

FINANCIAL STATEMENTS

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Report of the Trustee

DBS Trustee Limited (the "**Trustee**") is under a duty to take into custody and hold the assets of BHG Retail REIT (the "**REIT**") in trust for the Unitholders (the "**Unitholders**"). In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of BHG Retail Trust Management Pte. Ltd. (the "**Manager**") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 18 November 2015 (as amended by a first supplemental deed dated 26 March 2018, a second supplemental deed dated 20 April 2018 and a third supplemental deed dated 14 April 2020) (collectively the "**Trust Deed**") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the year covered by these financial statements, set out on pages 124 to 193 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

**For and on behalf of the Trustee,
DBS Trustee Limited**

Jane Lim Puay Yuen
Authorised Signatory

Singapore
30 March 2026

Statement by the Manager

In the opinion of the directors of BHG Retail Trust Management Pte. Ltd. (the “**Manager**”), the accompanying financial statements set out on pages 124 to 193 comprising the statements of financial position, statements of total return, distribution statements, and statements of movements in unitholders’ (the “**Unitholders**”) funds of BHG Retail REIT (the “**REIT**”) and its subsidiaries (the “**Group**”) and of the REIT, the portfolio statement and statement of cash flows of the Group and material accounting information and other explanatory information, are drawn up so as to present fairly, in all material respects, the financial position of the Group and of the REIT and the portfolio of the Group as at 31 December 2025, the total return, distributable income, movements in Unitholders’ funds and cash flows of the Group and movement in Unitholders’ funds of the REIT for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed dated 18 November 2015 (as amended by a first supplemental deed dated 26 March 2018, a second supplemental deed dated 20 April 2018 and a third supplemental deed dated 14 April 2020). At the date of this statement, there are reasonable grounds to believe that the Group will be able to meet its financial obligations as and when they materialise.

**For and on behalf of the Manager,
BHG Retail Trust Management Pte. Ltd.**

Gan Chee Yen
Director

Singapore
30 March 2026

Independent Auditors' Report

UNITHOLDERS
BHG RETAIL REIT

(Constituted under a Trust Deed dated 18 November 2015 (as amended by a first supplemental deed dated 26 March 2018, a second supplemental deed dated 20 April 2018 and a third supplemental deed dated 14 April 2020) in the Republic of Singapore)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of BHG Retail REIT (the "**REIT**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position of the REIT as at 31 December 2025, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in Unitholders' funds and consolidated statement of cash flows of the Group and the statement of total return, distribution statement, and statement of movements in Unitholders' funds of the REIT for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 124 to 193.

In our opinion, the accompanying consolidated financial statements of the Group, and the statement of financial position, statement of total return, distribution statement, and statement of movements in Unitholders' funds of the REIT present fairly, in all material respects, the consolidated financial position and the portfolio holdings of the Group and the financial position of the REIT as at 31 December 2025 and the consolidated total return, consolidated distributable income, consolidated movements in Unitholders' funds and consolidated cash flows of the Group and the movements in Unitholders' funds of the REIT for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting Framework for Investment Funds*" ("**RAP 7**") issued by the Institute of Singapore Chartered Accountants.

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 Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**"), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also 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.

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 year. 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.

Independent Auditors' Report

VALUATION OF INVESTMENT PROPERTIES

(Refer to Portfolio Statement and Note 4 to the financial statements)

Risk

Investment properties represent the single largest category of assets on the consolidated statement of financial position of the Group at S\$859.2 million (2024: S\$885.3million) as at 31 December 2025.

These investment properties are stated at their fair values based on independent external valuations.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied and a small change in the assumptions can have a significant impact to the valuation.

Our response

We evaluated the qualifications, competence and objectivity of the external valuers and held discussions with the valuers to understand their valuation methodologies and assumptions used.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We tested the reasonableness of the projected cash flows used in the valuation to supporting leases and externally available industry and economic data available as at 31 December 2025. We assessed the key assumptions used in the valuations, which included term yield and reversionary rates, discount rates and terminal capitalisation rates by comparing them against historical rates and available industry data, taking into consideration comparability and market factors.

We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

Our findings

The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work.

The valuation methodologies adopted by the valuers are in line with generally accepted market practices. The significant data inputs used were supported by relevant supporting documents. The key assumptions used in the valuations, including the term yield and reversionary rates, discount rates and terminal capitalisation rates were supported by the evidence available and are within the range of industry data. Where the assumptions were outside the expected range, the additional factors considered by the valuers were consistent with other corroborative evidence. The disclosures in the financial statements are appropriate.

Independent Auditors' Report

Other information

BHG Retail Trust Management Pte. Ltd., the Manager of the REIT (the "Manager"), is responsible for the other information in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report hereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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 Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal control as the 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 Manager is responsible for assessing the Group'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 Manager either intends to terminate the Group or to cease operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

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.

Independent Auditors' Report

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 controls.
- Obtain an understanding of internal controls 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 Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Manager and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group to cease to continue as a going concern.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report

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

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

The engagement partner on the audit resulting in this independent auditors' report is Yap Wee Kee.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
30 March 2026

Statements of Financial Position

As at 31 December 2025

	Note	Group		REIT	
		2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Non-current assets					
Investment properties	4	859,162	885,349	-	-
Plant and equipment	5	980	1,122	-	-
Interests in subsidiaries	6	-	-	584,340	584,661
Deferred tax assets	7	198	204	-	-
		<u>860,340</u>	<u>886,675</u>	<u>584,340</u>	<u>584,661</u>
Current assets					
Trade and other receivables	8	16,783	10,753	2,468	2,008
Cash and cash equivalents	9	20,940	29,042	3,747	5,011
Derivative assets	10	-	163	-	163
		<u>37,723</u>	<u>39,958</u>	<u>6,215</u>	<u>7,182</u>
Total assets		<u>898,063</u>	<u>926,633</u>	<u>590,555</u>	<u>591,843</u>
Non-current liabilities					
Loans and borrowings	11	284,477	7,700	246,371	7,700
Trade and other payables	12	1,641	1,678	58,150	41,057
Security deposits		4,239	5,282	-	-
Lease liability	13	473	564	-	-
Deferred tax liabilities	7	31,955	34,913	-	-
Derivative liabilities	10	1,570	-	1,570	-
		<u>324,355</u>	<u>50,137</u>	<u>306,091</u>	<u>48,757</u>
Current liabilities					
Loans and borrowings	11	15,938	292,033	12,900	246,060
Trade and other payables	12	26,775	28,940	45,912	58,477
Security deposits		12,764	12,475	-	-
Current tax liabilities		2,532	2,494	-	-
Lease liability	13	78	67	-	-
Derivative liabilities	10	-	98	-	98
		<u>58,087</u>	<u>336,107</u>	<u>58,812</u>	<u>304,635</u>
Total liabilities		<u>382,442</u>	<u>386,244</u>	<u>364,903</u>	<u>353,392</u>
Net assets		<u>515,621</u>	<u>540,389</u>	<u>225,652</u>	<u>238,451</u>
Represented by:					
Unitholders' funds	14	353,921	374,027	225,652	238,451
Non-controlling interests	15	161,700	166,362	-	-
		<u>515,621</u>	<u>540,389</u>	<u>225,652</u>	<u>238,451</u>
Units in issue ('000)	16	<u>519,603</u>	<u>519,603</u>	<u>519,603</u>	<u>519,603</u>
Net asset value per Unit attributable to Unitholders (S\$)		<u>0.68</u>	<u>0.72</u>	<u>0.43</u>	<u>0.46</u>

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

Statements of Total Return

Year ended 31 December 2025

	Note	Group		REIT	
		2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Gross rental income		49,779	55,336	-	-
Dividend income		-	-	7,100	7,835
Other income		5,327	5,621	-	-
Gross revenue		55,106	60,957	7,100	7,835
Business tax		(301)	(361)	-	-
Property-related tax		(5,548)	(5,744)	-	-
Property management fees and reimbursables		(1,949)	(2,269)	-	-
Other property operating expenses	18	(18,278)	(19,740)	-	-
Total property operating expenses		(26,076)	(28,114)	-	-
Net property income		29,030	32,843	7,100	7,835
Manager's management fees					
- Base fee		(182)	(330)	(182)	(330)
- Performance fee		-	(135)	-	(135)
Trustee's fees		(141)	(145)	(141)	(145)
Valuation fee		22	44	22	44
Other income (non-operating)		482	924	-	-
Other operating expenses	19	(1,795)	(1,079)	(1,359)	218
Foreign exchange gain - realised		159	1,403	-	-
Finance income		25	91	-	-
Finance costs		(16,087)	(19,304)	(15,739)	(19,539)
Net finance costs	20	(16,062)	(19,213)	(15,739)	(19,539)
Total return/(loss) before changes in fair value of investment properties and unrealised foreign exchange gain/(loss)		11,513	14,312	(10,299)	(12,052)
Changes in fair value of investment properties	4	(7,235)	(4,798)	-	-
Foreign exchange gain/(loss) - unrealised		-	62	1,577	(516)
Total return/(loss) for the year before taxation		4,278	9,576	(8,722)	(12,568)
Taxation	21	(2,769)	(4,597)	-	-
Total return/(loss) for the year after taxation		1,509	4,979	(8,722)	(12,568)
Attributable to:					
Unitholders		(1,818)	(2,283)	(8,722)	(12,568)
Non-controlling interests	15	3,327	7,262	-	-
Total return/(loss) for the year after taxation		1,509	4,979	(8,722)	(12,568)
Earnings per Unit (cents)	22				
- Basic		(0.35)	(0.44)		
- Diluted		(0.35)	(0.44)		

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

Distribution Statements

Year ended 31 December 2025

	Note	Group		REIT	
		2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Amount available for distribution to Unitholders at beginning of the year		1,377	517	1,377	517
Total loss for the year attributable to Unitholders		(1,818)	(2,283)	(8,722)	(12,568)
Distribution adjustments	A	3,456	5,144	10,360	15,429
Income for the year available for distribution to Unitholders		1,638	2,861	1,638	2,861
Amount retained ⁽¹⁾		(164)	(286)	(164)	(286)
Income for the year to be distributed to Unitholders		1,474	2,575	1,474	2,575
Distribution to Unitholders during the year:					
- Distribution of 0.08 cents per Unit for period from 1 July 2023 to 31 December 2023		-	(416)	-	(416)
- Distribution of 0.25 cents per Unit for period from 1 January 2024 to 30 June 2024		-	(1,299)	-	(1,299)
- Distribution of 0.25 cents per Unit for period from 1 July 2024 to 31 December 2024		(1,299)	-	(1,299)	-
- Distribution of 0.22 cents per Unit for period from 1 January 2025 to 30 June 2025		(1,143)	-	(1,143)	-
		(2,442)	(1,715)	(2,442)	(1,715)
Amount available for distribution to Unitholders at end of the year		409	1,377	409	1,377
Distribution per unit (cents) ⁽²⁾		0.29	0.50		

⁽¹⁾ For the year ended 31 December 2025, approximately S\$0.2 million (2024: S\$0.3 million) of the amount available for distribution has been retained for operational expenses and working capital requirements of the REIT.

⁽²⁾ The distribution per unit relates to the distributions in respect of the relevant financial year.

