VIVA INDUSTRIAL TRUST

Comprising:

VIVA INDUSTRIAL REAL ESTATE INVESTMENT TRUST

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

Viva Industrial Trust Management Pte. Ltd.

VIVA INDUSTRIAL BUSINESS TRUST

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

Viva Asset Management Pte. Ltd.

INTRODUCTION

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

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

As at 30 June 2018, VI-REIT has a diversified portfolio of nine properties located in Singapore comprising:

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

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

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

Distribution Policy

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

As at 30 June 2018, VI-BT remains inactive. In the event that VI-BT becomes active and profitable, VI-BT's distribution policy will be to distribute as much of its income as practicable, and the declaration and payment of distributions by VI-BT will be at the sole discretion of the BT Trustee-Manager.

Summary of results of Viva Industrial Trust

	Stapled Group					
	2Q2018 S$'000	**2Q2017 S$'000**	**Variance %**	**1H2018 S$'000**	**1H2017 S$'000**	**Variance %**
Gross revenue	28,681	27,606	3.9	57,373	54,985	4.3
Net property income	20,878	20,211	3.3	41,929	40,551	3.4
Distributable income	20,790	20,971	(0.9)	36,960	38,778	(4.7)
Distribution declared[(a)]	18,559	18,005	3.1	36,508	35,812	1.9
Distribution per Stapled Security[(b)] (cents)	1.902	1.861	2.2	3.740	3.715	0.7

Notes:

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

(b) Please refer to section 6 on page 22 of this announcement for the calculation of DPS.

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

1(a)(i) Consolidated Statement of Total Return for the second quarter ended 30 June 2018 ("2Q2018")

	Note	2Q2018			2Q2017			Inc / (Dec)		
		Stapled Group S$'000	VI-REIT Group S$'000	VI-BT S$'000	Stapled Group S$'000	VI-REIT Group S$'000	VI-BT S$'000	Stapled Group %	VI-REIT Group %	VI-BT %
Gross revenue	(a)	28,681	28,681	-	27,606	27,606	-	3.9	3.9	-
Property expenses	(b)	(7,803)	(7,803)	-	(7,395)	(7,395)	-	5.5	5.5	-
Net property income		**20,878**	**20,878**	**-**	**20,211**	**20,211**	**-**	3.3	3.3	**-**
Rental support	(a)	2,635	2,635	-	7,139	7,139	-	(63.1)	(63.1)	-
REIT Manager's fees	(c)	(2,309)	(2,309)	-	(2,154)	(2,154)	-	7.2	7.2	-
REIT Trustee's fees		(48)	(48)	-	(50)	(50)	-	(4.0)	(4.0)	-
Amortisation of intangible assets	(d)	(825)	(825)	-	(825)	(825)	-	-	-	-
Other trust expenses	(e)	(220)	(218)	(2)	(309)	(307)	(2)	(28.8)	(29.0)	-
Finance income		4	4	-	5	5	-	(20.0)	(20.0)	-
Finance expenses	(f)	(5,381)	(5,381)	-	(5,092)	(5,092)	-	5.7	5.7	-
Net income		**14,734**	**14,736**	**(2)**	**18,925**	**18,927**	**(2)**	(22.1)	(22.1)	-
Change in fair value of derivative financial instruments	(g)	690	690	-	(1,457)	(1,457)	-	n.m.	n.m.	-
Total return before income tax		**15,424**	**15,426**	**(2)**	**17,468**	**17,470**	**(2)**	(11.7)	(11.7)	-
Income tax	(h)	4,957	4,957	-	(1,204)	(1,204)	-	n.m.	n.m.	-
Total return after income tax		**20,381**	**20,383**	**(2)**	**16,264**	**16,266**	**(2)**	25.3	25.3	-

n.m. – not meaningful

Notes:

(a) The breakdown of gross revenue and rental support derived from each property in 2Q2018, and the occupancy rate and weighted average lease expiry ("**WALE**") of each property as at 30 June 2018 are as follows:

	Stapled Group					
	2Q2018				2Q2017	
	Gross revenue S$'000	Rental support S$'000	Occupancy rate %	WALE[(1)] Years	Gross revenue S$'000	Rental support S$'000
VBP	10,554	-	82	2.3	10,279	-
UEBH - Business Park Component	6,867	2,598	90	2.8	6,303	2,129
UEBH – Hotel Component[(2)]	2,364	37	100	0.5	2,226	143
Mauser Singapore	479	-	100	5.9	479	-
JS	2,431	-	89	2.5	2,118	4,867
JDH	540	-	100	6.4	541	-
HFB	803	-	100	7.4	802	-
11 Ubi Road 1	1,588	-	100	7.4	1,803	-
30 Pioneer Road	1,134	-	100	2.8	1,134	-
6 Chin Bee Avenue	1,921	-	100	5.6	1,921	-
	28,681	2,635			27,606	7,139

Notes:

(1) WALE is calculated based on the underlying committed gross rental income as at 30 June 2018 assuming renewal options are not exercised.

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

Gross revenue of S$28.7 million for 2Q2018 was S$1.1 million or 3.9% higher than that of 2Q2017 mainly due to:

- higher rental and other income contribution of S$0.3 million from VBP;
- higher rental and other income contribution of S$0.7 million from UEBH; and
- higher rental and other income contribution of S$0.3 million from JS;
- partially offset by lower rental contribution of S$0.2 million from 11 Ubi Road 1 mainly due to the reversal of previous adjustments made for recognising rental income on a straight-line basis over the respective lease term of certain underlying leases.

