



BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016

Table of Contents

Item No.	Description	Page
-	Introduction	2-3
-	Summary of Group Results	3
1(a)	Consolidated Statement of Total Return and Distribution Statement	4-6
1(b)(i)	Statements of Financial Position	7
1(b)(ii)	Aggregate Amount of Borrowings and Debt Securities	8
1(c)	Consolidated Statement of Cash Flows	9-10
1(d)(i)	Statements of Changes in Unitholders' Funds	11
1(d)(ii)	Details of Any Changes in Units	12
2 & 3	Audit Statement	12
4 & 5	Changes in Accounting Policies	13
6	Earnings per Unit and Distribution per Unit	14
7	Net Asset Value per Unit	15
8	Review of the Performance	15
9	Variance between Actual and Forecast Results	16-17
10	Outlook and Prospects	18
11 & 12	Distribution	19
13	General Mandate relating to Interested Person Transactions	19
14	Confirmation pursuant to Rule 705(5) of the Listing Manual	19
15	Confirmation pursuant to Rule 720(1) of the Listing Manual	20

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

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

Introduction

BHG Retail REIT (the “**REIT**”) was constituted by a trust deed dated 18 November 2015 (“**Date of Constitution**”) 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 was 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 second quarter and half year ended 30 June 2016.

For ease of reference, the following abbreviations are used in this announcement:

“2Q 2016”: For the 3 months ended 30 June 2016; and

“1H 2016”: For the period from Date of Constitution to 30 June 2016.

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

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 from 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

	2Q 2016			1H 2016		
	Actual ⁽¹⁾ (S\$'000)	Forecast ⁽²⁾ (S\$'000)	Change (%)	Actual ⁽¹⁾ (S\$'000)	Forecast ⁽²⁾ (S\$'000)	Change (%)
Gross revenue	15,372	16,043	(4.2)	35,060	35,616	(1.6)
Net property income	10,309	10,085	2.2	22,359	22,092	1.2
Amount available for distribution	4,711	4,491	4.9	9,888	9,653	2.4
Distribution per Unit ("DPU") (cents)	1.35	1.30	3.8	2.85	2.79	2.2
Annualised distribution yield (%)						
- Based on IPO price ⁽⁴⁾	6.77	6.51 ⁽³⁾	4.0	6.41	6.27 ⁽³⁾	2.2
- Based on 2Q 2016 closing price ⁽⁵⁾	7.37	7.09 ⁽³⁾	4.0	6.97	6.82 ⁽³⁾	2.2

Footnotes:

- (1) The actual results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.810 and 1: 4.713 for 2Q 2016 and 1H 2016, respectively.
- (2) The forecast was prorated based on forecast and projection shown in BHG Retail REIT Prospectus dated 2 Dec 2015 (the "Prospectus") for 2Q 2016 and 1H 2016, respectively. An exchange rate of SGD: CNY 1:4.60 was adopted in the forecast.
- (3) The forecast annualised distribution yield for 2Q 2016 and 1H 2016 were prorated based on forecast 2015 of 5.7% and projection 2016 of 6.3% as shown in the Prospectus.
- (4) Based on IPO price of S\$0.80 as at 11 Dec 2015.
- (5) Based on Closing price of S\$0.735 as at 30 Jun 2016.

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

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

		2Q 2016 ^(c)	1H 2016 ^{(a),(b),(c)}
	Note	(\$'000)	(\$'000)
Statement of Total Return			
Gross revenue ^(d)		15,372	35,060
Property operating expenses ^{(d),(e)}		(5,063)	(12,701)
Net property income		10,309	22,359
Other income	(1)	-	110
Manager's management fee	(2)	(441)	(989)
Trustee's fee		(24)	(75)
Other expenses		(234)	(414)
Finance income		19	46
Foreign exchange (loss)/gain-realised		(9)	98
Finance cost	(3)	(2,006)	(4,837)
Net income		7,614	16,298
Net change in fair value of investment properties	(4)	14,706	60,026
Foreign exchange loss-unrealised		(72)	(87)
Total return for the period before tax		22,248	76,237
Tax expense	(5)	(5,536)	(18,856)
Total return for the period		16,712	57,381
Attributable to:			
Unitholders		8,857	37,683
Non-controlling interests		7,855	19,698
Total return for the period		16,712	57,381
Distribution Statement			
Total return for the period attributable to Unitholders		8,857	37,683
Distribution adjustments	(6)	(4,146)	(27,795)
Amount available for distribution		4,711	9,888

