1,897,637) new Stapled Securities, amounting to approximately $2,056,000 (2015: $1,429,000), were issued/issuable to the Property Manager as payment of the Property Manager's property management fees and lease management fees.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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 4 April 2017.

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 (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 2015, 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 ended 31 December 2015, 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

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 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 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 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 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

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)

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

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 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 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

  (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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

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)

– 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

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 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

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 the provisions of the Business Trusts Act, Chapter 31A of Singapore (the "Act") and Financial Reporting Standards in Singapore ("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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Key sources of estimation uncertainty (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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

3.3 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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).

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

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.

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).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

Loans and receivables (cont'd)

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.

3.7 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Tax (cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

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 resident in Singapore;
- a Singapore branch of a company incorporated outside Singapore;
- 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); or
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145).

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

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* [2]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)* [2]
- FRS 116 *Leases* [3]
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative* [1]
- Amendments to FRS 40 *Transfers of Investment Property* [2]

[1] Applies to annual periods beginning on or after 1 January 2017, with early application permitted.
[2] Applies to annual periods beginning on or after 1 January 2018, with early application permitted.
[3] Applies to annual periods beginning on or after 1 January 2019, with earlier application permitted if FRS 115 is adopted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements in the period of their initial adoption except for the following:

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. 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 give rise on specified dates 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 instruments and equity investments are measured at fair value through profit or loss ("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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 New standards and interpretations not adopted (cont'd)

FRS 109 *Financial Instruments (cont'd)*

- 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.

- 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 has evaluated the potential impact of the application of FRS 109 on the financial statements of the Stapled Group in the period of initial adoption and does not expect significant impact from adopting the above standard other than additional disclosure requirements.

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. Further clarifications to FRS 115 were also issued in June 2016.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 New standards and interpretations not adopted (cont'd)

FRS 115 *Revenue from Contracts with Customers (cont'd)*

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, the standard 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 added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

The REIT Manager has evaluated the potential impact of the application of FRS 115 on the financial statements of the Stapled Group in the period of initial adoption and does not expect significant impact from adopting the above standard other than additional disclosure requirements.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance. The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

In cases where the Stapled Group is a lessor, the REIT Manager does not anticipate that the application of FRS 116 on the financial statements of the Stapled Group in the period of initial adoption will have a significant impact from adopting the standard other than additional disclosure requirements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 New standards and interpretations not adopted (cont'd)

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The amendments apply prospectively to annual periods beginning on or after 1 January 2017, with earlier application permitted.

The REIT Manager has evaluated the potential impact of the application of the amendments to FRS 7 on the financial statements of the Stapled Group in the period of initial adoption and does not expect significant impact from adopting the above amendments other than additional disclosure requirements.

Amendments to FRS 40 *Transfers of Investment Property*

The amendments:

- retain the requirement that a transfer into, or out of, investment property can be made when, and only when, evidence of a change of use of the property exists.
- clarify that the current list of events in the Standard constituting evidence of a change of use has occurred are only examples.

The REIT Manager has evaluated the potential impact of the application of the amendments to FRS 40 on the financial statements of the Stapled Group in the period of initial adoption and does not expect significant impact from adopting the above amendments.

4 SUBSIDIARY

Investment in a subsidiary is stated in VI-REIT's statement of financial position at cost less accumulated impairment losses.

	VI-REIT	
	2016 $'000	2015 $'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	
			2016 %	2015 %
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 Deloitte & Touche LLP

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

5 INVESTMENT PROPERTIES

	Stapled Group		VI-REIT Group		VI-BT	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At beginning of the year	1,123,200	852,700	1,123,200	852,700	–	–
Acquisition of investment properties	51,653	136,252	51,653	136,252	–	–
Acquisition related costs	582	1,463	582	1,463	–	–
	52,235	137,715	52,235	137,715	–	–
Payment of differential premium[1]/ stamp duty	156	58,375	156	58,375	–	–
Refund of land premium	–	(56)	–	(56)	–	–
Capital expenditure incurred	23,937	13,343	23,937	13,343	–	–
Change in fair value	172	61,123	172	61,123	–	–
At end of the year	1,199,700	1,123,200	1,199,700	1,123,200	–	–

[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 as at 31 December 2016. 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. 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 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 $1,086,300,000 (2015: $1,007,800,000) are pledged as security to secure borrowings (see note 9).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

6 INTANGIBLE ASSETS

	Stapled Group		VI-REIT Group		VI-BT	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'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	8,922	4,865	8,922	4,865	–	–
Amortisation	3,300	4,057	3,300	4,057	–	–
At end of the year	12,222	8,922	12,222	8,922	–	–
Carrying amount						
At beginning of the year	9,378	13,435	9,378	13,435	–	–
At end of the year	6,078	9,378	6,078	9,378	–	–

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 had 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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade receivables due from third parties	980	1,124	980	1,124	–	–
Other receivables due from third parties	650	393	650	393	–	–
Refundable deposits	824	490	824	490	–	–
Property tax recoverable from third parties	5,241	4,531	5,241	4,531	–	–
Loans and receivables	7,695	6,538	7,695	6,538	–	–
Accrued revenue	4,422	2,799	4,422	2,799	–	–
GST receivable	–	474	–	474	–	–
Prepayments and deferred expenses	5,549	4,735	5,549	4,735	–	–
	17,666	14,546	17,666	14,546	–	–

The REIT Manager is of the opinion that there is no impairment loss arising from these outstanding balances.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

7 TRADE AND OTHER RECEIVABLES (CONT'D)

The aging of trade receivables, which were not impaired, at the end of the reporting period was as follows:

	Gross 2016 $'000	Gross 2015 $'000
VI-REIT Group and Stapled Group		
Less than 3 months	854	1,091
More than 3 months but less than 6 months	31	33
More than 6 months but less than 12 months	95	–
Past due but not impaired	980	1,124

8 CASH AND CASH EQUIVALENTS

	Stapled Group		VI-REIT Group		VI-BT	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash at bank	19,462	17,884	19,428	17,848	34	36
Fixed deposits	11,000	31,000	11,000	31,000	–	–
	30,462	48,884	30,428	48,848	34	36
Less: Pledged deposit	(1,000)	(1,000)	(1,000)	(1,000)	–	–
Cash and cash equivalents in statement of cash flows	29,462	47,884	29,428	47,848	34	36

Fixed deposits bear interest at fixed rates ranging from 0.50% to 1.45% (2015: 1.02% to 1.45%) per annum, with tenures ranging from 7 days to one year (2015: 13 days to one year).

