

BHG Retail REIT and its Subsidiaries

**(Constituted in the Republic of Singapore pursuant
to a Trust Deed dated 18 November 2015)**

Unaudited Financial Information
For second half and full year ended 31 December 2022

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Statements of Financial Position
As at 31 December 2022

	Note	Group		REIT	
		31/12/2022	31/12/2021	31/12/2022	31/12/2021
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Investment properties	3	912,241	992,686	–	–
Plant and equipment		532	672	–	–
Interests in subsidiaries		–	–	584,993	590,995
Deferred tax assets		55	58	–	–
Derivative assets	4	1,509	–	1,509	–
		<u>914,337</u>	<u>993,416</u>	<u>586,502</u>	<u>590,995</u>
Current assets					
Trade and other receivables		8,397	2,689	1,015	375
Cash and cash equivalents	5	36,442	48,483	2,130	2,666
		<u>44,839</u>	<u>51,172</u>	<u>3,145</u>	<u>3,041</u>
Total assets		<u>959,176</u>	<u>1,044,588</u>	<u>589,647</u>	<u>594,036</u>
Non-current liabilities					
Loans and borrowings	6	284,814	–	241,980	–
Trade and other payables		1,739	1,902	6,828	59,162
Security deposits		6,182	4,910	–	–
Deferred tax liabilities		37,879	41,085	–	–
Derivative liabilities	4	135	–	135	–
		<u>330,749</u>	<u>47,897</u>	<u>248,943</u>	<u>59,162</u>
Current liabilities					
Loans and borrowings	6	6,925	295,454	4,500	243,267
Trade and other payables		22,503	22,795	71,882	12,809
Security deposits		11,983	16,971	–	–
Current tax liabilities		3,075	3,640	–	–
Derivative liabilities	4	–	993	–	993
		<u>44,486</u>	<u>339,853</u>	<u>76,382</u>	<u>257,069</u>
Total liabilities		<u>375,235</u>	<u>387,750</u>	<u>325,325</u>	<u>316,231</u>
Net assets		<u>583,941</u>	<u>656,838</u>	<u>264,322</u>	<u>277,805</u>
Represented by:					
Unitholders' funds		411,087	471,154	264,322	277,805
Non-controlling interests		172,854	185,684	–	–
		<u>583,941</u>	<u>656,838</u>	<u>264,322</u>	<u>277,805</u>
Units in issue ('000)	7	<u>517,485</u>	<u>512,451</u>	<u>517,485</u>	<u>512,451</u>

Consolidated Statement of Total Return
For second half and full year ended 31 December 2022

	Note	Group			
		2H 2022 S\$'000	2H 2021 S\$'000	FY 2022 S\$'000	FY 2021 S\$'000
Gross Revenue		30,856	36,307	66,432	70,640
Property operating expenses		(14,136)	(15,130)	(28,705)	(28,835)
Net property income		<u>16,720</u>	<u>21,177</u>	<u>37,727</u>	<u>41,805</u>
Other income		909	517	1,444	931
Manager's base fee		(261)	(687)	(739)	(1,456)
Manager's performance fee		–	(218)	–	(752)
Trustee's fees		(77)	(82)	(157)	(161)
Other expenses		(1,120)	(390)	(2,018)	(908)
Finance income	9	103	63	245	128
Foreign exchange (loss)/gain - realised		(58)	(15)	(835)	246
Finance cost	9	<u>(8,558)</u>	<u>(7,439)</u>	<u>(16,026)</u>	<u>(14,378)</u>
Total return for the period/year before changes in fair value of investment properties and unrealised foreign exchange gain/(loss)		7,658	12,926	19,641	25,455
Changes in fair value of investment properties		1,411	(311)	1,411	(311)
Foreign exchange gain/(loss) – unrealised		48	(126)	(48)	(1,151)
Total return for the period/year before taxation		9,117	12,489	21,004	23,993
Taxation	10	<u>(3,041)</u>	<u>(5,271)</u>	<u>(7,047)</u>	<u>(9,003)</u>
Total return for the period/year after taxation		<u>6,076</u>	<u>7,218</u>	<u>13,957</u>	<u>14,990</u>
Attributable to:					
Unitholders		2,315	3,417	6,101	7,510
Non-controlling interests		3,761	3,801	7,856	7,480
Total return for the period/year after taxation		<u>6,076</u>	<u>7,218</u>	<u>13,957</u>	<u>14,990</u>
Earnings per Unit (cents)	11				
- Basic		0.45	0.67	1.19	1.47
- Diluted		<u>0.44</u>	<u>0.66</u>	<u>1.18</u>	<u>1.46</u>

Distribution Statement
For second half and full year ended 31 December 2022

	Group			
	2H 2022	2H 2021	FY 2022	FY 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Amount available for distribution to Unitholders at beginning of the period/year	4,032	5,925	5,548	5,336
Total return for the period/year attributable to Unitholders	2,315	3,417	6,101	7,510
Distribution adjustments (Note A)	34	2,541	550	4,839
Income for the period/year available for distribution to Unitholders	2,349	5,958	6,651	12,349
Amount retained ⁽¹⁾	(235)	(596)	(665)	(1,235)
Income for the period/year to be distributed to Unitholders	2,114	5,362	5,986	11,114
Distribution to Unitholders during the period/year:				
- Distribution of 1.06 cents per Unit for period from 1 July 2020 to 31 December 2020	-	-	-	(5,163)
- Distribution of 1.12 cents per Unit for period from 1 January 2021 to 30 June 2021	-	(5,739)	-	(5,739)
- Distribution of 1.05 cents per Unit for period from 1 July 2021 to 31 December 2021	-	-	(5,388)	-
- Distribution of 0.76 cents per Unit for period from 1 January 2022 to 30 June 2022	(3,901)	-	(3,901)	-
	(3,901)	(5,739)	(9,289)	(10,902)
Amount available for distribution to Unitholders at end of the period/year	2,245	5,548	2,245	5,548
Distribution per unit (cents) ⁽²⁾	0.41	1.05	1.17	2.17

⁽¹⁾ For the year ended 31 December 2022, approximately S\$0.7 million (2021: S\$1.2 million) of the amount available for distribution has been retained for operational expenses and working capital requirements of the REIT.

