

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 2023

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Statements of Financial Position
As at 31 December 2023

	Note	Group		REIT	
		31/12/2023	31/12/2022	31/12/2023	31/12/2022
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Investment properties	3	878,152	912,241	–	–
Plant and equipment		476	532	–	–
Interests in subsidiaries		–	–	583,896	584,993
Deferred tax assets		46	55	–	–
Derivative assets	4	754	1,509	754	1,509
		<u>879,428</u>	<u>914,337</u>	<u>584,650</u>	<u>586,502</u>
Current assets					
Trade and other receivables		4,557	8,397	368	1,015
Cash and cash equivalents	5	42,898	36,442	3,601	2,130
		<u>47,455</u>	<u>44,839</u>	<u>3,969</u>	<u>3,145</u>
Total assets		<u>926,883</u>	<u>959,176</u>	<u>588,619</u>	<u>589,647</u>
Non-current liabilities					
Loans and borrowings	6	7,700	284,814	7,700	241,980
Trade and other payables		1,667	1,739	33,468	6,828
Security deposits		5,862	6,182	–	–
Deferred tax liabilities		35,470	37,879	–	–
Derivative liabilities	4	277	135	277	135
		<u>50,976</u>	<u>330,749</u>	<u>41,445</u>	<u>248,943</u>
Current liabilities					
Loans and borrowings	6	291,615	6,925	246,241	4,500
Trade and other payables		25,855	22,503	47,787	71,882
Security deposits		10,929	11,983	–	–
Current tax liabilities		2,094	3,075	–	–
		<u>330,493</u>	<u>44,486</u>	<u>294,028</u>	<u>76,382</u>
Total liabilities		<u>381,469</u>	<u>375,235</u>	<u>335,473</u>	<u>325,325</u>
Net assets		<u>545,414</u>	<u>583,941</u>	<u>253,146</u>	<u>264,322</u>
Represented by:					
Unitholders' funds		376,198	411,087	253,146	264,322
Non-controlling interests		169,216	172,854	–	–
		<u>545,414</u>	<u>583,941</u>	<u>253,146</u>	<u>264,322</u>
Units in issue ('000)	7	<u>519,603</u>	<u>517,485</u>	<u>519,603</u>	<u>517,485</u>

Consolidated Statement of Total Return
For second half and full year ended 31 December 2023

	Note	Group			
		2H 2023	2H 2022	FY 2023	FY 2022
		S\$'000	S\$'000	S\$'000	S\$'000
Gross Revenue		30,914	30,856	61,976	66,432
Property operating expenses		(13,809)	(14,136)	(27,014)	(28,705)
Net property income		17,105	16,720	34,962	37,727
Other income		(176)	909	1,104	1,444
Manager's base fee		(54)	(261)	(277)	(739)
Trustee's fees		(74)	(77)	(148)	(157)
Other expenses		(481)	(1,120)	(939)	(2,018)
Finance income	9	93	103	122	245
Foreign exchange loss - realised		(214)	(58)	(140)	(835)
Finance cost	9	(9,991)	(8,558)	(20,034)	(16,026)
Total return for the period/year before changes in fair value of investment properties and unrealised foreign exchange gain/(loss)		6,208	7,658	14,650	19,641
Changes in fair value of investment properties		(5,502)	1,411	(5,502)	1,411
Foreign exchange gain/(loss) – unrealised		124	48	22	(48)
Total return for the period/year before taxation		830	9,117	9,170	21,004
Taxation	10	(2,024)	(3,041)	(5,335)	(7,047)
Total (loss)/return for the period/year after taxation		(1,194)	6,076	3,835	13,957
Attributable to:					
Unitholders		(5,311)	2,315	(3,792)	6,101
Non-controlling interests		4,117	3,761	7,627	7,856
Total (loss)/return for the period/year after taxation		(1,194)	6,076	3,835	13,957
Earnings per Unit (cents)	11				
- Basic		(1.03)	0.45	(0.74)	1.19
- Diluted		(1.02)	0.44	(0.73)	1.18

Distribution Statement
For second half and full year ended 31 December 2023

	Group			
	2H 2023	2H 2022	FY 2023	FY 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Amount available for distribution to Unitholders at beginning of the period/year	1,917	4,032	2,245	5,548
Total (loss)/return for the period/year attributable to Unitholders	(5,311)	2,315	(3,792)	6,101
Distribution adjustments (Note A)	5,769	34	6,242	550
Income for the period/year available for distribution to Unitholders	458	2,349	2,450	6,651
Amount retained ⁽¹⁾	(46)	(235)	(245)	(665)
Income for the period/year to be distributed to Unitholders	412	2,114	2,205	5,986
Distribution to Unitholders during the period/year:				
- 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)
- Distribution of 0.41 cents per Unit for period from 1 July 2022 to 31 December 2022	-	-	(2,121)	-
- Distribution of 0.35 cents per Unit for period from 1 January 2023 to 30 June 2023	(1,812)	-	(1,812)	-
	(1,812)	(3,901)	(3,933)	(9,289)
Amount available for distribution to Unitholders at end of the period/year	517	2,245	517	2,245
Distribution per unit (cents) ⁽²⁾	0.08	0.41	0.43	1.17