Deposits pledged represent bank balances pledged as security to obtain credit facilities (See note 9).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

9 INTEREST-BEARING BORROWINGS

	Stapled Group		VI-REIT Group		VI-BT	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Secured borrowings	367,000	363,000	367,000	363,000	–	–
Less: Unamortised debt-related transaction costs	(4,946)	(2,922)	(4,946)	(2,922)	–	–
	362,054	360,078	362,054	360,078	–	–
Unsecured borrowings	100,000	100,000	100,000	100,000	–	–
Less: Unamortised debt-related transaction costs	(545)	(861)	(545)	(861)	–	–
	99,455	99,139	99,455	99,139	–	–
Total borrowings (net of transaction costs)	461,509	459,217	461,509	459,217	–	–
Maturity of borrowings						
– Current	–	154,044	–	154,044	–	–
– Non-current	461,509	305,173	461,509	305,173	–	–
	461,509	459,217	461,509	459,217	–	–

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Year of maturity		Face value		Carrying amount	
	2016	2015	2016 $'000	2015 $'000	2016 $'000	2015 $'000
VI-REIT Group and Stapled Group						
Secured borrowings						
2016 Facilities (i)						
– TLF A	2020	–	140,000	–	138,393	–
– TLF B	2021	–	140,000	–	137,898	–
– RCF	2020	–	14,000	–	13,427	–
Term Loan Facility I (i)						
– Floating rate loan A	–	2016	–	135,000	–	134,273
– Floating rate loan B	–	2017	–	135,000	–	133,868
Revolving Credit Facility (i)						
– Floating rate loan C	–	2016	–	20,000	–	19,771
Term Loan Facility II (ii)	2020	2020	73,000	73,000	72,336	72,166
Unsecured borrowings						
Medium Term Notes	2018	2018	100,000	100,000	99,455	99,139
			467,000	463,000	461,509	459,217

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9 INTEREST-BEARING BORROWINGS (CONT'D)

Secured borrowings

(i) Prior to 1 February 2016, VI-REIT Group had 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 (2015: $135 million), from a syndicate of lenders (the "Syndicated Lenders") (the "Term Loan Facilities"). In addition, VI-REIT Group had in place a committed revolving credit facility of $45 million (2015: $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 bore interest at rates based on the aggregate of a margin plus Singapore dollar Swap Offer Rate ("SOR") per annum and was secured by way of the following:

- mortgages over UE BizHub EAST, Viva Business Park and Mauser Singapore (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.

For the financial year ended 31 December 2015, $270 million in aggregate of the Term Loan Facilities had been drawn down to partially finance the acquisition of the Term Loan Facility I Mortgaged Properties and $20 million of the Revolving Credit Facility had been utilised for general working capital purposes.

During the year, 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:

- a Singapore dollar 4-year term loan facility of $140 million ("TLF A");
- a Singapore dollar 5-year term loan facility of $140 million ("TLF B"); and
- a Singapore dollar 4-year revolving credit facility of $50 million ("RCF").

The 2016 Facilities bear interest at rates based on the aggregate of a margin plus SOR per annum and are secured in the same manner as Term Loan Facility I as disclosed above.

On 11 February 2016, $270 million were drawn down from TLF A and TLF B to fully refinance Term Loan Facility I. At the end of the reporting period, $280 million in aggregate of TLF A and TLF B have been fully drawn down and $14 million of the RCF have been utilised for general working capital purposes.

NOTES TO THE FINANCIAL STATEMENTS
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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 (2015: $73 million) (the "Term Loan Facility II", together with the 2016 Facilities/ 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;
- 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 (Note 8).

At the end of the reporting period, $73 million (2015: $73 million) 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.

(iii) VI-REIT Group has in place a Singapore dollar denominated senior 5-year secured bilateral term loan facility amounting to $22 million (the "Term Loan Facility III"). The Term Loan Facility III 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 30 Pioneer Road; and
- an assignment and charge of all of VI-REIT's rights, benefits, title and interest in, under and arising out of the tenancy agreements, the bank guarantees, the rental proceeds and the tenancy account, in each case, in relation to 30 Pioneer Road.

As at 31 December 2016, Term Loan Facility III has not been drawn down. It was subsequently fully drawn down in January 2017 to partially fund the acquisition of a logistics property located at 6 Chin Bee Avenue, Singapore 619930.

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 87.2% (2015: 74.4%) of the outstanding Credit Facilities as at 31 December 2016 (see note 11).

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9 INTEREST-BEARING BORROWINGS (CONT'D)

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 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 "Ba2" by Moody's Investors Service (2015: "BB+" by S&P Global Ratings).

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% (2015: 3.99%) per annum, and the total borrowings (excluding the RCF) have a weighted average maturity period of 3.2 years (2015: 2.2 years).

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10 TRADE AND OTHER PAYABLES

	Stapled Group		VI-REIT Group		VI-BT	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Non-current liabilities						
Trade and other payables:						
Security and other deposits	7,986	8,444	7,986	8,444	–	–
Current liabilities						
Trade and other payables:						
– third parties	3,956	3,813	3,950	3,808	6	5
– related party (note 25)	15,109	1,981	15,109	1,981	–	–
– the REIT Manager (note 25)	104	183	104	183	–	–
– the REIT Trustee (note 25)	46	45	46	45	–	–
– the Property Manager (note 25)	564	133	564	133	–	–
GST payable	750	–	750	–	–	–
Finance costs payable	2,860	1,942	2,860	1,942	–	–
Security and other deposits	3,995	7,715	3,995	7,715	–	–
Rental received in advance	835	1,282	835	1,282	–	–
Property tax payable	9,632	8,083	9,632	8,083	–	–
Accrued operating expenses	1,455	1,629	1,455	1,629	–	–
	39,306	26,806	39,300	26,801	6	5

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 and other deposits is an amount of $48,000 (2015: $48,000) received from the REIT Manager.