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

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

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

Rental support of S$2.6 million for 2Q2018 was S$4.5 million or 63.1% lower than that of 2Q2017 mainly due to:

- the absence of rental top-up under the JS rental support arrangement in 2Q2018 as a result of the settlement agreement entered into with JIPL on 19 May 2017 pursuant to which, among other things, JIPL had been fully released and discharged from all its obligations under the JS rental support arrangement upon VI-REIT's receipt of a cash payment of S$1.0 million and the proceeds of S$3.9 million from the drawdown of the JS rental support bank guarantee (the "**JS Rental Support Settlement**") (Please refer to the announcement dated 21 May 2017 titled "Settlement Agreement with Jackson International Private Limited and Mr Tan Phong Guan" for further details);
- partially offset by higher rental top-up under the UEBH rental arrangement of S$0.4 million as a result of the 5% step-up on the Agreed Amount as described in note (a)(i) above with effect from November 2017.

(b) Property expenses of S$7.8 million for 2Q2018 was S$0.4 million or 5.5% higher than that of 2Q2017 mainly due to higher property expenses of S$0.4 million pertaining to UEBH.

(c) This comprises the REIT Manager's base fee ("**Base Fee**"), which is calculated based on 10% per annum of the distributable income of VI-REIT (before accounting for the Base Fee). The REIT Manager has elected to receive all of the Base Fee for 2Q2018 in cash instead of a combination of cash and Stapled Securities.

The REIT Manager's fees of S$2.3 million for 2Q2018 were S$0.2 million or 7.2% higher than that of 2Q2017 mainly due to the increase in VI-REIT's distributable income before Base Fee.

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

(e) Other trust expenses include recurring expenses such as annual listing fee, registrar and secretarial fees, distribution related costs, audit and tax compliance fees, valuation fees, costs associated with the preparation of annual reports, investor relations costs and other miscellaneous costs. Other trust expenses of S$0.2 million for 2Q2018 were S$0.1 million or 28.8% lower than that of 2Q2017 mainly due to lower professional fees incurred.

(f) Finance expenses generally include interest expense, loan commitment fees and amortisation of debt-related transaction costs. Finance expenses of S$5.4 million for 2Q2018 were S$0.3 million or 5.7% higher than that of 2Q2017 mainly due to additional interest expense incurred on the additional borrowings drawn down to partially fund the asset enhancement at VBP.

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

The fair value gain on interest rate swaps of S$0.7 million in 2Q2018 was mainly due to the increase in the Singapore dollar Swap Offer Rate ("**SOR**") in 2Q2018.

(h) The Inland Revenue Authority of Singapore ("**IRAS**") has agreed to accord the tax transparency treatment to the rental support received/receivable by VI-REIT under the UEBH rental arrangement and the JS rental support arrangement retrospectively with effect from 1 January 2014 and in return, VI-REIT shall, on behalf of its unitholders, account to IRAS for the tax that would have been paid to IRAS on its past distributions of the aforesaid rental support to its unitholders in respect of the period from 1 January 2014 to 31 March 2018 (the "**Relevant Period**") had such rental support been distributed as taxable income instead of tax exempt income in the hands of its unitholders. In addition, for distributions of the aforesaid rental support to VI-REIT's unitholders from 2Q2018 onwards, IRAS has confirmed that such rental support will not be subject to tax in the hands of the trustee of VI-REIT but will be taxable in the hands of its unitholders.

In connection with the above, VI-REIT has, in 2Q2018, written back income tax expense of S$9.12 million previously recognised in respect of the aforesaid rental support during the Relevant Period; and on behalf of its unitholders, recognised S$4.16 million of tax that would have been paid to IRAS on its past distributions of the aforesaid rental support to its unitholders in respect of the Relevant Period had such rental support been distributed as taxable income instead of tax exempt income in the hands of its unitholders. As a result, VI-REIT recognised a net income tax credit of S$4.96 million in 2Q2018, which in turn gave rise to S$4.46 million of distributable income.

1(a)(ii) Distribution Statement

	Note	2Q2018		2Q2017		Inc / (Dec)	
		Stapled Group S$'000	VI-REIT Group S$'000	Stapled Group S$'000	VI-REIT Group S$'000	Stapled Group %	VI-REIT Group %
Total return after income tax		**20,381**	**20,383**	**16,264**	**16,266**	**25.3**	**25.3**
Net tax adjustments (**Note A**)		407	407	4,705	4,705	(91.3)	(91.3)
Distributable income		**20,788**	**20,790**	**20,969**	**20,971**	**(0.9)**	**(0.9)**
Retention of distributable income	(a)	(2,231)	(2,231)	(2,966)	(2,966)	(24.8)	(24.8)
Distribution declared	(b)	**18,557**	**18,559**	**18,003**	**18,005**	**3.1**	**3.1**
Distribution per Stapled Security (cents):							
For the period	(c)		1.902		1.861		2.2
Annualised			7.629		7.464		2.2

Notes:

(a) The retention of S$2.23 million of distributable income in 2Q2018 is based on 50% of the distributable income attributable to the net income tax credit of S$4.96 million in 2Q2018 as explained in note (h) above. The aforesaid amount of retained distributable income will be included in the next distribution following the distribution for 2Q2018.

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

(c) Please refer to section 6 on page 22 of this announcement for the calculation of DPS.