⁽¹⁾ For the year ended 31 December 2023, approximately S\$0.2 million (2022: S\$0.7 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 2023 to 31 December 2023 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 2023

Note A – Distribution adjustments

	Group			
	2H 2023	2H 2022	FY 2023	FY 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Distribution adjustment items:				
- Amortisation of debt establishment costs	1,204	1,299	2,392	2,417
- Changes in fair value of investment properties ⁽¹⁾	6,196	(659)	6,196	(659)
- Deferred taxation ⁽¹⁾	(866)	151	(879)	127
- Transfer to statutory reserve	(522)	(531)	(1,207)	(1,268)
- Other adjustments ⁽¹⁾	(243)	(226)	(260)	(67)
Net effect of distribution adjustments	5,769	34	6,242	550

⁽¹⁾ Excludes share attributable to non-controlling interests

Consolidated Statements of Movements in Unitholders' Funds
For second half and full year ended 31 December 2023

	Group			
	2H 2023	2H 2022	FY 2023	FY 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Unitholders' funds as at beginning of the period/year	384,236	452,778	411,087	471,154
Operations				
Total (loss)/return for the period/year after taxation attributable to Unitholders	(5,311)	2,315	(3,792)	6,101
Transfer to statutory reserve	(522)	(531)	(1,207)	(1,268)
Net (decrease)/increase in net assets resulting from operations	(5,833)	1,784	(4,999)	4,833
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(1,174)	1,374	(897)	2,367
Foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(731)	(43,659)	(27,257)	(61,426)
Statutory reserve				
Transfer from operations	522	531	1,207	1,268
Unitholders' transactions				
Units issued in respect of the distribution reinvestment plan	990	2,180	990	2,180
Distributions to Unitholders	(1,812)	(3,901)	(3,933)	(9,289)
	(822)	(1,721)	(2,943)	(7,109)
Unitholders' funds as at end of the period/year	376,198	411,087	376,198	411,087

Consolidated Statements of Movements in Unitholders' Funds (cont'd)
For second half and full year ended 31 December 2023

	REIT			
	2H 2023	2H 2022	FY 2023	FY 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Unitholders' funds as at beginning of the period/year	258,370	266,866	264,322	277,805
Operations				
Total loss for the period/year after taxation attributable to Unitholders	(3,228)	(2,197)	(7,336)	(8,741)
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(1,174)	1,374	(897)	2,367
Unitholders' transactions				
Units issued in respect of the distribution reinvestment plan	990	2,180	990	2,180
Distributions to Unitholders	(1,812)	(3,901)	(3,933)	(9,289)
	(822)	(1,721)	(2,943)	(7,109)
Unitholders' funds as at end of the period/year	253,146	264,322	253,146	264,322

Portfolio Statement
As at 31 December 2023

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	
						31/12/2023 RMB'000	31/12/2022 RMB'000	31/12/2023 S\$'000	31/12/2022 S\$'000	31/12/2023 %	31/12/2022 %
	Beijing Wanliu	No.2 Bagou Road, Haidian District, Beijing	30	21 ⁽¹⁾	2044	2,551,000	2,527,000	474,310	490,162	126	119
	Chengdu Konggang	No. 166 Jinhua Road second section, Shuangliu County, Chengdu	32	23 ⁽²⁾	2047	674,000	667,000	125,317	129,378	33	30
	Hefei Mengchenglu	No.99 Mengcheng Road, Luyang District, Hefei	30	21	2044	587,000	587,000	109,141	113,860	29	28
	Hefei Changjiangxilu	No. 639 Changjiangxilu Road, Shushan District, Hefei	30	19	2043	483,000	483,000	89,805	93,688	24	22
	Xining Huayuan	Nos.16-19 Shipo street, Chengzhong District, Xining	34	25	2048	266,000	274,000	49,458	53,148	13	13
	Dalian Jinsanjiao	No.18 Huadong Road, Ganjingzi District, Dalian	33	18	2042	162,000	165,000	30,121	32,005	8	8
	Investment properties, at valuation							878,152	912,241	233	220
	Other assets and liabilities (net)							(332,738)	(328,300)	(88)	(80)
	Net assets							545,414	583,941	145	140
	Net assets attributable to non-controlling interests							(169,216)	(172,854)	(45)	(40)
	Net assets attributable to Unitholders							376,198	411,087	100	100

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

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

Consolidated Statement of Cash Flows
For second half and full year ended 31 December 2023