The distribution relating to 1 July 2025 to 31 December 2025 will be paid within 90 days from the end of the distribution period, in accordance with the provisions of the Trust Deed.

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

Distribution Statements

Year ended 31 December 2025

Note A - Distribution adjustments

	Group		REIT	
	2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Distribution adjustment items:				
- Amortisation of debt establishment costs ⁽¹⁾	2,144	2,450	1,799	2,319
- Changes in fair value of investment properties ⁽¹⁾	3,358	4,823	-	-
- Deferred taxation ⁽¹⁾	(1,266)	(1,004)	-	-
- Net income of subsidiaries not distributed to the REIT ⁽¹⁾	-	-	10,138	12,595
- Transfer to statutory reserve ⁽¹⁾	(852)	(944)	-	-
- Other adjustments ⁽¹⁾	72	(181)	(1,577)	515
Net effect of distribution adjustments	3,456	5,144	10,360	15,429

⁽¹⁾ Excludes share attributable to non-controlling interests

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

Statements of Movements in Unitholders' Funds

Year ended 31 December 2025

	Group		REIT	
	2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Unitholders' funds as at beginning of the year	374,027	376,198	238,451	253,146
Operations				
Total loss for the year after taxation attributable to Unitholders	(1,818)	(2,283)	(8,722)	(12,568)
Transfer to statutory reserve	(852)	(944)	-	-
Net decrease in net assets resulting from operations	(2,670)	(3,227)	(8,722)	(12,568)
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(1,635)	(412)	(1,635)	(412)
Foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(14,211)	2,239	-	-
Statutory reserve				
Transfer from operations	852	944	-	-
Unitholders' transaction				
Distributions to Unitholders	(2,442)	(1,715)	(2,442)	(1,715)
Unitholders' funds as at end of the year	353,921	374,027	225,652	238,451

Non-controlling interest

	Group	
	2025 S\$'000	2024 S\$'000
At beginning of the year	166,362	169,216
Total return attributable to non-controlling interests	3,327	7,262
Distributions to non-controlling interests	(4,336)	(4,108)
Surplus capital returned to non-controlling interests	-	(7,105)
Translation differences from financial statements of foreign operations	(3,653)	1,097
At end of the year	161,700	166,362

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

Portfolio Statement

As at 31 December 2025

Group	Description of leasehold property	Location	Term of lease (years)	Remaining term of lease (years)	Valuation as at		Valuation as at		Percentage of Unitholders' funds	
					2025	2024	2025	2024	2025	2024
					RMB'000	RMB'000	SS'000	SS'000	%	%
Beijing Wanliu	No.2 Bagou Road, Haidian District, Beijing		30	19 ⁽¹⁾	2,507,000	2,557,000	458,866	478,714	130	127
Chengdu Konggang	No. 166 Jinhua Road second section, Shuangliu County, Chengdu		32	21 ⁽²⁾	720,000	674,000	131,785	126,184	37	34
Hefei Mengchenglu	No.99 Mengcheng Road, Luyang District, Hefei		30	19	589,000	595,000	107,807	111,394	30	30
Hefei Changjiangxilu	No. 639 Changjiangxilu Road, Shushan District, Hefei		30	17	481,000	485,000	88,039	90,800	25	24
Xining Huayuan	Nos.16-19 Shipo street, Chengzhong District, Xining		34	23	251,000	259,000	45,942	48,489	13	13
Dalian Jinsanjiao Investment properties, at valuation	No.18 Huadong Road, Ganjingzi District, Dalian		33	16	146,000	159,000	26,723	29,768	8	8
Other assets and liabilities (net)							859,162	885,349	243	236
Net assets							(343,541)	(344,960)	(97)	(92)
Net assets attributable to non-controlling interests							515,621	540,389	146	144
Net assets attributable to Unitholders							(161,700)	(166,362)	(46)	(44)
							353,921	374,027	100	100

⁽¹⁾ 29 years of remaining term lease for underground car parking use.

⁽²⁾ 51 years of remaining term lease for underground car parking use

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

Statement of Cash Flows

Year ended 31 December 2025

	Note	Group	
		2025 S\$'000	2024 S\$'000
Cash flows from operating activities			
Total return for the year before taxation		4,278	9,576
Adjustments for:			
Finance income	20	(25)	(91)
Finance costs	20	16,087	19,304
Loss on disposal/written off of plant and equipment	18	26	35
Depreciation of plant and equipment	5	132	93
Changes in fair value of investment properties	4	7,235	4,798
Foreign exchange gain – unrealised		–	(62)
Impairment loss on trade and other receivables		83	164
Operating income before working capital changes		27,816	33,817
Changes in:			
Trade and other receivables		(5,912)	(7,231)
Trade and other payables		(844)	256
Security deposits		(753)	966
Cash generated from operating activities		20,307	27,808
Tax paid		(4,912)	(5,211)
Net cash generated from operating activities		15,395	22,597
Cash flows from investing activities			
Capital expenditure on investment properties		(705)	(4,815)
Purchase of plant and equipment		(8)	(40)
Interest received		25	91
Net cash used in investing activities		(688)	(4,764)
Cash flows from financing activities			
Distribution to Unitholders		(2,442)	(1,715)
Dividend paid to non-controlling interests	15	(4,336)	(4,108)
Surplus capital returned to non-controlling interests		–	(7,105)
Decrease/(increase) in restricted cash		760	(731)
Net settlement of derivative contracts	11	(210)	816
Proceeds from borrowings	11	10,850	4,681
Repayment of borrowings	11	(4,765)	(6,990)
Payment of transaction costs related to loans and borrowings	11	(6,585)	(19)
Interest paid	11	(14,648)	(17,317)
Payment of lease liability	11	(91)	(92)
Net cash used in financing activities		(21,467)	(32,580)

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

Statement of Cash Flows

Year ended 31 December 2025

	Note	Group	
		2025 S\$'000	2024 S\$'000
Decrease in cash and cash equivalents		(6,760)	(14,747)
Cash and cash equivalents at 1 January		23,341	37,939
Effect of foreign exchange rate changes on cash balances		(550)	149
Cash and cash equivalents at 31 December	9	16,031	23,341

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

Notes to the Financial Statements

Year ended 31 December 2025

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 30 March 2026.

1. GENERAL

BHG Retail REIT (the "REIT") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 18 November 2015 (as amended by a first supplemental deed dated 26 March 2018, a second supplemental deed dated 20 April 2018 and a third supplemental deed dated 14 April 2020) (collectively the "Trust Deed") between BHG Retail Trust Management Pte. Ltd. (the "Manager") and DBS Trustee Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the REIT held by it or through its subsidiaries (the "Group") in trust for the holders of units ("Units") in the REIT.

The REIT was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 11 December 2015 (the "Listing Date").

The principal activities of the REIT are those relating to investment in a diversified portfolio of income-producing properties located primarily in the People's Republic of China ("China") and used primarily for retail purposes.

The principal activities of the subsidiaries are those of investment holding of properties located in China and used for retail purposes.

The Group has entered into several service agreements in relation to the management of the REIT and its property operations. The main fee structures for these services are as follows:

(i) Trustee's fees

Pursuant to Clause 15.5 of the Trust Deed, the Trustee's fees shall not exceed 0.1% per annum of the value of deposited property, subject to a minimum of S\$10,000 per month, excluding out-of-pocket expenses and Goods and Services Tax.

(ii) Manager's management fees

The Manager is entitled under Clauses 15.1 of the Trust Deed to the following management fees:

- a base fee of 10% per annum of the annual distributable income; and
- a performance fee of 25% per annum of the difference in distribution per unit ("DPU") in a financial year with the DPU 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 Units in issue for such financial year.

The Manager may elect to receive the management fees in cash or Units or a combination of cash and/or Units (as it may in its sole discretion determine).

Notes to the Financial Statements

Year ended 31 December 2025

1. GENERAL (CONT'D)

(iii) Property management fees

Under the property management agreement in respect of each property, the property manager ("Property Manager") will provide lease management services, property management services and marketing co-ordination services in relation to the property. The Property Manager is entitled to the following fees:

- 2% per annum of the gross revenue of the property;
- 2.5% per annum of the net property income of the property; and
- a one-time lease-up commission of 2 months of fixed rent for securing of new tenants for a tenancy of at least three years, commencing for new tenancies entered into from 1 January 2018.

The property management fees are payable to the Property Manager. The Property Manager may elect to receive the property management fees in the form of cash and/or Units.

2. BASIS OF PREPARATION

2.1 Going concern

For the year ended 31 December 2025, the REIT recognised loss for the year of S\$8.7 million and the Group and the REIT have net current liabilities at 31 December 2025 of S\$20.4 million and S\$52.6 million respectively. The net current liability positions of the Group and the REIT as at 31 December 2025 are mainly attributed to (i) loans from related companies (current) and interest payables to related companies for both the Group and the REIT of S\$7.7 million (see Note 11) and S\$1.4 million (see Note 12) respectively, (ii) loans from subsidiaries (current), amounts owing to subsidiaries and interest payables to subsidiaries for the REIT of S\$38.4 million (see Note 12), (iii) advance rental from tenants (see Note 12) and security deposits (current) for the Group of S\$4.6 million and S\$12.8 million respectively.

Notwithstanding this, the Manager has prepared the financial statements based on a going concern basis, having assessed that:

- i) the Group and the REIT have received letter of undertaking from a related company not to demand repayment of the loans from related company and interest payables of S\$9.0 million, and the REIT has received letters of undertaking from its subsidiaries not to demand repayment of amounts owing to subsidiaries amounting to S\$37.4 million for at least the next twelve months from the date of issue of these financial statements;
- ii) the current security deposits for the Group are not expected to have significant cash outflow based on historical lease renewal trend; and
- iii) on 16 March 2026, the REIT completed the scheduled repayment of its loans and borrowings, including all applicable interest payables, of S\$8.2 million in accordance with the agreed terms as per the loan facilities agreement.

Notes to the Financial Statements

Year ended 31 December 2025

2. BASIS OF PREPARATION (CONT'D)

2.1 Going concern (cont'd)

The Manager is not aware of any other adverse circumstances or reasons which would likely affect the Group and the REIT's ability to continue as a going concern. Accordingly, at the date of issue of these financial statements, the Manager is of the view that there are reasonable ground to believe that the Group and the REIT will be able to pay its respective debts as and when they fall due. In consideration of the foregoing, the Manager opined that it is appropriate to prepare the financial statements on a going concern basis.

2.2 Statement of compliance

The financial statements have been prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 Reporting Framework for Investment Funds ("RAP 7") issued by the Institute of Singapore Chartered Accountants, 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 Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the principles relating to recognition and measurement of the Financial Reporting Standards ("FRS"). The changes to material accounting policies are described in note 2.6.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.4 Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The consolidated financial statements of the Group are presented in Singapore Dollars, which is the functional currency of the REIT. All financial information presented in Singapore Dollars has been rounded to the nearest thousand, unless otherwise stated.

2.5 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions about the future, including climate-related risks and opportunities, that affect the application of accounting policies and the 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 and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to accounting estimates are recognised prospectively.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets, and financial and non-financial liabilities.