Note A

	2Q2018		2Q2017		Inc / (Dec)	
	Stapled Group S$'000	**VI-REIT Group S$'000**	**Stapled Group S$'000**	**VI-REIT Group S$'000**	**Stapled Group %**	**VI-REIT Group %**
Net tax adjustments comprise:						
REIT Manager's fees payable in Stapled Securities	-	-	1,586	1,586	n.m.	n.m.
Property Manager's fees payable in Stapled Securities	-	-	693	693	n.m.	n.m.
REIT Trustee's fees	48	48	50	50	(4.0)	(4.0)
Adjustment for recognising rental income on a straight-line basis over the lease term	(357)	(357)	(477)	(477)	(25.2)	(25.2)
Amortisation of intangible assets	825	825	825	825	-	-
Amortisation of debt-related transaction costs	481	481	468	468	2.8	2.8
Change in fair value of derivative financial instruments	(690)	(690)	1,457	1,457	n.m.	n.m.
Others	100	100	103	103	(2.9)	(2.9)
Net tax adjustments	**407**	**407**	**4,705**	**4,705**	**(91.3)**	**(91.3)**

n.m. – not meaningful

1(a)(iii) Consolidated Statement of Total Return for the six months ended 30 June 2018 ("1H2018")

	Note	1H2018			1H2017			Inc / (Dec)		
		Stapled Group S$'000	VI-REIT Group S$'000	VI-BT S$'000	Stapled Group S$'000	VI-REIT Group S$'000	VI-BT S$'000	Stapled Group %	VI-REIT Group %	VI-BT %
Gross revenue	(a)	57,373	57,373	-	54,985	54,985	-	4.3	4.3	-
Property expenses	(b)	(15,444)	(15,444)	-	(14,434)	(14,434)	-	7.0	7.0	-
Net property income		**41,929**	**41,929**	**-**	**40,551**	**40,551**	-	3.4	3.4	-
Rental support	(a)	5,391	5,391	-	10,039	10,039	-	(46.3)	(46.3)	-
REIT Manager's fees	(c)	(4,106)	(4,106)	-	(3,952)	(3,952)	-	3.9	3.9	-
REIT Trustee's fees		(99)	(99)	-	(97)	(97)	-	2.1	2.1	-
Amortisation of intangible assets	(d)	(1,650)	(1,650)	-	(1,650)	(1,650)	-	-	-	-
Other trust expenses	(e)	(634)	(631)	(3)	(671)	(668)	(3)	(5.5)	(5.5)	-
Finance income		8	8	-	10	10	-	(20.0)	(20.0)	-
Finance expenses	(f)	(10,612)	(10,612)	-	(10,034)	(10,034)	-	5.8	5.8	-
Net income		**30,227**	**30,230**	**(3)**	**34,196**	**34,199**	**(3)**	(11.6)	(11.6)	-
Change in fair value of investment properties	(g)	(3,894)	(3,894)	-	(2,239)	(2,239)	-	73.9	73.9	-
Change in fair value of derivative financial instruments	(h)	2,132	2,132	-	(2,824)	(2,824)	-	n.m.	n.m.	-
Total return before income tax		**28,465**	**28,468**	**(3)**	**29,133**	**29,136**	**(3)**	(2.3)	(2.3)	-
Income tax	(i)	4,493	4,493	-	(1,691)	(1,691)	-	n.m.	n.m.	-
Total return after income tax		**32,958**	**32,961**	**(3)**	**27,442**	**27,445**	**(3)**	20.1	20.1	-

n.m. – not meaningful

Notes:

(a) The breakdown of gross revenue and rental support derived from each property in 1H2018 are as follows:

	Stapled Group			
	1H2018		1H2017	
	Gross revenue S$'000	Rental support S$'000	Gross revenue S$'000	Rental support S$'000
VBP	21,330	-	20,305	-
UEBH - Business Park Component	13,435	5,306	12,494	4,553
UEBH - Hotel Component	4,701	85	4,501	233
Mauser Singapore	958	-	958	-
JS	4,763	-	4,632	5,253
JDH	1,080	-	1,082	-
HFB	1,605	-	1,604	-
11 Ubi Road 1	3,391	-	3,606	-
30 Pioneer Road	2,268	-	2,268	-
6 Chin Bee Avenue	3,842	-	3,535	-
	57,373	5,391	54,985	10,039

Gross revenue of S$57.4 million for 1H2018 was S$2.4 million or 4.3% higher than that of 1H2017 mainly due to:

- higher rental contribution of S$0.3 million from 6 Chin Bee Avenue, which was acquired by VI-REIT on 16 January 2017;
- higher rental and other income contribution of S$1.1 million from VBP;
- higher rental and other income contribution of S$1.1 million from UEBH; and
- higher rental and other income contribution of S$0.1 million from JS;
- partially offset by lower rental contribution of S$0.2 million from 11 Ubi Road 1 mainly due to the reversal of previous adjustments made for recognising rental income on a straight-line basis over the respective lease term of certain underlying leases.

Rental support of S$5.4 million for 1H2018 was S$4.6 million or 46.3% lower than that of 1H2017 mainly due to:

- the absence of rental top-up under the JS rental support arrangement in 1H2018 as explained in note (a) on page 5 of this announcement;
- partially offset by higher rental top-up under the UEBH rental arrangement of S$0.6 million as a result of the 5% step-up on the Agreed Amount as described in note (a)(i) on page 5 of this announcement.

(b) Property expenses of S$15.4 million for 1H2018 was S$1.0 million or 7.0% higher than that of 1H2017 mainly due to higher property expenses of S$0.9 million and S$0.1 million pertaining to UEBH and JS, respectively.

(c) The REIT Manager's fees of S$4.1 million for 1H2018 were S$0.2 million or 3.9% higher than that of 1H2017 mainly due to the increase in VI-REIT's distributable income before Base Fee.

(d) This relates to the amortisation of the rental differential to be provided to VI-REIT by the vendor of UEBH pursuant to the UEBH rental arrangement as described in note (a)(i) on page 5 of this announcement. Such rental differential is amortised on a straight-line basis over the duration of the UEBH rental arrangement of five years from the Listing Date.

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

(f) Finance expenses of S$10.6 million for 1H2018 were S$0.6 million or 5.8% higher than that of 1H2017 mainly due to additional interest expense incurred on the additional borrowings drawn down to partially fund the asset enhancement at VBP and the acquisition of 6 Chin Bee Avenue.

(g) This relates to unrealised fair value loss arising from the valuation of the investment properties in 1Q2018. Please refer to note (a) on page 14 of this announcement for further details.

