

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 2021

Table of Contents

Description	Page No.
Statements of Financial Position	2
Consolidated Statement of Total Return	3
Distribution Statement	4
Consolidated Statements of Movements in Unitholders' Funds	6
Portfolio Statement	8
Consolidated Statement of Cash Flows	9
Notes to the Financial Information	11
Other information required by Listing Rule Appendix 7.2	27

Statements of Financial Position
As at 31 December 2021

	Note	Group		REIT	
		31/12/2021 S\$'000	31/12/2020 S\$'000	31/12/2021 S\$'000	31/12/2020 S\$'000
Non-current assets					
Investment properties	3	992,686	943,187	–	–
Plant and equipment		672	702	–	–
Interests in subsidiaries		–	–	590,995	591,646
Deferred tax assets		58	47	–	–
		<u>993,416</u>	<u>943,936</u>	<u>590,995</u>	<u>591,646</u>
Current assets					
Trade and other receivables		2,689	2,947	375	589
Cash and cash equivalents	4	48,483	48,272	2,666	4,159
		<u>51,172</u>	<u>51,219</u>	<u>3,041</u>	<u>4,748</u>
Total assets		<u>1,044,588</u>	<u>995,155</u>	<u>594,036</u>	<u>596,394</u>
Non-current liabilities					
Loans and borrowings	5	–	282,320	–	232,595
Trade and other payables		1,902	2,077	59,162	54,276
Security deposits		4,910	6,298	–	–
Deferred tax liabilities		41,085	39,157	–	–
Derivative liabilities	6	–	3,302	–	3,302
		<u>47,897</u>	<u>333,154</u>	<u>59,162</u>	<u>290,173</u>
Current liabilities					
Loans and borrowings	5	295,454	9,315	243,267	8,101
Trade and other payables		22,795	26,049	12,809	9,394
Security deposits		16,971	12,913	–	–
Current tax liabilities		3,640	1,281	–	–
Derivative liabilities	6	993	–	993	–
		<u>339,853</u>	<u>49,558</u>	<u>257,069</u>	<u>17,495</u>
Total liabilities		<u>387,750</u>	<u>382,712</u>	<u>316,231</u>	<u>307,668</u>
Net assets		<u>656,838</u>	<u>612,443</u>	<u>277,805</u>	<u>288,726</u>
Represented by:					
Unitholders' funds		471,154	439,256	277,805	288,726
Non-controlling interests		185,684	173,187	–	–
		<u>656,838</u>	<u>612,443</u>	<u>277,805</u>	<u>288,726</u>
Units in issue ('000)	7	<u>512,451</u>	<u>510,995</u>	<u>512,451</u>	<u>510,995</u>

Consolidated Statement of Total Return
For second half and full year ended 31 December 2021

	Note	Group			
		2H 2021	2H 2020	FY 2021	FY 2020
		S\$'000	S\$'000	S\$'000	S\$'000
Gross Revenue		36,307	32,760	70,640	60,561
Property operating expenses		(15,130)	(12,899)	(28,835)	(24,173)
Net property income		<u>21,177</u>	<u>19,861</u>	<u>41,805</u>	<u>36,388</u>
Other income		517	291	931	389
Manager's base fee		(687)	(638)	(1,456)	(1,118)
Manager's performance fee		(218)	–	(752)	–
Trustee's fees		(82)	(79)	(161)	(156)
Other expenses		(390)	(456)	(908)	(962)
Finance income	9	63	155	128	156
Foreign exchange (loss)/gain - realised		(15)	60	246	(19)
Finance cost	9	<u>(7,439)</u>	<u>(7,867)</u>	<u>(14,378)</u>	<u>(14,994)</u>
Total return before change in fair value of investment properties and unrealised foreign exchange (loss)/gain		12,926	11,327	25,455	19,684
Change in fair value of investment properties		(311)	(15,036)	(311)	(15,036)
Foreign exchange (loss)/gain - unrealised		(126)	3,166	(1,151)	1,047
Total return for the period/year before taxation		12,489	(543)	23,993	5,695
Taxation	10	<u>(5,271)</u>	474	<u>(9,003)</u>	<u>(1,973)</u>
Total return for the period/year after taxation		<u>7,218</u>	<u>(69)</u>	<u>14,990</u>	<u>3,722</u>
Attributable to:					
Unitholders		3,417	(1,966)	7,510	(1,070)
Non-controlling interests		3,801	1,897	7,480	4,792
Total return for the period/year after taxation		<u>7,218</u>	<u>(69)</u>	<u>14,990</u>	<u>3,722</u>
Earnings per Unit (cents)	11				
- Basic		0.67	(0.39)	1.47	(0.21)
- Diluted		<u>0.66</u>	<u>(0.39)</u>	<u>1.46</u>	<u>(0.21)</u>