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

The distribution relating to 1 July 2022 to 31 December 2022 will be paid within 90 days from the end of the distribution period, in accordance with the provisions of the Trust Deed.

Distribution Statement (cont'd)
For second half and full year ended 31 December 2022

Note A – Distribution adjustments

	Group			
	2H2022	2H 2021	FY 2022	FY 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Distribution adjustment items:				
- Amortisation of debt establishment costs	1,299	1,260	2,417	2,493
- Changes in fair value of investment properties ⁽¹⁾	(659)	155	(659)	155
- Deferred taxation ⁽¹⁾	151	(210)	127	91
- Property Manager's management fees paid/payable in Units	–	417	–	824
- Transfer to statutory reserve	(531)	(761)	(1,268)	(1,461)
- Other adjustments ⁽¹⁾	(226)	1,680	(67)	2,737
Net effect of distribution adjustments	34	2,541	550	4,839

⁽¹⁾ Excludes share attributable to non-controlling interests

Consolidated Statements of Movements in Unitholders' Funds
For second half and full year ended 31 December 2022

	Group			
	2H 2022	2H 2021	FY 2022	FY 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Unitholders' funds as at beginning of the period/year	452,778	456,980	471,154	439,256
Operations				
Total return for the period/year after taxation attributable to Unitholders	2,315	3,417	6,101	7,510
Transfer to statutory reserve	(531)	(761)	(1,268)	(1,461)
Net increase in net assets resulting from operations	<u>1,784</u>	<u>2,656</u>	<u>4,833</u>	<u>6,049</u>
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	1,374	1,038	2,367	2,309
Foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(43,659)	15,041	(61,426)	32,157
Statutory reserve				
Transfer from operations	531	761	1,268	1,461
Unitholders' transactions				
Creation of Units paid/payable to manager				
- Units issued and to be issued as satisfaction of the portion of Property Manager's management fees payable in Units	-	417	-	824
Units issued in respect of the distribution reinvestment plan	2,180	-	2,180	-
Distributions to Unitholders	(3,901)	(5,739)	(9,289)	(10,902)
	<u>(1,721)</u>	<u>(5,322)</u>	<u>(7,109)</u>	<u>(10,078)</u>
Unitholders' funds as at end of the period/year	<u>411,087</u>	<u>471,154</u>	<u>411,087</u>	<u>471,154</u>

Consolidated Statements of Movements in Unitholders' Funds (cont'd)
For second half and full year ended 31 December 2022

	REIT			
	2H 2022	2H 2021	FY 2022	FY 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Unitholders' funds as at beginning of the period/year	266,866	282,014	277,805	288,726
Operations				
Total return for the period/year after taxation attributable to Unitholders	(2,197)	75	(8,741)	(3,152)
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	1,374	1,038	2,367	2,309
Unitholders' transactions				
Creation of Units paid/payable to manager				
- Units issued and to be issued as satisfaction of the portion of Property Manager's management fees payable in Units	-	417	-	824
Units issued in respect of the distribution reinvestment plan	2,180	-	2,180	-
Distributions to Unitholders	(3,901)	(5,739)	(9,289)	(10,902)
	(1,721)	(5,322)	(7,109)	(10,078)
Unitholders' funds as at end of the period/year	<u>264,322</u>	<u>277,805</u>	<u>264,322</u>	<u>277,805</u>

Portfolio Statement
As at 31 December 2022

Group	Description of leasehold property	Location	Term of lease (years)	Remaining term of lease (years)	Lease expiry	Valuation as at		Valuation as at		Percentage of Unitholders' funds	
						31/12/2022 RMB'000	31/12/2021 RMB'000	31/12/2022 S\$'000	31/12/2021 S\$'000	31/12/2022 %	31/12/2021 %
	Beijing Wanliu	No.2 Bagou Road, Haidian District, Beijing	30	22 ⁽¹⁾	2044	2,527,000	2,511,500	490,162	532,948	119	113
	Chengdu Konggang	No. 166 Jinhua Road second section, Shuangliu County, Chengdu	32	24 ⁽²⁾	2047	667,000	663,000	129,378	140,691	30	31
	Hefei Mengchenglu	No.99 Mengcheng Road, Luyang District, Hefei	30	22	2044	587,000	584,000	113,860	123,927	28	26
	Hefei Changjiangxilu	No. 639 Changjiangxilu Road, Shushan District, Hefei	30	20	2043	483,000	480,500	93,688	101,963	22	22
	Xining Huayuan	Nos.16-19 Shipo street, Chengzhong District, Xining	34	26	2048	274,000	274,000	53,148	58,144	13	12
	Dalian Jinsanjiao	No.18 Huadong Road, Ganjingzi District, Dalian	33	19	2042	165,000	165,000	32,005	35,013	8	7
	Investment properties, at valuation							912,241	992,686	220	211
	Other assets and liabilities (net)							(328,300)	(335,848)	(80)	(71)
	Net assets							583,941	656,838	140	140
	Net assets attributable to non-controlling interests							(172,854)	(185,684)	(40)	(40)
	Net assets attributable to Unitholders							411,087	471,154	100	100

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

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

Consolidated Statement of Cash Flows
For second half and full year ended 31 December 2022

	Note	Group			
		2H 2022 S\$'000	2H 2021 S\$'000	FY 2022 S\$'000	FY 2021 S\$'000
Cash flows from operating activities					
Total return for the period/year before taxation		9,117	12,489	21,004	23,993
Adjustments for:					
Finance income		(103)	(63)	(245)	(128)
Finance costs		8,558	7,439	16,026	14,378
Loss on disposal of plant and equipment		56	3	57	4
Depreciation of plant and equipment		45	55	99	111
Property Manager's management fees paid/payable in Units	(i)	–	417	–	824
Foreign exchange (gain)/loss – unrealised		(48)	126	48	1,151
Change in fair value of investment properties		(1,411)	311	(1,411)	311
Operating income before working capital changes		16,214	20,777	35,578	40,644
Changes in:					
Trade and other receivables		137	(87)	(5,149)	203
Trade and other payables		(311)	(1,720)	(2,953)	(1,798)
Cash generated from operating activities		16,040	18,970	27,476	39,049
Tax paid		(2,719)	(3,851)	(6,992)	(6,697)
Net cash generated from operating activities		13,321	15,119	20,484	32,352
Cash flows from investing activities					
Capital expenditure on investment properties		(1,481)	(1,285)	(3,638)	(2,687)
Purchase of plant and equipment		–	–	(12)	(52)
Interest received		103	63	245	128
Net cash used in investing activities		(1,378)	(1,222)	(3,405)	(2,611)