11 DERIVATIVE FINANCIAL INSTRUMENTS

	Stapled Group				VI-REIT Group				VI-BT			
	2016		2015		2016		2015		2016		2015	
	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	–	1,778	2,314	–	–	1,778	2,314	–	–	–	–	–

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 on 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 $320 million (2015: $270 million) to provide fixed rate funding for approximately 2.0 years (2015: 1.4 years). Under these interest rate swap contracts, VI-REIT Group and the Stapled Group pay interest at a weighted average fixed interest rate of 1.86% (2015: 1.20%) per annum and receive interest based on SOR.

NOTES TO THE FINANCIAL STATEMENTS
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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	
	2016	2015	2016	2015	2016	2015
	Number of Stapled Securities		Number of Units		Number of Units	
Stapled Securities/Units issued						
At beginning of the year	860,615,215	620,241,958	860,615,215	620,241,958	860,615,215	620,241,958
Issue of new Stapled Securities/Units:						
– pursuant to private placement	60,811,000	132,394,300	60,811,000	132,394,300	60,811,000	132,394,300
– pursuant to preferential offering	–	101,071,000	–	101,071,000	–	101,071,000
– as payment of REIT Manager's fees	7,437,412	5,129,865	7,437,412	5,129,865	7,437,412	5,129,865
– as payment of Property Manager's fees	2,541,752	1,778,092	2,541,752	1,778,092	2,541,752	1,778,092
At end of the year	931,405,379	860,615,215	931,405,379	860,615,215	931,405,379	860,615,215
Stapled Securities/ Units issuable						
REIT Manager's fees payable in Stapled Securities/Units	1,898,457	1,949,634	1,898,457	1,949,634	1,898,457	1,949,634
Property Manager's fees payable in Stapled Securities/Units	786,548	553,748	786,548	553,748	786,548	553,748
	2,685,005	2,503,382	2,685,005	2,503,382	2,685,005	2,503,382
Total issued and issuable Stapled Securities/Units at end of the year	934,090,384	863,118,597	934,090,384	863,118,597	934,090,384	863,118,597

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

12 STAPLED SECURITIES/UNITS ISSUED AND ISSUABLE (CONT'D)

For the year ended 31 December 2016, the following were issued:

- 60,811,000 new Stapled Securities were issued on 7 November 2016 at an issue price of $0.74 per Stapled Security pursuant to a private placement. Stapled Securityholders on the register with the Central Depository (Pte) Limited on 6 November 2016 received an advanced distribution on 28 November 2016, of 0.728 cents per Stapled Security in respect of the period from 1 October 2016 to 6 November 2016. Thereafter, the 60,811,000 new Stapled Securities rank pari passu in all respects with the Stapled Securities in issue prior to 7 November 2016, including the entitlement to all future distributions.

- 7,437,412 new Stapled Securities, amounting to approximately $5,405,000, were issued to the REIT Manager at issue prices ranging from $0.7049 to $0.7817 per Stapled Security (as determined in accordance with the VI-REIT Trust Deed) as payment of the REIT Manager's fees.

- 2,541,752 new Stapled Securities, amounting to approximately $1,852,000, were issued to the Property Manager at issue prices ranging from $0.7049 to $0.7817 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 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

12 STAPLED SECURITIES/UNITS ISSUED AND ISSUABLE (CONT'D)

At the end of the reporting period, the following are issuable:

- 1,898,457 (2015: 1,548,789) new Stapled Securities, amounting to approximately $1,436,000 (2015: $1,092,000), are issuable to the REIT Manager at an issue price of $0.7566 (2015: $0.7049) 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.

- No new Stapled Securities are issuable to the REIT Manager as payment of the REIT Manager's performance fee for the financial year ended 31 December 2016. 400,845 new Stapled Securities, amounting to approximately $283,000, were issuable to the REIT Manager at an issue price of $0.7049 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 year ended 31 December 2015.

- 786,548 (2015: 553,748) new Stapled Securities, amounting to approximately $595,000 (2015: $390,000), are issuable to the Property Manager at an issue price of $0.7566 (2015: $0.7049) 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 stipulated 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 was 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 "Ba1" by Moody's Investors Service (2015: "BB" by S&P Global Ratings). The Aggregate Leverage of VI-REIT as at 31 December 2016 was 37.2% (2015: 38.6%) of its deposited property and remained within the Aggregate Leverage limit of 45% (2015: 60%) during the year.

NOTES TO THE FINANCIAL STATEMENTS
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12 STAPLED SECURITIES/UNITS ISSUED AND ISSUABLE (CONT'D)

Distribution policy

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

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	
	2016	2015	2016	2015	2016	2015
Net asset value per Stapled Security/Unit is calculated based on:						
Net assets ($'000)	738,947	701,620	738,919	701,589	28	31
Total number of issued and issuable Stapled Securities/ Units ('000)	934,090	863,119	934,090	863,119	934,090	863,119
Net asset value per Stapled Security/Unit (cents)	79.109	81.289	79.106	81.285	0.003	0.004

14 GROSS REVENUE

	Stapled Group		VI-REIT Group		VI-BT	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Property rental income	74,272	57,820	74,272	57,820	–	–
Services charges income	11,864	10,367	11,864	10,367	–	–
Other income	8,983	5,802	8,983	5,802	–	–
	95,119	73,989	95,119	73,989	–	–

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31 DECEMBER 2016

15 PROPERTY EXPENSES

	Stapled Group		VI-REIT Group		VI-BT	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Property Manager's fees paid/ payable in:						
– cash	363	329	363	329	–	–
– Stapled Securities	2,056	1,429	2,056	1,429	–	–
	2,419	1,758	2,419	1,758	–	–
Repair and maintenance expenses	9,645	9,115	9,645	9,115	–	–
Property tax expense	6,116	5,657	6,116	5,657	–	–
Insurance premium	147	130	147	130	–	–
Other property expenses	8,314	6,490	8,314	6,490	–	–
	26,641	23,150	26,641	23,150	–	–

16 RENTAL SUPPORT/RENTAL ARRANGEMENT

	Stapled Group		VI-REIT Group		VI-BT	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Viva Business Park rental support arrangement (Note A below)	–	511	–	511	–	–
UE BizHub EAST rental arrangement (Note B below)	11,155	10,384	11,155	10,384	–	–
Jackson Square rental support arrangement (Note C below)	1,564	2,645	1,564	2,645	–	–
	12,719	13,540	12,719	13,540	–	–

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 was for a period of two years from the Listing Date. If VI-REIT did 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 would 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 had been fully utilised by VI-REIT in the third quarter of 2015.