Distribution Statement
For second half and full year ended 31 December 2021

	Group			
	2H 2021	2H 2020	FY 2021	FY 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Amount available for distribution to Unitholders at beginning of the period/year	5,925	4,499	5,336	7,957
Total return for the period/year attributable to Unitholders	3,417	(1,966)	7,510	(1,070)
Distribution adjustments (Note A)	2,541	7,706	4,839	11,610
Income for the period/year available for distribution to Unitholders	5,958	5,740	12,349	10,540
Amount retained ⁽¹⁾	(596)	(574)	(1,235)	(1,054)
Income for the period/year to be distributed to Unitholders	5,362	5,166	11,114	9,486
Distribution to Unitholders during the period/year:				
- Distribution of 1.79 cents per Unit for period from 1 July 2019 to 31 December 2019	-	-	-	(7,778)
- Distribution of 0.89 cents per Unit for period from 1 January 2020 to 30 June 2020	-	(4,329)	-	(4,329)
- 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)	-
	(5,739)	(4,329)	(10,902)	(12,107)
Amount available for distribution to Unitholders at end of the period/year	5,548	5,336	5,548	5,336
Distribution per unit (cents) ⁽²⁾	1.05	1.06	2.17	1.95

⁽¹⁾ For the year ended 31 December 2021, approximately S\$1.2 million (2020: S\$1.1 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 2021 to 31 December 2021 will be paid within 90 days from the end of the distribution period, in accordance with the provisions of the Trust Deed.

The amount of distributions waived, attributable to the strategic investor Units, for the year ended 31 December 2020 amounted to approximately S\$1.4 million.

Distribution Statement (cont'd)
For second half and full year ended 31 December 2021

Note A – Distribution adjustments

	Group			
	2H2021	2H 2020	FY 2021	FY 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Distribution adjustment items:				
- Amortisation of debt establishment costs	1,260	1,330	2,493	2,507
- Change in fair value of investment properties ⁽¹⁾	155	13,335	155	13,335
- Deferred taxation ⁽¹⁾	(210)	(3,590)	91	(3,396)
- Manager's management fees paid/payable in Units	–	–	–	480
- Property Manager's management fees paid/payable in Units	417	408	824	761
- Transfer to statutory reserve	(761)	(688)	(1,461)	(1,155)
- Other adjustments ⁽¹⁾	1,680	(3,089)	2,737	(922)
Net effect of distribution adjustments	2,541	7,706	4,839	11,610

⁽¹⁾ Excludes share attributable to non-controlling interests

Consolidated Statements of Movements in Unitholders' Funds
For second half and full year ended 31 December 2021

