



BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2018

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**BHG RETAIL REIT
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Introduction

BHG Retail REIT (the “**REIT**”) was constituted by a trust deed dated 18 November 2015 (as amended) 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 2018.

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

“2Q 2017”: For the 3-month period from 1 April 2017 to 30 June 2017;

“2Q 2018”: For the 3-month period from 1 April 2018 to 30 June 2018;

“1H 2017”: For the 6-month period from 1 January 2017 to 30 June 2017; and

“1H 2018”: For the 6-month period from 1 January 2018 to 30 June 2018.

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Summary of Group Results

	2Q 2018^(a) (S\$'000)	2Q 2017^(a) (S\$'000)	Change (%)	1H 2018^(a) (S\$'000)	1H 2017^(a) (S\$'000)	Change (%)
Gross revenue	17,738	15,858	11.9	35,167	31,350	12.2
Net property income	11,980	10,900	9.9	23,616	21,271	11.0
Amount available for distribution	5,117	4,918	4.0	10,404	9,974	4.3
Distribution per Unit (" DPU ") (cents)	1.35	1.35	-	2.74	2.74	-

Footnotes:

- (a) The results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.778, 1:4.929, 1:4.799 and 1:4.896 for 2Q 2018, 2Q 2017, 1H 2018 and 1H 2017, respectively.

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

	2Q 2018 ^{(a) (b)}	2Q 2017 ^{(a) (b)}	Change	1H 2018 ^{(a) (b)}	1H 2017 ^{(a) (b)}	Change
Note	(\$'000)	(\$'000)	(%)	(\$'000)	(\$'000)	(%)
Statement of Total Return						
Gross revenue	17,738	15,858	11.9	35,167	31,350	12.2
Property operating expenses	(5,758)	(4,958)	16.1	(11,551)	(10,079)	14.6
Net property income	11,980	10,900	9.9	23,616	21,271	11.0
Other income	11	15	(26.7)	22	253	(91.3)
Manager's base fee	(511)	(491)	4.1	(1,040)	(997)	4.3
Trustee's fee	(35)	(33)	6.1	(69)	(67)	3.0
Other expenses	(217)	(228)	(4.8)	(407)	(412)	(1.2)
Finance income	174	150	16.0	339	247	37.2
Foreign exchange gain - realised	58	1	>100.0	58	1	>100.0
Finance cost	(2,610)	(2,228)	17.1	(4,887)	(4,367)	11.9
Net income	8,850	8,086	9.4	17,632	15,929	10.7
Foreign exchange gain/(loss) - unrealised	139	-	N/M	120	(26)	>100.0
Total return for the period before taxation	8,989	8,086	11.2	17,752	15,903	11.6
Taxation	(1,988)	(1,958)	1.5	(3,884)	(3,438)	13.0
Total return for the period after taxation	7,001	6,128	14.2	13,868	12,465	11.3
Attributable to:						
Unitholders	4,817	4,247	13.4	9,617	8,748	9.9
Non-controlling interests	2,184	1,881	16.1	4,251	3,717	14.4
Total return for the period after taxation	7,001	6,128	14.2	13,868	12,465	11.3
Distribution Statement						
Total return for the period attributable to Unitholders	4,817	4,247	13.4	9,617	8,748	9.9
Distribution adjustments	300	671	(55.3)	787	1,226	(35.8)
Amount available for distribution	5,117	4,918	4.0	10,404	9,974	4.3

N/M: not meaningful

Footnotes:

- (a) The results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.778, 1:4.929, 1:4.799 and 1:4.896 for 2Q 2018, 2Q 2017, 1H 2018 and 1H 2017, respectively.
- (b) Includes property management fees of S\$618,000, S\$538,000, S\$1,213,000 and S\$1,061,000 for 2Q 2018, 2Q 2017, 1H 2018 and 1H 2017, respectively.

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Notes to Consolidated Statement of Total Return and Distribution Statement:

(1) Other income

Other income mainly comprised fine and penalties from tenants, 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.