Notes to the Financial Statements

Year ended 31 December 2025

2. BASIS OF PREPARATION (CONT'D)

2.5 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 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).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the Note 4 – investment properties and Note 27 – capital and financial risk management.

2.6 Changes in material accounting policies

New accounting standards and amendments

The Group has applied the Amendments to FRS 21 *Lack of Exchangeability* for the first time for the annual period beginning on 1 January 2025. The application of these amendments to accounting standards does not have a material effect on the financial statements.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.6, which addresses changes in material accounting policies.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Notes to the Financial Statements

Year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Any goodwill that arises is tested annually for impairment.

When the excess is negative, a gain on bargain purchase is recognised immediately in the statement of total return.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of total return.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected for each business combination. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required under the principles of FRSs. If the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at each acquisition date and any changes are taken to the statement of total return.

When acquisition of an asset or a group of assets does not constitute a business combination, it is treated as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognised. The acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The 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 subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group's acquisition of subsidiaries is primarily accounted for as an acquisition of assets as the subsidiaries are special purpose vehicles established for the sole purpose of holding assets.

Notes to the Financial Statements

Year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(ii) Subsidiaries (cont'd)

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in statement of total return. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Accounting for subsidiaries by the REIT

Investments in subsidiaries are stated in the REIT's statements of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the foreign exchange rates at the date that 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 generally recognised in statement of total return. However, foreign currency differences arising from the translation of the following items are recognised in Unitholders' Funds:

Notes to the Financial Statements

Year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

(i) Foreign currency transactions (cont'd)

- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- Qualifying cash flow hedges to the extent that the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore Dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reattributed to the non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in Unitholders' funds and are presented in the foreign currency translation reserve in equity.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. However, if the Group has an unconditional right to an amount that differs from the transaction price (e.g. due to the Group's refund policy), the trade receivable will be initially measured at the amount of that unconditional right.

Notes to the Financial Statements

Year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified and measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of total return. Any gain or loss on derecognition is recognised in statement of total return.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of total return. These financial liabilities comprised interest-bearing borrowings, security deposits, and trade and other payables.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Notes to the Financial Statements

Year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(iii) Derecognition (cont'd)

Financial assets (cont'd)

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of total return.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances at bank.

(vi) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Notes to the Financial Statements

Year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting (cont'd)

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the hedging reserve in Unitholders' funds. The effective portion of changes in the fair value of the derivative that is recognised in the hedging reserve in Unitholders' funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

The amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to statement of total return in the same period or periods during which the hedged expected future cash flows affect total return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in Unitholders' funds until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to statement of total return in the same period or periods as the hedged expected future cash flows affect total return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the statement of total return.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the statement of total return.

3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for 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.

Notes to the Financial Statements

Year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.4 Investment properties (cont'd)

Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year in accordance with the CIS Code issued by the MAS.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of total return.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for at fair value.

3.5 Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains or losses arising from the retirement or disposal of plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the statement of total return on the date of retirement or disposal.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The cost of the day-to-day servicing of plant and equipment are recognised in the statement of total return as incurred.

Notes to the Financial Statements

Year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.5 Plant and equipment (cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in statement of total return on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use. The estimated useful lives for the current and comparative years are as follows:

Plant and machinery	-	5 years
Motor vehicles	-	5 years
Furniture, fittings and equipment	-	5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

3.6 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

Notes to the Financial Statements

Year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes to the Financial Statements

Year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Credit-impaired financial assets (cont'd)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and deferred tax assets, are reviewed at each reporting date 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 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 disposal. 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.

Impairment losses are recognised in the statement of total return. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Notes to the Financial Statements

Year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

Impairment losses recognised in prior periods in respect of assets other than goodwill are assessed at each reporting date 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 represent the residual interests in the Group's net assets upon termination and are classified as equity.

Expenses incurred in connection with the issuance of Units in the REIT are deducted directly against the Unitholders' funds.

3.8 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in statement of total return in the periods during which related services are rendered by employees.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.9 Distribution policy

The REIT's distribution policy is to distribute 100.0% of its amount available for distribution to Unitholders for the financial period from 11 December 2015 ("Listing Date") to 31 December 2016. Thereafter, the Manager will distribute at least 90.0% of the REIT's amount available for distribution with the actual level of distribution to be determined at the discretion of the Board of Directors of the Manager. Distribution to Unitholders will be made semi-annually based on the half-yearly results of the REIT.

On 12 August 2022, the Manager has announced the implementation of the Distribution Reinvestment Plan ("DRP"), which provides eligible Unitholders with the option to elect to receive the REIT's Units in respect of all or part only (where applicable) in lieu of the cash amount of any distribution to which the DRP applies. The Manager may, in its absolute discretion, determine when to implement a DRP.

Notes to the Financial Statements

Year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.10 Revenue recognition

(i) Rental income

Rental income receivable under operating leases is recognised in the statement of total return 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 assets. Lease incentives granted are recognised as an integral part of the total rental to be received. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period in which they are earned. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

3.11 Expenses

(i) Property expenses

Property expenses are recognised on an accrual basis.

(ii) Manager's management fees, property management fees and Trustee's fees

These are recognised on an accrual basis based on the applicable formula stipulated in Note 1.

3.12 Finance income and finance costs

Finance income comprises interest income recognised in the statement of total return as it accrues, using the effective interest method.

Finance costs which comprise interest expense on borrowings and expense incurred in connection with borrowings are recognised in the statement of total return, using the effective interest method over the period of the borrowings.

3.13 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

Notes to the Financial Statements

Year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.13 Leases (cont'd)

As a lessor (cont'd)

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from Investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'

As a lessee

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component for leases of property.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Notes to the Financial Statements

Year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.13 Leases (cont'd)

As a lessee (cont'd)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.14 Taxation

Tax expenses comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items recognised directly in Unitholders' fund.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

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:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, that affects neither accounting nor taxable profit or loss; and
- temporary differences relating to investments in subsidiaries to the extent that the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

Notes to the Financial Statements

Year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.14 Taxation (cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 3.4, the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying value at the end of the reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets or liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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 income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3.15 Earnings per Unit

The Group presents basic and diluted earnings per unit ("EPU") data for its Units. Basic EPU is calculated by dividing the total return attributable to Unitholders of the Group by the weighted average number of ordinary Units outstanding during the year. Diluted EPU is determined by adjusting the total return attributable to Unitholders and the weighted average number of Units outstanding for the effects of all dilutive potential Units.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Makers ("CODMs"). The CODMs has been identified as the Chief Executive Officer and the Chief Financial Officer of the Manager.

Segment results that are reported to the CODMs include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other receivables, cash and cash equivalents, trade and other payables, and interest-bearing borrowings.

Notes to the Financial Statements

Year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.16 Segment reporting (cont'd)

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment and capital expenditure on investment properties.

3.17 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

- FRS 118 *Presentation and Disclosure in Financial Statements*
- *Classification and Measurement of Financial Instruments (Amendments to FRS 109 and FRS 107)*
- *Annual Improvements to FRSs—Volume 11*
- FRS 119: *Subsidiaries without Public Accountability: Disclosures*
- *Contracts Referencing Nature-dependent Electricity (Amendments to FRS 109 and FRS 107)*

The Group is in the process of assessing the impact of the others new or amended standards on its financial statements.

4. INVESTMENT PROPERTIES

	Group	
	2025 S\$'000	2024 S\$'000
At beginning of the year	885,349	878,152
Additions during the year	705	4,815
	886,054	882,967
Changes in fair value	(7,235)	(4,798)
Translation differences	(19,657)	7,180
At end of the year	859,162	885,349

Investment properties comprise retail properties that are held mainly for use by tenants under operating leases (see Portfolio Statement for details).

Contingent rents, representing income based on sales achieved by certain tenants, recognised in the statement of total return during the year amounted to S\$2.5 million (2024: S\$2.7 million).

Fair value

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see Note 2.5). Investment properties are stated at fair value based on valuation as at 31 December 2025 performed by independent professional valuers having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. In determining the fair value, the valuers have used valuation methods which involve certain estimates. As explained under Note 3.4, valuation of investment properties is performed in accordance with the Trust Deed. The Manager reviews the key valuation parameters and underlying data including term yield and reversionary rates, discount rates and terminal capitalisation rates adopted by the valuers and is of the view that the valuation methods and estimates are reflective of the current market conditions.

Notes to the Financial Statements

Year ended 31 December 2025

4. INVESTMENT PROPERTIES (CONT'D)

Fair value (cont'd)

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion.

The valuers have considered valuation techniques including the discounted cash flow method, and capitalisation approach. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates.

Level 3 fair values

The following table shows the significant unobservable inputs used in the valuation models:

Valuation methods	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows approach	Discount rates from 6.0% to 7.0% (2024: 7.0% to 8.0%)	The fair value increases as discount rate decreases.
	Terminal capitalisation rates From 4.0% to 5.0% (2024: 4.0% to 5.0%)	The fair value increases as terminal capitalisation rates decreases.
Income capitalisation approach	Term yield from 2.6% to 6.6% (2024: 5.2% to 6.6%)	The fair value increases as term yield decreases.
	Reversionary rates from 5.7% to 7.1% (2024: 5.7% to 7.1%)	The fair value increases as reversionary rate decreases.

Security

The investment properties are pledged as security to secure credit facilities (Note 11).

Notes to the Financial Statements

Year ended 31 December 2025

5. PLANT AND EQUIPMENT

	Plant and machinery S\$'000	Motor vehicles S\$'000	Furniture, fittings and equipment S\$'000	Leased land S\$'000	Total S\$'000
Group					
Cost					
At 1 January 2024	3,582	234	3,407	-	7,223
Additions during the year	33	-	7	700	740
Disposal/written off	(34)	-	(21)	-	(55)
Translation difference on consolidation	25	2	23	16	66
At 31 December 2024	3,606	236	3,416	716	7,974
Additions during the year	4	-	4	-	8
Disposal/written off	(26)	-	(8)	-	(34)
Translation difference on consolidation	(47)	(5)	(77)	(16)	(145)
At 31 December 2025	3,537	231	3,335	700	7,803
Accumulated depreciation					
At 1 January 2024	3,335	221	3,191	-	6,747
Charge for the year	25	2	38	28	93
Disposal/written off	-	-	(20)	-	(20)
Translation difference on consolidation	24	2	6	-	32
At 31 December 2024	3,384	225	3,215	28	6,852
Charge for the year	14	-	30	88	132
Disposal/written off	-	-	(8)	-	(8)
Translation difference on consolidation	(76)	(5)	(72)	-	(153)
At 31 December 2025	3,322	220	3,165	116	6,823
Carrying amounts					
At 1 January 2024	247	13	216	-	476
At 31 December 2024	222	11	201	688	1,122
At 31 December 2025	215	11	170	584	980

Property, plant and equipment includes the Group's right-of-use assets of S\$0.6 million (2024: S\$0.7 million) in relation to a land use right.

Notes to the Financial Statements

Year ended 31 December 2025

6. INTERESTS IN SUBSIDIARIES

	REIT	
	2025 S\$'000	2024 S\$'000
Equity investment, at cost	5,510	5,510
Non-trade amounts due from subsidiaries	578,830	579,151
	<u>584,340</u>	<u>584,661</u>

The non-trade amounts due from subsidiaries are unsecured, interest-free, have no fixed term on repayment and are not expected to be repaid within the next 12 months.