	Group			
	2H 2021	2H 2020	FY 2021	FY 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Unitholders' funds as at beginning of the period/year	456,980	425,214	439,256	422,517
Operations				
Total return for the period/year after taxation attributable to Unitholders	3,417	(1,966)	7,510	(1,070)
Transfer to statutory reserve	(761)	(688)	(1,461)	(1,155)
Net increase/(decrease) in net assets resulting from operations	2,656	(2,654)	6,049	(2,225)
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	1,038	551	2,309	(2,255)
Foreign currency translation reserve				
Translation differences from financial statements of foreign operations	15,041	19,378	32,157	30,930
Statutory reserve				
Transfer from operations	761	688	1,461	1,155
Unitholders' transactions				
Creation of Units paid/payable to manager				
- Units issued and to be issued as satisfaction of the portion of Manager's management fees payable in Units	-	-	-	480
- Units issued and to be issued as satisfaction of the portion of Property Manager's management fees payable in Units	417	408	824	761
Distributions to Unitholders	(5,739)	(4,329)	(10,902)	(12,107)
	(5,322)	(3,921)	(10,078)	(10,866)
Unitholders' funds as at end of the period/year	471,154	439,256	471,154	439,256

Consolidated Statements of Movements in Unitholders' Funds (cont'd)
For second half and full year ended 31 December 2021

	REIT			
	2H 2021	2H 2020	FY 2021	FY 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Unitholders' funds as at beginning of the period/year	282,014	294,369	288,726	316,922
Operations				
Total return for the period/year after taxation attributable to Unitholders	75	(2,273)	(3,152)	(15,075)
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	1,038	551	2,309	(2,255)
Unitholders' transactions				
Creation of Units paid/payable to manager				
- Units issued and to be issued as satisfaction of the portion of Manager's management fees payable in Units	-	-	-	480
- Units issued and to be issued as satisfaction of the portion of Property Manager's management fees payable in Units	417	408	824	761
Distributions to Unitholders	(5,739)	(4,329)	(10,902)	(12,107)
	(5,322)	(3,921)	(10,078)	(10,866)
Unitholders' funds as at end of the period/year	277,805	288,726	277,805	288,726

Portfolio Statement
As at 31 December 2021

Group	Description of leasehold property	Location	Term of lease (years)	Lease expiry	Valuation as at		Valuation as at		Percentage of Unitholders' funds	
					31/12/2021 RMB'000	31/12/2020 RMB'000	31/12/2021 SS'000	31/12/2020 SS'000	31/12/2021 %	31/12/2020 %
	Beijing Wanliu	No.2 Bagou Road, Haidian District, Beijing	29	2044	2,511,500	2,502,000	532,948	506,515	113	115
	Chengdu Konggang	No. 166 Jinhua Road second section, Shuangliu County, Chengdu	31	2047	663,000	661,000	140,691	133,816	31	30
	Hefei Mengchenglu	No.99 Mengcheng Road, Luyang District, Hefei	29	2044	584,000	582,000	123,927	117,822	26	27
	Hefei Changjiangxilu	No. 639 Changjiangxilu Road, Shushan District, Hefei	29	2043	480,500	475,000	101,963	96,161	22	22
	Xining Huayuan	Nos.16-19 Shipo street, Chengzhong District, Xining	33	2048	274,000	274,000	58,144	55,470	12	13
	Dalian Jinsanjiao	No.18 Huadong Road, Ganjingzi District, Dalian	32	2042	165,000	165,000	35,013	33,403	7	8
	Investment properties, at valuation						992,686	943,187	211	215
	Other assets and liabilities (net)						(335,848)	(330,744)	(71)	(75)
	Net assets						656,838	612,443	140	140
	Net assets attributable to non-controlling interests						(185,684)	(173,187)	(40)	(40)
	Net assets attributable to Unitholders						471,154	439,256	100	100

Consolidated Statement of Cash Flows
For second half and full year ended 31 December 2021