(3) Finance cost

Finance cost comprised the following:

	2Q 2018 (S\$'000)	2Q 2017 (S\$'000)	Change (%)	1H 2018 (S\$'000)	1H 2017 (S\$'000)	Change (%)
Borrowing costs	2,515	2,146	17.2	4,698	4,203	11.8
Amortisation of debt establishment costs	95	82	15.9	189	164	15.2
	2,610	2,228	17.1	4,887	4,367	11.9

(4) Taxation

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

	2Q 2018 (S\$'000)	2Q 2017 (S\$'000)	Change (%)	1H 2018 (S\$'000)	1H 2017 (S\$'000)	Change (%)
Current period:						
- Income tax	1,814	1,508	20.3	3,538	2,752	28.6
- Deferred tax	174	450	(61.3)	346	686	(49.6)
	1,988	1,958	1.5	3,884	3,438	13.0

(5) Distribution adjustments

	2Q 2018 (S\$'000)	2Q 2017 (S\$'000)	Change (%)	1H 2018 (S\$'000)	1H 2017 (S\$'000)	Change (%)
<u>Distribution adjustments</u>						
- Amortisation of debt establishment costs	95	82	15.9	189	164	15.2
- Deferred tax expense ^(a)	(2)	184	>100.0	(2)	184	>100.0
- Manager's management base fee payable in Units	511	491	4.1	1,040	997	4.3
- Property management fees payable in Units	196	181	8.3	394	354	11.3
- Transfer to statutory reserve ^(a)	(389)	(295)	31.9	(770)	(557)	38.2
- Other adjustments ^(a)	(111)	28	>100.0	(64)	84	>100.0
Net distribution adjustments	300	671	(55.3)	787	1,226	(35.8)

Footnote:

(a) Excludes share attributable to non-controlling interests.

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1(b)(i) Statements of Financial Position

Note	Group		REIT	
	30 Jun 2018 ^(a) S\$'000	31 Dec 2017 ^(a) S\$'000	30 Jun 2018 ^(a) S\$'000	31 Dec 2017 ^(a) S\$'000
Non-current assets				
(1)	812,470	811,116	-	-
	703	690	-	-
	-	-	525,042	525,088
	115	123	-	-
	24	22	-	-
	813,312	811,951	525,042	525,088
Current assets				
(2)	4,188	4,160	186	189
	71,220	72,081	1,018	547
	75,408	76,241	1,204	736
	888,720	888,192	526,246	525,824
Total assets				
Non-current liabilities				
(3)	177,002	215,500	115,765	147,690
(4)	-	-	10,175	-
	2,011	1,843	-	-
	5,448	4,461	-	-
	25,030	24,404	-	-
	209,491	246,208	125,940	147,690
Current liabilities				
(3)	59,741	25,972	58,522	24,760
	17,325	19,401	2,432	1,334
	11,823	11,730	-	-
	1,770	1,832	-	-
	90,659	58,935	60,954	26,094
	300,150	305,143	186,894	173,784
	588,570	583,049	339,352	352,040
Net assets				
Represented by:				
	419,489	416,454	339,352	352,040
	169,081	166,595	-	-
	588,570	583,049	339,352	352,040

Footnotes:

(a) The results of the Group's foreign subsidiaries were translated using the closing SGD: CNY rate of 1:4.857 and 1:4.865 as at 30 June 2018 and 31 December 2017, respectively.

Notes to Statements of Financial Position:

- (1) Increase in investment properties is mainly due to strengthening of RMB against SGD.
- (2) Cash and cash equivalents include restricted cash amounting to S\$18.8 million and S\$28.7 million as at 30 June 2018 and 31 December 2017, respectively, which is used to secure bank facilities.
- (3) Loans and borrowings are measured at amortised cost. The REIT has reclassified S\$32 million from non-current liabilities to current liabilities as it is due within a year.
- (4) The REIT arranged a long-term interest-bearing loan from one of the subsidiaries in June 2018. This is mainly used for the REIT repayment of borrowings and interest expenses.

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

	30 Jun 2018 (S\$'000)	31 Dec 2017 (S\$'000)
Secured borrowings		
- Amount repayable within one year	46,696	26,015
- Amount repayable after one year	177,563	216,222
- Less: Debt establishment costs ^(a)	(578)	(765)
Total secured borrowings	223,681	241,472
Unsecured borrowings	13,062	-
Total borrowings	236,743	241,472

Footnotes:

(a) Debt establishment costs are amortised over the tenure of the respective loan facilities.