(h) The fair value gain on interest rate swaps of S$2.1 million in 1H2018 was mainly due to the increase in the Singapore dollar SOR in 1H2018.

(i) Income tax credit of S$4.5 million for 1H2018 was mainly due to the write-back of income tax expense as explained in note (h) on page 6 of this announcement.

1(a) (iv) Distribution Statement

	Note	1H2018		1H2017		Inc / (Dec)	
		Stapled Group S$'000	VI-REIT Group S$'000	Stapled Group S$'000	VI-REIT Group S$'000	Stapled Group %	VI-REIT Group %
Total return after income tax		**32,958**	**32,961**	**27,442**	**27,445**	**20.1**	**20.1**
Net tax adjustments (**Note A**)		3,999	3,999	11,333	11,333	(64.7)	(64.7)
Distributable income		**36,957**	**36,960**	**38,775**	**38,778**	**(4.7)**	**(4.7)**
Retention of distributable income	(a)	(2,231)	(2,231)	(2,966)	(2,966)	(24.8)	(24.8)
Release of previously retained distributable income	(b)	1,779	1,779	-	-	n.m.	n.m.
Distribution declared	(c)	36,505	36,508	35,809	35,812	1.9	1.9
Distribution per Stapled Security (cents):							
For the period	(d)		3.740		3.715		0.7
Annualised			7.542		7.492		0.7

n.m. – not meaningful

Notes:

(a) The retention of S$2.23 million of distributable income in 1H2018 is based on 50% of the distributable income attributable to the net income tax credit of S$4.96 million in 2Q2018 as explained in note (h) on page 6 of this announcement. The aforesaid amount of retained distributable income will be included in the next distribution following the distribution for 2Q2018.

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

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

(d) Please refer to section 6 on page 22 of this announcement for the calculation of DPS.

Note A

	1H2018		1H2017		Inc / (Dec)	
	Stapled Group S$'000	**VI-REIT Group S$'000**	**Stapled Group S$'000**	**VI-REIT Group S$'000**	**Stapled Group %**	**VI-REIT Group %**
Net tax adjustments comprise:						
REIT Manager's fees paid/payable in Stapled Securities	-	-	3,208	3,208	n.m.	n.m.
Property Manager's fees paid/payable in Stapled Securities	-	-	1,362	1,362	n.m.	n.m.
REIT Trustee's fees	99	99	97	97	2.1	2.1
Adjustment for recognising rental income on a straight-line basis over the lease term	(753)	(753)	(1,111)	(1,111)	(32.2)	(32.2)
Amortisation of intangible assets	1,650	1,650	1,650	1,650	-	-
Amortisation of debt-related transaction costs	961	961	922	922	4.2	4.2
Change in fair value of investment properties	3,894	3,894	2,239	2,239	73.9	73.9
Change in fair value of derivative financial instruments	(2,132)	(2,132)	2,824	2,824	n.m.	n.m.
Others	280	280	142	142	97.2	97.2
Net tax adjustments	**3,999**	**3,999**	**11,333**	**11,333**	**(64.7)**	**(64.7)**

n.m. – not meaningful

1(b) Statement of Financial Position

1(b)(i) Statement of Financial Position as at 30 June 2018

	Note	30 Jun 2018			31 Dec 2017		
		Stapled Group S$'000	VI-REIT Group S$'000	VI-BT S$'000	Stapled Group S$'000	VI-REIT Group S$'000	VI-BT S$'000
Non-current assets							
Investment properties	(a)	1,284,904	1,284,904	-	1,284,700	1,284,700	-
Intangible assets	(b)	1,128	1,128	-	2,778	2,778	-
		1,286,032	1,286,032	-	1,287,478	1,287,478	-
Current assets							
Trade and other receivables	(c)	17,265	17,265	-	21,445	21,445	-
Pledged deposits	(d)	1,260	1,260	-	1,230	1,230	-
Cash and cash equivalents	(e)	11,804	11,779	25	8,242	8,214	28
		30,329	30,304	25	30,917	30,889	28
Total assets		**1,316,361**	**1,316,336**	**25**	**1,318,395**	**1,318,367**	**28**
Non-current liabilities							
Trade and other payables	(f)	8,864	8,864	-	8,700	8,700	-
Interest-bearing borrowings	(g)	436,524	436,524	-	420,774	420,774	-
Derivative financial instruments	(h)	132	132	-	2,476	2,476	-
		445,520	445,520	-	431,950	431,950	-
Current liabilities							
Trade and other payables	(f)	26,918	26,913	5	35,364	35,359	5
Interest-bearing borrowings	(g)	99,931	99,931	-	99,770	99,770	-
Derivative financial instruments	(h)	326	326	-	113	113	-
Income tax payable	(i)	133	133	-	4,626	4,626	-
		127,308	127,303	5	139,873	139,868	5
Total liabilities		**572,828**	**572,823**	**5**	**571,823**	**571,818**	**5**
Net assets		**743,533**	**743,513**	**20**	**746,572**	**746,549**	**23**
Represented by:							
Stapled Securityholders' funds		**743,533**	**743,513**	**20**	**746,572**	**746,549**	**23**

Notes:

(a) Movements in the carrying value of investment properties during 1H2018 are as shown below:

	S$'000
Carrying value of investment properties as at 1 January 2018	1,284,700
Stamp duty	126
Consideration for vehicular access rights over the ramp and certain parts of the property adjoining to 30 Pioneer Road	3,000
Capital expenditure incurred	972
	1,288,798
Change in fair value of investment properties recognised in the consolidated statement of total return	(3,894)
Carrying value of investment properties as at 30 June 2018	1,284,904

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

Intangible asset decreased by S$1.7 million due to amortisation charge for 1H2018.