Consolidated Statement of Cash Flows (cont'd)
For second half and full year ended 31 December 2022

	Note	Group		
	2H 2022	2H 2021	FY 2022	FY 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Distribution to Unitholders	(1,721)	(5,739)	(7,109)	(10,902)
Dividend paid to non-controlling interests	–	(3,411)	(4,767)	(7,721)
Decrease/(increase) in restricted cash	110	2,121	(1,685)	2,121
Proceeds from borrowings	4,031	7,000	16,877	7,000
Repayment of borrowings	(3,854)	(7,632)	(12,305)	(8,250)
Net settlement of derivative contracts	(97)	(1,495)	(596)	(2,297)
Payment of transaction costs related to loans and borrowings	(988)	–	(7,202)	(25)
Interest paid	(5,779)	(4,663)	(10,535)	(9,468)
Net cash used in financing activities	(8,298)	(13,819)	(27,322)	(29,542)
Increase/(decrease) in cash and cash equivalents				
	3,645	78	(10,243)	199
Cash and cash equivalents as at beginning of the period/year	31,875	45,509	46,559	44,227
Effect of foreign exchange rate changes on cash balances	(2,687)	972	(3,483)	2,133
Cash and cash equivalents at end of the period/year	32,833	46,559	32,833	46,559

Notes:

Significant non-cash transactions

- (i) For the financial year ended 31 December 2021, the Property Manager's management fees for the year was S\$824,000. S\$407,000 was paid during the year through the issuance of 732,000 Units and the remaining S\$417,000 was paid through the issuance of 735,000 units subsequent to the year end.

Notes to the Financial Information

These notes form an integral part of the financial information.

1. General

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

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

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

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

The consolidated financial information (“Financial Information”) relate to the Trust and its subsidiaries (the “Group”).

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

(i) Trustee’s fees

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

(ii) Manager’s management fees

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

- a base fee of 10% per annum of the annual distributable income; and
- a performance fee of 25% per annum of the difference in distribution per unit (“DPU”) in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

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

(iii) Property management fees

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

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

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

2. Basis of preparation

The financial information have been prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice (“RAP”) 7 Reporting Framework for Unit Trusts issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the “CIS Code”) issued by the Monetary Authority of Singapore (“MAS”) and the provisions of the Trust Deed, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2021. RAP 7 requires that accounting policies adopted should generally comply with the principles relating to recognition and measurement of the Singapore Financial Reporting Standards (“SFRS”).

The financial information does not contain all of the information required for full annual financial statements.

The financial information has been prepared on a historical cost basis, except for the investment properties and financial derivatives which are stated at their fair values.

The financial information is presented in Singapore dollars which is the Trust’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of the financial information in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this financial information, significant judgements made by the Manager in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

The accounting policies applied by the Group in this Financial Information are the same as those applied by the Group in its financial statements as at and for the year ended 31 December 2021. The adoption of these new and revised standards did not have a material impact on the Group's Financial Information.

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing this financial information.

3. Investment properties

	Group	
	31/12/2022	31/12/2021
	S\$'000	S\$'000
At beginning of the year	992,686	943,187
Additions during the year	3,638	2,687
	996,324	945,874
Changes in fair value	1,411	(311)
Translation differences	(85,494)	47,123
At end of the year	912,241	992,686

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

Measurement of fair value

Investment properties are stated at fair value based on valuation as at 31 December 2022 performed by independent professional valuers having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. In determining the fair value, the valuers have used valuation methods which involve certain estimates. The Manager reviews the key valuation parameters and underlying data including terminal growth rates, term yield and reversionary rates and discount rates adopted by the valuers and is of the view that the valuation methods and estimates are reflective of the current market conditions.

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

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

The valuation technique(s) considered by valuers for each property is in line with market practices generally adopted in the jurisdiction in which the property is located.

Level 3 fair values

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

Valuation methods	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows approach	Discount rates from 6.9% to 8.0% (2021: 7.0% to 8.0%) per annum	The fair value increases as discount rate decreases.
	Terminal growth rates 3.0% (2021: 3.0%)	The fair value increases as terminal growth rate increases.
Income capitalisation approach	Term yield from 5.0% to 6.6% (2021: 4.5% to 5.5%)	The fair value increases as term yield and reversionary rate decrease.
	Reversionary rates from 5.5% to 7.1% (2021: 5.0% to 6.0%)	

4. Financial Derivatives

	Group and REIT	
	31/12/2022	31/12/2021
	S\$'000	S\$'000
Derivative assets		
Interest rate swaps used for hedging	1,509	–
Non-current	1,509	–
Derivative liabilities		
Interest rate swaps used for hedging	135	993
Current	–	993
Non-current	135	–
	135	993

Interest rate swaps

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

Interest rate swaps of the Group and the REIT with a total notional amount of S\$104.0 million (2021: S\$145.2 million) and S\$104.0 million (2021: S\$145.2 million) respectively, to provide fixed rate funding for average terms of 3 years (2021: 3 years) at an average interest rate of 2.85% (2021: 1.84%) per annum. These interest rate swaps are designated as hedging instruments in cash flow hedges. The fair value of financial derivatives represented 0.24% (2021: 0.15%) of the net assets of the Group as at 31 December 2022.

5. Cash and cash equivalents

	Group		REIT	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at banks and in hand	36,442	48,483	2,130	2,666
Restricted cash	(3,609)	(1,924)	(2,018)	(1,924)
Cash and cash equivalents in statement of cash flow	32,833	46,559	112	742

6. Loans and borrowings

	Group		REIT	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	S\$'000	S\$'000	S\$'000	S\$'000
Unsecured loan	–	5,000	–	5,000
Secured loans	297,161	291,106	251,647	238,904
Less: Unamortised transaction costs	(5,422)	(652)	(5,167)	(637)
	<u>291,739</u>	<u>295,454</u>	<u>246,480</u>	<u>243,267</u>
Current	6,925	295,454	4,500	243,267
Non-current	284,814	–	241,980	–
	<u>291,739</u>	<u>295,454</u>	<u>246,480</u>	<u>243,267</u>

Facilities and securities

The Group has put in place two onshore secured borrowing facilities of RMB 192.5 million and RMB 104.5 million respectively which in total is equivalent to S\$63.4 million, and an offshore secured borrowing facility of S\$252.0 million. As at 31 December 2022, the S\$252.0 million offshore facility was fully drawn down, while RMB 178.5 million and RMB 62.1 million were drawn down from RMB 192.5 million and RMB 104.5 million onshore facilities respectively. For the year ended 31 December 2022, the Group had repaid RMB 6.0 million (2021: RMB 6.0 million) of the onshore facilities, in accordance with the facility agreements.