NOTES TO THE FINANCIAL STATEMENTS
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16 RENTAL SUPPORT/RENTAL ARRANGEMENT (CONT'D)

(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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Base fees paid/payable in:						
– cash	696	687	696	687	–	–
– Stapled Securities	5,467	4,130	5,467	4,130	–	–
Performance fee payable in Stapled Securities	–	283	–	283	–	–
	6,163	5,100	6,163	5,100	–	–

18 OTHER TRUST EXPENSES

	Stapled Group		VI-REIT Group		VI-BT	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Fees paid/payable to the Stapled Group's auditors and their affiliates:						
– audit fees	153	153	150	150	3	3
– non-audit fees	8	48	8	46	–	2
Valuation fees	76	55	76	55	–	–
Other expenses	840	589	837	587	3	2
	1,077	845	1,071	838	6	7

NOTES TO THE FINANCIAL STATEMENTS
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19 FINANCE EXPENSES

	Stapled Group		VI-REIT Group		VI-BT	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Amortisation of debt-related transaction costs	1,821	2,108	1,821	2,108	–	–
Unamortised debt-related transaction costs written off	1,890	–	1,890	–	–	–
Debt prepayment and cancellation fees	801	–	801	–	–	–
Interest expense and loan commitment fee	17,157	13,496	17,157	13,496	–	–
	21,669	15,604	21,669	15,604	–	–

20 INCOME TAX EXPENSE

	Stapled Group		VI-REIT Group		VI-BT	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current tax expense						
Current year	2,145	2,194	2,145	2,194	–	–
Under provision for prior year	–	33	–	33	–	–
	2,145	2,227	2,145	2,227	–	–
Reconciliation of effective tax rate						
Total return for the year before income tax	44,940	102,367	44,946	102,374	(6)	(7)
Tax calculated using Singapore tax rate of 17% (2015: 17%)	7,640	17,402	7,641	17,403	(1)	(1)
Non-tax deductible items	3,389	2,097	3,388	2,096	1	1
Non-taxable items	(306)	(11,050)	(306)	(11,050)	–	–
Tax transparency (note 3.10)	(8,578)	(6,255)	(8,578)	(6,255)	–	–
Under provision for prior year income tax	–	33	–	33	–	–
	2,145	2,227	2,145	2,227	–	–

Tax treatment of the rental income support in respect of the UEBH rental arrangement

The IRAS had, 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 had, 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 $1,879,000 (2015: $1,736,000) in respect of the rental income support arising from the UEBH rental arrangement.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

20 INCOME TAX EXPENSE (CONT'D)

Tax treatment of the rental income support in respect of the Jackson Square ("JS") rental support arrangement

The IRAS had, 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 $266,000 (2015: $491,000) in respect of such rental income support for the year ended 31 December 2016. Included in the tax provision for the year ended 31 December 2015 was $41,000 relating to underprovision for prior year income tax in respect of the rental income support arising from the JS rental support 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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Total return for the year after income tax	42,795	100,140	42,801	100,147	(6)	(7)
	Number of Stapled Securities		Number of Units		Number of Units	
	('000)	('000)	('000)	('000)	('000)	('000)
Number of issued and issuable Stapled Securities/Units at beginning of the year	860,615	620,242	860,615	620,242	860,615	620,242
Effect of new Stapled Securities/ Units issued and issuable:						
– pursuant to private placement	9,138	48,796	9,138	48,796	9,138	48,796
– pursuant to preferential offering	–	9,692	–	9,692	–	9,692
– as payment of REIT Manager's fees	4,696	3,156	4,696	3,156	4,696	3,156
– as payment of Property Manager's fees	1,541	1,097	1,541	1,097	1,541	1,097
Weighted average number of issued and issuable Stapled Securities/Units during the year	875,990	682,983	875,990	682,983	875,990	682,983

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.

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21 EARNINGS AND DISTRIBUTION PER STAPLED SECURITY/UNIT (CONT'D)

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.

	VI-REIT Group and Stapled Group	
	2016 $'000	2015 $'000
Amount available for distribution for the year	60,938	47,478

	Number of Stapled Securities/Units ('000)	
	('000)	('000)
Applicable number of Stapled Securities/Units for the calculation of DPS/DPU	875,667	678,203

Without the effects of rental support/rental arrangement, the DPS/DPU for the year ended 31 December 2016 would be 5.766 cents (2015: 5.357 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, REIT Trustee's fees, amortisation expense, trust expenses, finance income/costs and change in fair value of derivative financial instruments and related assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS
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22 OPERATING SEGMENTS (CONT'D)

Business segments (cont'd)

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.

Information about reportable segments

	Business park $'000	Hotel $'000	Logistics $'000	Light industrial $'000	Total $'000
Stapled Group					
Year ended 31 December 2016					
Gross revenue	58,089	9,201	5,141	22,688	95,119
Property expenses	(22,586)	(337)	(148)	(3,570)	(26,641)
Net property income	**35,503**	**8,864**	**4,993**	**19,118**	**68,478**
Rental support/rental arrangement	10,875	280	–	1,564	12,719
Reportable segment results	46,378	9,144	4,993	20,682	81,197
Unallocated items:					
– REIT Manager's fees					(6,163)
– REIT Trustee's fees					(183)
– Amortisation of intangible assets	(3,300)	–	–	–	(3,300)
– Other trust expenses					(1,077)
– Finance income					55
– Finance expenses					(21,669)
Net income					**48,860**
Change in fair value of investment properties	(215)	–	2,718	(2,331)	172
Change in fair value of derivative financial instruments					(4,092)
Total return for the year before income tax					**44,940**
Income tax expense					(2,145)
Total return for the year after income tax					**42,795**
At 31 December 2016					
Reportable segment assets	728,223	160,021	84,183	250,916	1,223,343
Unallocated assets					30,563
Total assets					**1,253,906**
Reportable segment liabilities	35,435	881	949	4,581	41,846
Unallocated liabilities					473,113
Total liabilities					**514,959**

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22 OPERATING SEGMENTS (CONT'D)

	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)	–	–	–	(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**

Geographical segments

Segment information by geographical area is not presented as all of the Stapled Group's assets are located in Singapore.

