



BHG RETAIL REIT

Unaudited Financial Statements Announcement for the Period from 18 November 2015 (Date of Constitution) to 31 March 2016

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DBS Bank Ltd. was the Financial Adviser, Issue Manager, Bookrunner and Underwriter for the initial public offering of BHG Retail REIT.

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Introduction

BHG Retail REIT (the “**REIT**”) was constituted by a trust deed dated 18 November 2015 entered into by BHG Retail Trust Management Pte. Ltd. as Manager of BHG Retail REIT (the “**Manager**”) and DBS Trustee Limited as Trustee of BHG Retail REIT (the “**Trustee**”). BHG Retail REIT and its subsidiaries are collectively known as the “**Group**”.

The REIT is listed on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 11 December 2015 (the “**Listing Date**”). The principal investment strategy of BHG Retail REIT is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate which is used primarily for retail purposes (whether either wholly or partially), as well as real estate-related assets in relation to the foregoing, with an initial focus on China.

The REIT’s initial portfolio comprises five retail properties, Beijing Wanliu (60%), Hefei Mengchenglu, Chengdu Konggang, Dalian Jinsanjiao and Xining Huayuan located in Tier 1, Tier 2 and other cities of significant economic potential in China:

- Beijing Wanliu is a community mall with a premium positioning in the Wanliu, Haidian District. The mall is located in close proximity to Zhongguancun retail hub, surrounded by high-end residential developments and educational institutions, and enjoys high transportation connectivity.
- Hefei Mengchenglu is a comprehensive retail mall focused on providing diversified retail services to meet demands of family-oriented residents in the Luyang District. The mall is prominently located in a densely populated mature residential area, in Hefei’s North First Ring retail hub.
- Chengdu Konggang is a community retail mall that targets and serves the needs of upper-middle class shoppers in an emerging residential area, with a large number of mature and high density residential projects. The mall is located in the Shuangliu County, and is within a 5 minutes drive to the Shuangliu International Airport.
- Dalian Jinsanjiao is a property master-leased to BHG Hypermarket, the only supermarket in the area. The property resides in Jinsanjiao area, which is surrounded by mature residential projects, and is situated in close proximity to the Huanan retail hub, a key retail area north of Dalian.
- Xining Huayuan is a retail mall master-leased to BHG Hypermarket, which caters to individuals with middle or upper-middle level income. The mall resides in Ximen-Dashizi retail hub area, the political, cultural, and business centre of Xining, with a high population density and immediate residential catchment.

The Group is presenting its financial results for the period from 18 November 2015, being the date of constitution of the REIT, to 31 March 2016.

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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 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 and the first distribution after the Listing Date will be for the period 11 December 2015 to 30 June 2016. This is expected to be paid by the Manager on or before 28 September 2016.

Summary of Group Results

| | 11 December 2015 ("Listing Date") to 31 March 2016 | | |
|-----------------------------------|---|--|-----------------------|
| | Actual ⁽¹⁾ (S\$'000) | Forecast ⁽²⁾ (S\$'000) | Change (%) |
| Gross revenue | 19,688 | 19,573 | 0.6 |
| Net property income | 12,050 | 12,007 | 0.4 |
| Amount available for distribution | 5,177 | 5,162 | 0.3 |
| Distribution per Unit (cents) | 1.50 | 1.49 | 0.7 |
| Annualised distribution yield (%) | 6.13 | 6.09 ⁽³⁾ | 0.7 |

Footnotes:

- (1) The actual results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.643 for the period from 11 December 2015 to 31 March 2016.
- (2) The forecast was prorated based on forecast and projection shown in BHG Retail REIT Prospectus dated 2 December 2015 (the "Prospectus") for the period from 11 December 2015 to 31 March 2016. An exchange rate of SGD: CNY 1:4.60 was adopted in the forecast.
- (3) The forecast annualised distribution yield of 6.09% was prorated based on forecast 2015 of 5.7% and projection 2016 of 6.3% as shown in the Prospectus.