Footnotes:

- (a) No comparative Consolidated Statement of Total Return and Distribution Statement has been prepared as the REIT was constituted on 18 Nov 2015 and was listed on SGX-ST on 11 Dec 2015.
- (b) Although the REIT was incorporated on 18 Nov 2015, the acquisition of the assets of its Initial Portfolio were completed on 11 Dec 2015 which was the official listing date. There were no operating activities for the period prior to 11 Dec 2015.
- (c) The actual results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.810 and 1: 4.713 for 2Q 2016 and 1H 2016, respectively.
- (d) Prior to 1 May 2016, Business Tax was reflected under property operating expenses. With effect from 1 May 2016, Value Added Tax ("VAT") replaced Business Tax and it is net off the revenue instead of reflecting in the property operating expenses.
- (e) Includes property management fees of \$538,000 and \$1,196,000 for 2Q 2016 and 1H 2016, respectively.

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

Notes to Consolidated Statement of Total Return and Distribution Statement:

(1) Other income

Other income mainly comprised compensation on liquidated damages, government grant and miscellaneous income.

(2) Manager's management 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 between actual DPU and the forecasted DPU from the Forecast. The forecast DPU for this financial period ended 30 Jun 2016 was computed by pro-rating the full year forecasted DPU.

(3) Finance cost

Finance cost comprised the following:

	2Q 2016 (S\$'000)	1H 2016 (S\$'000)
Borrowing costs	1,920	4,673
Amortisation of debt establishment costs	86	164
Finance cost	2,006	4,837

(4) Net change in fair value of investment properties

Net change in fair value of investment properties represents the difference between acquisition cost incurred by the Group and the fair value of the investment properties at the reporting date. A full valuation was performed on 30 Jun 2015 for the purpose of initial public offering. The management is of the view that due to the passing of time, there is a need to perform a desktop valuation in this quarter to update the valuation of the properties. A full annual valuation will be performed at year end. This change in fair value does not affect the distribution per unit.

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

(5) Tax expense

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

	2Q 2016 (S\$'000)	1H 2016 (S\$'000)
Current period:		
- Income tax	1,100	2,690
- Deferred tax	4,025	15,295
- Withholding tax	411	871
	5,536	18,856

Deferred tax mainly arises from net change from fair value of investment properties.

(6) Distribution adjustments

	2Q 2016 (S\$'000)	1H 2016 (S\$'000)
<u>Distribution adjustments</u>		
- Net change in fair value of investment properties ^(a)	(6,634)	(38,822)
- Amortisation of debt establishment costs	86	164
- Management base fee payable in Units	471	989
- Management performance fee payable in Units	(30)	-
- Property management fees payable in Units	173	389
- Deferred tax expense ^(a)	2,007	9,994
- Transfer to general reserve ^(a)	(339)	(669)
- Other items ^(a)	120	160
Net distribution adjustments	(4,146)	(27,795)

Footnote:

(a) Excludes non-controlling interests' share.

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

1(b)(i) Statements of Financial Position

	Group	REIT
	30 June 2016	30 June 2016
	(a),(b)	(a)
Note	S\$'000	S\$'000
Non-current assets		
Investment properties	774,046	-
Plant and equipments	705	-
Investment in subsidiaries	-	525,971
Deferred tax assets	775	-
	775,526	525,971
Current assets		
Trade and other receivables	8,642	1,581
Cash and cash equivalents	33,793	1,299
	42,435	2,880
Total assets	817,961	528,851
Non-current liabilities		
Loans and borrowings	(1) 215,962	147,604
Trade and other payables	10,107	-
Security deposits	8,029	-
Deferred tax liabilities	15,330	-
	249,428	147,604
Current liabilities		
Loans and borrowings	(1) 1,216	-
Trade and other payables	9,332	1,147
Security deposits	5,787	-
Current tax payable	2,020	-
	18,355	1,147
Total liabilities	267,783	148,751
Net assets	550,178	380,100
Represented by:		
Unitholders' funds	398,071	380,100
Non-controlling interests	152,107	-
	550,178	380,100

Footnotes:

- (a) No comparative Statement of Financial Position has been prepared as the REIT was constituted on 18 Nov 2015 and was listed on SGX-ST on 11 Dec 2015.
- (b) The results of the Group's foreign subsidiaries were translated using the closing SGD: CNY rate of 1:4.933 as at 30 Jun 2016.