NOTES TO THE FINANCIAL STATEMENTS
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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 61.0% (2015: 62.3%) of the trade receivables as at 31 December 2016.

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 reputable and regulated.

The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

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.

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 the 2016 Facilities of up to $330 million, comprising TLF A of $140 million, TLF B of $140 million and RCF of $50 million, as disclosed in note 9.

On 11 February 2016, $270 million were drawn down from TLF A and TLF B to fully refinance Term Loan Facility I which comprised the 2 tranches of the Term Loan Facilities amounting to $135 million each and of the Revolving Credit Facility of $45 million. Please refer to note 9 for further details. At the end of the reporting period, $280 million in aggregate of TLF A and TLF B have been fully drawn down and $14 million of the RCF have been utilised for general working capital purposes.

In addition, the Stapled Group maintains the following lines of credit:

- $73 million (2015: $73 million) 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 (2015: $100 million) in principal amount of unsecured Series 001 Notes issued under the MTN Programme, which will mature on 18 September 2018; and

- $22 million (2015: $Nil) secured Term Loan Facility III. At the end of the reporting period, this facility has not been drawn down. It has been fully drawn down in January 2017 and is fully repayable by way of a bullet repayment on 11 January 2022.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

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23 FINANCIAL RISK MANAGEMENT (CONT'D)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: Between 2 to 5 years $'000
VI-REIT Group				
2016				
Non-derivative financial liabilities				
Trade and other payables (a)	36,069	(36,069)	(28,083)	(7,986)
Interest-bearing borrowings	461,509	(510,389)	(14,144)	(496,245)
	497,578	(546,458)	(42,227)	(504,231)
Derivative financial instruments				
Interest rate swaps	1,778	(1,778)	–	(1,778)
	499,356	(548,236)	(42,227)	(506,009)
2015				
Non-derivative financial liabilities				
Trade and other payables (b)	25,880	(25,880)	(17,436)	(8,444)
Interest-bearing borrowings	459,217	(499,642)	(170,785)	(328,857)
	485,097	(525,522)	(188,221)	(337,301)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: Between 2 to 5 years $'000
Stapled Group				
2016				
Non-derivative financial liabilities				
Trade and other payables (a)	36,075	(36,075)	(28,089)	(7,986)
Interest-bearing borrowings	461,509	(510,389)	(14,144)	(496,245)
	497,584	(546,464)	(42,233)	(504,231)
Derivative financial instruments				
Interest rate swaps	1,778	(1,778)	–	(1,778)
	499,362	(548,242)	(42,233)	(506,009)
2015				
Non-derivative financial liabilities				
Trade and other payables (b)	25,885	(25,885)	(17,441)	(8,444)
Interest-bearing borrowings	459,217	(499,642)	(170,785)	(328,857)
	485,102	(525,527)	(188,226)	(337,301)

(a) Excluding rental received in advance, property tax payable and GST payable

(b) Excluding rental received in advance and property tax payable

NOTES TO THE FINANCIAL STATEMENTS
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23 FINANCIAL RISK MANAGEMENT (CONT'D)

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.

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	
	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'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)	367,000	363,000	367,000	363,000	–	–
Interest rate swaps (notional amount)	(320,000)	(270,000)	(320,000)	(270,000)	–	–

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.

NOTES TO THE FINANCIAL STATEMENTS
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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
2016				
Variable rate instruments				
Interest-bearing borrowings				
– Interest expense	(4,445)	4,445	(4,445)	4,445
Interest rate swaps				
– Interest expense	2,454	(2,454)	2,454	(2,454)
– Change in fair value of derivative financial instruments	5,800	(5,800)	5,800	(5,800)
Cash flow sensitivity (net)	3,809	(3,809)	3,809	(3,809)

	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)

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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					
2016					
Financial assets					
Loans and receivables (a)	7,695	–	–	7,695	7,695
Cash and cash equivalents	30,428	–	–	30,428	30,428
	38,123	–	–	38,123	38,123
Financial liabilities					
Interest-bearing borrowings	–	–	(461,509)	(461,509)	(461,304)
Trade and other payables (b)	–	–	(36,069)	(36,069)	(36,069)
Derivative financial instruments	–	(1,778)	–	(1,778)	(1,778)
	–	(1,778)	(497,578)	(499,356)	(499,151)
2015					
Financial assets					
Loans and receivables (c)	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 (d)	–	–	(25,880)	(25,880)	(25,880)
	–	–	(485,097)	(485,097)	(483,958)

NOTES TO THE FINANCIAL STATEMENTS
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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					
2016					
Financial assets					
Loans and receivables (a)	7,695	–	–	7,695	7,695
Cash and cash equivalents	30,462	–	–	30,462	30,462
	38,157	–	–	38,157	38,157
Financial liabilities					
Interest-bearing borrowings	–	–	(461,509)	(461,509)	(461,304)
Trade and other payables (b)	–	–	(36,075)	(36,075)	(36,075)
Derivative financial instruments	–	(1,778)	–	(1,778)	(1,778)
	–	(1,778)	(497,584)	(499,362)	(499,157)
2015					
Financial assets					
Loans and receivables (c)	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 (d)	–	–	(25,885)	(25,885)	(25,885)
	–	–	(485,102)	(485,102)	(483,963)

(a) Excluding prepayments, deferred expenses and accrued revenue

(b) Excluding rental received in advance, property tax payable and GST payable

(c) Excluding prepayments, deferred expenses, accrued revenue and GST receivable

(d) Excluding rental received in advance and property tax 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.

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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				
2016				
Derivative financial instruments	–	(1,778)	–	(1,778)
2015				
Derivative financial instruments	–	2,314	–	2,314

24 COMMITMENTS

Capital commitments

At the end of the reporting period, VI-REIT Group and the Stapled Group have capital commitments of $13.2 million (2015: $19.2 million) mainly in respect of the construction costs of landscaping works and an underground passageway in relation to UE BizHub EAST; the easement right and construction cost of a vehicular link to connect a ramp to the property located at 30 Pioneer Road; and the cost of the asset enhancement initiative ("AEI") works at Viva Business Park.