(c) Decrease in trade and other receivables of S$4.2 million was mainly due to:

- deferred property tax of S$3.4 million charged to the statement of total return in 1H2018;
- recovery of property tax of S$1.8 million from the respective lessee of the properties under master leases;
- decrease in trade receivables of S$0.4 million; and
- deferred marketing commission of S$0.6 million charged to the statement of total return in 1H2018; partially offset by:
  - increase in accrued revenue of S$0.7 million due to recognition of rental income on a straight-line basis over the lease term of the respective leases;
  - increase in prepayment of S$0.5 million; and
  - deferred marketing commission of S$0.8 million incurred in 1H2018.

(d) Pledged deposits represent bank balances that are pledged as security for Loan Facility II and Loan Facility IV (as defined hereinafter) as disclosed on page 17 of this announcement.

(e) Cash and cash equivalents increased by S$3.6 million as a result of net cash generated from operating activities of S$43.1 million, partially offset by net cash used in investing activities of S$8.9 million and net cash used in financing activities of S$30.6 million. Please refer to the consolidated statement of cash flows for 1H2018 on page 19 of this announcement for further details.

(f) Non-current trade and other payables comprise security and other deposits received from tenants. Decrease in total trade and other payables of S$8.3 million was mainly due to:

- decrease in property tax payable of S$5.2 million;
- decrease in payables and accruals for trust and property-related expenses (including capital expenditure) of S$3.6 million;
- decrease in rent received in advance from tenants of S$0.2 million; and
- decrease in net GST payable of S$0.2 million; partially offset by:
  - increase in security deposits received from tenants of S$0.6 million; and
  - increase in retention sums payable of S$0.3 million.

(g) Increase in total interest-bearing borrowings of S$15.9 million was mainly due to:

- drawdown of S$15 million of the revolving credit facility under Loan Facility I (as defined hereinafter); and
- amortisation of debt-related transaction costs of S$1.0 million for 1H2018;
- partially offset by debt-related transaction costs of S$0.1 million incurred on Loan Facility I.

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

Except for an interest rate swap maturing in February 2020, the fair value of all the interest rate swaps maturing in February 2019 has been reclassified from non-current liabilities as at 31 December 2017 to current liabilities as at 30 June 2018.

Under the interest rate swaps, the Stapled Group pays interest at fixed rates and receives interest at floating rates based on the Singapore dollar SOR. The decrease in derivative financial liabilities was mainly due to the increase in the Singapore dollar SOR in 1H2018.

(i) As elaborated in note (h) on page 6 of this announcement, the IRAS has agreed to accord the tax transparency treatment to the rental support received/receivable by VI-REIT under the UEBH rental arrangement and the JS rental support arrangement retrospectively with effect from 1 January 2014 and in return, VI-REIT shall, on behalf of its unitholders, account to IRAS for the tax that would have been paid to IRAS on its past distributions of the aforesaid rental support to its unitholders in respect of the Relevant Period had such rental support been distributed as taxable income instead of tax exempt income in the hands of its unitholders.

As VI-REIT has previously paid S$4.03 million of income tax to IRAS in respect of the aforesaid rental support for the financial years ended 31 December 2014 and 2015, VI-REIT is entitled to an income tax refund of S$4.03 million. After offsetting such income tax refund against S$4.16 million of tax payable to IRAS on VI-REIT's past distributions of the aforesaid rental support to its unitholders in respect of the Relevant Period, VI-REIT is required to pay the net amount of S$0.13 million to IRAS.

(j) As at 30 June 2018, the Stapled Group's current liabilities exceeded its current assets by S$97.0 million (31 December 2017: S$109.0 million) mainly due to the classification of its S$100 million MTN as current liabilities as the S$100 million MTN will be repayable in September 2018, i.e. within one year. The aforesaid S$100 million MTN can be refinanced by issuing new MTN of the same amount under the S$500 million Multicurrency MTN Programme, which has an undrawn balance of S$400 million. As such, the Managers are of the view that the Stapled Group will be able to meet its obligations as and when they fall due.

1(b)(ii) Aggregate amount of borrowings

	Note	Stapled Group	
		30 Jun 2018 S$'000	31 Dec 2017 S$'000
Secured borrowings	(a)		
Amount repayable after one year		440,000	425,000
Less: Unamortised transaction costs		(3,476)	(4,226)
		436,524	420,774
Unsecured borrowings	(b)		
Amount repayable within one year		100,000	100,000
Less: Unamortised transaction costs		(69)	(230)
		99,931	99,770
Total borrowings		**536,455**	**520,544**
Current		99,931	99,770
Non-current		436,524	420,774
		536,455	**520,544**
Gearing ratio	(c)	**41.0%**	**39.8%**

Details of borrowings and collateral:

(a) Secured borrowings

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

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

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

As at 30 June 2018, S$280 million in aggregate of the Term Loan Facilities has been fully drawn down and S$30 million of the Revolving Credit Facility has been utilised.

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

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

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

As at 30 June 2018, the Loan Facility II of S$73 million has been fully drawn down.

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

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

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

As at 30 June 2018, the Loan Facility III of S$22 million has been fully drawn down.

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

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

- a mortgage over 6 Chin Bee Avenue;
- an assignment of all of VI-REIT's rights, benefits, title and interest in, under and arising out of all policies and contracts of insurance (other than public liability insurance), in each case, in relation to 6 Chin Bee Avenue;
- an assignment and charge of all of VI-REIT's rights, benefits, title and interest in, under and arising out of, *inter alia*, sale agreements, tenancy agreements, performance guarantees, sale proceeds, rental proceeds, sale proceeds account and tenancy account, in each case, in relation to 6 Chin Bee Avenue; and
- a charge of all of VI-REIT's rights, benefits, title and interest in, under and arising out of a debt service reserve account of S$260,000.

As at 30 June 2018, the Loan Facility IV of S$35 million has been fully drawn down.

VI-REIT has entered into interest rate swaps to fix the interest rates for 78.0% of its outstanding floating rate borrowings as at 30 June 2018.