Notes to Statements of Financial Position:

- (1) Loans and borrowings are measured at amortised cost and comprise corporate loan of S\$147.6 million, Beijing Wanliu of S\$56.5 million (RMB 278.5 million) and Hefei Mengchenglu of S\$13.1 million (RMB 64.7 million), as explained under section 1(b)(ii).

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

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

	30 Jun 2016 ^(a) (S\$'000)
Secured borrowings	
Amount repayable within one year	1,216
Amount repayable after one year but less than 5 years	217,133
Less: Debt establishment costs ^(b)	(1,171)
Total secured borrowings	217,178
Unsecured borrowings	-
Total borrowings	217,178

Footnotes:

- (a) The balances of the Group's foreign subsidiaries are translated using the closing SGD: CNY rate of 1:4.933 as at 30 Jun 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 30 Jun 2016, 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. On 9 Jun 2016, RMB 1.5 million has been repaid for each of the two onshore facilities.

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.

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

1 (c) Consolidated Statement of Cash Flows

	2Q 2016	1H 2016 ^{(a),(b)}
Note	(\$'000)	(\$'000)
Operating activities		
Total return for the period	16,712	57,381
Adjustments for:		
Manager's management fee payable in Units	441	989
Property management fees payable in Units	173	389
Finance income	(19)	(46)
Finance cost	2,006	4,837
Depreciation	42	94
Net change in fair value of investment properties	(14,706)	(60,026)
Tax expense	5,536	18,856
Operating income before working capital changes	10,185	22,474
Changes in working capital:		
Trade and other receivables	(268)	(4,648)
Trade and other payables	(7,816)	(12,463)
Cash generated from operating activities	2,101	5,363
Tax paid	(1,716)	(2,552)
Net cash from operating activities	385	2,811
Investing activities		
Acquisition of subsidiaries, net of cash acquired	(1)	(468,709)
Capital expenditure on investment properties	-	(5,585)
Purchase of plant and equipment	-	(42)
Interest received	20	46
Net cash generated from/(used in) investing activities	20	(474,290)
Financing activities		
Proceeds from issue of Units	(1)	394,180
Payment of transaction costs related to the issue of Units	(2)	(11,727)
Interest paid	(1,937)	(3,406)
Proceeds from borrowings	-	163,077
Repayment of borrowings	(641)	(33,832)
Payment of transaction costs related to loans and borrowings	-	(1,386)
Net cash (used in)/generated from financing activities	(2,586)	506,906
Net (decrease)/ increase in cash and cash equivalents	(2,181)	35,427
Cash and cash equivalents at beginning of the period	36,437	-
Effect of exchange rate fluctuations on cash held	(463)	(1,634)
Cash and cash equivalents at end of the period	33,793	33,793

Footnotes:

- (a) No comparative Consolidated Statement of Cash Flows has been prepared as the REIT was constituted on 18 Nov 2015 and was listed on SGX-ST on 11 Dec 2015.
- (b) Although the REIT was incorporated on 18 Nov 2015, the acquisition of the assets of its Initial Portfolio were completed on 11 Dec 2015 which was the official listing date. There were no operating activities for the period prior to 11 Dec 2015.

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

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.

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

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

	2Q 2016 ^(a)		1H 2016 ^(a)	
	Group (S\$'000)	REIT (S\$'000)	Group (S\$'000)	REIT (S\$'000)
Unitholders' funds as at beginning of the period/at 18 November 2015 (date of constitution)^(b)	396,690	381,212	-	-
Change in Unitholders' funds resulting from operations before distribution	8,857	(1,718)	37,683	(3,731)
Transfer to general reserve	(339)	-	(669)	-
Net increase/(decrease) in net assets resulting from operations	405,208	379,494	37,014	(3,731)
Unitholders' transactions				
Issue of new Units				
- Initial public offering	-	-	394,180	394,180
- Manager's management fee payable in Units	441	441	989	989
- Property management fees payable in Units	173	173	389	389
Issue expenses	(8)	(8)	(11,727)	(11,727)
Net increase in net assets resulting from Unitholders' transactions	606	606	383,831	383,831
Movement in foreign currency translation reserve	(8,082)	-	(23,443)	-
Movement in general reserve	339	-	669	-
Total Unitholders' funds as at end of the period	398,071	380,100	398,071	380,100

Footnote:

- (a) No comparative Statement of Changes in Unitholders' Funds has been prepared as the REIT was constituted on 18 Nov 2015 and was listed on SGX-ST on 11 Dec 2015.