Details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/ business	Effective equity held by the Group	
		2025 %	2024 %
<u>Held by the REIT</u>			
Petra 1 (China) Mall Pte. Ltd.*	Singapore	100	100
Petra 2 (China) Mall Pte. Ltd.*	Singapore	100	100
Petra 3 (China) Mall Pte. Ltd.*	Singapore	100	100
Petra 4 (China) Mall Pte. Ltd.*	Singapore	100	100
Petra 6 (China) Mall Pte. Ltd.*	Singapore	100	100
Fuchsia (China) Mall Pte. Ltd.*	Singapore	100	100
<u>Held through subsidiaries</u>			
Beijing Hualian Wanmao Shopping Mall Management Co., Ltd. **	China	60	60
Hefei Hualian Rui An Shopping Mall Commercial Operation Co., Ltd.**	China	100	100
Qinghai Xinglian Real Property Co., Ltd. **	China	100	100
Chengdu Hairong Xingda Real Property Co., Ltd. **	China	100	100
Dalian Hualian Commercial Facilities Operation Co., Ltd. **	China	100	100
Hefei Hualian Ruicheng Shopping Plaza Commercial Operation Ltd.**	China	100	100

* Audited by KPMG LLP Singapore

** Audited by KPMG Huazhen LLP China

Notes to the Financial Statements

Year ended 31 December 2025

6. INTERESTS IN SUBSIDIARIES (CONT'D)

Impairment of investment in subsidiaries

The REIT recognised impairment losses at a level considered adequate to provide for potential non-recoverability of investments in subsidiaries. The level of allowance is evaluated by the REIT on the basis of factors that affect the recoverability of the investments. These factors include, but not limited to, the activities and financial position of the entities and market factors. The REIT reviews and identifies balances that are to be impaired on a continuous basis. The amount and timing of recorded expenses for any period would differ if the REIT made different judgement or utilised different estimates.

The REIT assessed the carrying amount of its investments in subsidiaries for indicators of impairment or reversal of impairment. The recoverable amount of the subsidiary was estimated using the fair value less cost to sell approach derived from the net asset value of the subsidiaries which comprises mainly investment property measured at fair value. Based on the management assessment, no impairment (2024: reversal of impairment loss of S\$0.8 million) was recognised in relation to the investments in the subsidiaries for the financial year ended 31 December 2025.

7. DEFERRED TAX ASSETS/(LIABILITIES)

The movement in deferred tax assets/(liabilities) during the financial year is as follows:

Group	Recognised in statements of total return			Recognised in statements of total return			At 31 December 2025
	At 1 January 2024	of total return (Note 21)	Translation difference	At 31 December 2024	of total return (Note 21)	Translation difference	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax assets							
Allowance for doubtful receivables and unutilised losses	46	154	4	204	(1)	(5)	198
Deferred tax liabilities							
Investment properties	(34,938)	1,005	(317)	(34,250)	2,238	765	(31,247)
Tax on unrepatriated profits	(532)	(161)	30	(663)	(1)	(44)	(708)
	(35,470)	844	(287)	(34,913)	2,237	721	(31,955)
	(35,424)	998	(283)	(34,709)	2,236	716	(31,757)

Notes to the Financial Statements

Year ended 31 December 2025

7. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the Statement of Financial Position as follows:

	Group	
	2025	2024
	S\$'000	S\$'000
Deferred tax assets	198	204
Deferred tax liabilities	(31,955)	(34,913)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2025	2024
	S\$'000	S\$'000
Unutilised tax losses	14,073	9,761

Deferred tax assets have not been recognised within respect of the above as it is not probable that future taxable profits will be available and/or sufficient to allow the related tax benefits to be realised.

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the country in which the subsidiaries operate. These tax losses can be carried forward up to five consecutive years and will expire on the fifth year from which the tax losses arise.

8. TRADE AND OTHER RECEIVABLES

	Group		REIT	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables from third parties	683	691	-	-
Trade receivables from related companies	6,297	3,793	-	-
Impairment losses	(160)	(168)	-	-
	6,820	4,316	-	-
Other receivables from third parties	3,125	4,808	2,444	1,982
Other receivables from related companies	6,378	888	-	1
Impairment losses	(200)	(115)	-	-
	9,303	5,581	2,444	1,983
Trade and other receivables	16,123	9,897	2,444	1,983
Prepayments	660	856	24	25
	16,783	10,753	2,468	2,008

Notes to the Financial Statements

Year ended 31 December 2025

8. TRADE AND OTHER RECEIVABLES (CONT'D)

Concentration of credit risk relating to trade and other receivables is limited as the Group has many varied tenants located in several cities in China and a credit policy of obtaining security deposits from tenants for the lease of units in the Group's investment properties. These tenants comprise retailers engaged in a wide variety of consumer trades.

Trade receivables from related companies

Trade receivables due from related companies amounting to S\$5.41 million (2024: S\$3.63 million) are guaranteed by the parent company of the Sponsor which has sufficient financial capability and ability to repay the trade receivables due from the related companies. Based on this factor, the Manager has determined that no impairment loss is required. The amount of the allowance on these balances is insignificant.

Other receivables from related companies

Outstanding non-trade balance with related companies is unsecured, interest-free and have no fixed terms of repayment. The amounts are classified as current as the Manager expects to receive payment within the next 12 months. The amount of the allowance on these balances is insignificant.

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables (excluding prepayments) at the reporting date (by geographical area) is:

	Group		REIT	
	2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Beijing	2,674	2,584	-	-
Chengdu	5,500	358	-	-
Hefei	472	431	-	-
Qinghai	2,529	1,990	-	-
Dalian	2,420	2,468	-	-
Singapore	2,528	2,066	2,444	1,983
	16,123	9,897	2,444	1,983

Notes to the Financial Statements

Year ended 31 December 2025

8. TRADE AND OTHER RECEIVABLES (CONT'D)

Other receivables from related companies (cont'd)

Expected credit loss assessment

The following table provides information about the exposure to credit risk and ECL's for trade and other receivables (excluding prepayments) as at 31 December 2025:

	Gross carrying amount S\$'000	Group impairment loss allowance S\$'000	Credit impaired
2025			
Not past due	7,935	-	No
Past due 1 – 30 days	715	-	No
Past due 31 – 60 days	415	-	No
Past due 61 – 90 days	493	-	No
More than 90 days due	6,925	(360)	Yes
	<u>16,483</u>	<u>(360)</u>	
2024			
Not past due	4,550	-	No
Past due 1 – 30 days	1,036	-	No
Past due 31 – 60 days	622	-	No
Past due 61 – 90 days	748	-	No
More than 90 days due	3,224	(283)	Yes
	<u>10,180</u>	<u>(283)</u>	

Movements in allowance for impairment in respect of trade and other receivables

The movement in the allowance for impairment in respect of trade and other receivables during the year is as follows:

	Group Individually impaired	
	2025 S\$'000	2024 S\$'000
At 1 January	283	116
Impairment loss	83	164
Translation difference	(6)	3
At 31 December	<u>360</u>	<u>283</u>

Notes to the Financial Statements

Year ended 31 December 2025

8. TRADE AND OTHER RECEIVABLES (CONT'D)

Other receivables from related companies (cont'd)

Movements in allowance for impairment in respect of trade and other receivables (cont'd)

Impairment allowance is recognised for other receivables that are individually determined to be impaired at the reporting date due to debtors that are in significant financial difficulties.

The Group and the REIT's historical experience in the collection of trade and other receivables falls within the recorded allowances. The Manager believes that no additional credit risk beyond the amounts provided for collection losses which is inherent in the Group and the REIT's trade and other receivables, based on historical payment behaviours and the security deposits held (if applicable).

9. CASH AND CASH EQUIVALENTS

	Group		REIT	
	2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Cash at banks and in hand	20,940	29,042	3,747	5,011
Restricted cash	(4,909)	(5,701)	(3,088)	(4,166)
Cash and cash equivalents in statement of cash flows	16,031	23,341	659	845

10. FINANCIAL DERIVATIVES

	Group and REIT	
	2025 S\$'000	2024 S\$'000
Derivative assets		
Interest rate swaps used for hedging	-	163
Current	-	163
Derivative liabilities		
Interest rate swaps used for hedging	1,570	98
Current	-	98
Non-current	1,570	-

Notes to the Financial Statements

Year ended 31 December 2025

10. FINANCIAL DERIVATIVES (CONT'D)

Interest rate swaps

The Group and the REIT use interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing term loans by swapping the interest expense on a proportion of these term loans from floating rates to fixed rates.

Interest rate swaps of the Group and the REIT with a total notional amount of S\$82.0 million (2024: S\$123.0 million) and S\$82.0 million (2024: S\$123.0 million) are entered respectively, to provide fixed rate funding for average terms of 3 years (2024: 3 years) at an average interest rate of 2.30% (2024: 3.01%) per annum. These interest rate swaps are designated as hedging instruments in cash flow hedges. The fair value of financial derivatives represented 0.3% (2024: 0.01%) of the net assets of the Group as at 31 December 2025.

11. LOANS AND BORROWINGS

	Group		REIT	
	2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Unsecured loan	16,550	7,700	16,550	7,700
Secured loans	288,832	292,642	246,647	246,647
Less: Unamortised transaction costs	(4,967)	(609)	(3,926)	(587)
	<u>300,415</u>	<u>299,733</u>	<u>259,271</u>	<u>253,760</u>
Current	15,938	292,033	12,900	246,060
Non-current	284,477	7,700	246,371	7,700
	<u>300,415</u>	<u>299,733</u>	<u>259,271</u>	<u>253,760</u>

Notes to the Financial Statements

Year ended 31 December 2025

11. LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of the outstanding loans and borrowings at the reporting date are as follows:

	Nominal interest rate per annum %	Year of maturity	Face value S\$'000	Carrying amount S\$'000
2025				
Group				
SGD secured floating rate loan	4.29-5.34	2026-2028	244,647	240,721
SGD secured floating rate loan	4.39-6.26	2026	2,000	2,000
SGD unsecured fixed rate loan	6.00	2026	7,700	7,700
SGD unsecured fixed rate loan	4.00	2027	8,850	8,850
RMB secured floating rate loan	4.10-4.20	2026-2030	27,510	26,834
RMB secured floating rate loan	4.10-4.20	2026-2030	14,676	14,310
			305,383	300,415
REIT				
SGD secured floating rate loan	4.29-5.34	2026-2028	244,647	240,721
SGD secured floating rate loan	4.39-6.26	2026	2,000	2,000
SGD unsecured fixed rate loan	6.00	2026	7,700	7,700
SGD unsecured fixed rate loan	4.00	2027	8,850	8,850
			263,197	259,271

Notes to the Financial Statements

Year ended 31 December 2025

11. LOANS AND BORROWINGS (CONT'D)

	Nominal interest rate per annum %	Year of maturity	Face value S\$'000	Carrying amount S\$'000
2024				
Group				
SGD secured floating rate loan	6.03-6.11	2025	244,647	244,060
SGD secured floating rate loan	6.55-6.80	2025	2,000	2,000
SGD unsecured fixed rate loan	6.00	2026	7,700	7,700
RMB secured floating rate loan	4.45-4.55	2025	29,767	29,768
RMB secured floating rate loan	4.45-4.55	2025	16,228	16,205
			<u>300,342</u>	<u>299,733</u>
REIT				
SGD secured floating rate loan	6.03-6.11	2025	244,647	244,060
SGD secured floating rate loan	6.55-6.80	2025	2,000	2,000
SGD unsecured fixed rate loan	6.00	2026	7,700	7,700
			<u>254,347</u>	<u>253,760</u>

Facilities and securities

The Group has put in place two onshore secured borrowing facilities of RMB 192.5 million and RMB 104.5 million respectively, and an offshore secured borrowing facility of S\$252.0 million. As at 31 December 2025, the S\$252.0 million offshore facility was fully drawn down, while RMB 178.5 million and RMB 99.1 million were drawn down from RMB 192.5 million and RMB 104.5 million onshore facilities respectively.