	Note	Group			
		2H 2023 S\$'000	2H 2022 S\$'000	FY 2023 S\$'000	FY 2022 S\$'000
Cash flows from operating activities					
Total return for the period/year before taxation		830	9,117	9,170	21,004
Adjustments for:					
Finance income		(93)	(103)	(122)	(245)
Finance costs		9,991	8,558	20,034	16,026
Loss on disposal of plant and equipment		44	56	44	57
Depreciation of plant and equipment		40	45	80	99
Foreign exchange (gain)/loss – unrealised		(124)	(48)	(22)	48
Change in fair value of investment properties		5,502	(1,411)	5,502	(1,411)
Operating income before working capital changes		16,190	16,214	34,686	35,578
Changes in:					
Trade and other receivables		7,092	137	4,028	(5,149)
Trade and other payables		135	(311)	2,338	(2,953)
Cash generated from operating activities		23,417	16,040	41,052	27,476
Tax paid		(3,013)	(2,719)	(6,912)	(6,992)
Net cash generated from operating activities		20,404	13,321	34,140	20,484
Cash flows from investing activities					
Capital expenditure on investment properties		(8,817)	(1,481)	(9,872)	(3,638)
Purchase of plant and equipment		(2)	–	(89)	(12)
Interest received		93	103	122	245
Net cash used in investing activities		(8,726)	(1,378)	(9,839)	(3,405)

Consolidated Statement of Cash Flows (cont'd)
For second half and full year ended 31 December 2023

	Note	Group			
		2H 2023 S\$'000	2H 2022 S\$'000	FY 2023 S\$'000	FY 2022 S\$'000
Cash flows from financing activities					
Distribution to Unitholders	(i)	(822)	(1,721)	(2,943)	(7,109)
Dividend paid to non-controlling interests		–	–	(4,096)	(4,767)
(Increase)/decrease in restricted cash		(20)	110	(1,416)	(1,685)
Proceeds from borrowings		5,749	4,031	13,905	16,877
Repayment of borrowings		(3,217)	(3,854)	(6,875)	(12,305)
Net settlement of derivative contracts		423	(97)	623	(596)
Payment of transaction costs related to loans and borrowings		–	(988)	(19)	(7,202)
Interest paid		(8,606)	(5,779)	(16,815)	(10,535)
Net cash used in financing activities		<u>(6,493)</u>	<u>(8,298)</u>	<u>(17,636)</u>	<u>(27,322)</u>
Increase/(decrease) in cash and cash equivalents					
		5,185	3,645	6,665	(10,243)
Cash and cash equivalents as at beginning of the period/year		32,936	31,875	32,833	46,559
Effect of foreign exchange rate changes on cash balances		(182)	(2,687)	(1,559)	(3,483)
Cash and cash equivalents at end of the period/year		<u>37,939</u>	<u>32,833</u>	<u>37,939</u>	<u>32,833</u>

Notes:

Significant non-cash transactions

- (i) For the financial year ended 31 December 2023, the REIT issued 2,118,000 (2022: 4,299,000) new Units at an issue price of S\$0.4677 (2022: S\$0.5070) per Unit as payment of distribution under the distribution reinvestment plan for the period from 1 January 2023 to 30 June 2023.

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 2022. 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 2022.

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 2022.

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing this financial information.

The adoption of these new and revised standards did not have a material impact on the Group's Financial Information.

3. Investment properties

	Group	
	31/12/2023	31/12/2022
	S\$'000	S\$'000
At beginning of the year	912,241	992,686
Additions during the year	9,872	3,638
	922,113	996,324
Changes in fair value	(5,502)	1,411
Translation differences	(38,459)	(85,494)
At end of the year	878,152	912,241

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 2023 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 revenue growth rates, term yield and reversionary rates, discount rates and terminal capitalisation rates adopted by the valuers and is of the view that the valuation methods and estimates are reflective of the current market conditions.

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 7.0% to 8.0% (2022: 6.9% to 8.0%) per annum	The fair value increases as discount rate decreases.
	Revenue growth rates 4.0% to 10.0% (2022: 4.0% to 10.0%)	The fair value increases as revenue growth rate increases.
	Terminal capitalisation rates 4.0% to 5.0% (2022: 4.0% to 5.0%)	The fair value increases as terminal capitalisation rates decreases.
Income capitalisation approach	Term yield from 5.2% to 6.6% (2022: 5.0% to 6.6%)	The fair value increases as term yield and reversionary rate decrease.
	Reversionary rates from 5.7% to 7.1% (2022: 5.5% to 7.1%)	

4. Financial Derivatives

	Group and REIT	
	31/12/2023	31/12/2022
	S\$'000	S\$'000
Derivative assets		
Interest rate swaps used for hedging	754	1,509
Non-current	754	1,509
Derivative liabilities		
Interest rate swaps used for hedging	277	135
Non-current	277	135

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\$124.0 million (2022: S\$104.0 million) and S\$124.0 million (2022: S\$104.0 million) respectively, to provide fixed rate funding for average terms of 3 years (2022: 3 years) at an average interest rate of 3.00% (2022: 2.85%) per annum. These interest rate swaps are designated as hedging instruments in cash flow hedges. The fair value of financial derivatives represented 0.09% (2022: 0.24%) of the net assets of the Group as at 31 December 2023.