	Note	Group			
		2H 2021 S\$'000	2H 2020 S\$'000	FY 2021 S\$'000	FY 2020 S\$'000
Cash flows from operating activities					
Total return for the period/year before taxation		12,489	(543)	23,993	5,695
Adjustments for:					
Finance income		(63)	(155)	(128)	(156)
Finance costs		7,439	7,867	14,378	14,994
Loss on disposal of plant and equipment		3	1	4	1
Depreciation of plant and equipment		55	54	111	107
Manager's management fees paid/payable in Units	(i)	–	–	–	480
Property Manager's management fees paid/payable in Units	(ii)	417	408	824	761
Foreign exchange loss/(gain) – unrealised		126	(3,166)	1,151	(1,047)
Change in fair value of investment properties		311	15,036	311	15,036
Operating income before working capital changes		20,777	19,502	40,644	35,871
Changes in:					
Trade and other receivables		(87)	7,562	203	(2,303)
Trade and other payables		(1,720)	(8,099)	(1,798)	(7,276)
Cash generated from operating activities		18,970	18,965	39,049	26,292
Tax paid		(3,851)	(3,426)	(6,697)	(5,775)
Net cash generated from operating activities		15,119	15,539	32,352	20,517
Cash flows from investing activities					
Capital expenditure on investment properties		(1,285)	(4,506)	(2,687)	(5,249)
Purchase of plant and equipment		–	(21)	(52)	(101)
Interest received		63	155	128	156
Net cash used in investing activities		(1,222)	(4,372)	(2,611)	(5,194)

Consolidated Statement of Cash Flows (cont'd)
For second half and full year ended 31 December 2021

	Note	Group		
	2H 2021	2H 2020	FY 2021	FY 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Distribution to Unitholders	(5,739)	(4,329)	(10,902)	(12,107)
Dividend paid to non-controlling interests	(3,411)	(1,601)	(7,721)	(1,601)
Decrease/(increased) in restricted cash	2,121	(1,100)	2,121	(1,115)
Proceeds from borrowings	7,000	7,459	7,000	12,459
Repayment of borrowings	(7,632)	(2,602)	(8,250)	(3,199)
Net settlement of derivative contracts	(1,495)	(966)	(2,297)	(1,349)
Payment of transaction costs related to loans and borrowings	–	–	(25)	(24)
Interest paid	(4,663)	(4,108)	(9,468)	(10,356)
Net cash used in financing activities	(13,819)	(7,247)	(29,542)	(17,292)
Increase/(decrease) in cash and cash equivalents				
	78	3,920	199	(1,969)
Cash and cash equivalents as at beginning of the period/year	45,509	39,231	44,227	44,103
Effect of foreign exchange rate changes on cash balances	972	1,076	2,133	2,093
Cash and cash equivalents at end of the period/year	46,559	44,227	46,559	44,227

Notes:

Significant non-cash transactions

- (i) The Manager's management fees for the year ended 31 December 2020 was S\$1,118,000, out of which S\$480,000 was paid through the issuance of 842,000 Units subsequent to the year end.
- (ii) The Property Manager's management fees for the year was S\$824,000 (2020: S\$761,000). S\$407,000 (2020: S\$353,000) was paid during the year through the issuance of 732,000 Units and the remaining S\$417,000 (2020: S\$408,000) will be paid through the issuance of 735,000 (2020: 723,000) 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 and a second supplemental deed dated 20 April 2018) (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 2020. 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 2020.

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 2020, except adoption of the revised version of RAP 7 new and revised standards that are effective for annual periods beginning on 1 January 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 2021 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	
	31/12/2021	31/12/2020
	S\$'000	S\$'000
At beginning of the year	943,187	909,021
Additions during the year	2,687	5,249
	945,874	914,270
Changes in fair value	(311)	(15,036)
Translation differences	47,123	43,953
At end of the year	992,686	943,187

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 2021 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 valuation reports obtained from the independent valuers for our properties contain the “material valuation uncertainty” clause due to the ongoing market disruption caused by the COVID-19 pandemic. Given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. This clause does not invalidate the valuations, but implies that there is substantially more uncertainty than under normal market conditions. 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 7.0% -8.0% (2020: 7.5% to 8.0%) per annum	The fair value increases as discount rate decreases.
	Terminal growth rates 3.0% (2020: 3.0%)	The fair value increases as terminal growth rate increases.
Income capitalisation approach	Term yield from 4.5% to 5.5% (2020: 4.5% to 5.5%)	The fair value increases as term yield and reversionary rate decrease.
	Reversionary rates from 5.0% to 6.0% (2020: 5.0% to 6.0%)	