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1(a) Consolidated Statement of Total Return and Distribution Statement

| | | 18 November 2015 to 31 March 2016 ^{(a),(b),(c)} |
|---|-------------|---|
| | Note | (S\$'000) |
| <u>Statement of Total Return</u> | | |
| Gross revenue | | 19,688 |
| Property operating expenses ^(d) | | (7,638) |
| Net property income | | 12,050 |
| Other income | 1 | 217 |
| Manager's fee | 2 | (548) |
| Trustee's fee | | (51) |
| Other expenses | | (195) |
| Finance income | | 27 |
| Finance cost | 3 | (2,831) |
| Net income | | 8,669 |
| Net change in fair value of investment properties | 4 | 45,320 |
| Total return for the period before tax | | 53,989 |
| Tax expense | 5 | (13,320) |
| Total return for the period | | 40,669 |
| Attributable to: | | |
| Unitholders | | 28,826 |
| Non-controlling interest | | 11,843 |
| Total return for the period | | 40,669 |
| <u>Distribution Statement</u> | | |
| Total return for the period attributable to Unitholders | | 28,826 |
| Distribution adjustments | 6 | (23,649) |
| Amount available for distribution | | 5,177 |

Footnotes:

- No comparative Consolidated Statement of Total Return and Distribution Statement has been prepared as the REIT was constituted on 18 November 2015. The first financial period was from 18 November 2015 to 31 March 2016. The REIT was listed on SGX-ST on 11 December 2015.
- Although the REIT was incorporated on 18 November 2015, the acquisition of the assets of its Initial Portfolio were completed on 11 December 2015 which was the official listing date. Consequently, there were no operating activities for the period prior to 11 December 2015.
- The actual results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1: 4.643 for the period from 11 December 2015 to 31 March 2016.
- Includes property management fees of \$658,000.

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Notes to Consolidated Statement of Total Return and Distribution Statement:

(1) Other income

Other income mainly comprised foreign exchange gain, compensation on liquidated damages and miscellaneous income.

(2) Manager's fee

Manager's base management fee is calculated as 10.0% per annum of the Distributable Income of the Group.

Manager's performance fee is calculated as 25.0% of the difference in 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.

For financial year 2016, given there is no preceding financial year for the Group, the difference in DPU shall be the difference in actual DPU with the forecasted DPU from the Forecast. The forecast DPU for this financial period ended 31 March 2016 was computed by pro-rating the full year forecasted DPU. This performance fee was accrued in the period ended 31 March 2016.

(3) Finance cost

Finance cost comprised the following:

Borrowing costs
Amortisation of debt establishment costs
Finance cost

| 18 November 2015 (Constitution Date) to 31 March 2016 (S\$'000) | |
|--|-------|
| | 2,753 |
| | 78 |
| | 2,831 |

(4) Net change in fair value of investment properties

Net change in fair value of investment properties was due to the difference between acquisition cost incurred by the Group and the fair value of the investment properties. This change in fair value does not affect the distribution per unit.

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(5) Tax expense

Tax expense comprised income tax, deferred tax and withholding tax relating to the Group's foreign subsidiaries.

| | 18 November 2015 (Constitution Date) to 31 March 2016 (S\$'000) |
|-------------------|--|
| Current period: | |
| - Income tax | 1,590 |
| - Deferred tax | 11,270 |
| - Withholding tax | 460 |
| | 13,320 |

(6) Distribution adjustments

| | 18 November 2015 (Constitution Date) to 31 March 2016 (S\$'000) |
|--|--|
| <u>Distribution adjustments</u> | |
| - Net change in fair value of investment properties ^(a) | (32,188) |
| - Amortisation of debt establishment costs | 78 |
| - Management base fee payable in Units | 518 |
| - Management performance fee payable in Units | 30 |
| - Property management fees payable in Units | 217 |
| - Deferred tax expense ^(a) | 7,987 |
| - Transfer to general reserve ^(a) | (330) |
| - Other items ^(a) | 39 |
| Net distribution adjustments | (23,649) |

Footnotes:

(a) Excludes non-controlling interest's share.