5. Cash and cash equivalents

	Group		REIT	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at banks and in hand	42,898	36,442	3,601	2,130
Restricted cash	(4,959)	(3,609)	(3,435)	(2,018)
Cash and cash equivalents in statement of cash flow	37,939	32,833	166	112

6. Loans and borrowings

	Group		REIT	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Unsecured loan	7,700	–	7,700	–
Secured loans	294,656	297,161	249,147	251,647
Less: Unamortised transaction costs	(3,041)	(5,422)	(2,906)	(5,167)
	<u>299,315</u>	<u>291,739</u>	<u>253,941</u>	<u>246,480</u>
Current	291,615	6,925	246,241	4,500
Non-current	7,700	284,814	7,700	241,980
	<u>299,315</u>	<u>291,739</u>	<u>253,941</u>	<u>246,480</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 2023, the S\$252.0 million offshore facility was fully drawn down, while RMB 178.5 million and RMB 84.8 million were drawn down from RMB 192.5 million and RMB 104.5 million onshore facilities respectively. For the year ended 31 December 2023, the Group had repaid RMB 12.5 million (2022: 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 (2022: 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 (2022: 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\$7.7 million (2022: S\$1.2 million) and from other secured bank facility an amount totalling S\$2.0 million (2022: S\$2.0 million). The REIT had repaid S\$4.5 million (2022: S\$8.2million) of these facilities during the year.

As at the reporting date, the Consolidated Interest Coverage Ratio of the Group was 1.8x, which was lower than the debt covenant ratio required by the banks at 2.0x. Subsequent to 31 December 2023, the Group obtained a waiver covering the period up till 31 December 2023 from the banks and the loans are not due and payable in advance of their maturity date, which remains unchanged at 14 March 2025. As the waiver letter was obtained after the reporting date, the loans had to be classified from non-current to current as per the technical requirement of the accounting standards.

7. Units in issue

	Group and REIT	
	31/12/2023	31/12/2022
	Number of Units '000	Number of Units '000
Issue of new Units relating to:		
- as at beginning of the year	517,485	512,451
- payment of Property Manager's management fees	–	735
- units issued in respect of the distribution reinvestment plan	2,118	4,299
Total Units in issue at the end of year	519,603	517,485

8. Net asset value per unit

	Group		REIT	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Net asset value per Unit is based on:				
Net assets attributable to Unitholders	376,198	411,087	253,146	264,322
Number of Units in issue and to be issued at end of year ('000)	519,603	517,485	519,603	517,485
Net asset value per unit (S\$ cents)	0.72	0.79	0.49	0.51

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 2023	2H 2022	FY 2023	FY 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Finance income:				
- financial institutions	93	103	122	245
Finance costs:				
- loans and borrowings	(9,991)	(8,558)	(20,034)	(16,026)
Net finance costs recognised in statement of total return	(9,898)	(8,455)	(19,912)	(15,781)

10. Taxation

	Group			
	2H 2023	2H 2022	FY 2023	FY 2022
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Current taxation</i>				
Current year	2,553	2,526	5,499	6,159
Withholding tax	164	176	542	573
	<u>2,717</u>	<u>2,702</u>	<u>6,041</u>	<u>6,732</u>
<i>Deferred taxation</i>				
(Reversal)/origination of temporary differences	(693)	339	(706)	315
Income tax expense	<u>2,024</u>	<u>3,041</u>	<u>5,335</u>	<u>7,047</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 2023	2H 2022	FY 2023	FY 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Total (loss)/return for the period/year after taxation and non-controlling interests	(5,311)	2,315	(3,792)	6,101
	Number of	Number of	Number of	Number of
	Units	Units	Units	Units
	'000	'000	'000	'000
Issued Units				
As at beginning of the period/year	514,182	513,186	514,182	512,451
- Property Manager's management fees paid/payable in Units	-	-	-	600
- Distribution Reinvestment plan paid in Units	1,093	2,243	551	1,131
Weighted average number of issued and issuable Units at end of the period/year	<u>515,275</u>	<u>515,429</u>	<u>514,733</u>	<u>514,182</u>
Basic earnings per Unit (cents)	<u>(1.03)</u>	<u>0.45</u>	<u>(0.74)</u>	<u>1.19</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 2023 S\$'000	2H 2022 S\$'000	FY 2023 S\$'000	FY 2022 S\$'000
Total (loss)/return for the period/year after taxation and non-controlling interests	(5,311)	2,315	(3,792)	6,101
	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	517,485	513,186	517,485	512,451
- Property Manager's management fees paid/payable in Units	-	-	-	735
- Distribution Reinvestment plan paid in Units	2,118	4,299	2,118	4,299
Weighted average number of issued and issuable Units at end of the period/year	519,603	517,485	519,603	517,485
Diluted earnings per Unit (cents)	(1.02)	0.44	(0.73)	1.18

12. Financial ratios

	Group	
	31/12/2023 %	31/12/2022 %
Ratio of expenses to average net asset value ⁽¹⁾		
- excluding performance component of Manager's management fees	0.35	0.65
- including performance component of Manager's management fees	0.35	0.65
Ratio of expenses to net asset value ⁽²⁾	5.20	5.41
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 (2023: S\$28,380,000 and 2022: S\$31,567,000) 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 2023 and 2022.

