

## BHG RETAIL REIT

(A real estate investment trust constituted on 18 November 2015  
under the laws of the Republic of Singapore)

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### UPDATE ON POTENTIAL ASSETS UNDER SPONSOR RIGHT OF FIRST REFUSAL

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BHG Retail Trust Management Pte. Ltd., as manager of BHG Retail REIT (the “**Manager**”), wishes to update unitholders of BHG Retail REIT on certain developments to the properties subject to the right of first refusal (“**ROFR**”) agreement entered into between DBS Trustee Limited, in its capacity as trustee of BHG Retail REIT, and Beijing Hualian Department Store Co., Ltd. (the “**Sponsor**”) on 23 November 2015 (the “**ROFR Agreement**”).

The Manager has received a letter issued from the Sponsor on 7 February 2017 (the “**Sponsor Letter**”), which states that the Sponsor had completed the acquisitions of (i) 99.69% of the issued equity interests of Shanxi Hualian Shopping Mall Co., Ltd. (山西华联购物中心有限公司) (“**Shanxi Hualian**”), a PRC holding company which wholly owns the Shanxi retail mall development project, on 18 January 2017 and (ii) 100.00% of the issued equity interests of Qingdao Hairong Xingda Commercial Management Co., Ltd. (青岛海融兴达商业管理有限公司), a PRC holding company which wholly owns the Qingdao retail mall development project, on 20 January 2017 (collectively, the “**Sponsor Acquisitions**”). The details of the Sponsor Acquisitions are as follows:

Name of Property	Name of PRC holding company	Address	Approximate Gross Floor Area (sq m)	Equity Interest of Sponsor in PRC holding company (%)
Shanxi retail mall development project	Shanxi Hualian Shopping Mall Co., Ltd. (山西华联购物中心有限公司)	The south west side of the junction of North Middle Ring Road and Jie Fang North Road, Shanxi	80,100	99.69
Qingdao retail mall development project	Qingdao Hairong Xingda Commercial Management Co., Ltd. (青岛海融兴达商业管理有限公司)	Xi Hai An New Economic Zone, Xue Jia Dao Area, Qingdao	242,100	100.00

Following the Sponsor Acquisitions, Shanxi retail mall development project and Qingdao retail mall development project, once completed and income-producing, will become assets subject to the ROFR Agreement. When these assets fall as part of the ROFR Agreement, as the equity interests of Shanxi Hualian are owned jointly by the Sponsor together with a third party and the consent of such third party is required for the equity interests of Shanxi Hualian to be offered to BHG Retail REIT or its subsidiaries, the Sponsor shall use its best endeavours to obtain the consent of the relevant third party or parties, failing which the ROFR Agreement will not apply to the disposal of the equity interests of Shanxi Hualian.

In the Sponsor Letter, the Sponsor had also provided an update on the agreement entered into by Inner Mongolia Xinlian Shopping Mall Co., Ltd. (内蒙古信联购物中心有限公司) (“**Inner Mongolia Xinlian**”) (in which the Sponsor holds 10.71% equity interest) to purchase Huhhot Mall (北京华联呼和浩特新天地购物中心) (the “**Huhhot Mall Agreement**”) which is subject to the ROFR Agreement. Following negotiations between the vendor of Huhhot Mall (the “**Vendor**”) and the major shareholder of Inner Mongolia Xinlian (which holds 89.29% of Inner Mongolia Xinlian), Inner Mongolia Xinlian has terminated the Huhhot Mall Agreement due to a change in the overall master planning of the immediate area surrounding Huhhot Mall. The change in overall planning would have resulted in the original positioning of Huhhot Mall to be incongruent (non-synergistic) with the immediate surrounding area, which forms part of the entire development on which Huhhot Mall is situated. As a result of the termination of the Huhhot Mall Agreement, Huhhot Mall is no longer an asset subject to the ROFR Agreement as Inner Mongolia Xinlian will not own Huhhot Mall.

**BY ORDER OF THE BOARD**

BHG Retail Trust Management Pte. Ltd.  
(Company Registration No.: 201504222D)  
as manager of BHG Retail REIT

Chan Iz-Lynn  
Chief Executive Officer  
16 February 2017

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