4. Cash and cash equivalents

	Group		REIT	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at banks and in hand	48,483	48,272	2,666	4,159
Restricted cash	(1,924)	(4,045)	(1,924)	(4,045)
Cash and cash equivalents in statement of cash flow	<u>46,559</u>	<u>44,227</u>	<u>742</u>	<u>114</u>

5. Loans and borrowings

	Group		REIT	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	S\$'000	S\$'000	S\$'000	S\$'000
Unsecured loan	5,000	1,101	5,000	1,101
Secured loans	291,106	293,741	238,904	242,726
Less: Unamortised transaction costs	(652)	(3,207)	(637)	(3,131)
	<u>295,454</u>	<u>291,635</u>	<u>243,267</u>	<u>240,696</u>
Current	294,454	9,315	243,267	8,101
Non-current	–	282,320	–	232,595
	<u>294,454</u>	<u>291,635</u>	<u>243,267</u>	<u>240,696</u>

Facilities and securities

The Group has put in place two onshore secured borrowing facilities of RMB 241.0 million and RMB 61.0 million which in total is equivalent to S\$51.7 million, and an offshore secured borrowing facility of S\$240.0 million. As at 31 December 2021, both onshore and offshore secured facilities were fully drawn. For the year ended 31 December 2021, the Group had repaid RMB 3.0 million (2020: RMB 3.0 million) of each 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 (2020: 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 (2020: 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 other unsecured bank facilities an amount totalling S\$5.0 million during the financial year ended 31 December 2021 (2020: S\$5.0 million).

6. Financial Derivatives

	Group and REIT	
	31/12/2021	31/12/2020
	S\$'000	S\$'000
Derivative liabilities		
Interest rate swaps used for hedging	993	3,302
	<hr/>	<hr/>
Current	993	–
Non-current	–	3,302
	<hr/>	<hr/>
	993	3,302

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\$145.2 million (2020: S\$144.3 million) and S\$145.2 million (2020: S\$144.3 million) respectively, to provide fixed rate funding for average terms of 3 years (2020: 3 years) at an average interest rate of 1.84% (2020: 1.84%) per annum. These interest rate swaps are designated as hedging instruments in cash flow hedges. The fair value of financial derivatives represented 0.15% (2020: 0.54%) of the net assets of the Group as at 31 December 2021.

7. Units in issue

	31/12/2021	31/12/2020
	Number	Number
	of Units	of Units
	'000	'000
Issue of new Units relating to:		
- as at beginning of the year	510,995	508,458
- payment of Manager's management base fees	–	1,480
- payment of Property Manager's management fees	1,456	1,057
	<hr/>	<hr/>
	512,451	510,995
Units to be issued:		
- payment of Property Manager's management fees	735	723
	<hr/>	<hr/>
Total Units in issue and to be issued at the end of year	513,186	511,718

8. Net asset value per unit

	Group		REIT	
	31/12/2021 S\$'000	31/12/2020 S\$'000	31/12/2021 S\$'000	31/12/2020 S\$'000
Net asset value per Unit is based on:				
Net assets attributable to Unitholders	471,154	439,256	277,805	288,726
Number of Units in issue and to be issued at end of year ('000)	513,186	511,718	513,186	511,718
Net asset value per unit (S\$ cents)	0.92	0.86	0.54	0.56

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 2021 S\$'000	2H 2020 S\$'000	FY 2021 S\$'000	FY 2020 S\$'000
Finance income:				
- financial institutions	63	155	128	156
Finance costs:				
- loans and borrowings	(7,439)	(7,867)	(14,378)	(14,994)
Net finance costs recognised in statement of total return	(7,376)	(7,712)	(14,250)	(14,838)

10. Taxation

	Group			
	2H 2021 S\$'000	2H 2020 S\$'000	FY 2021 S\$'000	FY 2020 S\$'000
<i>Current taxation</i>				
Current year	4,932	2,902	8,322	5,087
Withholding tax	588	639	629	707
	5,520	3,541	8,951	5,794
<i>Deferred taxation</i>				
Origination of temporary differences	(249)	(4,015)	52	(3,821)
Income tax expense	5,271	(474)	9,003	1,973