The onshore facilities are collectively secured by a legal mortgage over the Group's investment properties, and a pledge over the receivables of the six (2021: six) subsidiaries in China.

The offshore facility is secured by way of a charge on 100% REIT's shareholding in the Singapore holding companies, an equity pledge on Petra 1 (China) Mall Pte. Ltd.'s 60% equity interest in Beijing Hualian Wanmao Shopping Mall Management Co., Ltd., and equity pledges on the remaining five (2021: five) Singapore holding companies' 100% equity interest in the respective subsidiaries in China.

In addition to the above facilities, the REIT has obtained and drawn down from unsecured facilities an amount totalling S\$1.2 million (2021: Nil) and from other secured bank facility an amount totalling S\$2.0 million (2021: S\$2.0 million). The REIT had repaid S\$8.2 million (2021: S\$ 7.0 million) of these facilities during the year.

7. Units in issue

	Group and REIT	
	31/12/2022	31/12/2021
	Number of Units '000	Number of Units '000
Issue of new Units relating to:		
- as at beginning of the year	512,451	510,995
- payment of Property Manager's management fees	735	1,456
- units issued in respect of the distribution reinvestment plan	4,299	–
	517,485	512,451
Units to be issued:		
- payment of Property Manager's management fees	–	735
	–	735
Total Units in issue and to be issued at the end of year	517,485	513,186

8. Net asset value per unit

	Group		REIT	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	S\$'000	S\$'000	S\$'000	S\$'000
Net asset value per Unit is based on:				
Net assets attributable to Unitholders	411,087	471,154	264,322	277,805
Number of Units in issue and to be issued at end of year ('000)	517,485	513,186	517,485	513,186
Net asset value per unit (S\$ cents)	0.79	0.92	0.51	0.54

Net asset value per unit and net tangible asset per unit is the same amount and both are calculated based on the number of units in issue as at the respective year end.

9. Finance income and finance costs

	Group			
	2H 2022	2H 2021	FY 2022	FY 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Finance income:				
- financial institutions	103	63	245	128
Finance costs:				
- loans and borrowings	(8,558)	(7,439)	(16,026)	(14,378)
Net finance costs recognised in statement of total return	(8,455)	(7,376)	(15,781)	(14,250)

10. Taxation

	Group			
	2H 2022	2H 2021	FY 2022	FY 2021
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Current taxation</i>				
Current year	2,526	4,932	6,159	8,322
Withholding tax	176	588	573	629
	<u>2,702</u>	<u>5,520</u>	<u>6,732</u>	<u>8,951</u>
<i>Deferred taxation</i>				
Origination/(reversal) of temporary differences	339	(249)	315	52
Income tax expense	<u>3,041</u>	<u>5,271</u>	<u>7,047</u>	<u>9,003</u>

11. Earnings per Unit

Basic earnings per Unit

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

	Group			
	2H 2022	2H 2021	FY 2022	FY 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Total return for the period/year after taxation and non-controlling interests	2,315	3,417	6,101	7,510
	<u>2,315</u>	<u>3,417</u>	<u>6,101</u>	<u>7,510</u>
	Number of Units '000	Number of Units '000	Number of Units '000	Number of Units '000
Issued Units				
As at beginning of the period/year	513,186	511,718	512,451	510,995
- Property Manager's management fees paid/payable in Units	–	932	600	1,288
- Distribution Reinvestment plan paid in Units	2,243	–	1,131	–
Weighted average number of issued and issuable Units at end of the period/year	<u>515,429</u>	<u>512,650</u>	<u>514,182</u>	<u>512,283</u>
Basic earnings per Unit (cents)	<u>0.45</u>	<u>0.67</u>	<u>1.19</u>	<u>1.47</u>

Diluted earnings per Unit

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

	Group			
	2H 2022 S\$'000	2H 2021 S\$'000	FY 2022 S\$'000	FY 2021 S\$'000
Total return for the period/year after taxation and non-controlling interests	2,315	3,417	6,101	7,510
	Number of Units '000	Number of Units '000	Number of Units '000	Number of Units '000
Issued Units				
As at beginning of the period/year	513,186	511,718	512,451	511,718
- Property Manager's management fees paid/payable in Units	–	1,468	735	1,468
- Distribution Reinvestment plan paid in Units	4,299	–	4,299	–
Weighted average number of issued and issuable Units at end of the period/year	517,485	513,186	517,485	513,186
Diluted earnings per Unit (cents)	0.44	0.66	1.18	1.46

12. Financial ratios

	Group	
	31/12/2022 %	31/12/2021 %
Ratio of expenses to average net asset value ⁽¹⁾		
- excluding performance component of Manager's management fees	0.65	0.72
- including performance component of Manager's management fees	0.65	0.56
Ratio of expenses to net asset value ⁽²⁾	5.41	4.89
Portfolio turnover rate ⁽³⁾	–	–

Notes:

- ⁽¹⁾ The ratio is computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Group level, excluding property related expenses and borrowing costs.
- ⁽²⁾ The ratio is computed based on total operating expenses, including all fees and charges paid to the Manager and related parties for the financial year (2022: S\$31,567,000 and 2021: S\$32,114,000) and as a percentage of net asset value as at the financial year end.
- ⁽³⁾ The ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value. There was no purchase or sale of the investment properties in 2022 and 2021.

13. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year.

14. Operating segments

The Group has 6 (2021: 6) reportable segments, as described below, which are the Group's investment properties. The investment properties are managed separately because they require different operating and marketing strategies. For each of the investment properties, the Chief Operating Decision-Makers ("CODMs") review internal management reports on a monthly basis.