Included in the capital commitments of $13.2 million (2015: $19.2 million) is $2.4 million (2015: $11.5 million) contracted with a related party of the REIT Manager in relation to the AEI works at Viva Business Park.

In addition, VI-REIT Group and the Stapled Group have entered into an option agreement for the acquisition of a logistics property located at 6 Chin Bee Avenue, Singapore 619930 at a purchase consideration of $87.3 million (excluding upfront land premium of $5.4 million). The acquisition of the said property was completed subsequent to the year end (see Note 28(b)).

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24 COMMITMENTS (CONT'D)

Operating lease rental receivable

Non-cancellable operating lease rentals are receivable as follows:

	Stapled Group		VI-REIT Group		VI-BT	
	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000
Within 1 year	85,262	77,797	85,262	77,797	–	–
After 1 year but within 5 years	146,571	156,259	146,571	156,259	–	–
After 5 years	63,989	88,925	63,989	88,925	–	–
	295,822	322,981	295,822	322,981	–	–

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 fees 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.

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25 RELATED PARTY TRANSACTIONS (CONT'D)

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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Rental income and utilities charges received/receivable from:						
– the REIT Manager	204	197	204	197	–	–
– a related party of the REIT Manager	1,922	1,845	1,922	1,845	–	–
Construction costs paid/ payable to a related party of the REIT Manager	16,457	10,340	16,457	10,340	–	–
Acquisition fee paid to the REIT Manager in relation to the acquisition of investment properties	450	1,227	450	1,227	–	–
Marketing commission paid/ payable to the Property Manager	1,437	353	1,437	353	–	–
Project management fee paid/ payable to the Property Manager	400	–	400	–	–	–

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

26 DETERMINATION OF FAIR VALUES (CONT'D)

(iii) Derivatives

The fair values of interest rate swaps (Level 2 fair values) are based on valuations provided by the counterparty banks, which are determined based on the discounted future cash flows using the applicable yield curve for the remaining duration of the interest rate swaps and interest rates implied from observable market inputs such as market interest rates yield curves and contracted interest rates discounted at a rate that reflects the credit risk of the counterparties.

(iv) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value at initial recognition, net of transaction costs 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.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
VI-REIT Group and Stapled Group				
2016				
Investment properties	–	–	1,199,700	1,199,700
2015				
Investment properties	–	–	1,123,200	1,123,200

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

26 DETERMINATION OF FAIR VALUES (CONT'D)

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	
	2016 $'000	2015 $'000
Investment properties		
At beginning of the year	1,123,200	852,700
Acquisition (including acquisition-related costs)	52,235	137,715
Capital expenditure incurred	24,093	71,662
Change in fair value recognised in statement of total return	172	61,123
At end of the year	1,199,700	1,123,200

The following table shows the key unobservable inputs used in the valuation models as at the end of the reporting period:

	Key unobservable input		Inter-relationship between key unobservable inputs and fair value measurement
Type	2016	2015	
Investment properties			
Business parks, hotel and industrial properties	Capitalisation rates (from 5.75% to 7.25%) Discount rate (8%)	Capitalisation rates (from 5.75% to 7.25%) Discount rates (from 7.0% to 8.25%)	The estimated fair value would decrease as the capitalisation rates and discount rates increase

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

27 FINANCIAL RATIOS

	Stapled Group		VI-REIT Group	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Operating expenses [1]				
– including performance component of the REIT Manager's fees	7,423	6,104	7,417	6,104
– excluding performance component of the REIT Manager's fees	7,423	5,821	7,417	5,821

	Stapled Group		VI-REIT Group	
	2016 %	2015 %	2016 %	2015 %
Expenses to weighted average net assets [2]				
– including performance component of the REIT Manager's fees	1.05	1.04	1.04	1.04
– excluding performance component of the REIT Manager's fees	1.05	0.99	1.04	0.99
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, amortisation of intangible assets, 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

28 SUBSEQUENT EVENTS

(a) On 14 December 2016, VI-REIT entered into a facility agreement with United Overseas Bank Limited, as lender (the "Lender"), for the grant of the Term Loan Facility III of $22.0 million as disclosed in note 9. The Term Loan Facility III and any hedging arrangements entered into with the Lender for the purposes of hedging any interest rate risk or exposure under or in connection with Term Loan Facility III are secured over 30 Pioneer Road and VI-REIT's rights relating thereto as disclosed in note 9. The Term Loan Facility III has been fully drawn down on 11 January 2017.

(b) On 16 January 2017, VI-REIT completed the acquisition of a logistics property located at 6 Chin Bee Avenue, Singapore 619930 (the "Property") together with the mechanical and electrical equipment therein (the "Acquisition"). In connection with the completion of the Acquisition, VI-REIT has also entered into a master lease agreement with Sharikat Logistics Pte. Ltd. (the "Master Lessee") on 16 January 2017 of which the Property is leased to the Master Lessee for a term of 7 years commencing on the same date, with rental escalations of 1.5% per annum commencing from the third year and for every subsequent year of the master lease, and an option to renew for a further term of 3 years.

The purchase consideration for the Property is $87.3 million (the "Purchase Consideration"). Approximately $23.0 million of the Purchase Consideration was satisfied by way of issuance of 30,483,700 new Stapled Securities at an issue price of $0.7545 per new Stapled Security to Sharikat National (Pte) Limited on 16 January 2017. The remaining balance of the Purchase Consideration was funded by a combination of proceeds drawn down from VI-REIT's term loan and revolving credit facilities, and the remaining net proceeds raised from a private placement of 60,811,000 new Stapled Securities completed on 7 November 2016.

(c) On 17 February 2017, an aggregate of 2,685,005 new Stapled Securities were issued to the REIT Manager and the Property Manager at an issue price of $0.7566 per Stapled Security (as determined in accordance with the VI-REIT Trust Deed) comprising:

(i) 1,898,457 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 2016 to 31 December 2016; and

(ii) 786,548 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 2016 to 31 December 2016.

(d) On 28 February 2017, VI-REIT Group and the Stapled Group paid a distribution of approximately $9,612,000 or 1.032 cents per Stapled Security to Stapled Securityholders in respect of the period from 7 November 2016 to 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

29 RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements in which security and other deposits received from tenants with lease expiry dates exceeding 12 months after the end of the reporting period have been reclassified as non-current liabilities.