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 2021 S\$'000	2H 2020 S\$'000	FY 2021 S\$'000	FY 2020 S\$'000
Total return for the period/year after taxation and non-controlling interests	3,417	(1,966)	7,510	(1,070)
	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	511,718	509,490	510,995	509,490
- Manager's management fees paid/payable in Units	–	842	–	489
- Property Manager's management fees paid/payable in Units	932	856	1,288	514
Weighted average number of issued and issuable Units at end of the period/year	512,650	511,188	512,283	510,493
Basic earnings per Unit (cents)	0.67	(0.39)	1.47	(0.21)

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 2021	2H 2020	FY 2021	FY 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Total return for the period/year after taxation and non-controlling interests	3,417	(1,966)	7,510	(1,070)
	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	511,718	509,490	511,718	509,490
- Manager's management fees paid/payable in Units	–	842	–	842
- Property Manager's management fees paid/payable in Units	1,468	1,386	1,468	1,386
Weighted average number of issued and issuable Units at end of the period/year	513,186	511,718	513,186	511,718
Diluted earnings per Unit (cents)	0.66	(0.39)	1.46	(0.21)

12. Financial ratios

	Group	
	31/12/2021	31/12/2020
	%	%
Ratio of expenses to average net asset value ⁽¹⁾		
- excluding performance component of Manager's management fees	0.72	0.52
- including performance component of Manager's management fees	0.56	0.52
Ratio of expenses to net asset value ⁽²⁾	7.06	4.32

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 (2021: S\$32,114,000 and 2020: S\$26,428,000) and as a percentage of net asset value as at the financial year end.

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 (2020: 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 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 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 2020							
External revenues:							
- Gross rental income	29,824	9,547	4,729	6,594	3,246	2,278	56,218
- Others	1,978	1,138	583	644	–	–	4,343
Gross revenue	31,802	10,685	5,312	7,238	3,246	2,278	60,561
Segment net property income	20,205	5,345	2,399	3,340	2,997	2,102	36,388
Finance income	133	2,952	1,743	400	392	270	5,890
Finance costs	2,281	1,392	944	113	–	–	4,730
Reportable segment total return before taxation	13,949	7,624	(772)	119	2,147	1,743	24,810
Segment assets	547,831	172,987	150,876	110,618	64,022	40,801	1,087,135
Segment liabilities	294,406	156,076	139,453	80,033	56,406	32,359	758,733
Other segment items:							
Depreciation	20	45	12	30	–	–	107
Net change in fair value of investment properties	(4,253)	(522)	(4,795)	(3,644)	(1,215)	(607)	(15,036)
Capital expenditure	4,258	322	561	209	–	–	5,350

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

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 2020							
External revenues:							
- Gross rental income	15,626	5,611	2,730	3,572	1,668	1,170	30,377
- Others	1,045	609	353	376	–	–	2,383
Gross revenue	16,671	6,220	3,083	3,948	1,668	1,170	32,760
Segment net property income	10,488	3,260	1,470	2,029	1,545	1,069	19,861
Finance income	127	1,136	923	246	284	81	2,797
Finance costs	1,148	1,392	473	78	–	–	3,091
Reportable segment total return before taxation	5,331	2,839	(2,639)	(1,401)	601	535	5,266
Segment assets*	547,831	172,987	150,876	110,618	64,022	40,801	1,087,135
Segment liabilities*	294,406	156,076	139,453	80,033	56,406	32,359	758,733
Other segment items:							
Depreciation	9	22	8	15	–	–	54
Net change in fair value of investment properties	(4,253)	(522)	(4,795)	(3,644)	(1,215)	(607)	(15,036)
Capital expenditure	3,955	44	336	192	–	–	4,527