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

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

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly the REIT's financial assets and liabilities and its expenses. Segment capital expenditure is the total cost incurred during the year to improve segment assets that are expected to be used for more than one year.

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

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

Information about reportable segments

	Beijing Wanliu SS'000	Chengdu Konggang SS'000	Hefei Mengchenglu SS'000	Hefei Changjiangxilu SS'000	Xining Huayuan SS'000	Dalian Jinsanjiao SS'000	Total SS'000
FY 2022							
External revenues:							
- Gross rental income	34,973	11,038	3,605	6,333	3,375	2,440	61,764
- Others	2,163	1,178	605	722	–	–	4,668
Gross revenue	<u>37,136</u>	<u>12,216</u>	<u>4,210</u>	<u>7,055</u>	<u>3,375</u>	<u>2,440</u>	<u>66,432</u>
Segment net property income	<u>23,293</u>	<u>5,926</u>	<u>510</u>	<u>2,698</u>	<u>3,090</u>	<u>2,210</u>	<u>37,727</u>
Finance income	<u>77</u>	<u>1,416</u>	<u>1,289</u>	<u>644</u>	<u>468</u>	<u>198</u>	<u>4,092</u>
Finance costs	<u>2,126</u>	<u>691</u>	<u>899</u>	<u>245</u>	<u>138</u>	<u>–</u>	<u>4,099</u>
Reportable segment total return before taxation	<u>23,730</u>	<u>4,206</u>	<u>(1,373)</u>	<u>2,388</u>	<u>2,905</u>	<u>2,377</u>	<u>34,233</u>
Segment assets	<u>526,867</u>	<u>173,887</u>	<u>148,532</u>	<u>111,786</u>	<u>70,161</u>	<u>41,857</u>	<u>1,073,090</u>
Segment liabilities	<u>275,644</u>	<u>155,422</u>	<u>139,624</u>	<u>80,759</u>	<u>62,548</u>	<u>32,320</u>	<u>746,317</u>
Other segment items:							
Depreciation	24	34	14	27	–	–	99
Net change in fair value of investment properties	(1,881)	150	593	(273)	–	–	(1,411)
Capital expenditure	<u>1,191</u>	<u>983</u>	<u>1,246</u>	<u>230</u>	<u>–</u>	<u>–</u>	<u>3,650</u>

Information about reportable segments (cont'd)

	Beijing Wanliu SS'000	Chengdu Konggang SS'000	Hefei Mengchenglu SS'000	Hefei Changjiangxilu SS'000	Xining Huayuan SS'000	Dalian Jinsanjiao SS'000	Total SS'000
FY 2021							
External revenues:							
- Gross rental income	36,190	12,026	4,091	7,197	3,499	2,453	65,456
- Others	2,492	1,312	643	737	–	–	5,184
Gross revenue	38,682	13,338	4,734	7,934	3,499	2,453	70,640
Segment net property income	25,017	6,929	942	3,446	3,232	2,239	41,805
Finance income	91	1,554	1,380	615	294	170	4,104
Finance costs	2,331	657	973	194	–	–	4,155
Reportable segment total return before taxation	23,071	8,174	2,732	5,189	3,484	2,379	45,029
Segment assets	575,484	184,609	159,457	120,012	68,471	43,749	1,151,782
Segment liabilities	296,159	157,532	140,685	82,247	56,367	32,436	765,426
Other segment items:							
Depreciation	24	43	14	30	–	–	111
Net change in fair value of investment properties	390	946	(374)	(651)	–	–	311
Capital expenditure	778	1,346	86	529	–	–	2,739

Information about reportable segments (cont'd)

	Beijing Wanliu S\$'000	Chengdu Konggang S\$'000	Hefei Mengchenglu S\$'000	Hefei Changjiangxilu S\$'000	Xining Huayuan S\$'000	Dalian Jinsanjiao S\$'000	Total S\$'000
2H 2022							
External revenues:							
- Gross rental income	15,775	5,140	1,908	2,973	1,587	1,187	28,570
- Others	886	678	332	390	–	–	2,286
Gross revenue	16,661	5,818	2,240	3,363	1,587	1,187	30,856
Segment net property income	10,002	2,678	359	1,155	1,458	1,068	16,720
Finance income	39	623	592	256	271	106	1,887
Finance costs	1,001	459	438	127	98	–	2,123
Reportable segment total return before taxation	11,541	990	(1,287)	864	1,241	1,158	14,507
Segment assets	526,867	173,887	148,532	111,786	70,161	41,857	1,073,090
Segment liabilities	275,644	155,422	139,624	80,759	62,548	32,320	746,317
Other segment items:							
Depreciation	11	14	7	13	–	–	45
Net change in fair value of investment properties	(1,881)	150	593	(273)	–	–	(1,411)
Capital expenditure	270	803	308	100	–	–	1,481

Information about reportable segments (cont'd)

	Beijing Wanliu S\$'000	Chengdu Konggang S\$'000	Hefei Mengchenglu S\$'000	Hefei Changjiangxilu S\$'000	Xining Huayuan S\$'000	Dalian Jinsanjiao S\$'000	Total S\$'000
2H 2021							
External revenues:							
- Gross rental income	18,563	6,358	1,943	3,607	1,769	1,239	33,479
- Others	1,358	720	338	412	–	–	2,828
Gross revenue	19,921	7,078	2,281	4,019	1,769	1,239	36,307
Segment net property income	12,873	3,598	248	1,691	1,634	1,133	21,177
Finance income	44	878	691	323	154	87	2,177
Finance costs	1,181	343	490	106	–	–	2,120
Reportable segment total return before taxation	11,611	3,738	1,216	2,843	1,760	1,205	22,373
Segment assets	575,484	184,609	159,457	120,012	68,471	43,749	1,151,782
Segment liabilities	296,159	157,532	140,685	82,247	56,367	32,436	765,426
Other segment items:							
Depreciation	13	21	7	14	–	–	55
Net change in fair value of investment properties	390	946	(374)	(651)	–	–	311
Capital expenditure	71	672	28	514	–	–	1,285

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

	2H 2022	2H 2021	FY 2022	FY 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue				
Total revenue for reporting segments	30,856	36,307	66,432	70,640
Total return				
Total return for reportable segments before taxation	14,507	22,373	34,233	45,029
Unallocated amounts:				
- Other corporate expenses	(5,299)	(17,910)	(13,102)	(21,095)
Elimination of intercompany transaction	(91)	8,026	(127)	59
Total return before taxation	9,117	12,489	21,004	23,993