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1(b)(i) Statements of Financial Position

| | Group | REIT |
|--------------------------------|----------------------------|-------------------------------------|
| | 31 March 2016 | 31 March 2016 ^(c) |
| | <small>(a),(b),(c)</small> | |
| Note | S\$'000 | S\$'000 |
| Non-current assets | | |
| Plant and equipment | 768 | - |
| Investment properties | 768,517 | - |
| Investment in subsidiaries | - | 525,971 |
| Deferred tax assets | 799 | - |
| | 770,084 | 525,971 |
| Current assets | | |
| Trade and other receivables | 8,638 | 1,160 |
| Cash and cash equivalents | 36,437 | 7,486 |
| | 45,075 | 8,646 |
| Total assets | 815,159 | 534,616 |
| Non-current liabilities | | |
| Loans and borrowings | 218,590 | 147,578 |
| Trade and other payables | 18,429 | - |
| Security deposits | 7,568 | - |
| Deferred tax liabilities | 10,761 | - |
| | 255,348 | 147,578 |
| Current liabilities | | |
| Loans and borrowings | 1,254 | - |
| Trade and other payables | 7,615 | 5,826 |
| Security deposits | 7,927 | - |
| Current tax payable | 2,410 | - |
| | 19,206 | 5,826 |
| Total liabilities | 274,554 | 153,404 |
| Net assets | 540,605 | 381,212 |
| Represented by: | | |
| Unitholders' funds | 396,690 | 381,212 |
| Non-controlling interest | 143,915 | - |
| | 540,605 | 381,212 |

Footnotes:

- (a) No comparative Statement of Financial has been prepared as the REIT was constituted on 18 November 2015. The first financial period was from 18 November 2015 to 31 March 2016. The REIT was listed on SGX-ST on 11 December 2015.
- (b) Although the REIT was incorporated on 18 November 2015, the acquisition of the assets of its Initial Portfolio were completed on 11 December 2015 which was the official listing date. Consequently, there were no operating activities for the period prior to 11 December 2015.
- (c) The actual results of the Group's foreign subsidiaries were translated using the closing SGD: CNY rate of 1:4.786 as at 31 March 2016.

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Notes to Statements of Financial Position:

- (1) Loan and borrowings are measured at amortised cost and comprise corporate loan of S\$147.6 million, Beijing Wanliu of S\$58.5 million (RMB 280.0 million) and Hefei Mengchenglu of S\$13.7 million (RMB 70.0 million), as explained under section 1(b)(ii).

1 (b)(ii) Aggregate Amount of Borrowings and Debt Securities for the Group

| | 31 March 2016 ^(a) (S\$'000) |
|---|---|
| Secured borrowings | |
| Amount repayable within one year | 1,254 |
| Amount repayable after one year | 219,871 |
| Less: Debt establishment costs ^(b) | (1,281) |
| Total secured borrowings | 219,844 |
| Unsecured borrowings | - |
| Total borrowings | 219,844 |

Footnotes:

- (a) The actual balances of the Group's foreign subsidiaries are translated using the closing SGD: CNY rate of 1:4.786 as at 31 March 2016.
- (b) Debt establishment costs are amortised over the tenure of the respective loan facilities.

Details of any collaterals

The Group has put in place two onshore secured borrowing facilities of RMB 280 million and RMB 71 million available for drawdown, and an offshore secured borrowing facility of S\$148 million. As at balance sheet date, the RMB 280 million facility and S\$148 million facility were fully drawn down, while RMB 70 million was drawn down from the RMB 71 million onshore facility.

The onshore facilities are collectively secured by a legal mortgage over the five properties, and a pledge over the receivables of the five PRC holding companies.

The offshore facility is secured by way of a charge on 100% shareholding in the Singapore holding companies, an equity pledge on Beijing Wanliu's Singapore holding company's 60% equity interest in its PRC holding company, and equity pledges on the remaining four Singapore holding companies' 100% equity interest in the respective PRC holding companies.

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1 (c) Consolidated Statement of Cash Flows

| | 18 November 2015 to 31 March 2016 <small>(a),(b)</small> |
|--|--|
| Note | (\$'000) |
| Cash flows from operating activities | |
| Total return for the period | 40,669 |
| Adjustments for: | |
| Manager's management fees payable in Units | 548 |
| Property manager's fees payable in Units | 216 |
| Finance income | (27) |
| Finance cost | 2,831 |
| Depreciation | 52 |
| Net change in fair value of investment properties | (45,320) |
| Tax expense | 13,320 |
| Operating income before working capital changes | 12,289 |
| Changes in working capital: | |
| Trade and other receivables | (4,380) |
| Trade and other payables | (4,647) |
| Cash generated from operating activities | 3,262 |
| Tax paid | (836) |
| Net cash from operating activities | 2,426 |
| Cash flow from investment activities | |
| Acquisition of subsidiaries, net of cash acquired | 1 (468,709) |
| Capital expenditure on investment properties | (5,585) |
| Additions of plant and equipment | (43) |
| Interest received | 27 |
| Net cash used in investing activities | (474,310) |
| Cash flows from financing activities | |
| Proceeds from issue of Units | 1 394,180 |
| Payment of transaction costs related to the issue of Units | 2 (11,719) |
| Interest paid | (1,469) |
| Proceeds from borrowings | 163,077 |
| Repayment of borrowings | (33,191) |
| Payment of transaction costs related to loans and borrowings | (1,386) |
| Net cash from financing activities | 509,492 |
| Net increase in cash and cash equivalents | 37,608 |
| Effect of exchange rate fluctuations on cash held | (1,171) |
| Cash and cash equivalents at end of the period | 36,437 |