As a result, certain line items have been amended in the statements of financial position. Comparative figures have been adjusted to current year's presentation.

The items were reclassified as follows:

	Stapled Group		VI-REIT Group	
	Previously reported 2015 $'000	After reclassification 2015 $'000	Previously reported 2015 $'000	After reclassification 2015 $'000
Non-current liabilities				
Trade and other payables	–	8,444	–	8,444
Current liabilities				
Trade and other payables	35,250	26,806	35,245	26,801

FINANCIAL STATEMENTS OF THE TRUSTEE-MANAGER

VIVA ASSET MANAGEMENT PTE. LTD.

Registration Number: 201316690M

FINANCIAL STATEMENTS
Year ended 31 December 2016

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DIRECTORS' STATEMENT

The directors present their statement together with the audited financial statements of the Company for the financial year ended 31 December 2016.

In the opinion of the directors, the financial statements set out on pages 173 to 182 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2016 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
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 the name of directors		Shareholdings in which directors are deemed to have an interest	
Name of directors and companies in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
The Company				
Tan Hai Peng Micheal				
– Ordinary Shares	–	–	90	100

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of directors and companies in which interests are held	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	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) Option to take up unissued shares

During the financial year, no options to take up unissued shares of the Company were granted.

(b) Option 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.

DIRECTORS' STATEMENT

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
4 April 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF VIVA ASSET MANAGEMENT PTE. LTD.

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

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 2016, 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 173 to 182.

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 168 to 170.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF VIVA ASSET MANAGEMENT PTE. LTD.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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
4 April 2017

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2016

	Note	2016 $	2015 $
ASSET			
Current asset			
Cash and cash equivalents	7	12,528	12,578
Total asset		12,528	12,578
LIABILITY AND NET CAPITAL DEFICIENCY			
Current liability			
Other payables	8	43,057	35,293
Capital and accumulated losses			
Share capital	9	100	100
Accumulated losses		(30,629)	(22,815)
Net capital deficiency		(30,529)	(22,715)
Total liability and net capital deficiency		12,528	12,578

See accompanying notes to financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2016

	Note	2016 $	2015 $
Administrative expenses		(7,814)	(8,002)
Loss before income tax		(7,814)	(8,002)
Income tax	10	–	–
Loss for the year, representing total comprehensive loss for the year	11	(7,814)	(8,002)

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2016

	Share capital $	Accumulated losses $	Total $
Balance as at 1 January 2015	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)
Loss for the year, representing total comprehensive loss for the year	–	(7,814)	(7,814)
Balance as at 31 December 2016	100	(30,629)	(30,529)

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2016

	2016 $	2015 $
Operating activities		
Loss before tax, representing operating cash flows before movements in working capital	(7,814)	(8,002)
Other payables	–	350
Net cash used in operating activities	(7,814)	(7,652)
Financing activity		
Non-trade amount due to immediate holding company, representing net cash from financing activity	7,764	7,602
Net decrease in cash and cash equivalents	(50)	(50)
Cash and cash equivalents at beginning of the year	12,578	12,628
Cash and cash equivalents at end of the year (Note 7)	12,528	12,578

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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 inactive since the listing of VIT and it does not own any properties.

The financial statements of the Company for the year ended 31 December 2016 were authorised for issue by the Board of Directors on 4 April 2017.

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 Financial Reporting Standards in Singapore ("FRSs").

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

ADOPTION OF NEW AND REVISED STANDARDS – On 1 January 2016, 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.

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 is 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 to profit or loss. 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

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.

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, the Company's obligations are discharged, 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

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 other 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 MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2016 $	2015 $
Financial assets		
Loans and receivables (including cash and cash equivalents)	12,528	12,578
Financial liabilities		
Liabilities at amortised cost	43,057	35,293

(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 operations 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 these risks.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Financial risk management policies and objectives (cont'd)

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.

Liquidity risk management

As at 31 December 2016, the Company's total liabilities exceeded its total assets by $30,529 (2015: $22,715). 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 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 2015.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

7 CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank	12,528	12,578

8 OTHER PAYABLES

	2016 $	2015 $
Non-trade amount due to immediate holding company (Note 5)	37,707	29,943
Accrued operating expenses	5,350	5,350
	43,057	35,293

9 SHARE CAPITAL

	2016	2015	2016	2015
	Number of ordinary shares		$	$
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 as and when declared by the Company.

10 INCOME TAX

Domestic income tax is calculated at 17% (2015: 17%) of the estimated assessable income for the year.

The income tax for the year can be reconciled to the accounting loss as follows:

	2016 $	2015 $
Loss before tax	(7,814)	(8,002)
Tax at the domestic income tax rate of 17% (2015: 17%)	(1,328)	(1,360)
Tax effect of current year tax losses not eligible to be carried forward	1,328	1,360
	–	–

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 2016 AND 21 JANUARY 2017

As at 31 December 2016	Direct Interests		Deemed Interests	
Name of Directors	No. of Stapled Securities	%*	No. of Stapled Securities	%*
Ang Poh Seong	1,250,000	0.13	–	–
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	–	–	75,930,875[1][2]	8.15
Tan Kim Seng	–	–	36,629,800[3]	3.93

As at 21 January 2017	Direct Interests		Deemed Interests	
Name of Directors	No. of Stapled Securities	%*	No. of Stapled Securities	%*
Ang Poh Seong	1,250,000	0.13	–	–
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 Michael	–	–	75,930,875[1][2]	7.89
Tan Kim Seng	–	–	36,629,800[3]	3.81

* Computed based on total number of issued Stapled Securities as at 31 December 2016 and 21 January 2017 of 931,405,379 and 961,889,079, respectively.

(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 100.0% equity interest in Viva Industrial Trust Management Pte. Ltd. (the "REIT Manager") and 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 2016 and 21 January 2017.