	Reportable segment totals S\$'000	Other unallocated amounts S\$'000	Elimination of intercompany balances S\$'000	Consolidated totals S\$'000
Other material items 31 December 2022				
Finance income	4,092	–	(3,847)	245
Finance costs	4,099	15,794	(3,867)	16,026

**Other material items 31
December 2021**

Finance income	4,104	–	(3,976)	128
Finance costs	4,155	14,217	(3,994)	14,378

	Group	
	31/12/2022 S\$'000	31/12/2021 S\$'000
Assets		
Total assets for reportable segments	1,073,090	1,151,782
Other unallocated amounts	589,647	594,035
Elimination of intercompany balances	(703,561)	(701,229)
Consolidated assets	959,176	1,044,588
Liabilities		
Total liabilities for reportable segments	746,317	765,426
Other unallocated amounts	325,324	316,231
Elimination of intercompany balances	(696,406)	(693,907)
Consolidated liabilities	375,235	387,750

Geographical segments

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

Other information required by Listing Rule Appendix 7.2

1. Explanatory notes to consolidated financial information

Consolidated Statements of Total Return and Distribution Statement

<u>Statement of Total Return</u>	2H 2022 (S\$'000)	2H 2021 (S\$'000)	Change (%)	FY 2022 (S\$'000)	FY 2021 (S\$'000)	Change (%)
Gross revenue	30,856	36,307	(15.0)	66,432	70,640	(6.0)
Property operating expenses	(14,136)	(15,130)	(6.6)	(28,705)	(28,835)	(0.5)
Net property income⁽¹⁾	16,720	21,177	(21.0)	37,727	41,805	(9.8)
Other income ⁽²⁾	909	517	75.8	1,444	931	55.1
Manager's base fee ⁽³⁾	(261)	(687)	(62.0)	(739)	(1,456)	(49.2)
Manager's performance fee ⁽³⁾	-	(218)	(100.0)	-	(752)	(100.0)
Trustee's fee	(77)	(82)	(6.1)	(157)	(161)	(2.5)
Other expenses	(1,120)	(390)	>100.0	(2,018)	(908)	>100.0
Finance income	103	63	63.5	245	128	91.4
Foreign exchange (loss)/gain - realised ⁽⁴⁾	(58)	(15)	>100.0	(835)	246	>100.0
Finance cost ⁽⁵⁾	(8,558)	(7,439)	15.0	(16,026)	(14,378)	11.5
Total return for the period/year before changes in fair value of investment property and unrealised foreign gain/(loss)	7,658	12,926	(40.8)	19,641	25,455	(22.8)
Changes in fair value of investment properties	1,411	(311)	>100.0	1,411	(311)	>100.0
Foreign exchange gain/(loss) - unrealised	48	(126)	>100.0	(48)	(1,151)	(95.8)
Total return for the period/year before taxation	9,117	12,489	(27.0)	21,004	23,993	(12.5)
Taxation ⁽⁶⁾	(3,041)	(5,271)	(42.3)	(7,047)	(9,003)	(21.7)
Total return for the period/year after taxation	6,076	7,218	(15.8)	13,957	14,990	(6.9)
Attributable to:						
Unitholders	2,315	3,417	(32.3)	6,101	7,510	(18.8)
Non-controlling interests	3,761	3,801	(1.1)	7,856	7,480	5.0
Total return for the period/year after taxation	6,076	7,218	(15.8)	13,957	14,990	(6.9)

<u>Distribution Statement</u>	2H 2022 (S\$'000)	2H 2021 (S\$'000)	Change (%)	FY 2022 (S\$'000)	FY 2021 (S\$'000)	Change (%)
Total return for the period/year attributable to Unitholders	2,315	3,417	(32.3)	6,101	7,510	(18.8)
Distribution adjustments (Note A)	34	2,541	(98.7)	550	4,839	(88.6)
Income for the period/year available for distribution to Unitholders	2,349	5,958	(60.6)	6,651	12,349	(46.1)
Less: Amount retained	(235)	(596)	(60.6)	(665)	(1,235)	(46.2)
Income for the period/year to be distributed to Unitholders	2,114	5,362	(60.6)	5,986	11,114	(46.1)

	2H 2022 (S\$'000)	2H 2021 (S\$'000)	Change (%)	FY 2022 (S\$'000)	FY 2021 (S\$'000)	Change (%)
<u>Note A - Distribution adjustment items:</u>						
- Amortisation of debt establishment costs	1,299	1,260	3.1	2,417	2,493	(3.0)
- Changes in fair value of investment properties ^(a)	(659)	155	>100.0	(659)	155	>100.0
- Deferred taxation ^(a)	151	(210)	>100.0	127	91	39.6
- Property management fees payable in Units	-	417	(100.0)	-	824	(100.0)
- Transfer to statutory reserve	(531)	(761)	(30.2)	(1,268)	(1,461)	(13.2)
- Other adjustments ^(a)	(226)	1,680	>100.0	(67)	2,737	>100.0
Net effect of distribution adjustments	34	2,541	(98.7)	550	4,839	(88.6)

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

Footnotes:

- (1) Decrease in net property income mainly due to rental rebates of approximately 0.5 month given to tenants in 2H 2022 and FY 2022 while no rental rebates were given in 2H 2021 and FY 2021.
- (2) Other income mainly comprised fine and penalties from tenants, government grant and miscellaneous income.
- (3) 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.
- (4) Increase in realised foreign exchange loss mainly due to settlement of a previous USD denominated loans during the loan refinancing in mid-March 2022.
- (5) Increase in finance costs mainly due to higher interest expenses.
- (6) Decrease in income tax expenses mainly due to the lower corporate income tax paid and payable by the malls associated with lower profit before tax as compared to the last financial period and deferred tax expenses arose from the temporary differences in investment properties fair value.