For the year ended 31 December 2025, the Group had repaid RMB 15.2 million (2024: RMB 13.4 million) of the onshore facilities, in accordance with the facility agreements. The Group and the REIT had repaid S\$2.0 million (2024: S\$4.5 million) offshore facilities during the year.

The onshore facilities are collectively secured by a legal mortgage over the Group's investment properties, and a pledge over the receivables of the six (2024: six) subsidiaries in China.

The offshore facility is secured by way of a charge on 100% REIT's shareholding in the Singapore holding companies, an equity pledge on Petra 1 (China) Mall Pte. Ltd.'s 60% equity interest in Beijing Hualian Wanmao Shopping Mall Management Co., Ltd., and equity pledges on the remaining five (2024: five) Singapore holding companies' 100% equity interest in the respective subsidiaries in China.

In addition to the above facilities, the REIT has obtained and drawn down from other secured bank facility an amount totalling S\$2.0 million (2024: S\$2.0 million) and from unsecured facilities an amount totalling S\$8.9 million (2024: S\$ Nil). The unsecured fixed rate loans amounted to S\$16.6 million (2024: S\$ 7.7 million) are from related companies; of which S\$7.7 million (2024: S\$Nil) are due within the next 12 months.

The Group and the REIT's secured loan is subjected to various covenants. The Group experienced a temporary covenant shortfall in June 2025, which was addressed with the lender's waiver. The matter was resolved by the end of the year. As at 31 December 2025, the Group and the REIT were in compliance with all financial covenants.

Notes to the Financial Statements

Year ended 31 December 2025

11. LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			Derivatives (assets)/liabilities held to hedge long-term borrowings		Total S\$'000
	Loans and borrowings S\$'000	Interest payable (Note 12) S\$'000	Lease liability (Note 13) S\$'000	Interest rate swap used for hedging - assets S\$'000	Interest rate swap used for hedging - liabilities S\$'000	
Group						
Balance at 1 January 2025	299,733	5,476	631	(163)	98	305,775
Changes from financing cash flows						
Net settlement of derivative contracts	-	-	-	129	(339)	(210)
Proceeds from borrowings	10,850	-	-	-	-	10,850
Repayment of borrowings	(4,765)	-	-	-	-	(4,765)
Payment of transaction costs relating to loans and borrowings	(6,585)	-	-	-	-	(6,585)
Interest paid	-	(14,648)	-	-	-	(14,648)
Payment of lease liability	-	-	(91)	-	-	(91)
	(500)	(14,648)	(91)	129	(339)	(15,449)
Non-cash changes						
Effect of changes in foreign exchange rates	(1,051)	(19)	(14)	-	-	(1,084)
Amortisation of borrowing costs	2,233	-	-	-	-	2,233
Interest expense	-	13,829	25	-	-	13,854
Changes in fair value	-	-	-	34	1,811	1,845
	1,182	13,810	11	34	1,811	16,848
Balance as at 31 December 2025	300,415	4,638	551	-	1,570	307,174

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Year ended 31 December 2025

11. LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities			Derivatives (assets)/liabilities held to hedge long-term borrowings		Total S\$'000
	Loans and borrowings S\$'000	Interest payable (Note 12) S\$'000	Lease liability (Note 13) S\$'000	Interest rate swap used for hedging - assets S\$'000	Interest rate swap used for hedging - liabilities S\$'000	
Group						
Balance at 1 January 2024	299,315	5,930	-	(754)	277	304,768
Changes from financing cash flows						
Net settlement of derivative contracts	-	-	-	869	(53)	816
Proceeds from borrowings	4,681	-	-	-	-	4,681
Repayment of borrowings	(6,990)	-	-	-	-	(6,990)
Payment of transaction costs relating to loans and borrowings	(19)	-	-	-	-	(19)
Interest paid	-	(17,317)	-	-	-	(17,317)
Payment of lease liability	-	-	(92)	-	-	(92)
	(2,328)	(17,317)	(92)	869	(53)	(18,921)
Non-cash changes						
Effect of changes in foreign exchange rates	296	17	15	-	-	328
Recognition of lease liability (net)	-	-	700	-	-	700
Amortisation of borrowing costs	2,450	-	-	-	-	2,450
Interest expense	-	16,846	8	-	-	16,854
Changes in fair value	-	-	-	(278)	(126)	(404)
	2,746	16,863	723	(278)	(126)	19,928
Balance as at 31 December 2024	299,733	5,476	631	(163)	98	305,775

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Year ended 31 December 2025

12. TRADE AND OTHER PAYABLES

	Group		REIT	
	2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Trade payables	4,887	6,939	-	-
Interest payables	4,638	5,476	20,926	19,855
Other payables	7,805	9,773	35	184
Accrued operating expenses	6,449	2,786	3,476	428
Management fees payable to the Manager	-	414	-	414
Loans from subsidiaries	-	-	67,485	69,027
Amounts owing to subsidiaries	-	-	12,140	9,626
Advance rental from tenants	4,637	5,230	-	-
	<u>28,416</u>	<u>30,618</u>	<u>104,062</u>	<u>99,534</u>
Current	26,775	28,940	45,912	58,477
Non-current	1,641	1,678	58,150	41,057
	<u>28,416</u>	<u>30,618</u>	<u>104,062</u>	<u>99,534</u>

Interest payables of the Group and the REIT include an amount of S\$1,404,000 (2024: S\$832,000) due to related companies, and the interest payables of the REIT include an amount of S\$16,895,000 (2024: S\$15,114,000) due to subsidiaries respectively.

Loans from subsidiaries include a non-current amount of S\$58,150,000 (2024: S\$41,057,000) and a current amount of S\$9,335,000 (2024: S\$27,970,000), non-trade in nature, unsecured, interest-bearing at 4.75% (2024: 4.75%) per annum and repayable within 1 to 2 years (2024: 1 to 3 years).

Amounts owing to subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

13. LEASE LIABILITY

Leases as lessee

The Group lease a piece of vacant land for the mall asset enhancement use. The remaining lease period is 7 years.

Information about lease for which the Group is a lessee is presented below.

	Group	
	2025 S\$'000	2024 S\$'000
Current lease liability	78	67
Non-current lease liability	473	564
Total lease liability	<u>551</u>	<u>631</u>

Amount recognised in profit or loss

	Group	
	2025 S\$'000	2024 S\$'000
Interest expense on lease liability	<u>25</u>	<u>8</u>

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Year ended 31 December 2025

13. LEASE LIABILITY (CONT'D)

Amount recognised in statement of cash flow

	Group	
	2025	2024
	S\$'000	S\$'000
Total cash outflow for leases	91	92

14. UNITHOLDERS' FUNDS

	Note	Group		REIT	
		2025	2024	2025	2024
		S\$'000	S\$'000	S\$'000	S\$'000
At 1 January		374,027	376,198	238,451	253,146
Net liabilities resulting from operations		(966)	(1,339)	(8,722)	(12,568)
Statutory reserve	(a)	(852)	(944)	-	-
		372,209	373,915	229,729	240,578
Foreign currency translation reserve	(b)	(14,211)	2,239	-	-
Hedging reserve	(c)	(1,635)	(412)	(1,635)	(412)
Unitholders' distributions		(2,442)	(1,715)	(2,442)	(1,715)
At 31 December		353,921	374,027	225,652	238,451

(a) Statutory reserve

The subsidiaries incorporated in China are required to transfer 10% of their profits after taxation, as determined under the accounting principles and relevant financial regulations of China to the statutory reserve until the reserve balance reaches 50% of registered capital. The transfer to this reserve must be made before distribution of dividends to its shareholders.

Statutory reserve can be used to make good previous years' losses, if any, and may be converted to registered capital in proportion to the existing interests of the shareholders, provided that the balance after such conversion is not less than 25% of the registered capital.

(b) The foreign currency translation reserve comprises:

- (i) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the REIT; and
- (ii) the foreign exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

(c) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to forecast hedged transactions.

Notes to the Financial Statements

Year ended 31 December 2025

15. NON-CONTROLLING INTERESTS

One of the subsidiaries of the REIT, Beijing Hualian Wanmao Shopping Mall Management Co., Ltd has 40% non-controlling interests ("NCI") that is material to the Group.

The following summarised financial information for the subsidiary is prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	Group	
	2025	2024
	S\$'000	S\$'000
Non-current assets	458,931	478,784
Current assets	16,759	15,624
Non-current liabilities	(53,301)	(31,793)
Current liabilities	(18,139)	(46,709)
Net assets	404,250	415,906
Net assets attributable to NCI	161,700	166,362
Revenue	33,069	36,625
Total return for the year after taxation	8,317	18,155
Total return after taxation attributable to NCI	3,327	7,262
Cash flows from operating activities	16,483	38,180
Cash flows used in investing activities	(1,425)	(1,708)
Cash flows used in financing activities (dividends to NCI: S\$4,336,000, 2024: S\$4,108,000)	(13,546)	(50,399)
Net increase/(decrease) in cash and cash equivalents	1,512	(13,927)

Capital reduction

In 2024, the subsidiary undertook a capital reduction exercise and the surplus capital in excess of the subsidiary's needs amounting to S\$7,105,000 was return to the non-controlling shareholder on a pro-rate basis.

16. UNITS IN ISSUE

	2025	2024
	Number	Number
	of Units	of Units
	'000	'000
Total Units in issue at the beginning and end of year	519,603	519,603

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Year ended 31 December 2025

16. UNITS IN ISSUE (CONT'D)

The issue prices were determined based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the relevant periods in which the management fees accrue.

Each Unit in the REIT represents an undivided interest in the REIT. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- one vote per Unit;
- receive income and other distributions attributable to the Units held;
- participate in the termination of the REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of the REIT less any liabilities, in accordance with their proportionate interests in the REIT. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the REIT and is not entitled to the transfer of any assets (or part thereof) or any estate or interest in any asset (or part thereof) of the REIT; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10.0% of the issued Units) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include the following:

- a Unitholder's right is limited to the right to require due administration of the REIT in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to redeem his Units while the Units are listed on the SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any Unit in the REIT. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of the REIT exceed its assets.