Footnote:

- (a) No comparative Consolidated Statement of Cash Flows has been prepared as the REIT was constituted on 18 November 2015. The first financial period was from 18 November 2015 to 31 March 2016. The REIT was listed on SGX-ST on 11 December 2015.
- (b) Although the REIT was incorporated on 18 November 2015, the acquisition of the assets of its Initial Portfolio were completed on 11 December 2015 which was the official listing date. Consequently, there were no operating activities for the period prior to 11 December 2015.

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Notes to Consolidated Statement of Cash Flows:

- (1) An aggregate of 492,725,000 Units amounting to S\$394.2 million were issued on Listing Date. This was utilised as partial satisfaction of the acquisition of subsidiaries, net of cash acquired of S\$468.7 million.
- (2) Transaction costs relating to the issue of Units were paid out from the gross proceeds from the Offering. Such costs were incurred in accordance with the transaction costs as disclosed in the Prospectus.
- (3) For purpose of the Consolidated Statement of Cash Flows, the cash and cash equivalents comprised the following:

| | 31 March 2016 (S\$'000) |
|---------------------------|--|
| Bank and cash balances | 36,437 |
| Less: Restricted cash | - |
| Cash and cash equivalents | <u>36,437</u> |

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1 (d)(i) Statements of Changes in Unitholders' Funds

| | 18 November 2015 to 31 March 2016 ^(a) | |
|--|---|------------------|
| | Group | REIT |
| | (S\$'000) | (S\$'000) |
| At 18 November 2015 (date of constitution) ^(b) | - | - |
| Operations | | |
| Change in Unitholders' funds resulting from operations before distribution | 28,826 | (2,013) |
| Transfer to general reserve | (330) | - |
| Net increase in net assets resulting from operations | 28,496 | (2,013) |
| Unitholders' transactions | | |
| Issue of new Units | | |
| - Initial public offering | 394,180 | 394,180 |
| - Manager's management fees payable in Units | 548 | 548 |
| - Property manager's fees payable in Units | 216 | 216 |
| Issue expenses | (11,719) | (11,719) |
| Net increase in net assets resulting from Unitholders' transactions | 383,225 | 383,225 |
| Movement in foreign currency translation reserve | (15,361) | - |
| Movement in general reserve | 330 | - |
| Total Unitholders' funds as at end of the period | 396,690 | 381,212 |

Footnotes:

- (a) No comparative Statement of Changes in Unitholders' Funds has been prepared as the REIT was constituted on 18 November 2015. The first financial period was from 18 November 2015 to 31 March 2016. The REIT was listed on SGX-ST on 11 December 2015.
- (b) Less than S\$1,000.

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1 (d)(ii) Details of Any Changes in Units

| | 18 November 2015 to 31 March 2016 ^(a) |
|---|---|
| | ('000) |
| REIT | |
| Units in issue: | |
| At 18 November 2015 (Date of Constitution) ^(b) | - |
| Issue of new units relating to: | |
| - Initial public offering | 492,725 |
| Issued units as at end of period | 492,725 |
| Units to be issued: | |
| Manager's management base fee payable in Units | 646 |
| Manager's management performance fee payable in Units | 37 |
| Property manager fee payable in Units | 270 |
| To be issued units as at end of period | 953 |
| | |
| Total issued and issuable units as at end of period | 493,678 |

Footnotes:

- (a) No comparative Statement of Changes in Unitholders' Funds has been prepared as the REIT was constituted on 18 November 2015. The first financial period was from 18 November 2015 to 31 March 2016. The REIT was listed on SGX-ST on 11 December 2015.
- (b) Less than S\$1,000.

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

The figures have not been audited or reviewed by our auditors.