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 (2022: 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 2023							
External revenues:							
- Gross rental income	32,968	10,179	2,791	4,974	3,251	2,281	56,444
- Others	3,003	1,302	590	637	–	–	5,532
Gross revenue	35,971	11,481	3,381	5,611	3,251	2,281	61,976
Segment net property income	22,680	5,160	229	1,815	2,996	2,082	34,962
Finance income	81	1,016	1,000	528	652	217	3,494
Finance costs	1,644	668	810	255	261	–	3,638
Reportable segment total return/(loss) before taxation	23,301	2,283	(797)	(519)	1,437	1,706	27,411
Segment assets	513,601	171,823	143,648	109,117	68,258	39,896	1,046,343
Segment liabilities	271,678	159,167	139,330	82,316	62,950	32,349	747,790
Other segment items:							
Depreciation	23	21	12	24	–	–	80
Net change in fair value of investment properties	(1,736)	2,151	406	2,636	1,487	558	5,502
Capital expenditure	1,186	3,552	417	4,806	–	–	9,961

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
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/(loss) 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
2H 2023							
External revenues:							
- Gross rental income	16,887	4,943	1,415	2,124	1,597	1,122	28,088
- Others	1,698	506	313	309	–	–	2,826
Gross revenue	18,585	5,449	1,728	2,433	1,597	1,122	30,914
Segment net property income	11,650	2,224	152	584	1,470	1,025	17,105
Finance income	54	634	561	297	343	107	1,996
Finance costs	798	334	403	130	138	–	1,803
Reportable segment total return/(loss) before taxation	12,608	288	(243)	(2,127)	134	554	11,214
Segment assets	513,601	171,823	143,648	109,117	68,258	39,896	1,046,343
Segment liabilities	271,678	159,167	139,330	82,316	62,950	32,349	747,790
Other segment items:							
Depreciation	11	11	6	12	–	–	40
Net change in fair value of investment properties	(1,736)	2,151	406	2,636	1,487	558	5,502
Capital expenditure	447	3,530	290	4,552	–	–	8,819

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
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	<u>16,661</u>	<u>5,818</u>	<u>2,240</u>	<u>3,363</u>	<u>1,587</u>	<u>1,187</u>	<u>30,856</u>
Segment net property income	<u>10,002</u>	<u>2,678</u>	<u>359</u>	<u>1,155</u>	<u>1,458</u>	<u>1,068</u>	<u>16,720</u>
Finance income	<u>39</u>	<u>623</u>	<u>592</u>	<u>256</u>	<u>271</u>	<u>106</u>	<u>1,887</u>
Finance costs	<u>1,001</u>	<u>459</u>	<u>438</u>	<u>127</u>	<u>98</u>	<u>–</u>	<u>2,123</u>
Reportable segment total return/(loss) before taxation	<u>11,541</u>	<u>990</u>	<u>(1,287)</u>	<u>864</u>	<u>1,241</u>	<u>1,158</u>	<u>14,507</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	11	14	7	13	–	–	45
Net change in fair value of investment properties	(1,881)	150	593	(273)	–	–	(1,411)
Capital expenditure	<u>270</u>	<u>803</u>	<u>308</u>	<u>100</u>	<u>–</u>	<u>–</u>	<u>1,481</u>

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

	2H 2023	2H 2022	FY 2023	FY 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue				
Total revenue for reporting segments	30,914	30,856	61,976	66,432
Total return				
Total return for reportable segments before taxation	11,214	14,507	27,411	34,233
Unallocated amounts:				
- Other corporate expenses	(10,429)	(5,299)	(18,238)	(13,102)
Elimination of intercompany transaction	45	(91)	(3)	(127)
Total return before taxation	830	9,117	9,170	21,004

	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 2023				
Finance income	3,494	–	(3,372)	122
Finance costs	(3,638)	(19,826)	3,430	(20,034)

**Other material items 31
December 2022**

Finance income	4,092	–	(3,847)	245
Finance costs	(4,099)	(15,794)	3,867	(16,026)

	Group	
	31/12/2023 S\$'000	31/12/2022 S\$'000
Assets		
Total assets for reportable segments	1,046,343	1,073,090
Other unallocated amounts	588,619	589,647
Elimination of intercompany balances	(708,079)	(703,561)
Consolidated assets	926,883	959,176
Liabilities		
Total liabilities for reportable segments	747,790	746,317
Other unallocated amounts	335,473	325,324
Elimination of intercompany balances	(701,794)	(696,406)
Consolidated liabilities	381,469	375,235