17. TOTAL UNITHOLDERS' DISTRIBUTION

Unitholders' distribution for the year is accounted for as distribution from Unitholders' contributions:

This refers to the amount of distribution made by the REIT for the financial year where the underlying cash is not, or may not be, received or receivable as income by the REIT during that year. Such distribution comprises mainly the following:

- profits from operations arising from the investment properties which are declared as dividend income after the financial year, as the case may be, and accordingly also received as dividends by the REIT after that year;
- adjustment for changes in fair value and the related deferred taxation of investment properties;
- adjustment for amortisation of debt establishment costs;
- adjustment for statutory reserve transferred from subsidiaries' profits; and
- adjustments for REIT expenses that are paid in Units and certain unrealised expenses.

Notes to the Financial Statements

Year ended 31 December 2025

17. TOTAL UNITHOLDERS' DISTRIBUTION (CONT'D)

Income available for distribution to Unitholders at end of the year

Distributions are made on a semi-annual basis, with the amount calculated as at 30 June and 31 December each period for the six-month period ending on each of the said dates. In accordance with the provisions of the Trust Deed, the Manager is required to pay distributions within 90 days from the end of each distribution period. Distributions, when paid, will be in Singapore Dollars.

Distributions for the period from 1 January 2025 to 30 June 2025 had been paid on 26 September 2025. Distributions for the period from 1 July 2025 to 31 December 2025 will be paid within 90 days from the end of the distribution period, in accordance with the provisions of the Trust Deed.

18. OTHER PROPERTY OPERATING EXPENSES

	Group	
	2025	2024
	S\$'000	S\$'000
Advertising and promotion	1,692	2,093
Loss on disposal/written off of plant and equipment	26	35
Depreciation of plant and equipment	132	93
(Impairment loss written back)/impairment loss recognised on trade receivables	(4)	105
Repair and maintenance	4,324	4,374
Staff costs	3,451	3,784
Utilities	8,418	9,129
Others	239	127
	18,278	19,740

Included in staff costs is contribution to defined contribution plans of S\$121,000 (2024: S\$112,000).

19. OTHER OPERATING EXPENSES

	Group		REIT	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Audit fees paid to:				
- auditors of the REIT and other firms affiliated with KPMG International Limited	454	380	162	158
Non-audit fees paid to:				
- auditors of the REIT and other firms affiliated with KPMG International Limited	-	-	-	-
Professional fees	982	322	943	199
Reversal of impairment loss on costs of investment on subsidiary	-	-	-	(780)
Impairment loss recognised on other receivables	87	59	-	-
Others	272	318	254	205
	1,795	1,079	1,359	(218)

Notes to the Financial Statements

Year ended 31 December 2025

20. FINANCE INCOME AND FINANCE COSTS

	Group		REIT	
	2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Finance income:				
- financial institutions	25	91	-	-
Finance costs:				
- amortisation of borrowing costs	(2,233)	(2,450)	(1,799)	(2,319)
- interest expenses on loans and borrowings	(13,829)	(16,846)	(13,940)	(17,220)
- interest expenses on lease liability	(25)	(8)	-	-
	(16,087)	(19,304)	(15,739)	(19,539)
Net finance costs recognised in statement of total return	(16,062)	(19,213)	(15,739)	(19,539)

21. TAXATION

	Group		REIT	
	2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Current taxation				
Current year	4,457	5,143	-	-
Under/(over) provision in prior years	157	(5)	-	-
Withholding tax	391	457	-	-
	5,005	5,595	-	-
Deferred taxation				
Origination of temporary differences	(2,236)	(998)	-	-
Income tax expense	2,769	4,597	-	-
Reconciliation of effective tax rate				
Total return/(loss) for the year before taxation	4,278	9,576	(8,722)	(12,568)
Tax calculated using Singapore tax rate of 17% (2024: 17%)	727	1,628	(1,483)	(2,137)
Adjustments:				
Effect of different tax rates in foreign jurisdictions	498	1,006	-	-
Income not subject to tax	(5,166)	(3,717)	(1,475)	(1,332)
Expenses not deductible for tax purposes	641	535	-	-
Effect of taxable distributions from subsidiaries	18	7	-	-
Under/(over) provision of prior year tax	157	(5)	-	-
Deferred tax not recognised during the year	1,078	783	-	-
Tax losses not allowed to be carried forward	4,425	3,903	2,958	3,469
Withholding tax	391	457	-	-
	2,769	4,597	-	-

Notes to the Financial Statements

Year ended 31 December 2025

22. EARNINGS PER UNIT

Basic earnings per Unit

The calculation of basic earnings per Unit is based on weighted average number of Units during the year and total return for the year after taxation and non-controlling interests.

	Group	
	2025 S\$'000	2024 S\$'000
Total loss for the year after taxation and non-controlling interests	(1,818)	(2,283)
	Number of Units '000	Number of Units '000
Issued Units At beginning and end of the year	519,603	519,603
Basic earnings per Unit (cents)	(0.35)	(0.44)

Diluted earnings per Unit

The calculation of diluted earnings per Unit is based on weighted average number of Units during the year and total return for the year after taxation and non-controlling interests.

	Group	
	2025 S\$'000	2024 S\$'000
Total loss for the year after taxation and non-controlling interests	(1,818)	(2,283)
	Number of Units '000	Number of Units '000
Issued Units At beginning and end of the year	519,603	519,603
Diluted earnings per Unit (cents)	(0.35)	(0.44)

23. RELATED PARTY TRANSACTIONS

The Manager, being BHG Retail Trust Management Pte. Ltd. is an indirect wholly-owned subsidiary of the Sponsor of the REIT. The Property Manager, being BHG Mall (Singapore) Property Management Pte Ltd is an indirect wholly-owned subsidiary of the Sponsor of the REIT.

In the normal course of the operations of the REIT, the Manager's management fees and the Trustee's fees have been paid or are payable to the Manager and Trustee respectively. The property management fees and reimbursables have been paid or are payable to the Property Manager.

Notes to the Financial Statements

Year ended 31 December 2025

23. RELATED PARTY TRANSACTIONS (CONT'D)

During the financial year, other than those disclosed elsewhere in the financial statements, the following were significant related party transactions carried out in the normal course of business:

	Group	
	2025	2024
	S\$'000	S\$'000
Rental income received/receivable from related companies of the Manager	5,492	7,046
Other expenses paid/payable to related companies of the Manager	2,029	2,269

24. FINANCIAL RATIOS

	Group	
	2025	2024
Gearing Ratio (%) ⁽¹⁾	41.6	39.6
Interest Coverage Ratio (times) ⁽²⁾	1.7	1.7
Ratio of expenses to average net asset value (times) ⁽³⁾		
- excluding performance component of Manager's management fees (times)	0.5	0.4
- including performance component of Manager's management fees (times)	0.5	0.4
Ratio of expenses to net asset value (times) ⁽⁴⁾	5.4	5.5
Portfolio turnover rate (times) ⁽⁵⁾	-	-

Notes:

- ⁽¹⁾ The ratio is calculated based on the total loans and borrowings principal attributable to Unitholders divided by total assets attributable to Unitholders.
- ⁽²⁾ The ratio is calculated by dividing the trailing 12 months' earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months' interest expense, borrowing-related fees and distributions on hybrid securities. The adjusted Interest Coverage Ratio is the same as Interest Coverage Ratio ("ICR"). The ratio was below 1.8 times but remained above the regulatory minimum of 1.5 times as per CIS Code. The Manager continue to implement measures to manage financing costs, optimise debt maturity and structure, and drive operating performance to improve the interest coverage ratio.
- ⁽³⁾ The ratio is computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Group level, excluding property related expenses and borrowing costs.
- ⁽⁴⁾ The ratio is computed based on total operating expenses, including all fees and charges paid to the Manager and related parties for the financial year (2025: S\$28,048,000 and 2024: S\$29,582,000) and as a percentage of net asset value as at the financial year end.
- ⁽⁵⁾ The ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value. There was no purchase or sale of the investment properties in 2025 and 2024.

Notes to the Financial Statements

Year ended 31 December 2025

25. OPERATING SEGMENTS

The Group has 6 (2024: 6) reportable segments, as described below, which are the Group's investment properties. The investment properties are managed separately because they require different operating and marketing strategies. For each of the investment properties, the CODMs review internal management reports on a monthly basis.

All of the Group's reportable segments are investment properties located in China used primarily for retail purposes. The reporting segments are as follows:

- Beijing Hualian Wanmao Shopping Mall Management Co., Ltd. ("Beijing Wanliu")
- Chengdu Hairong Xingda Real Property Co., Ltd. ("Chengdu Konggang")
- Hefei Hualian Rui An Shopping Mall Commercial Operation Co., Ltd. ("Hefei Mengchenglu")
- Hefei Hualian Ruicheng Shopping Plaza Commercial Operation Ltd. ("Hefei Changjiangxilu")
- Qinghai Xinglian Real Property Co., Ltd. ("Xining Huayuan")
- Dalian Hualian Commercial Facilities Operation Co., Ltd. ("Dalian Jinsanjiao")

Segment revenue comprises mainly income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the CODMs for the purpose of assessment of segment performance. In addition, the CODMs monitor the non-financial assets as well as financial assets attributable to each segment when assessing segment performance.

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's financial assets and liabilities and its expenses. Segment capital expenditure is the total cost incurred during the year to improve segment assets that are expected to be used for more than one year.

Information regarding the Group's reportable segments is presented in the tables in the following pages.

For the purpose of monitoring segment performance, the Group's CODMs monitor the non-financial assets as well as financial assets attributable to each segment.

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Year ended 31 December 2025

25. OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Beijing Wanliu S\$'000	Chengdu Konggang S\$'000	Hefei Mengchenglu S\$'000	Hefei Changjiangxilu S\$'000	Xining Huayuan S\$'000	Dalian Jinsanjiao S\$'000	Total S\$'000
2025							
External revenues:							
- Gross rental income	30,232	10,040	2,483	3,608	1,912	1,504	49,779
- Others	2,837	1,529	500	461	-	-	5,327
Gross revenue	33,069	11,569	2,983	4,069	1,912	1,504	55,106
Segment net property income	19,892	5,231	62	802	1,675	1,368	29,030
Finance income	16	1,542	358	93	577	228	2,814
Finance costs	(1,224)	(870)	(581)	(281)	(280)	-	(3,236)
Reportable segment total return before taxation	8,862	13,248	(1,050)	(120)	44	(960)	20,024
Segment assets	497,748	187,720	149,411	116,868	74,776	42,248	1,068,771
Segment liabilities	(263,918)	(163,919)	(147,093)	(91,653)	(69,096)	(35,910)	(771,589)
Other segment items:							
Depreciation	(11)	(108)	(5)	(8)	-	-	(132)
Net change in fair value of investment properties	(9,695)	8,148	(1,098)	(747)	(1,464)	(2,379)	(7,235)
Capital expenditure	(420)	(278)	-	(15)	-	-	(713)