Statements of Financial Position

	Group		REIT	
	31/12/2022 (S\$'000)	31/12/2021 (S\$'000)	31/12/2022 (S\$'000)	31/12/2021 (S\$'000)
Non-current assets				
Investment properties ⁽¹⁾	912,241	992,686	-	-
Plant and equipment	532	672	-	-
Interest in subsidiaries	-	-	584,993	590,995
Deferred tax assets	55	58	-	-
Derivative assets ⁽²⁾	1,509	-	1,509	-
	914,337	993,416	586,502	590,995
Current assets				
Trade and other receivables	8,397	2,689	1,015	375
Cash and cash equivalents	36,442	48,483	2,130	2,666
	44,839	51,172	3,145	3,041
Total assets	959,176	1,044,588	589,647	594,036
Non-current liabilities				
Loans and borrowings ⁽³⁾	284,814	-	241,980	-
Trade and other payables ⁽⁴⁾	1,739	1,902	6,828	59,162
Security deposits ⁽⁵⁾	6,182	4,910	-	-
Deferred tax liabilities	37,879	41,085	-	-
Derivative liabilities ⁽²⁾	135	-	135	-
	330,749	47,897	248,943	59,162
Current liabilities				
Loans and borrowings ⁽³⁾	6,925	295,454	4,500	243,267
Trade and other payables ⁽⁴⁾	22,503	22,795	71,882	12,809
Security deposits ⁽⁵⁾	11,983	16,971	-	-
Current tax payable	3,075	3,640	-	-
Derivative liabilities ⁽²⁾	-	993	-	993
	44,486	339,853	76,382	257,069
Total liabilities	375,235	387,750	325,325	316,231
Net assets	583,941	656,838	264,322	277,805
Represented by:				
Unitholders' funds	411,087	471,154	264,322	277,805
Non-controlling interests ("NCI")	172,854	185,684	-	-
	583,941	656,838	264,322	277,805
Units in issue ('000)	517,485	512,451	517,485	512,451

Footnotes:

- (1) The carrying amount of investment properties has decreased due mainly to the weakening of RMB against SGD as compared to last financial year. Notwithstanding a gradual COVID-19 recovery in China, the effects of the pandemic remains fluid and will continue to evolve in the near-term.

Fair value changes on investment properties in terms of RMB for FY 2022 range from 0% to 0.6% as compared to FY 2021. This is largely due to potential occupancy changes and better economic performance.

- (2) These relate to the fair value of the interest rate swaps entered into by the REIT, which are designated to hedge the variable rate borrowings.
- (3) Loans and borrowings are measured at amortised cost. The Group and the REIT have completed the refinancing of the existing onshore and offshore facilities. Movement in the current liabilities and non-current liabilities are classified and/or reclassified in accordance with respective maturity dates.
- (4) The REIT arranged more long-term interest-bearing loans from its subsidiaries as compared to the last financial year. These loans are mainly used for the REIT's distribution payment and interest expenses.
- (5) Decrease in short term security deposits was mainly due to the lower occupancy rate.

Consolidated Statement of Cash Flows

	2H 2022 (S\$'000)	2H 2021 (S\$'000)	FY 2022 (S\$'000)	FY 2021 (S\$'000)
Cash flows from operating activities				
Total return for the period/year before taxation	9,117	12,489	21,004	23,993
Adjustments for:				
Finance income	(103)	(63)	(245)	(128)
Finance cost	8,558	7,439	16,026	14,378
Loss on disposal of plant and equipment	56	3	57	4
Depreciation of plant and equipment	45	55	99	111
Property Manager's management fees paid/payable in Units	-	417	-	824
Foreign exchange (gain)/loss - unrealized	(48)	126	48	1,151
Changes in fair value of investment property	(1,411)	311	(1,411)	311
Operating income before working capital changes	16,214	20,777	35,578	40,644
Changes in:				
Trade and other receivables ⁽¹⁾	137	(87)	(5,149)	203
Trade and other payables	(311)	(1,720)	(2,953)	(1,798)
Cash generated from operating activities	16,040	18,970	27,476	39,049
Tax paid	(2,719)	(3,851)	(6,992)	(6,697)
Net cash generated from operating activities	13,321	15,119	20,484	32,352
Cash flows from investing activities				
Capital expenditure on investment properties	(1,481)	(1,285)	(3,638)	(2,687)
Purchase of plant and equipment	-	-	(12)	(52)
Interest received	103	63	245	128
Net cash used in investing activities	(1,378)	(1,222)	(3,405)	(2,611)
Cash flows from financing activities				
Distribution to unitholders	(1,721)	(5,739)	(7,109)	(10,902)
Dividend paid to non-controlling interests	-	(3,411)	(4,767)	(7,721)
Decrease/(increase) in restricted cash	110	2,121	(1,685)	2,121
Proceeds from borrowings	4,031	7,000	16,877	7,000
Repayment of borrowings	(3,854)	(7,632)	(12,305)	(8,250)
Net settlement of derivative contracts	(97)	(1,495)	(596)	(2,297)
Payment of transaction costs related to loans and borrowings	(988)	-	(7,202)	(25)
Interest paid	(5,779)	(4,663)	(10,535)	(9,468)
Net cash used in financing activities	(8,298)	(13,819)	(27,322)	(29,542)
Increase/(decrease) in cash and cash equivalents	3,645	78	(10,243)	199
Cash and cash equivalents as at beginning of the period/year	31,875	45,509	46,559	44,227
Effect of foreign exchange rate changes on cash balances	(2,687)	972	(3,483)	2,133
Cash and cash equivalents as at end of the period/year⁽²⁾	32,833	46,559	32,833	46,559

Footnotes:

- (1) Decrease of changes in trade and other receivables was mainly due to higher outstanding rents as a result of delayed collection from tenants compared to the last financial period.
- (2) For the purpose of the Consolidated Statement of Cash Flows, the cash and cash equivalents comprised the following:

	Group	
	31/12/2022 (S\$'000)	31/12/2021 (S\$'000)
Bank and cash balances	36,442	48,483
Less: Restricted cash	(3,609)	(1,924)
Cash and cash equivalents of cash flows statement	32,833	46,559

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

2. Review of the performance of the Group

Gross revenue in 2H 2022 and FY 2022 were S\$5.5 million (-15.0%) and S\$4.2 million (-6.0%) lower than in 2H 2021 and FY 2021 respectively. This was mainly due to rental rebates of approximately 0.5 month given to tenants in 2H 2022 and FY 2022 while no rental rebates were given in 2H 2021 and FY 2021 respectively. In addition, the portfolio occupancy rate was 95.2% as at 31 December 2022, lower than 97.0% as at 31 December 2021. Property operating expenses in 2H 2022 and FY 2022 were S\$1.0 million (-6.6%) and S\$0.1 million (-0.5%) lower than in 2H 2021 and FY 2021 respectively. This was mainly due to the lower property tax and property management fees which both are associated with the decline in gross rental income. As such, the net property income in 2H 2022 and FY 2022 were S\$4.5 million (-21.0%) and S\$4.1 million (-9.8%) lower than in 2H 2021 and FY 2021 respectively.