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 2023 (S\$'000)	2H 2022 (S\$'000)	Change (%)	FY 2023 (S\$'000)	FY 2022 (S\$'000)	Change (%)
Gross revenue	30,914	30,856	0.2	61,976	66,432	(6.7)
Property operating expenses	(13,809)	(14,136)	(2.3)	(27,014)	(28,705)	(5.9)
Net property income⁽¹⁾	17,105	16,720	2.3	34,962	37,727	(7.3)
Other income ⁽²⁾	(176)	909	>100.0	1,104	1,444	(23.5)
Manager's base fee ⁽³⁾	(54)	(261)	(79.3)	(277)	(739)	(62.5)
Trustee's fee	(74)	(77)	(3.9)	(148)	(157)	(5.7)
Other expenses	(481)	(1,120)	(57.1)	(939)	(2,018)	(53.5)
Finance income	93	103	(9.7)	122	245	(50.2)
Foreign exchange loss - realised ⁽⁴⁾	(214)	(58)	>100.0	(140)	(835)	(83.2)
Finance cost ⁽⁵⁾	(9,991)	(8,558)	16.7	(20,034)	(16,026)	25.0
Total return for the period/year before changes in fair value of investment properties and unrealised foreign exchange gain/(loss)	6,208	7,658	(18.9)	14,650	19,641	(25.4)
Change in fair value of investment property	(5,502)	1,411	>100.0	(5,502)	1,411	>100.0
Foreign exchange gain/(loss) - unrealised	124	48	>100.0	22	(48)	>100.0
Total return for the period before taxation	830	9,117	(90.9)	9,170	21,004	(56.3)
Taxation ⁽⁶⁾	(2,024)	(3,041)	(33.4)	(5,335)	(7,047)	(24.3)
Total (loss)/return for the period/year after taxation	(1,194)	6,076	>100.0	3,835	13,957	(72.5)
Attributable to:						
Unitholders	(5,311)	2,315	>100.0	(3,792)	6,101	>100.0
Non-controlling interests	4,117	3,761	9.5	7,627	7,856	(2.9)
Total (loss)/return for the period/year after taxation	(1,194)	6,076	>100.0	3,835	13,957	(72.5)

<u>Distribution Statement</u>	2H 2023 (S\$'000)	2H 2022 (S\$'000)	Change (%)	FY 2023 (S\$'000)	FY 2022 (S\$'000)	Change (%)
Total (loss)/return for the period attributable to Unitholders	(5,311)	2,315	>100.0	(3,792)	6,101	>100.0
Distribution adjustments (Note A)	5,769	34	>100.0	6,242	550	>100.0
Income for the period available for distribution to Unitholders	458	2,349	(80.5)	2,450	6,651	(63.2)
Less: Amount retained	(46)	(235)	(80.4)	(245)	(665)	(63.2)
Income for the period to be distributed to Unitholders	412	2,114	(80.5)	2,205	5,986	(63.2)

	2H 2023 (S\$'000)	2H 2022 (S\$'000)	Change (%)	FY 2023 (S\$'000)	FY 2022 (S\$'000)	Change (%)
<u>Note A - Distribution adjustment items:</u>						
- Amortisation of debt establishment costs	1,204	1,299	(7.3)	2,392	2,417	(1.0)
- Change in fair value of investment properties ^(a)	6,196	(659)	>100.0	6,196	(659)	>100.0
- Deferred taxation ^(a)	(866)	151	>100.0	(879)	127	>100.0
- Transfer to statutory reserve	(522)	(531)	(1.7)	(1,207)	(1,268)	(4.8)
- Other adjustments ^(a)	(243)	(226)	7.5	(260)	(67)	>100.0
Net effect of distribution adjustments	5,769	34	>100.0	6,242	550	>100.0

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

Footnotes:

- (1) Decrease in net property income mainly due to weakening of RMB against SGD and loss of income during the asset enhancement initiative period.
- (2) Other income mainly comprised fine and penalties from tenants 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) Decrease 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 on interest-bearing loans with floating interest rate exposure.
- (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 reversal of deferred tax expenses arose from the temporary differences in investment properties fair value.

Statements of Financial Position

	Group		REIT	
	31/12/2023 (S\$'000)	31/12/2022 (S\$'000)	31/12/2023 (S\$'000)	31/12/2022 (S\$'000)
Non-current assets				
Investment properties ⁽¹⁾	878,152	912,241	-	-
Plant and equipment	476	532	-	-
Interest in subsidiaries	-	-	583,896	584,993
Deferred tax assets	46	55	-	-
Derivative assets ⁽²⁾	754	1,509	754	1,509
	879,428	914,337	584,650	586,502
Current assets				
Trade and other receivables ⁽³⁾	4,557	8,397	368	1,015
Cash and cash equivalents	42,898	36,442	3,601	2,130
	47,455	44,839	3,969	3,145
Total assets	926,883	959,176	588,619	589,647
Non-current liabilities				
Loans and borrowings ⁽⁴⁾	7,700	284,814	7,700	241,980
Trade and other payables ⁽⁵⁾	1,667	1,739	33,468	6,828
Security deposits	5,862	6,182	-	-
Deferred tax liabilities	35,470	37,879	-	-
Derivative liabilities ⁽²⁾	277	135	277	135
	50,976	330,749	41,445	248,943
Current liabilities				
Loans and borrowings ⁽⁴⁾	291,615	6,925	246,241	4,500
Trade and other payables ⁽⁵⁾	25,855	22,503	47,787	71,882
Security deposits	10,929	11,983	-	-
Current tax payable	2,094	3,075	-	-
	330,493	44,486	294,028	76,382
Total liabilities	381,469	375,235	335,473	325,325
Net assets	545,414	583,941	253,146	264,322
Represented by:				
Unitholders' funds	376,198	411,087	253,146	264,322
Non-controlling interests ("NCI")	169,216	172,854	-	-
	545,414	583,941	253,146	264,322
Units in issue ('000)	519,603	517,485	519,603	517,485