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25. OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Beijing Wanliu S\$'000	Chengdu Konggang S\$'000	Hefei Mengchenglu S\$'000	Hefei Changjiangxilu S\$'000	Xining Huayuan S\$'000	Dalian Jinsanjiao S\$'000	Total S\$'000
2024							
External revenues:							
- Gross rental income	33,644	10,339	2,860	4,579	2,412	1,502	55,336
- Others	2,981	1,534	583	523	-	-	5,621
Gross revenue	36,625	11,873	3,443	5,102	2,412	1,502	60,957
Segment net property income	22,924	4,984	90	1,371	2,165	1,309	32,843
Finance income	71	1,534	983	275	665	279	3,807
Finance costs	(1,424)	(859)	(723)	(358)	(287)	-	(3,651)
Reportable segment total return before taxation	22,396	3,830	1,866	64	1,426	997	30,579
Segment assets	516,800	179,600	155,281	123,578	76,492	41,225	1,092,976
Segment liabilities	(271,302)	(164,071)	(148,810)	(96,402)	(69,723)	(33,487)	(783,795)
Other segment items:							
Depreciation	(22)	(50)	(8)	(13)	-	-	(93)
Net change in fair value of investment properties	(63)	2,023	(1,246)	2,212	1,310	562	4,798
Capital expenditure	(1,812)	(2,012)	(249)	(782)	-	-	(4,855)

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25. OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenue, total return, assets and liabilities and other material items

	2025 S\$'000	2024 S\$'000
Revenue		
Total revenue for reporting segments	55,106	60,957
Total return		
Total return for reportable segments before taxation	20,024	30,579
Unallocated amounts:		
- Other corporate expenses	(15,822)	(21,183)
Elimination of intercompany revenue	76	180
Total return before taxation	4,278	9,576
Assets		
Total assets for reportable segments	1,068,771	1,092,976
Other unallocated amounts	590,556	591,840
Elimination of intercompany balances	(761,264)	(758,183)
Consolidated assets	898,063	926,633
Liabilities		
Total liabilities for reportable segments	771,589	783,795
Other unallocated amounts	364,905	353,391
Elimination of intercompany balances	(754,052)	(750,942)
Consolidated liabilities	382,442	386,244

	Reportable segment total S\$'000	Other unallocated amounts S\$'000	Elimination of intercompany balances S\$'000	Consolidated total S\$'000
--	---	--	---	----------------------------------

Other material items 31 December 2025

Finance income	2,814	-	(2,789)	25
Finance costs	(3,236)	(15,739)	2,888	(16,087)

Other material items 31 December 2024

Finance income	3,807	-	(3,716)	91
Finance costs	(3,651)	(19,538)	3,885	(19,304)

Notes to the Financial Statements

Year ended 31 December 2025

25. OPERATING SEGMENTS (CONT'D)

Geographical segments

All of the Group's investment properties are used for retail purposes and are located in China.

Major tenant

Revenue from one tenant of the Group, which is a related party of the Sponsor, contributed approximately S\$3.4 million (2024: S\$5.0 million) of the Group's total revenue.

26. COMMITMENTS

The Group leases out its investment properties consisting of its owned commercial properties (see Note 4). All leases are classified as operating leases from a lessor perspective. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	Group	
	2025	2024
	S\$'000	S\$'000
Operating leases under FRS 116		
- within 1 year	32,348	31,096
- 1 to 2 years	10,354	11,700
- 2 to 3 years	10,238	7,640
- 3 to 4 years	9,325	8,916
- 4 to 5 years	7,889	8,692
- after 5 years	27,438	36,897
	97,592	104,941

27. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital management

The Group's objectives when managing capital are to optimise Unitholders' value through the combination of available capital sources which include debt and equity instruments whilst complying with statutory and constitutional capital and distribution requirements, maintaining aggregate leverage and interest coverage ratio within approved limits. As a key part of the Group's overall strategy, the Board of the Manager reviews the Group's and the REIT's debt and capital management cum financing policy regularly so as to optimise the Group's and the REIT's funding structure. The Board also monitors the Group's and the REIT's exposure to various risk elements by closely adhering to clearly established management policies and procedures.

The Group is subject to the aggregate leverage limit as defined in Appendix 6 of the Code on Collective Investment Schemes ("Property Fund Appendix"). The Property Fund Appendix stipulates that the total borrowings and deferred payments (together, the "Aggregate Leverage") of a property fund should not exceed 50.0% (2024: 50.0%) of its Deposited Property. The Group's aggregate leverage limit did not exceed 50.0% (2024: 50.0%) during the year, and was 41.6% (2024: 39.6%) as at 31 December 2025. The interest coverage ratio is 1.7 times (2024: 1.7 times) at of 31 December 2025.

There were no changes in the Group's approach to capital management during the financial year.

Notes to the Financial Statements

Year ended 31 December 2025

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk management

Overview

The Group's returns are primarily from net operating income and capital appreciation of its assets. However, these returns are exposed to financial risks including credit, liquidity, interest rate and foreign currency risks.

Financial risk management is integral to the whole business of the Group. The Group adopts an integrated approach to manage the financial risks arising in the normal course of the Group's business. The Group has written risk management policies and guidelines, and established processes to monitor and manage significant exposures. Risk management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group adheres to standardised accounting and financial policies and exercises effective controls over the financial affairs of its subsidiaries. This is achieved by ensuring group-wide adherence to a comprehensive set of guidelines covering contracts, policies and procedures and other requirements. Adequate measures are in place to ensure that the reliability and integrity of financial information compiled from subsidiaries are kept intact.

Credit risk

While it is necessary to assume a certain level of tenant credit risks to remain competitive in China, the Group has established credit limits for tenants and monitors their balances on an ongoing basis. Risks associated with credit limits are reflected in the level of security deposits. Appropriate risk mitigating actions are in place to manage trade receivables.

In monitoring tenant credit risk, tenants are grouped according to their credit characteristics, including their geographical location, trade history with the Group, aging profile, maturity and existence of previous financial difficulties.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the 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.

The derivatives are entered into with bank and financial institution counterparties, which are rated from Baa2 to Aa1, based on Moody's ratings.

Cash and fixed deposits are placed with banks and financial institutions which are regulated. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

The Group and REIT use an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to audited financial statements, management accounts and cash flow projection, if available, and applying experienced credit judgement).

Notes to the Financial Statements

Year ended 31 December 2025

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

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

	Carrying amount S\$'000	Contractual cash flow S\$'000	Within 1 year S\$'000	After 1 year but within 5 years S\$'000	After 5 years S\$'000
31 December 2025					
Group					
Non-derivative financial liabilities					
Loans and borrowings	300,415	(334,289)	(21,037)	(313,252)	-
Trade and other payables	28,416	(28,416)	(26,775)	(1,641)	-
Lease liability	551	(551)	(78)	(366)	(107)
Security deposits	17,003	(17,004)	(12,764)	(3,718)	(522)
	346,385	(380,260)	(60,654)	(318,977)	(629)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	1,570	(1,582)	(850)	(732)	-
	347,955	(381,842)	(61,504)	(319,709)	(629)
REIT					
Non-derivative financial liabilities					
Loans and borrowings	259,271	(283,704)	(19,268)	(264,436)	-
Trade and other payables	104,062	(98,996)	(43,083)	(55,913)	-
	363,333	(382,700)	(62,351)	(320,349)	-
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	1,570	(1,582)	(850)	(732)	-
	364,903	(384,282)	(63,201)	(321,081)	-

Notes to the Financial Statements

Year ended 31 December 2025

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

	Carrying amount S\$'000	Contractual cash flow S\$'000	Within 1 year S\$'000	After 1 year but within 5 years S\$'000	After 5 years S\$'000
31 December 2024					
Group					
Non-derivative financial liabilities					
Loans and borrowings	299,733	(301,773)	(293,727)	(8,046)	-
Trade and other payables	30,618	(30,618)	(28,940)	(1,678)	-
Lease liability	631	(631)	(67)	(349)	(215)
Security deposits	17,757	(17,757)	(12,475)	(4,824)	(458)
	<u>348,739</u>	<u>(350,779)</u>	<u>(335,209)</u>	<u>(14,897)</u>	<u>(673)</u>
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	98	(159)	(159)	-	-
	<u>348,837</u>	<u>(350,938)</u>	<u>(335,368)</u>	<u>(14,897)</u>	<u>(673)</u>
REIT					
Non-derivative financial liabilities					
Loans and borrowings	253,760	(255,699)	(247,653)	(8,046)	-
Trade and other payables	99,534	(94,498)	(56,535)	(37,963)	-
	<u>353,294</u>	<u>(350,197)</u>	<u>(304,188)</u>	<u>(46,009)</u>	<u>-</u>
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	98	(159)	(159)	-	-
	<u>353,392</u>	<u>(350,356)</u>	<u>(304,347)</u>	<u>(46,009)</u>	<u>-</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The maturity analyses show the contractual undiscounted cash flows of the Group's and the REIT's financial liabilities on the basis of their earliest possible contractual maturity. The cash flows disclosed represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement e.g. forward exchange contracts. Net-settled derivative financial assets are included in the maturity analyses as they are held to hedge the cash flow variability of the Group and the REIT's floating rate loans.

Notes to the Financial Statements

Year ended 31 December 2025

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

In addition, the Group maintains and has drawn down the following debt facilities and programme as at 31 December 2025:

Chinese Renminbi ("RMB") denominated facility:

- RMB297.0 million three-year secured term loan facilities

S\$ denominated facilities:

- S\$252.0 million three-year secured term loan facilities
- S\$2.0 million credit facilities
- S\$7.7 million credit facilities
- S\$8.9 million credit facilities

The Group also monitors and observes the Property Fund Appendix issued by the MAS concerning limits on total borrowings.

At the date of issue of these financial statements, the Manager, after taking into account the considerations stated in Note 2, is of the opinion that there are reasonable grounds to believe that the Group and the REIT will be able to pay its respective debts as and when they fall due. The Manager is not aware of any other adverse circumstances or reasons which would likely affect the Group and the REIT's ability to continue as a going concern. In consideration of the foregoing, the Manager opined that it is appropriate to prepare the financial statements on a going concern basis.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group enters financial derivatives in order to manage market risks. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Interest rate risk

The Manager adopts a proactive interest rate management policy to manage the risk associated with changes in interest rates on the Group's loan facilities while also seeking to ensure that the ongoing cost of debt remains competitive.

The Manager proactively seeks to minimise the level of interest rate risk by entering into fixed-rate instruments for a portion of the Group's borrowings. As at 31 December 2025, the Group has entered into interest rate swaps with a total notional amount of S\$82.0 million (2024: S\$123.0 million) whereby the Group has agreed with counterparties to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts calculated by reference to the agreed notional principal amounts of the secured term loans.