The Manager is confident that the Group will be able to obtain continuing financing from financial institutions, to enable the Group to meet its obligations as and when they fall due.

Details of any collaterals

The Group has put in place two onshore secured borrowing facilities of RMB 280 million and RMB 71 million, and an offshore secured borrowing facility of S\$148 million. As at 30 June 2018, 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 Group's investment properties, and a pledge over the receivables of the five subsidiaries in China.

The offshore facility is secured by way of a charge on 100% of the 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 four Singapore holding companies' 100% equity interest in the respective subsidiaries in China.

In addition to the above facilities, the REIT has obtained and drew down from unsecured facilities an amount totaling S\$13.2 million and S\$24.4 million in 2Q 2018 and 1H 2018 respectively. The facilities were obtained mainly for the purpose of repayment of borrowings.

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1 (c) Consolidated Statement of Cash Flows

Note	2Q 2018 (S\$'000)	2Q 2017 (S\$'000)	1H 2018 (S\$'000)	1H 2017 (S\$'000)
Operating activities				
Total return for the period	7,001	6,128	13,868	12,465
Adjustments for:				
Manager's management fee payable in Units	511	491	1,040	997
Property management fees payable in Units	196	181	394	354
Finance income	(174)	(150)	(339)	(247)
Finance cost	2,610	2,228	4,887	4,367
Loss on disposal of plant and equipment	1	2	1	2
Depreciation	34	30	66	69
Foreign exchange (gain)/loss - unrealized	(139)	-	(120)	26
Taxation	1,988	1,958	3,884	3,438
Operating income before working capital changes	12,028	10,868	23,681	21,471
Changes in working capital:				
Trade and other receivables	2,432	568	(26)	6,192
Trade and other payables	(1,598)	(846)	(1,193)	(3,820)
Cash generated from operating activities	12,862	10,590	22,462	23,843
Tax paid	(1,875)	(1,710)	(3,605)	(2,586)
Net cash from operating activities	10,987	8,880	18,857	21,257
Investing activities				
Capital expenditure on investment properties	(125)	(141)	(609)	(343)
Purchase of plant and equipment	(58)	-	(79)	-
Interest received	174	150	339	247
Net cash (used in)/from investing activities	(9)	9	(349)	(96)
Financing activities				
Distribution to unitholders	-	-	(9,976)	(9,076)
Decrease/(increase) in restricted cash	10,068	(1,843)	10,068	(11,828)
Interest paid	(3,877)	(3,768)	(4,562)	(4,356)
Proceeds from borrowings	(1)	13,180	1,700	24,375
Repayment of borrowings	(2)	(28,910)	(613)	(29,410)
Net cash used in financing activities	(9,539)	(4,524)	(9,505)	(14,573)
Net increase in cash and cash equivalents	1,439	4,365	9,003	6,588
Cash and cash equivalents at beginning of the period	51,398	39,072	43,352	38,373
Effect of exchange rate fluctuations on cash held	(446)	110	36	(1,414)
Cash and cash equivalents at end of the period	(3)	52,391	43,547	52,391

Notes to Consolidated Statement of Cash Flows:

- (1) Proceeds from borrowings were S\$11.5 million and S\$13.1 million higher than 2Q 2017 and 1H 2017. The increase were mainly used to fund interest payments of borrowings and repayment of borrowings.
- (2) Repayment of borrowings were S\$28.3 million and S\$28.8 million higher than 2Q 2017 and 1H 2017 mainly due to repayment of the short-term facilities at REIT level and early settlement of the partial onshore borrowings.
- (3) For purpose of the Consolidated Statement of Cash Flows, the cash and cash equivalents comprised the following:

	30 Jun 2018 (S\$'000)	30 Jun 2017 (S\$'000)
Bank and cash balances	71,220	68,672
Less: Restricted cash	(18,829)	(25,125)
Cash and cash equivalents of cash flows statement	52,391	43,547

Restricted cash relates to cash balances which are used to secure bank borrowings.