(b) Unsecured borrowings

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

(c) Gearing ratio

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

1(c) Consolidated Statement of Cash Flows

	Stapled Group			
	2Q2018 S$'000	2Q2017 S$'000	1H2018 S$'000	1H2017 S$'000
Cash flows from operating activities				
Total return for the period before income tax	15,424	17,468	28,465	29,133
Adjustments for:				
Effects of recognising rental income on a straight-line basis over the lease term	(357)	(477)	(753)	(1,111)
Finance income	(4)	(5)	(8)	(10)
Finance expenses	5,381	5,092	10,612	10,034
Change in fair value of investment properties	-	-	3,894	2,239
Change in fair value of derivative financial instruments	(690)	1,457	(2,132)	2,824
Amortisation of intangible assets	825	825	1,650	1,650
REIT Manager's fees paid/payable in Stapled Securities	-	1,586	-	3,208
Property Manager's fees paid/payable in Stapled Securities	-	693	-	1,362
Operating income before working capital changes	**20,579**	**26,639**	**41,728**	**49,329**
Changes in working capital:				
Trade and other receivables	3,193	2,010	4,934	3,054
Trade and other payables (Note (a))	(1,886)	(1,909)	(3,531)	(3,062)
Cash generated from operations	**21,886**	**26,740**	**43,131**	**49,321**
Income taxes paid	-	(2,194)	-	(2,235)
Net cash generated from operating activities	**21,886**	**24,546**	**43,131**	**47,086**
Cash flows from investing activities				
Acquisition of an investment property	-	-	-	(73,317)
Payment of stamp duty for an investment property	-	-	-	(154)
Capital expenditure incurred (Note (a))	(4,676)	(745)	(8,913)	(6,897)
Deposits pledged	(30)	(230)	(30)	(230)
Interest received	2	-	3	4
Net cash used in investing activities	**(4,704)**	**(975)**	**(8,940)**	**(80,594)**
Cash flows from financing activities				
Payment of issue expenses	-	-	-	(29)
Proceeds from borrowings	5,000	38,000	15,000	92,000
Repayment of borrowings	-	(39,000)	-	(39,000)
Payment of debt-related transaction costs	-	(463)	(50)	(841)
Payment of finance expenses	(3,755)	(3,478)	(9,582)	(8,957)
Distributions paid to Stapled Securityholders	(17,935)	(17,798)	(35,997)	(27,410)
Net cash (used in) / generated from financing activities	**(16,690)**	**(22,739)**	**(30,629)**	**15,763**
Net increase / (decrease) in cash and cash equivalents	492	832	3,562	(17,745)
Cash and cash equivalents at beginning of the period	11,312	10,885	8,242	29,462
Cash and cash equivalents at end of the period	**11,804**	**11,717**	**11,804**	**11,717**

Note:

(a) During 2Q2018, the Stapled Group incurred S$204,000 (2Q2017: S$1,110,000) of capital expenditure on investment properties and S$5,789,000 (2Q2017: S$10,768,000) were included in trade and other payables as at the end of the financial period. Cash payments of S$4,676,000 (2Q2017: S$745,000) were made for capital expenditure during 2Q2018.

During 1H2018, the Stapled Group incurred S$3,972,000 (1H2017: S$2,051,000) of capital expenditure on investment properties and S$5,789,000 (1H2017: S$10,768,000) were included in trade and other payables as at the end of the financial period. Cash payments of S$8,913,000 (1H2017: S$6,897,000) were made for capital expenditure during 1H2018.

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

	Stapled Group			
	2Q2018 S$'000	**2Q2017 S$'000**	**1H2018 S$'000**	**1H2017 S$'000**
Balance at beginning of the period	**741,087**	**765,775**	**746,572**	**738,947**
Operations				
Total return for the period after income tax	20,381	16,264	32,958	27,442
Net increase in net assets resulting from operations	**20,381**	**16,264**	**32,958**	**27,442**
Stapled Securityholders' transactions				
Issuance of new Stapled Securities in connection with the acquisition of an investment property	-	-	-	23,000
Issue expenses	-	-	-	(29)
Stapled Securities issued and issuable:				
- As payment of REIT Manager's fees	-	1,586	-	3,208
- As payment of Property Manager's fees	-	693	-	1,362
Distribution to Stapled Securityholders	(17,935)	(17,798)	(35,997)	(27,410)
Net (decrease) / increase in net assets resulting from Stapled Securityholders' transactions	**(17,935)**	**(15,519)**	**(35,997)**	**131**
Balance at end of the period	**743,533**	**766,520**	**743,533**	**766,520**

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

	Stapled Group			
	2Q2018 Units	**2Q2017 Units**	**1H2018 Units**	**1H2017 Units**
Stapled Securities in issue at beginning of the period	972,658,241	964,574,084	972,658,241	931,405,379
Issuance of new Stapled Securities in connection with the acquisition of an investment property [(a)]	-	-	-	30,483,700
New Stapled Securities issued as payment of:				
- REIT Manager's fees	3,100,366	2,052,983	3,100,366	3,951,440
- Property Manager's fees	-	846,516	-	1,633,064
Total issued Stapled Securities	975,758,607	967,473,583	975,758,607	967,473,583
New Stapled Securities issuable as payment of:				
- REIT Manager's fees	-	1,826,547	-	1,826,547
- Property Manager's fees	-	798,341	-	798,341
Total issued and issuable Stapled Securities at end of the period	**975,758,607**	**970,098,471**	**975,758,607**	**970,098,471**

Note:

(a) In connection with the acquisition of 6 Chin Bee Avenue, approximately 30.5 million new Stapled Securities were issued to the vendor on 16 January 2017 to satisfy S$23.0 million of the purchase consideration for the said property.

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

The figures have not been audited or reviewed by the auditors of the Stapled Group.

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

Not applicable.