Finance costs in 2H 2022 and FY 2022 were S\$1.1 million (15.0%) and S\$1.6 million (11.5%) higher than 2H 2021 and FY 2021 respectively. This was mainly due to the higher interest expenses.

Amount to be distributed to Unitholders in 2H 2022 and FY 2022 were S\$3.2 million (-60.6%) and S\$5.1 million (-46.1%) lower than 2H 2021 and FY 2021. Approximately S\$0.7 million (FY 2021: S\$1.2 million) of the income available for distribution for FY 2022 had been retained for the purpose of operating expenses and working capital requirements of the REIT.

3. 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.

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

Not applicable.

5. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable.

6. Variance from the previous forecast or prospect statement

The Group has not disclosed any forecast to the market.

7. Commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

China's gross domestic product¹ ("GDP") for 2022 increased 3.0% year-on-year to RMB 212.0 trillion, beating market consensus of 1.8% expansion². Disposable income per capita of urban residents grew 4.1% year-on-year in 2022 while retail sales of consumer goods fell 0.2% year-on-year¹.

The International Monetary Fund (IMF) raised its China's GDP outlook for 2023, revising it from 4.4% in October 2022 to 5.2% in January 2023³, supported by the reopening of the economy following the lifting of its COVID-19 restrictions.

China's shift from zero-covid to reopening since early December 2022 is seen as hugely beneficial to real estate, with the retail sector set to be one of the main beneficiaries. Retailer expansion is expected to pick up from 2Q 2023, underpinned by rising demand for prime retail space and bottoming of rents⁴.

Footnotes:

- 1. Source: National Bureau of Statistics of China.
- 2. The Business Times (17 January 2023): China's economy expands 3% in 2022 as zero-Covid policy hurts growth.
- 3. IMF (30 January 2023): Global economy to slow further amid signs of resilience and China re-opening.
- 4. CBRE (December 2022): China's shift from zero-covid to reopening seen as hugely beneficial to real estate.

8. Distribution

(a) Current financial period

Any distribution declared for the current financial period? Yes

Distribution period : 1 July 2022 to 31 December 2022

Distribution rate : 0.41 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 July 2022 to 31 December 2022 is expected to be funded from debt and/or internal cash flow from operations.

(b) Corresponding period of the immediately preceding financial period

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

Distribution period : 1 July 2021 to 31 December 2021

Distribution rate : 1.05 cents per unit

Distribution type : Capital distribution

(c) Date payable : 31 March 2023

(d) Book closure date : 6 March 2023

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

Not Applicable.

10. Interested person transactions

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.

11. Segmental information

(a) Total gross revenue

	FY 2022 (S\$'000)	FY 2021 (S\$'000)
<u>Multi-Tenanted Malls</u>		
Beijing Wanliu	37,136	38,682
Chengdu Konggang	12,216	13,338
Hefei Changjiangxilu	7,055	7,934
Hefei Mengchenglu	4,210	4,734
	60,617	64,688
<u>Master-Leased Malls</u>		
Xining Huayuan	3,375	3,499
Dalian Jinsanjiao	2,440	2,453
	5,815	5,952
Total gross revenue	66,432	70,640

(b) Net property income

	FY 2022 (S\$'000)	FY 2021 (S\$'000)
<u>Multi-Tenanted Malls</u>		
Beijing Wanliu	23,293	25,017
Chengdu Konggang	5,926	6,929
Hefei Changjiangxilu	2,698	3,446
Hefei Mengchenglu	510	942
	32,427	36,334
<u>Master-Leased Malls</u>		
Xining Huayuan	3,090	3,232
Dalian Jinsanjiao	2,210	2,239
	5,300	5,471
Total net property income	37,727	41,805

12. Breakdown of Sales and Net Income

	FY 2022 (S\$'000)	FY 2021 (S\$'000)
Gross revenue reported for first half year ^{(a), (c)}	35,576	34,333
Net income after tax and NCI for first half year ^{(a), (c)}	3,786	4,093
Gross revenue reported for second half year ^{(b), (c)}	30,856	36,307
Net income after tax and NCI for second half year ^{(b), (c)}	2,315	3,417

Footnotes:

- a. The results for the first half year relates to the period from 1 January 2022 to 30 June 2022 and 1 January 2021 to 30 June 2021, respectively.
- b. The results for the second half year relates to the period from 1 July 2022 to 31 December 2022 and 1 July 2021 to 31 December 2021, respectively.
- c. Please refer to item 2 on the review.

13. Breakdown of Total Distribution

	FY 2022 (S\$'000)	FY 2021 (S\$'000)
In respect of period:		
1 January 2022 - 30 June 2022	3,901	-
1 July 2022 - 31 December 2022	2,122	-
1 January 2021 - 30 June 2021	-	5,739
1 July 2021 - 31 December 2021	-	5,388
Annual distribution to Unitholders	6,023	11,127

* For the second half year ended 31 December 2022, the Manager of the REIT declared a distribution per unit of 0.41 Singapore cents totalling S\$2,122,000 to the unitholders of the REIT, payable on 31 March 2023.

Note: Actual annual distributions paid and payable to unitholders for FY 2022 as disclosed in above table are higher than Income for the period to be distributed to Unitholders disclosed in the Distribution Statement on Page 4, due to rounding differences where the actual distribution pay-out is computed using actual number of units multiplied by the Distribution per Unit.

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 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Manager confirms that there is no person occupying a managerial position in the Manager or in any of the REIT's principal subsidiaries who is a relative of a director, chief executive officer, substantial shareholder of the Manager or substantial unitholder of the REIT.

On behalf of the Board of the Manager

Francis Siu Wai Keung
Chairman

Ben Yeo Chee Seong
Director

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

Zhan Aijuan
Company Secretary

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

24 February 2023