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

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

	2Q 2016	1H 2016 ^(a)
	('000)	('000)
REIT		
Units in issue:		
As at beginning of period	492,725	-
Issue of new units relating to:		
- Initial public offering	-	492,725
Issued units as at end of period	492,725	492,725
Units to be issued:		
As at beginning of period	953	-
Manager's management base fee payable in Units	727	1,373
Manager's management performance fee payable in Units	(37)	-
Property manager's fee payable in Units	268	538
To be issued units as at end of period	1,911	1,911
Total issued and issuable units as at end of period	494,636	494,636

Footnote

(a) No comparative Statement of Changes in Unitholders' Funds has been prepared as the REIT was constituted on 18 Nov 2015 and was listed on SGX-ST on 11 Dec 2015.

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.

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

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.

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

6 Earnings per Unit and Distribution per Unit

	2Q 2016 ^(a)	1H 2016 ^(a)
Weighted average number of units ('000)		
Basic	493,652	493,145
Diluted	494,636	494,636
Earning per unit (" EPU ") ^(b)		
Basic	1.79	7.64
Diluted	1.79	7.62
Number of Units entitled to distribution ('000)	346,818	346,818
Distribution per unit (" DPU ") ^(c) (cents)	1.35	2.85

Footnotes:

- (a) No comparative for EPU and DPU have been prepared as the REIT was constituted on 18 Nov 2015 and was listed on SGX-ST on 11 Dec 2015.
- (b) EPU is calculated based on total return after taxation and non-controlling interest.
- (c) The computation of the DPU is based on the number of Units entitled to distribution of 346,818,000. This comprises:
 - (i) The number of Units in issue as at 30 Jun 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 30 Jun 2016 of 1,373,000;
 - (iii) The Units to be issued to the property manager as satisfaction of property management fee payable for the period ended 30 Jun 2016 of 538,000; and
 - (iv) The Units to be issued excludes strategic investor's units of 147,818,000.

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

7 Net Asset Value (“NAV”) per Unit

	Group	REIT
	30 Jun 2016 ^(a)	30 Jun 2016 ^(a)
Number of Units in issue and to be issued at end of period ('000)	494,636	494,636
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 Nov 2015 and was listed on SGX-ST on 11 Dec 2015.

(b) The NAV per unit is computed based on the Units in issue and to be issued of 494,636,000 as at 30 Jun 2016.

8 Review of the Performance

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

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

9 Variance between Actual and Forecast Results

	2Q 2016			1H 2016		
	Actual ^{(a),(b)}	Forecast ^(a)	Change	Actual ^{(a),(b)}	Forecast ^(a)	Change
	(\$'000)	(\$'000)	(%)	(\$'000)	(\$'000)	(%)
Gross revenue	15,372	16,043	(4.2)	35,060	35,616	(1.6)
Property operating expenses	(5,063)	(5,958)	(15.0)	(12,701)	(13,524)	(6.1)
Net property income	10,309	10,085	2.2	22,359	22,092	1.2
Other income	-	7	N/M	110	14	>100.0
Manager's management fee	(441)	(449)	(1.8)	(989)	(965)	2.5
Trustee's fee	(24)	(39)	(38.5)	(75)	(87)	(13.8)
Other expenses	(234)	(234)	-	(414)	(534)	(22.5)
Finance income	19	79	(75.9)	46	119	(61.3)
Foreign exchange (loss)/gain-realised	(9)	-	N/M	98	-	N/M
Finance cost	(2,006)	(2,317)	(13.4)	(4,837)	(5,198)	(6.9)
Net income	7,614	7,132	6.8	16,298	15,441	5.6
Net change in fair value of investment properties	14,706	-	N/M	60,026	-	N/M
Foreign exchange loss-unrealised	(72)	-	N/M	(87)	-	-
Total return for the period before tax	22,248	7,132	>100.0	76,237	15,441	>100.0
Tax expense	(5,536)	(1,383)	>100.0	(18,856)	(3,031)	>100.0
Total return for the period	16,712	5,749	>100.0	57,381	12,410	>100.0
Attributable to:						
Unitholders	8,857	4,937	79.4	37,683	10,668	>100.0
Non-controlling interests	7,855	812	>100.0	19,698	1,742	>100.0
Total return for the period	16,712	5,749	>100.0	57,381	12,410	>100.0