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

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

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

Please refer to section 4 above.

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

		Stapled Group			
	Note	**2Q2018**	**2Q2017**	**1H2018**	**1H2017**
EPS is calculated based on:					
Total return after income tax (S$'000)		20,381	16,264	32,958	27,442
Weighted average number of issued and issuable Stapled Securities during the period ('000)		975,759	967,502	975,759	963,520
Basic and diluted EPS (cents)	(a)	2.089	1.681	3.378	2.848
DPS is calculated based on:					
Distribution declared for the period (S$'000)	(b)	18,559	18,005	36,508	35,812
Applicable number of Stapled Securities for calculation of DPS ('000)		975,759	967,473	975,759	963,975
DPS (cents)	(c)	1.902	1.861	3.740	3.715

Notes:

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

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

(c) The pro forma DPS for 2Q2018 and 1H2018 without the effects of rental support would have been 1.659 cents (2Q2017: 1.603 cents) and 3.244 cents (1H2017: 3.208 cents), respectively.

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

	Stapled Group	
	30 Jun 2018	**31 Dec 2017**
NAV / NTA per Stapled Security is calculated based on:		
Net assets (S$'000)	743,533	746,572
Net tangible assets (S$'000)	742,405	743,794
Number of Stapled Securities ('000):		
- issued	975,759	972,659
- issuable	-	3,100
	975,759	975,759
NAV per Stapled Security (cents)	76.20	76.51
NTA per Stapled Security (cents)	76.08	76.23

8 A review of the performance for the quarter and the six months ended 30 June 2018

A review of the performance for 2Q2018 and 1H2018 is set out in section 1(a) – Consolidated Statement of Total Return for 2Q2018 and 1H2018 and section 1(b)(i) – Statement of Financial Position as at 30 June 2018.

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

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

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

Based on advance estimates[1], the Singapore economy grew by 3.8% on a year-on-year basis in 2Q2018, moderating from the 4.3% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded at a slower pace of 1.0% compared to the 1.5% growth in the preceding quarter. The manufacturing sector grew by 8.6% on a year-on-year basis in the second quarter, slower than the 9.7% growth in the previous quarter. All clusters within the sector expanded during the quarter, with the electronics and biomedical manufacturing clusters contributing the most to the sector's growth. Reflecting the more measured pace of growth, the Singapore Purchasing Managers' Index in June 2018 also recorded a further dip of 0.2 points from the previous month to post a slower expansion at 52.7[2].

Rentals of industrial space remained relatively stable for most market segments. In 2Q2018, the rental index fell marginally by 0.1% to 91.0 as compared to the previous quarter and by 1.4% on a year-on-year basis even as the total supply of industrial space rose by 1.2 million sqm compared to a year ago[3]. The rental index of multi-user factory, single-user factory and warehouse have receded 0.7%, 4.2% and 3.8% year-on-year respectively, whilst business park rentals bucked the trend and expanded 5.3% year-on-year. Meanwhile, the overall vacancy rate, on a quarter-on-quarter basis, posted a mild decline of 0.3% points whilst on a year-on-year basis, the occupancy rate remained largely flat.

The REIT Manager has, in 1H2018, renewed about 268,400 sqft or 44.6% of the total area of approximately 602,500 sqft due for renewal in FY2018 with an overall positive rental reversion of 2.3% across the portfolio. In addition, about 117,000 sqft of new leases were secured during 1H2018.

Summons from the United States Bankruptcy Court

In July 2018, the Managers received a summons from the United States Bankruptcy Court requiring VI-REIT to submit a motion or answer to the complaint lodged by SunEdison Litigation Trust seeking to recover from VI-REIT the rental payments of approximately S$392,000 made by SunEdison Products Singapore Pte Ltd (a former tenant at JS whose parent company has filed for bankruptcy in the United States) to VI-REIT in respect of the period from 1 February 2016 to 31 May 2016. No provision in respect of the aforesaid claims has been made in the financial statements of the Stapled Group as at 30 June 2018 as the Managers have been advised by their legal counsel that it is of the view that the United States Bankruptcy Court does not have jurisdiction over VI-REIT and it intends to seek a dismissal of the complaint on that basis.

Proposed Merger with ESR-REIT

Further to the joint announcement on 18 May 2018 made by the Managers and ESR Funds Management (S) Limited, as manager of ESR-REIT, in relation to the proposed merger (the "**Proposed Merger**") of all the issued and paid-up Stapled Securities held by the Stapled Securityholders of VIT and the units in ESR-REIT held by the unitholders of ESR-REIT, which will be effected through the acquisition by ESR-REIT of all the Stapled Securities held by the Stapled Securityholders by way of a trust scheme of arrangement (the "**Scheme**") in compliance with the Singapore Code on Take-overs and Mergers, the Managers have, on 7 August 2018, announced that:

(a) an extraordinary general meeting of the Stapled Securityholders ("**EGM**") will be held on 31 August 2018, Friday at 2.30 p.m. for the purpose of seeking approval of the Stapled Securityholders for the VIT Trust Scheme Amendments and the VIT Facilitation Fee Amendments; and

(b) a scheme meeting of the Stapled Securityholders will be held on 31 August 2018, Friday at 4.00 p.m. (or as soon thereafter following the conclusion or adjournment of the EGM, whichever is later), for the purpose of seeking approval of the Stapled Securityholders for the Scheme.

[1] "Singapore's GDP Grew by 3.8 Per Cent in the Second Quarter of 2018", Ministry of Trade and Industry, Press Release, 13 July 2018

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

[3] JTC Quarterly Market Report, Industrial Properties, Second Quarter 2018

Please refer to the announcement dated 7 August 2018 titled "Despatch of Scheme Document and Corrigendum to Scheme Document" for further details on the above.