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

	Group			
	2Q 2018 (S\$'000)	2Q 2017 (S\$'000)	1H 2018 (S\$'000)	1H 2017 (S\$'000)
Unitholders' funds as at beginning of the period	423,248	408,357	416,454	421,177
Change in Unitholders' funds resulting from operations before distribution	4,817	4,247	9,617	8,748
Transfer to statutory reserve	(389)	(295)	(770)	(557)
Net increase in net assets resulting from operations	427,676	412,309	425,301	429,368
Unitholders' transactions				
Issue of new Units				
- Manager's management fee paid/payable in Units	511	491	1,040	997
- Property management fees paid/payable in Units	196	181	394	354
Distribution to Unitholders	-	-	(9,976)	(9,076)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	707	672	(8,542)	(7,725)
Movement in foreign currency translation reserve	(9,283)	385	1,960	(8,539)
Movement in statutory reserve	389	295	770	557
Total Unitholders' funds as at end of the period	419,489	413,661	419,489	413,661

	REIT			
	2Q 2018 (S\$'000)	2Q 2017 (S\$'000)	1H 2018 (S\$'000)	1H 2017 (S\$'000)
Unitholders' funds as at beginning of the period	340,769	357,545	352,040	367,784
Change in Unitholders' funds resulting from operations before distribution	(2,124)	(1,893)	(4,146)	(3,735)
Net increase in net assets resulting from operations	338,645	355,652	347,894	364,049
Unitholders' transactions				
Issue of new Units				
- Manager's management fee paid/payable in Units	511	490	1,040	996
- Property management fees paid/payable in Units	196	181	394	354
Distribution to Unitholders	-	-	(9,976)	(9,076)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	707	671	(8,542)	(7,726)
Total Unitholders' funds as at end of the period	339,352	356,323	339,352	356,323

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

	2Q 2018 (‘000)	2Q 2017 (‘000)	1H 2018 (‘000)	1H 2017 (‘000)
REIT				
Units in issue:				
As at beginning of period	500,934	496,877	499,737	495,560
Issue of new units relating to:				
- Manager’s management base fee payable in Units	681	724	1,620	1,770
- Property manager’s fee payable in Units	255	248	513	519
Issued units as at end of period	501,870	497,849	501,870	497,849
Units to be issued:				
Manager’s management base fee payable in Units	710	680	710	680
Property manager’s fee payable in Units	271	250	271	250
To be issued units as at end of period	981	930	981	930
Total issued and issuable units as at end of period	502,851	498,779	502,851	498,779

There were no convertibles, treasury units and subsidiary holdings as at 30 June 2018 and 30 June 2017.

1(d)(iii) To show the total number of issued units excluding treasury units as at the end of the current financial period, and as at the end of the immediately preceding year

Total number of issued units as at 30 June 2018 and 31 December 2017 were 501,870,000 and 499,737,000 respectively.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury units and subsidiary holdings as at the end of the current financial period reported on

Not applicable.

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.

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

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the preparation of the financial statements for the current report period are consistent with those stated in the audited financial statements for the financial year ended 31 December 2017.

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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

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2018. The adoption of new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

6 Earnings per Unit and Distribution per Unit

	2Q 2018	2Q 2017	1H 2018	1H 2017
Weighted average number of units ('000)				
Basic	501,881	497,860	501,415	497,377
Diluted	502,851	498,779	502,851	498,779
Earnings per unit ("EPU") ^{(a) (b)} (cents)				
Basic	0.96	0.85	1.92	1.76
Diluted	0.96	0.85	1.92	1.75
Number of Units entitled to distribution ('000)	379,670	363,279	379,670	363,279
Distribution per unit ("DPU") ^(c) (cents)	1.35	1.35	2.74	2.74

Footnotes:

- (a) EPU is calculated based on total return after taxation and non-controlling interests.
(b) The computation of the DPU is based on the number of Units entitled to distribution of 379,670,000, 363,279,000, 379,670,000 and 363,279,000 in 2Q 2018, 2Q 2017, 1H 2018 and 1H 2017, respectively. The Units entitled to distribution have excluded strategic investor's Units of 123,181,000, 135,500,000, 123,181,000 and 135,500,000 in 2Q 2018, 2Q 2017, 1H 2018 and 2Q 2017 respectively, in accordance with the Distribution Waiver provided by our strategic investor.

7 Net Asset Value ("NAV") per Unit

	Group		REIT	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
Number of Units in issue and to be issued at end of period ('000)	502,851	500,934	502,851	500,934
Net asset value per Unit (S\$) ^(a)	0.83	0.83	0.67	0.70

Footnote:

- (a) The NAV per unit is computed based on the Units in issue and to be issued of 502,851,000 and 500,934,000 as at 30 June 2018 and 31 December 2017, respectively.