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

	2H 2021	2H 2020	FY 2021	FY 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue				
Total revenue for reporting segments	36,307	32,760	70,640	60,561
Total return				
Total return for reportable segments before taxation	22,373	5,266	45,029	24,810
Unallocated amounts:				
- Other corporate expenses	(17,910)	(2,222)	(21,095)	(14,956)
Elimination of intercompany transaction	8,026	(3,587)	59	(4,159)
Total return before taxation	12,489	(543)	23,993	5,695

	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 2021				
Finance income	4,104	–	(3,976)	128
Finance costs	4,155	14,217	(3,994)	14,378

**Other material items 31
December 2020**

Finance income	5,890	–	(5,734)	156
Finance costs	4,730	15,998	(5,734)	14,994

	Group	
	31/12/2021 S\$'000	31/12/2020 S\$'000
Assets		
Total assets for reportable segments	1,151,782	1,087,135
Other unallocated amounts	594,035	596,394
Elimination of intercompany balances	(701,229)	(688,374)
Consolidated assets	1,044,588	995,155
Liabilities		
Total liabilities for reportable segments	765,426	758,733
Other unallocated amounts	316,231	307,668
Elimination of intercompany balances	(693,907)	(683,689)
Consolidated liabilities	387,750	382,712

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 2021 (S\$'000)	2H 2020 (S\$'000)	Change (%)	FY 2021 (S\$'000)	FY 2020 (S\$'000)	Change (%)
Gross revenue	36,307	32,760	10.8	70,640	60,561	16.6
Property operating expenses	(15,130)	(12,899)	17.3	(28,835)	(24,173)	19.3
Net property income⁽¹⁾	21,177	19,861	6.6	41,805	36,388	14.9
Other income ⁽²⁾	517	291	77.7	931	389	>100.0
Manager's base fee ⁽³⁾	(687)	(638)	7.7	(1,456)	(1,118)	30.2
Manager's performance fee ⁽³⁾	(218)	-	N/M	(752)	-	N/M
Trustee's fee	(82)	(79)	3.8	(161)	(156)	3.2
Other expenses	(390)	(456)	(14.5)	(908)	(962)	(5.6)
Finance income	63	155	(59.4)	128	156	(17.9)
Foreign exchange (loss)/gain - realised	(15)	60	>100.0	246	(19)	>100.0
Finance cost ⁽⁴⁾	(7,439)	(7,867)	(5.4)	(14,378)	(14,994)	(4.1)
Total return before change in fair value of investment property and unrealised foreign (loss)/gain	12,926	11,327	14.1	25,455	19,684	29.3
Change in fair value of investment properties	(311)	(15,036)	(97.9)	(311)	(15,036)	(97.9)
Foreign exchange (loss)/gain - unrealised	(126)	3,166	>100.0	(1,151)	1,047	>100.0
Total return for the period/year before taxation	12,489	(543)	>100.0	23,993	5,695	>100.0
Taxation ⁽⁵⁾	(5,271)	474	>100.0	(9,003)	(1,973)	>100.0
Total return for the period/year after taxation	7,218	(69)	>100.0	14,990	3,722	>100.0
Attributable to:						
Unitholders	3,417	(1,966)	>100.0	7,510	(1,070)	>100.0
Non-controlling interests	3,801	1,897	>100.0	7,480	4,792	56.1
Total return for the period/year after taxation	7,218	(69)	>100.0	14,990	3,722	>100.0

<u>Distribution Statement</u>	2H 2021	2H 2020	Change	FY 2021	FY 2020	Change
	(S\$'000)	(S\$'000)	(%)	(S\$'000)	(S\$'000)	(%)
Total return for the period/year attributable to Unitholders	3,417	(1,966)	>100.0	7,510	(1,070)	>100.0
Distribution adjustments (Note A)	2,541	7,706	(67.0)	4,839	11,610	(58.3)
Income for the period/year available for distribution to Unitholders	5,958	5,740	3.8	12,349	10,540	17.2
Less: Amount retained	(596)	(574)	3.8	(1,235)	(1,054)	17.2
Income for the period/year to be distributed to Unitholders	5,362	5,166	3.8	11,114	9,486	17.2