The Manager determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

Notes to the Financial Statements

Year ended 31 December 2025

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

Derivatives

The Group holds interest rate swaps for risk management purposes that are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to SORA. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

Hedge accounting

As at 31 December 2025, the Group's hedged items and hedging instruments are indexed to SORA. These benchmark rates are quoted each day and the SORA cash flows are exchanged with its counterparties as usual.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group		REIT	
	Notional amount 2025	Notional amount 2024	Notional amount 2025	Notional amount 2024
	S\$'000	S\$'000	S\$'000	S\$'000
Variable rate instruments				
Interest rate swaps	82,000	123,000	82,000	123,000
Loans and borrowings*	(288,833)	(292,642)	(246,647)	(246,647)
	<u>(206,833)</u>	<u>(169,642)</u>	<u>(164,647)</u>	<u>(123,647)</u>

* Exclude fixed rate loans and borrowings

Cash flow sensitivity analysis for variable rate instruments

Effects of a 100 basis point ("bp")** movement in interest rate at the reporting date would increase/ (decrease) statement of total return and Unitholders' funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

** 100 basis point is equivalent to 1 percentage point

Notes to the Financial Statements

Year ended 31 December 2025

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

	Statements of total return		Unitholders' funds	
	100 bp increase S\$'000	100 bp decrease S\$'000	100 bp increase S\$'000	100 bp decrease S\$'000
31 December 2025				
Group				
Variable rate instruments	(2,888)	2,888	-	-
Interest rate swaps	820	(820)	1,771	(1,799)
Cash flow sensitivity (net)	(2,068)	2,068	1,771	(1,799)
REIT				
Variable rate instruments	(2,466)	2,466	-	-
Interest rate swaps	820	(820)	1,771	(1,799)
Cash flow sensitivity (net)	(1,646)	1,646	1,771	(1,799)
31 December 2024				
Group				
Variable rate instruments	(2,926)	2,926	-	-
Interest rate swaps	1,230	(1,230)	171	(309)
Cash flow sensitivity (net)	(1,696)	1,696	171	(309)
REIT				
Variable rate instruments	(2,466)	2,466	-	-
Interest rate swaps	1,230	(1,230)	171	(309)
Cash flow sensitivity (net)	(1,236)	1,236	171	(309)
Hedge accounting				

Notes to the Financial Statements

Year ended 31 December 2025

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Cash flow hedges

At 31 December 2025, the Group and REIT held the following instruments to hedge exposures to changes in interest rates.

	Maturity		
	1-6 months	6-12 months	More than one year
Group and REIT			
2025			
Interest rate risk			
Interest rate swaps			
Net exposure (in thousands of SGD)	-	-	82,000
Average fixed interest rate	-	-	2.30%
2024			
Interest rate risk			
Interest rate swaps			
Net exposure (in thousands of SGD)	123,000	-	-
Average fixed interest rate	3.01%	-	-

The amounts at the reporting date relating to items designated as hedged items were as follows:

	Change in value used for calculating hedge ineffective hedge ineffectiveness S\$'000	Cash flow hedge reserve S\$'000	Costs of hedging reserve S\$'000	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied S\$'000
Group and REIT				
2025				
Interest rate risk				
Variable-rate instruments	-	1,570	-	-
2024				
Interest rate risk				
Variable-rate instruments	-	(65)	-	-

Notes to the Financial Statements

Year ended 31 December 2025

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Cash flow hedges (cont'd)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

	2025			Line item in the statement of financial position where the hedging instrument is included	2024			Line item in the statement of financial position where the hedging instrument is included
	Nominal amount S\$'000	Carrying amount - assets S\$'000	Carrying amount - liabilities S\$'000		Nominal amount S\$'000	Carrying amount - assets S\$'000	Carrying amount - liabilities S\$'000	
Interest rate risk								
Interest rate swaps	82,000	-	1,570	Derivative liabilities	41,000	-	98	Derivative liabilities
Interest rate swaps	-	-	-	Derivative assets	82,000	(163)	-	Derivative assets

The following table provides a reconciliation by risk category of components of Unitholders' Funds, net of tax, resulting from cash flow hedge accounting.

	Group and REIT Hedging reserve S\$'000	Cost of hedging reserve S\$'000
Balance at 1 January 2025	(65)	-
Cash flow hedges		
Change in fair value:		
Interest rate risk	1,635	-
Balance at 31 December 2025	<u>1,570</u>	<u>-</u>
Balance at 1 January 2024	(477)	-
Cash flow hedges		
Change in fair value:		
Interest rate risk	412	-
Balance at 31 December 2024	<u>(65)</u>	<u>-</u>

Notes to the Financial Statements

Year ended 31 December 2025

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Offsetting financial assets and financial liabilities

Financial instruments such as loans and receivables and financial liabilities are not disclosed in the tables below unless they are offset in the statement of financial position.

The Group and the REIT entered into transactions under ISDA master netting agreements. In general, under such agreements the amount owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis to realise the assets and settle the liabilities simultaneously.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

	Gross amount of recognised financial instruments S\$'000	Gross amount of recognised financial instruments offset in the statement of financial position S\$'000	Net amount of financial instruments presented in the statement of financial position S\$'000	Related amount not offset in the statement of financial position S\$'000	Net amount S\$'000
Group and REIT					
2025					
Derivative assets					
Interest rate swaps	-	-	-	-	-
Derivative liabilities					
Interest rate swaps	(1,570)	-	(1,570)	-	(1,570)
2024					
Derivative assets					
Interest rate swaps	163	-	163	-	163
Derivative liabilities					
Interest rate swaps	(98)	-	(98)	-	(98)

Notes to the Financial Statements

Year ended 31 December 2025

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk

The Group is exposed to foreign currency risk on cash holdings and operating expenses that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily RMB.

As the REIT intends to be a long-term investor in China, the Manager has taken a view not to hedge the RMB equity exposure arising from its investments in China unless certain risks are specifically identified. The Manager's strategy is to achieve a natural hedge through local RMB financing and any non-RMB denominated loan will be hedged into RMB where possible, to protect the going concern of the REIT in the event of large currency fluctuation. However, the Manager will hedge the RMB cash flow from operations if it is determined with certainty that they are to be remitted back to Singapore for distribution purposes.

The Group exposures to foreign currencies are as follows:

	RMB S\$'000
31 December 2025	
Group	
Cash and cash equivalents	—
REIT	
Trade and other payables	(67,485)
	<u>(67,485)</u>
	RMB S\$'000
31 December 2024	
Group	
Cash and cash equivalents	—
REIT	
Trade and other payables	(69,027)
	<u>(69,027)</u>

Notes to the Financial Statements

Year ended 31 December 2025

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

Sensitivity analysis

A 10% strengthening of Singapore Dollars against the following currencies at the reporting date would increase/(decrease) total return after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Statements of total return	
	Group S\$'000	REIT S\$'000
31 December 2025		
RMB	-	6,749
31 December 2024		
RMB	-	6,903

A 10% weakening of Singapore Dollars against the above currencies would have had equal but opposite effect on RMB to the amounts shown above, on the basis that all other variables remain constant.

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Year ended 31 December 2025

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group	Carrying amount				Fair value			
	Fair value hedging instruments S\$'000	Financial assets at amortised cost S\$'000	Other financial liabilities S\$'000	Total carrying amount S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
31 December 2025								
Financial assets not measured at fair value								
Trade and other receivables ⁽¹⁾	-	16,123	-	16,123				
Cash and cash equivalents	-	20,940	-	20,940				
	-	37,063	-	37,063				
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	1,570	-	-	1,570	-	1,570	-	1,570
Financial liabilities not measured at fair value								
Trade and other payables	-	-	28,416	28,416	-	28,337	-	28,337
Security deposits	-	-	17,003	17,003	-	16,274	-	16,274
Loans and borrowings	-	-	300,415	300,415	-	296,704	-	296,704
	-	-	345,834	345,834				

⁽¹⁾ Excluding prepayments

Notes to the Financial Statements

Year ended 31 December 2025

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values (cont'd)

REIT	Carrying amount				Fair value			
	Fair value hedging instruments	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
31 December 2025								
Financial assets not measured at fair value								
Trade and other receivables ⁽¹⁾	-	2,444	-	2,444				
Cash and cash equivalents	-	3,747	-	3,747				
	-	6,191	-	6,191				
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	1,570	-	-	1,570	-	1,570	-	1,570
Financial liabilities not measured at fair value								
Trade and other payables	-	-	104,062	104,062	-	99,043	-	99,043
Loans and borrowings	-	-	259,271	259,271	-	257,837	-	257,837
	-	-	363,333	363,333				

⁽¹⁾ Excluding prepayments

Notes to the Financial Statements

Year ended 31 December 2025

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values (cont'd)

Group	Carrying amount				Fair value			
	Fair value hedging instruments S\$'000	Financial assets at amortised cost S\$'000	Other financial liabilities S\$'000	Total carrying amount S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
31 December 2024								
Financial assets measured at fair value								
Interest rate swaps used for hedging	163	-	-	163	-	163	-	163
Financial assets not measured at fair value								
Trade and other receivables ⁽¹⁾	-	9,897	-	9,897				
Cash and cash equivalents	-	29,042	-	29,042				
	-	38,939	-	38,939				
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	98	-	-	98	-	98	-	98
Financial liabilities not measured at fair value								
Trade and other payables	-	-	30,618	30,618	-	30,516	-	30,516
Security deposits	-	-	17,757	17,757	-	16,924	-	16,924
Loans and borrowings	-	-	299,733	299,733	-	292,843	-	292,843
	-	-	348,108	348,108				

⁽¹⁾ Excluding prepayments

Notes to the Financial Statements

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27. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values (cont'd)

REIT	Carrying amount				Fair value			
	Fair value hedging instruments S\$'000	Financial assets at amortised cost S\$'000	Other financial liabilities S\$'000	Total carrying amount S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
31 December 2024								
Financial assets measured at fair value								
Interest rate swaps used for hedging	163	-	-	163	-	163	-	163
Financial assets not measured at fair value								
Trade and other receivables ⁽¹⁾	-	1,983	-	1,983				
Cash and cash equivalents	-	5,011	-	5,011				
	-	6,994	-	6,994				
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	98	-	-	98	-	98	-	98
Financial liabilities not measured at fair value								
Trade and other payables	-	-	99,534	99,534	-	98,213	-	98,213
Loans and borrowings	-	-	253,760	253,760	-	247,039	-	247,039
	-	-	353,294	353,294				

⁽¹⁾ Excluding prepayments

Notes to the Financial Statements

Year ended 31 December 2025

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Estimation of fair value

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and REIT.

Interest-bearing borrowings

The carrying amounts of the floating rate loans approximate its fair value as these amounts are interest-bearing of market interest rates that reprice every half year.

Interest rate swaps

Market comparison technique: The fair values are based on valuations provided by the financial institutions that are the counterparties to the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities (including non-trade amounts due from subsidiaries, trade and other receivables, cash and cash equivalents, trade and other payables and current security deposits) are assumed to approximate their fair values because they are either short term in nature, or effect of discounting is immaterial. All other financial assets and liabilities (non-current security deposits) are discounted to determine their fair values.

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on the forward yield curve as at 31 December 2025 plus an adequate constant credit spread, and are as follows:

	Group		REIT	
	2025 % p.a.	2024 % p.a.	2025 % p.a.	2024 % p.a.
Security deposits	4.97	6.33	-	-
Interest-bearing borrowings	3.66-4.10	4.20-5.52	3.66	5.52
Trade and other payables	-	-	4.97	6.33

Transfer between Level 1 and 2

During the financial year ended 31 December 2025, there were no transfers between Level 1 and Level 2.

28. SUBSEQUENT EVENTS

On 27 February 2026, the Manager declared a distribution of 0.07 cents per Unit to Unitholders in respect of the period from 1 July 2025 to 31 December 2025.