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8 Review of the Performance

Gross revenue in 2Q 2018 and 1H 2018 was S\$1.9 million (11.9%) and S\$3.8 million (12.2%) higher than 2Q 2017 and 1H 2017. This was mainly due to strong rental reversion and higher occupancy rates.

Property Operating Expenses in 2Q 2018 was S\$0.8 million (16.1%) higher than 2Q 2017. Property Operating Expenses in 1H 2018 was S\$1.5 million (14.6%) higher than 1H 2017. These were mainly due to higher property tax and property management fees (respectively as a result of higher revenue and higher net property income), as well as staff and marketing-related expenses in both 2Q 2018 and 1H 2018. Despite the higher operating expenses, net property income was S\$1.1 million (9.9%) and S\$2.3 million (11.0%) higher than 2Q 2017 and 1H 2017, respectively. This was due mainly to the increase in rental revenue.

Finance cost was S\$0.4 million (17.1%) and S\$0.5 million (11.9%) higher than 2Q 2017 and 1H 2017.

Taxation comprised income tax and deferred tax. Higher income tax in 2Q 2018 and 1H 2018 as compared to 2Q 2017 and 1H 2017 is due to higher operating income earned during the period. Lower deferred tax in 2Q 2018 and 1H 2018 as compared to 2Q 2017 and 1H 2017 is mainly due to lesser deferred tax provided on the net profit earned by subsidiaries during the current period that are available for dividend repatriation. Deferred tax is provided based on the actual withholding tax rate that was applied on the recent dividend repatriation, which is lower than the estimated rate adopted in the preceding year.

9. Variance from previous forecast or prospect statement

The Group has not disclosed any forecast to the market.

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

The China economy grew 6.8% year-on-year to RMB 41.9 trillion in 1H 2018, above the government's full year growth target of around 6.5%. In July 2018, the State Council's executive meeting chaired by Premier Li Keqiang announced that China will adopt a combination of fiscal and financial measures in an effort to boost domestic demand further and bolster support for the real economy. It added, the government will roll out targeted and well-timed regulations in the face of external uncertainties and keep the economy performing within a reasonable range. (Source: National Bureau of Statistics of China)

Retail sales rose 9.4% year-on-year to RMB 18.0 trillion in 1H 2018. According to CBRE, new supply slowed after the supply peak in end 2017. National average vacancy rate fell slightly. Aside from continued expansion by food and beverage retailers in shopping malls, much of the activity involved retailers expanding their online sales channels. Many retailers in the luxury sector have embraced cross-sector retailing to lure young consumers. (Source: National Bureau of Statistics of China, CBRE Marketview)

Disposable income and consumption expenditure per capita for urban residents increased 7.9% and 6.8%, respectively in 1H 2018. Consumption accounted for 78.5% of China's economic growth in 1H 2018, up from 58.8% for the full year 2017. (Source: National Bureau of Statistics of China)

BHG Retail REIT's current portfolio of five community-focused retail properties strategically located in high population density neighbourhoods are poised to benefit from their immediate catchments' rising income, increasing domestic spending, and the middle-income consumption upgrade.

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11 Distribution

(a) Current financial period

Any distribution declared for the current financial period? Yes

Distribution period : 1 January 2018 to 30 June 2018

Distribution rate : 2.74 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 1 January 2018 to 30 June 2018 is expected to be funded from borrowing at the REIT level as well as internal cash flow from operations.

(b) Corresponding period of the immediately preceding financial year

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

Distribution period : 1 January 2017 to 30 June 2017

Distribution rate : 2.74 cents per unit

Distribution type : Capital distribution

(c) Date payable: 27 September 2018

(d) Book closure date: 10 September 2018

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.

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14 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.

15 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 June 2018, 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.

On behalf of the Board of the Manager

Francis Siu Wai Keung
Chairman

Ben Yeo Chee Seong
Director

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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

Ms Kiar Lee Noi
Company Secretary

BHG Retail Trust Management Pte. Ltd.
(Company registration no. 201504222D)
(as Manager of BHG Retail REIT)

8 August 2018