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

Not applicable.

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

The accounting policies and methods of computation adopted in the preparation of the financial statements for the current report period are consistent with those described in the Prospectus.

In addition, the Group and the REIT have adopted revised Financial Accounting Standards ("FRS") (including its consequential amendments) and interpretations effective for the financial period beginning 1 January 2016 as follows:

FRS 1 Presentation of Financial Statements
FRS 16 Property, Plant and Equipment
FRS 19 Employee Benefits
FRS 107 Financial Instruments: Disclosures
FRS 110 Consolidated Financial Statements
FRS 112 Disclosure of Interests in Other Entities

The Group does not expect any significant financial impact on its financial position or performance from the adoption of these amendments to FRS.

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

Not applicable.

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6 Earnings per Unit and Distribution per Unit

| | 18 November 2015 to 31 March 2016 (a),(b) |
|---|---|
| Weighted average number of units ('000) | 492,733 |
| Earning per unit (" EPU ") - Basic and Diluted Basic and Diluted ^(b) (cents) | 5.85 |
| Number of Units entitled to distribution ('000) | 345,331 |
| Distribution per unit (" DPU ") ^(c) (cents) | 1.50 |

Footnotes:

- (a) No comparative for EPU and DPU have been prepared as the REIT was constituted on 18 November 2015. The first financial period was from 18 November 2015 to 31 March 2016. The REIT was listed on SGX-ST on 11 December 2015.
- (b) The computation of basic EPS is based on the weighted average number of Units of 492,733,000 as at end of the period comprising:
- (i) The weighted average number of Units in issue as at 31 March 2016 of 492,725,000; and
 - (ii) The weighted average number of Units to be issued to the Manager as satisfaction of Manager's management fees payable for the period ended 31 March 2016 of 6,000; and
 - (iii) The weighted average number of Units to be issued to the property manager as satisfaction of property management fees payable for the period ended 31 March 2016 of 2,000.

The Diluted EPU is the same as the Basic EPU as there is no dilutive instrument in issue at the end of the period.

- (c) The computation of the DPU is based on the number of Units entitled to distribution of 345,331,000. This comprises:
- (i) The number of Units in issue as at 31 March 2016 of 492,725,000; and
 - (ii) The Units to be issued to the Manager as satisfaction of Manager's base fee payable for the period ended 31 March 2016 of 646,000;
 - (iii) The Units to be issued to the property manager as satisfaction of property management fee payable for the period ended 31 March 2016 of 270,000; and
 - (iv) The Units to be issued excludes strategic investor's units of 148,310,000.

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7 Net Asset Value (“NAV”) per Unit

| | Group 31 March 2016 ^(a) | REIT 31 March 2016 ^(a) |
|---|---|--|
| Number of Units in issue and to be issued at end of period ('000) | 493,678 | 493,678 |
| Net asset value per Unit (S\$) ^(b) | 0.80 | 0.77 |

Footnote:

(a) No comparative for Net Asset Value per unit has been prepared as the REIT was constituted on 18 November 2015. The first financial period was from 18 November 2015 to 31 March 2016. The REIT was listed on SGX-ST on 11 December 2015.

(b) The NAV per unit is computed based on the Units in issue and to be issued of 493,678,000 as at 31 March 2016.

8 Review of the Performance

Please refer to section 9 on the review of actual performance against the forecast.

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9 Variance between Actual and Forecast Results

| | 11 December 2015 to 31 March 2016 | | |
|---|--|--|-----------------------------|
| | Actual ^{(a),(b)} (S\$'000) | Forecast ^(a) (S\$'000) | Change (%) |
| Gross revenue | 19,688 | 19,573 | 0.6 |
| Property operating expenses | (7,638) | (7,566) | 0.9 |
| Net property income | 12,050 | 12,007 | 0.4 |
| Other income | 217 | 7 | N/M |
| Manager's fees | (548) | (516) | 6.2 |
| Trustee's fee | (51) | (48) | 6.7 |
| Other expenses | (195) | (301) | (35.2) |
| Finance income | 27 | 40 | (32.5) |
| Finance cost | (2,831) | (2,881) | 1.7 |
| Net income | 8,669 | 8,308 | 4.3 |
| Net change in fair value of investment properties | 45,320 | - | N/M |
| Total return for the period before tax | 53,989 | 8,308 | N/M |
| Tax expense | (13,320) | (1,647) | N/M |
| Total return for the period | 40,669 | 6,661 | N/M |
| Attributable to: | | | |
| Unitholders | 28,826 | 5,731 | N/M |
| Non-controlling interest | 11,843 | 930 | N/M |
| Total return for the period | 40,669 | 6,661 | N/M |
| | | | |