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. In FY 2023, the fair value changes of investment properties in term of RMB, demonstrated a promising upward trend. Specifically, multi-tenanted properties experienced a substantial growth of RMB 31 million fueled by improved occupancy shifts and economic performance. On the other hand, master-leased properties saw a minor decrease of RMB 11 million, primarily attributed to the nearing expiration of the master lease. Despite this, the overall movement in fair value changes remains positive and higher as compared to last financial year.
- (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) Decrease in trade and other receivables is mainly due to lower outstanding rents from tenants as compared to last financial year.
- (4) Loans and borrowings are measured at amortised cost. Increase in loans and borrowings is mainly due to additional unsecured loan of S\$7.7 million drawn for working capital purposes during the year.
- (5) The REIT has extended the maturity date of some of the interest-bearing loans from its subsidiaries and reclassified these loans from current liabilities to non-current liabilities during the year.

Consolidated Statement of Cash Flows

	2H 2023 (S\$'000)	2H 2022 (S\$'000)	FY 2023 (S\$'000)	FY 2022 (S\$'000)
Cash flows from operating activities				
Total return for the period/year before taxation	830	9,117	9,170	21,004
Adjustments for:				
Finance income	(93)	(103)	(122)	(245)
Finance cost	9,991	8,558	20,034	16,026
Loss on disposal of plant and equipment	44	56	44	57
Depreciation of plant and equipment	40	45	80	99
Foreign exchange (gain)/loss - unrealised	(124)	(48)	(22)	48
Change in fair value of investment property	5,502	(1,411)	5,502	(1,411)
Operating income before working capital changes	16,190	16,214	34,686	35,578
Changes in:				
Trade and other receivables ⁽¹⁾	7,092	137	4,028	(5,149)
Trade and other payables	135	(311)	2,338	(2,953)
Cash generated from operating activities	23,417	16,040	41,052	27,476
Tax paid	(3,013)	(2,719)	(6,912)	(6,992)
Net cash generated from operating activities	20,404	13,321	34,140	20,484
Cash flows from investing activities				
Capital expenditure on investment properties	(8,817)	(1,481)	(9,872)	(3,638)
Purchase of plant and equipment	(2)	-	(89)	(12)
Interest received	93	103	122	245
Net cash used in investing activities	(8,726)	(1,378)	(9,839)	(3,405)
Cash flows from financing activities				
Distribution to unitholders	(822)	(1,721)	(2,943)	(7,109)
Dividend paid to non-controlling interests	-	-	(4,096)	(4,767)
(Increase)/decrease in restricted cash	(20)	110	(1,416)	(1,685)
Proceeds from borrowings	5,749	4,031	13,905	16,877
Repayment of borrowings	(3,217)	(3,854)	(6,875)	(12,305)
Net settlement of derivative contracts	423	(97)	623	(596)
Payment of transaction costs related to loans and borrowings	-	(988)	(19)	(7,202)
Interest paid	(8,606)	(5,779)	(16,815)	(10,535)
Net cash used in financing activities	(6,493)	(8,298)	(17,636)	(27,322)
Increase/(decrease) in cash and cash equivalents	5,185	3,645	6,665	(10,243)
Cash and cash equivalents at beginning of the period/year	32,936	31,875	32,833	46,559
Effect of foreign exchange rate changes on cash balances	(182)	(2,687)	(1,559)	(3,483)
Cash and cash equivalents at end of the period/year	37,939	32,833	37,939	32,833

Footnotes:

- (1) Increase of changes in trade and other receivables was mainly due to lower outstanding rents as compared to the last financial period/year.
- (2) For the purpose of the Consolidated Statement of Cash Flows, the cash and cash equivalents comprised the following:

	Group	
	31/12/2023	31/12/2022
	S\$'000	S\$'000
Cash at banks and in hand	42,898	36,442
Less: Restricted cash	(4,959)	(3,609)
Cash and cash equivalents of cash flows statement	37,939	32,833

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 2023 was S\$0.1 million (0.2%) higher than 2H 2022 and FY 2023 was S\$4.5 million (-6.7%) lower than FY 2022. Property operating expenses in 2H 2023 and FY 2023 were S\$0.3 million (-2.3%) and S\$1.7 million (-5.9%) lower than in 2H 2022 and FY 2022 respectively. Overall, both the gross revenue and property operating expenses declined mainly due to the weakening of RMB against SGD and loss of income during the assets enhancement initiative period. As such, the net property income in 2H 2023 was S\$0.4 million (2.3%) higher than 2H 2022 and FY 2023 was S\$2.8 million (-7.3%) lower than FY 2022.

The portfolio occupancy rate was 95.6% as at 31 December 2023, slightly higher than 95.2% as at 31 December 2022.