N/M: Not meaningful, NA: Not applicable

Footnote:

- (a) The actual results of the Group's foreign subsidiaries are translated using the average SGD: CNY rate of 1:4.810 and 1:4.713 for 2Q 2016 and 1H 2016, respectively; whereas the exchange rate of 1:4.60 was adopted in the forecast.
- (b) Unitholders who have subscribed for the Units pursuant to the offering of Units in the REIT on 11 Dec 2015 will be entitled to distributions made from Listing Date. As there were no operating activities for the period prior to 11 Dec 2015, the amount available for distribution relates to the period from the Listing Date to 30 Jun 2016.

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

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

Review of the Performance

Gross revenue in 2Q 2016 and 1H 2016 was S\$0.7 million (4.2%) and S\$0.6 million (1.6%) lower than forecast. Property operating expenses were S\$0.9 million (15.0%) and S\$0.8 million (6.1%) lower than forecast. This was due to the China nation-wide VAT reform with effect from 1 May 2016 and weaker RMB against SGD.

Prior to 1 May 2016, Business Tax was reflected under property operating expenses. With effect from 1 May 2016, VAT replaced Business Tax and it is net off the revenue instead of reflecting in the property operating expenses. No significant impact to the net property income is expected from the implementation of the VAT.

Net property income in 2Q 2016 and 1H 2016 was S\$0.2 million (2.2%) and S\$0.3 million (1.2%) above forecast.

Other expenses in 2Q 2016 were in line with forecast; for 1H 2016 were S\$0.1 million (22.5%) lower than forecast. This was due mainly to lower professional fees and other expenses incurred.

Finance cost in 2Q 2016 and 1H 2016 was S\$0.3 million (13.4%) and S\$0.4 million (6.9%) lower than forecast. It was due mainly to repayment of borrowings of S\$0.6 million (RMB 3.0 million) in 2Q 2016.

Net income in 2Q 2016 and 1H 2016 was S\$0.5 million (6.8%) and S\$0.9 million (5.6%) above forecast.

Tax expense in 2Q 2016 and 1H 2016 was S\$4.2 million and S\$15.8 million higher than forecast 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 the National Bureau of Statistics of China's preliminary estimate, the China economy grew 6.7% year-on-year in both the second quarter, as well as the first half of 2016. The China economy showed moderate growth in the first half of 2016, albeit ongoing global economic uncertainties. The Chinese government's economic growth target was maintained at 6.5% to 7.0% for 2016. China remain focused on the path towards a sustainable economy, with its government cognisant of the need to unswervingly implement supply-side structural reforms, raise productivity, tackle overcapacity, and deepen innovation. *(National Bureau of Statistics of China)*

In the first half of 2016, employment situation remained stable, the per capita disposable income of the urban residents registered real growth of 5.8% year-on-year. *(National Bureau of Statistics of China)*

Total retail sales increased 10.3% year-on-year to RMB 15.6 trillion in the first half of 2016. According to CBRE, overall demand continued to be led by lifestyle and experience-oriented retailers particularly F&B groups. Consumers' focus on value-for-money products continued to support steady leasing activity from mid-range brands, especially for fashion retailers. Other key growth sectors include cosmetics and retailers catering to children. *(CBRE Retail Trends Q2 2016)*

BHG Retail REIT'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.

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

11 Distribution

(a) Current financial period

Any distribution declared for the current financial period?	Yes
Distribution period	: 11 Dec 2015 to 30 Jun 2016
Distribution rate	: 2.85 cents per unit
Distribution type	: Capital distribution
Tax rate	: Capital distribution represents a return of capital to Unitholders for Singapore income tax purpose and is therefore not subject to income tax. For Unitholders who hold the Units as trading assets, the amount of capital gain distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units.
Remark	: The capital distribution from 11 Dec 2015 to 30 Jun 2016 is expected to be funded from borrowing at the REIT level.

(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** : 21 Sep 2016
(d) Record date : 8 Sep 2016

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

Not Applicable.

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 30 Jun 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.

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

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.

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 August 2016