N/M: Not meaningful, NA: Not applicable

Footnotes:

- (a) The actual results of the Group's foreign subsidiaries are translated using the average SGD: CNY rate of 1:4.643 whereas the exchange rate of 1:4.60 was adopted in the forecast, for the period from 11 December 2015 to 31 March 2016.
- (b) Unitholders who have subscribed for the Units pursuant to the offering of Units in the REIT on 11 December 2015 will be entitled to distributions made from Listing Date. As there were no operating activities for the period prior to 11 December 2015, the amount available for distribution relates to the period from the Listing Date to 31 March 2016.

9 Variance between Actual and Forecast Results (cont'd)

Review of the Performance

Gross revenue, Property operating expenses and Net property income were all in line with forecast.

Other income was S\$0.2 million higher compared to forecast, mainly due to foreign exchange gain.

Other expenses was S\$0.1 million (35.2%) lower compared to forecast, mainly due to lower actual expenses incurred.

Net income of S\$8.7 million was S\$0.4 million (4.3%) above forecast.

Tax expense of S\$13.3 million was mainly due to deferred tax arising from net change from fair value of investment properties.

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

According to National Bureau of Statistics of China, China's economy registered a 6.9% year-on-year growth in 2015. The preliminary estimate of China's 2016 first quarter growth is 6.7% year-on-year. Amid China's transition towards a consumption-driven economy, the government's focus for the next few years would be to advance structural reforms, implement an innovation-driven development strategy, and create jobs. In view of the ongoing economic transformation, the Chinese government targets an annual growth of 6.5% to 7.0% in 2016. *(National Bureau of Statistics of China)*

In the first quarter of 2016, employment situation remained stable, national per capita disposable income from residents registered real growth of 6.5% year-on-year. *(National Bureau of Statistics of China)*

Total retail sales for the first quarter of 2016 increased 10.3% year-on-year. According to CBRE, lifestyle and experience-oriented retailers, particularly F&B, continued to perform strongly. More F&B retailers are leasing space in shopping malls to enhance their brands and reach out to new consumers. Mid-range fashion sector also displayed stronger demand led by the rising middle-class income, coupled with consumers' increased focus on price and value. Other growth sectors included cosmetics and retailers catering to children. *(CBRE Retail Trends Q1 2016)*

The Group's current portfolio of five community-focused retail properties, strategically located in vicinities with strong surrounding catchment, is well positioned to benefit from China's economic transformation to a model with increasing emphasis on domestic demand.

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11 Distribution

(a) Current financial period

Any distribution declared for the current financial period?

No.

(b) Corresponding period of the immediately preceding financial year

Any distributions declared for the corresponding period of the immediate preceding financial periods?

Not Applicable.

(c) Date payable: Not applicable

(d) Book closure date: Not applicable

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

No interim distribution has been declared or recommended in the current financial period.

13 If the Group has obtained a general mandate from Unitholders for interested person transactions ("IPT"), the aggregate value of such transactions are required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from Unitholders for IPT.

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the unaudited interim financial results of the Group and the REIT (comprising the statement of financial position as at 31 March 2016, statement of total return and distribution statement, statement of cash flow and statement of movements in Unitholders' funds for the quarter ended on that date), together with their accompanying notes, to be false or misleading, in any material respect.

15 Confirmation pursuant to Rule 720(1) of the Listing Manual

The Manager confirms that it has procured undertakings from all Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual.

BHG RETAIL REIT
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for the Period from 18 November 2015 (Date of Constitution) to 31 March 2016

On behalf of the Board of the Manager

Francis Siu Wai Keung
Chairman

Chan Iz-Lynn
Chief Executive Officer

This release may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental, public policy changes, and the continued availability of financing. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

The value of units in the REIT ("Units") and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of the Group is not necessarily indicative of the future performance of the Group.

Investors should note that they have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

By Order of the Board

Tan Wee Sin
Company Secretary

BHG Retail Trust Management Pte. Ltd.

(Company registration no. 201504222D)

(as Manager of BHG Retail REIT)

12 May 2016