STATISTICS OF HOLDINGS OF STAPLED SECURITIES

AS AT 20 MARCH 2017

Type	:	Stapled securities
Voting rights	:	One vote per unit of stapled securities
No. of units of stapled securities	:	964,574,084
Market Capitalisation (based on closing price of S$0.785 as at 20 March 2017)	:	S$757,190,655

DISTRIBUTION OF STAPLED SECURITYHOLDINGS

SIZE OF STAPLED SECURITYHOLDINGS	NO. OF STAPLED SECURITYHOLDERS	%	NO. OF STAPLED SECURITIES	%
1 – 99	4	0.11	191	0.00
100 – 1,000	480	13.27	451,142	0.05
1,001 – 10,000	1,624	44.90	10,792,793	1.12
10,001 – 1,000,000	1,473	40.72	85,089,534	8.82
1,000,001 AND ABOVE	36	1.00	868,240,424	90.01
TOTAL	**3,617**	**100.00**	**964,574,084**	**100.00**

TWENTY LARGEST STAPLED SECURITYHOLDERS

NO.	NAME	NO. OF STAPLED SECURITIES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	424,095,099	43.97
2	DB NOMINEES (SINGAPORE) PTE LTD	70,665,313	7.33
3	DBS NOMINEES (PRIVATE) LIMITED	58,011,596	6.01
4	RAFFLES NOMINEES (PTE) LIMITED	52,309,477	5.42
5	HSBC (SINGAPORE) NOMINEES PTE LTD	44,110,900	4.57
6	ABN AMRO NOMINEES SINGAPORE PTE LTD	41,403,000	4.29
7	UNITED ENGINEERS DEVELOPMENTS PTE LTD	29,700,000	3.08
8	SHARIKAT NATIONAL (PTE) LIMITED	25,483,700	2.64
9	MEIBAN INVESTMENT PTE LTD	24,444,142	2.53
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	18,510,093	1.92
11	HONG LEONG FINANCE NOMINEES PTE LTD	11,171,224	1.16
12	GOH TIONG YONG	8,548,914	0.89
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,682,800	0.69
14	BEIJING HUALIAN HYPERMARKET (SINGAPORE) PURCHASING PTE LTD	6,300,000	0.65
15	OCBC SECURITIES PRIVATE LIMITED	5,453,356	0.57
16	UOB KAY HIAN PRIVATE LIMITED	4,148,427	0.43
17	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	3,766,985	0.39
18	M3 CAPITAL PTE LTD	3,000,000	0.31
19	TNG KAY LIM	3,000,000	0.31
20	PHILLIP SECURITIES PTE LTD	2,725,542	0.28
	TOTAL	**843,530,568**	**87.44**

STATISTICS OF HOLDINGS OF STAPLED SECURITIES

AS AT 20 MARCH 2017

REGISTER OF SUBSTANTIAL HOLDERS OF STAPLED SECURITIES

as at 20 March 2017

Name	Direct Interests		Deemed Interests	
	No. of Stapled Securities	%	No. of Stapled Securities	%
Leading Wealth Global Inc ("LWG")	415,600,704	43.09	–	–
Tong Jinquan	54,745,285	5.68	428,274,813[1][2]	44.40
Longemont Real Estate Pte. Ltd. ("LRE")	–	–	415,600,704[1]	43.09
Shanghai Summit (Group) Co., Ltd ("SSG")	–	–	415,600,704[1]	43.09
Perpetual (Asia) Limited, in its capacity as trustee of Ho Lee Group Trust ("HLGT Trustee")	65,941,771	6.84	–	–
Tan Thuan Teck	342,900	0.04	78,615,880[3][4]	8.15
Tan Hai Seng Benjamin	–	–	78,615,880[3][4]	8.15
Tan Hai Peng Micheal	–	–	78,615,880[3][4]	8.15
Ong Yew Lee	–	–	65,941,771[3]	6.84
Tan Yong Hiang Priscilla	–	–	65,941,771[3]	6.84
Seow Whye Pheng	–	–	65,941,771[3]	6.84
Seow Hwye Min	–	–	65,941,771[3]	6.84
Seow Whye Teck	355,000	0.04	65,941,771[3]	6.84
Seow Hwye Tiong	–	–	65,941,771[3]	6.84
Loh Guik Kiang	–	–	65,941,771[3]	6.84

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 100.0% equity interest in Viva Industrial Trust Management Pte. Ltd. (the "REIT Manager") and Viva Real Estate Asset Management Pte. Ltd. (the "Property Manager"). Therefore, Tong Jinquan is deemed to be interested in the 12,674,109 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 100.0% equity interest in the REIT Manager and 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 12,674,109 stapled securities held by the REIT Manager and the Property Manager.

PERCENTAGE OF HOLDINGS OF STAPLED SECURITIES IN THE HANDS OF PUBLIC

As at 20 March 2017, 39.05% 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
(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.

NOTICE IS HEREBY GIVEN that the 4th Annual General Meeting ("AGM")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 Thursday, 27 April 2017 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, 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 2016 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 AGM of VIT and to authorise the REIT Manager and the BT Trustee-Manager to fix their remuneration. **(Resolution 2)**

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:

NOTICE OF ANNUAL GENERAL MEETING

(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 ("MAS")), the trust deed constituting VI-REIT (as amended) (the "REIT Trust Deed") for the time being in force (unless otherwise exempted or waived by MAS), the trust deed constituting VI-BT (the "BT Trust Deed") for the time being in force (unless otherwise exempted or waived by MAS) 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 MAS);

(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 AGM of VIT; or (ii) the date by which the next AGM 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

NOTICE OF ANNUAL GENERAL MEETING

(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 2017

IMPORTANT NOTICE:

1. A Stapled Securityholder who is not a relevant intermediary entitled to attend and vote at the AGM 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.

NOTICE OF ANNUAL GENERAL MEETING

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 AGM.

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 AGM until (i) the conclusion of the next AGM of VIT; or (ii) the date by which the next AGM 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 AGM until the date of the next AGM 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 AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the AGM (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 2017.

VIVA iTRUST

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 Thursday, 27 April 2017 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 2016 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 _____ 2017

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

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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
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F: +65 6229 5550
W: www.vivaitrust.com

REIT TRUSTEE
Perpetual (Asia) Limited
8 Marina Boulevard
#05-02 Marina Bay Financial Centre
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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
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T: +65 6536 5355
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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
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Singapore 188778
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PRINCIPAL BANKERS
Standard Chartered Bank
BNP Paribas
United Overseas Bank Limited
Hong Leong Finance Limited
RHB Bank Singapore



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Registration Number: 201204203W

VIVA ASSET MANAGEMENT PTE. LTD.
Registration Number: 201316690M

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