Finance costs in 2H 2023 and FY 2023 were S\$1.4 million (16.7%) and S\$4.0 million (25.0%) higher than 2H 2022 and FY 2022 respectively. This was mainly due to the higher interest expenses.

Amount to be distributed to Unitholders in 2H 2023 and FY 2023 were S\$1.7 million (-80.5%) and S\$3.8 million (-63.2%) lower than 2H 2022 and FY 2022 respectively. Approximately S\$0.2 million (FY 2022: S\$0.7 million) of the income available for distribution for FY 2023 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 2023 increased 5.2% year-on-year to RMB 126.0 trillion, broadly in line with market consensus of 5.3% expansion². Disposable income per capita of urban residents grew 4.8% year-on-year in 2023 while retail sales of consumer goods increased 7.2% year-on-year¹, the higher growth rate was driven in main by food and beverages, clothing and jewelries sales which grew by 20.4%, 12.9% and 13.3% respectively.

The International Monetary Fund (IMF) raised its China's GDP outlook for 2024, revising it from 4.2% in October 2023 to 4.6% in January 2024³, the upgrade reflects carryover from stronger-than-expected growth in 2023 and increased government spending on capacity building against natural disasters.

According to CBRE, China retail property market is poised to benefit from further recovery in domestic consumption in 2024. Demand for store leases in 2024 will continue to be driven by the dining, entertainment, sports and beauty categories. Benefiting from a sustained recovery in demand, nationwide vacancy decreased for a second consecutive quarter and rental is starting to stabilise. Location and project will remain differentiated, with high-quality regional shopping centers expected to outperform the market average⁴.

Footnotes:

- 1. Source: National Bureau of Statistics of China.
- 2. Bloomberg (15 January 2024): China Set to Reach 2023 GDP Goal as Focus Shifts to New Year.
- 3. IMF (30 January 2024): World Economic Outlook Update - Moderating Inflation and Steady Growth Open Path to Soft Landing.
- 4. CBRE (February 2024): China Figures Q4 2023

8. Distribution

(a) Current financial period

Any distribution declared for the current financial period? Yes

Distribution period : 1 July 2023 to 31 December 2023

Distribution rate : 0.08 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 2023 to 31 December 2023 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 2022 to 31 December 2022

Distribution rate : 0.41 cents per unit

Distribution type : Capital distribution

(c) Date payable : 28 March 2024

(d) Book closure date : 4 March 2024

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 2023 (S\$'000)	FY 2022 (S\$'000)
<u>Multi-Tenanted Malls</u>		
Beijing Wanliu	35,971	37,136
Chengdu Konggang	11,481	12,216
Hefei Changjiangxilu	5,611	7,055
Hefei Mengchenglu	3,381	4,210
	56,444	60,617
<u>Master-Leased Malls</u>		
Xining Huayuan	3,251	3,375
Dalian Jinsanjiao	2,281	2,440
	5,532	5,815
Total gross revenue	61,976	66,432

(b) Net property income

	FY 2023 (S\$'000)	FY 2022 (S\$'000)
<u>Multi-Tenanted Malls</u>		
Beijing Wanliu	22,680	23,293
Chengdu Konggang	5,160	5,926
Hefei Changjiangxilu	1,815	2,698
Hefei Mengchenglu	229	510
	29,884	32,427
<u>Master-Leased Malls</u>		
Xining Huayuan	2,996	3,090
Dalian Jinsanjiao	2,082	2,210
	5,078	5,300
Total net property income	34,962	37,727

12. Breakdown of Sales and Net Income

	FY 2023 (S\$'000)	FY 2022 (S\$'000)
Gross revenue reported for first half year ^{(a), (c)}	31,062	35,576
Net income after tax and NCI for first half year ^{(a), (c)}	1,519	3,786
Gross revenue reported for second half year ^{(b), (c)}	30,914	30,856
Net (loss)/income after tax and NCI for second half year ^{(b), (c)}	(5,311)	2,315

Footnotes:

- a. The results for the first half year relates to the period from 1 January 2023 to 30 June 2023 and 1 January 2022 to 30 June 2022, respectively.
- b. The results for the second half year relates to the period from 1 July 2023 to 31 December 2023 and 1 July 2022 to 31 December 2022, respectively.
- c. Please refer to item 2 on the review.

13. Breakdown of Total Distribution

	FY 2023 (S\$'000)	FY 2022 (S\$'000)
In respect of period:		
1 January 2023 - 30 June 2023	1,812	-
1 July 2023 - 31 December 2023	416	-
1 January 2022 - 30 June 2022	-	3,901
1 July 2022 - 31 December 2022	-	2,121
Annual distribution to Unitholders	2,228	6,022

- * For the second half year ended 31 December 2023, the Manager of the REIT declared a distribution per unit of 0.08 Singapore cents totalling S\$416,000 to the unitholders of the REIT, payable on 28 March 2024.

Note: Actual annual distributions paid and payable to unitholders for FY 2023 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

Lau Teck Sien
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)

23 February 2024