If all the requisite approvals for the Proposed Merger and the Scheme are obtained and thereafter, the Scheme becomes effective, the next distribution that Stapled Securityholders will be entitled to receive will be in respect of the period from 1 July 2018 to the effective date of the Scheme.

11 Distributions

11(a) Current financial period

Any distribution declared for the current period?

Yes.

Name of distribution:	Distribution for the period from 1 April 2018 to 30 June 2018
Distribution type:	Taxable income
Distribution rate:	1.902 cents per Stapled Security
Tax Rate:	Taxable income distribution The distribution is made out of VI-REIT's taxable income. Stapled Securityholders receiving distributions will be subject to Singapore income tax on the distributions received except for individuals where the distribution is exempt from tax (unless they hold their Stapled Securities through partnership or as trading assets).

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

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

Yes.

Name of distribution:	Distribution for the period from 1 April 2017 to 30 June 2017
Distribution type:	Taxable income / Tax-exempt income
Distribution rate:	1.861 cents per Stapled Security comprising (a) Taxable income - 1.561 cents (b) Tax exempt income - 0.300 cents
Tax Rate:	Taxable income distribution The distribution is made out of VI-REIT's taxable income. Stapled Securityholders receiving distributions will be subject to Singapore income tax on the distributions received except for individuals where the distribution is exempt from tax (unless they hold their Stapled Securities through partnership or as trading assets). Tax exempt income distribution The distribution is made out of income that has been taxed on VI-REIT's trustee and will be exempt from tax in the hands of all Stapled Securityholders, regardless of their nationality, corporate identity or tax residence status. Stapled Securityholders are not entitled to claim tax credit against their Singapore income tax liability in respect of the tax paid at VI-REIT's trustee level.

11(c) Books closure date: 23 August 2018

11(d) Date Payable: 14 September 2018

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

Not applicable.

13 Certificate pursuant to Paragraph 7.3 of the Property Funds Guidelines

In relation to the distribution to Stapled Securityholders for the period from 1 April 2018 to 30 June 2018 (the "**Distribution**"), the REIT Manager, in consultation with the REIT Trustee, hereby certifies that it is satisfied on reasonable grounds that, immediately after making the Distribution, VI-REIT will be able to fulfil, from its deposited property, its liabilities as and when they fall due.

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

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

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

15 Segment revenue and results

	Stapled Group									
	2Q2018					2Q2017				
	Business Park S$'000	Hotel S$'000	Logistics S$'000	Light Industrial S$'000	Total S$'000	Business Park S$'000	Hotel S$'000	Logistics S$'000	Light Industrial S$'000	Total S$'000
Gross revenue	17,421	2,364	3,534	5,362	28,681	16,582	2,226	3,534	5,264	27,606
Property expenses	(6,567)	(106)	(136)	(994)	(7,803)	(6,320)	(79)	(112)	(884)	(7,395)
Net property income	**10,854**	**2,258**	**3,398**	**4,368**	**20,878**	**10,262**	**2,147**	**3,422**	**4,380**	**20,211**
Rental support	2,598	37	-	-	2,635	2,129	143	-	4,867	7,139
Reportable segment results	**13,452**	**2,295**	**3,398**	**4,368**	**23,513**	**12,391**	**2,290**	**3,422**	**9,247**	**27,350**
Unallocated items:										
- REIT Manager's fees					(2,309)					(2,154)
- REIT Trustee's fees					(48)					(50)
- Amortisation of intangible assets					(825)					(825)
- Other trust expenses					(220)					(309)
- Finance income					4					5
- Finance expenses					(5,381)					(5,092)
Net income					**14,734**					**18,925**
Change in fair value of derivative financial instruments					690					(1,457)
Total return for the period before income tax					**15,424**					**17,468**
Income tax					4,957					(1,204)
Total return for the period after income tax					**20,381**					**16,264**

	Stapled Group									
	1H2018					1H2017				
	Business Park S$'000	Hotel S$'000	Logistics S$'000	Light Industrial S$'000	Total S$'000	Business Park S$'000	Hotel S$'000	Logistics S$'000	Light Industrial S$'000	Total S$'000
Gross revenue	34,765	4,701	7,068	10,839	57,373	32,799	4,501	6,761	10,924	54,985
Property expenses	(13,008)	(206)	(245)	(1,985)	(15,444)	(12,281)	(159)	(212)	(1,782)	(14,434)
Net property income	**21,757**	**4,495**	**6,823**	**8,854**	**41,929**	**20,518**	**4,342**	**6,549**	**9,142**	**40,551**
Rental support	5,306	85	-	-	5,391	4,553	233	-	5,253	10,039
Reportable segment results	**27,063**	**4,580**	**6,823**	**8,854**	**47,320**	**25,071**	**4,575**	**6,549**	**14,395**	**50,590**
Unallocated items:										
- REIT Manager's fees					(4,106)					(3,952)
- REIT Trustee's fees					(99)					(97)
- Amortisation of intangible assets					(1,650)					(1,650)
- Other trust expenses					(634)					(671)
- Finance income					8					10
- Finance expenses					(10,612)					(10,034)
Net income					**30,227**					**34,196**
Change in fair value of investment properties					(3,894)					(2,239)
Change in fair value of derivative financial instruments					2,132					(2,824)
Total return for the period before income tax					**28,465**					**29,133**
Income tax					4,493					(1,691)
Total return for the period after income tax					**32,958**					**27,442**

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

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

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

Pursuant to Rule 705(5) of the Listing Manual, we, on behalf of the directors of the Managers, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the respective board of directors of the Managers which may render the unaudited financial results of the Stapled Group for the quarter and the six months ended 30 June 2018 to be false or misleading in any material respect.

On behalf of the Board of Directors

Leong Horn Kee
Chairman

Wilson Ang Poh Seong
Chief Executive Officer and
Executive Director

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

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

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

13 August 2018

IMPORTANT NOTICE

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

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

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