Note A - Distribution adjustment items:	2H 2021	2H 2020	Change	FY 2021	FY 2020	Change
	(S\$'000)	(S\$'000)	(%)	(S\$'000)	(S\$'000)	(%)
- Amortisation of debt establishment costs	1,260	1,330	(5.3)	2,493	2,507	(0.6)
- Change in fair value of investment properties ^(a)	155	13,335	(98.8)	155	13,335	(98.8)
- Deferred taxation ^(a)	(210)	(3,590)	(94.2)	91	(3,396)	>100.0
- Manager's management base fee payable in Units	-	-	-	-	480	N/M
- Property management fees payable in Units	417	408	2.2	824	761	8.3
- Transfer to statutory reserve	(761)	(688)	10.6	(1,461)	(1,155)	26.5
- Other adjustments ^(a)	1,680	(3,089)	>100.0	2,737	(922)	>100.0
Net effect of distribution adjustments	2,541	7,706	(67.0)	4,839	11,610	(58.3)

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

Footnotes:

- (1) Increase in net property income mainly due to there being no rental rebates given to tenants in 2H 2021 and FY 2021 while rental rebates were given in 2H 2020 and FY 2020.
- (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) Decrease in finance costs mainly due to the lower floating interest rate which resulted in the interest cost saving.
- (5) Increase in income tax expenses mainly due to the higher corporate income tax paid and payable by the malls associated with higher 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	
	31/12/2021 (S\$'000)	31/12/2020 (S\$'000)	31/12/2021 (S\$'000)	31/12/2020 (S\$'000)
Non-current assets				
Investment properties ⁽¹⁾	992,686	943,187	-	-
Plant and equipment	672	702	-	-
Interest in subsidiaries	-	-	590,995	591,646
Deferred tax assets	58	47	-	-
	993,416	943,936	590,995	591,646
Current assets				
Trade and other receivables	2,689	2,947	375	589
Cash and cash equivalents	48,483	48,272	2,666	4,159
	51,172	51,219	3,041	4,748
Total assets	1,044,588	995,155	594,036	596,394
Non-current liabilities				
Loans and borrowings ⁽²⁾	-	282,320	-	232,595
Trade and other payables ⁽³⁾	1,902	2,077	59,162	54,276
Security deposits	4,910	6,298	-	-
Deferred tax liabilities	41,085	39,157	-	-
Derivative liabilities ⁽⁴⁾	-	3,302	-	3,302
	47,897	333,154	59,162	290,173
Current liabilities				
Loans and borrowings ⁽²⁾	295,454	9,315	243,267	8,101
Trade and other payables	22,795	26,049	12,809	9,394
Security deposits ⁽⁵⁾	16,971	12,913	-	-
Current tax payable	3,640	1,281	-	-
Derivative liabilities ⁽⁴⁾	993	-	993	-
	339,853	49,558	257,069	17,495
Total liabilities	387,750	382,712	316,231	307,668
Net assets	656,838	612,443	277,805	288,726
Represented by:				
Unitholders' funds	471,154	439,256	277,805	288,726
Non-controlling interests ("NCI")	185,684	173,187	-	-
	656,838	612,443	277,805	288,726
Units in issue ('000)	512,451	510,995	512,451	510,995

Footnotes:

- (1) The carrying amount of investment properties has increased due mainly to the strengthening 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. The valuation reports obtained from the independent valuers for our properties contain the “material valuation uncertainty” clause due to the ongoing market disruption caused by the COVID-19 pandemic. Given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. This clause does not invalidate the valuations, but implies that there is substantially more uncertainty than under normal market conditions. In accordance with the Code of Collective Investment Schemes, we conduct independent fair valuation of our investment properties annually at the end of each financial year.

Fair value changes on investment properties in terms of RMB for FY 2021 range from 0% to 1.2% as compared to FY 2020. This is largely due to potential occupancy changes and higher rents and better economic performance.

- (2) Loans and borrowings are measured at amortised cost. Increase in loans and borrowings was mainly due to the foreign exchange rates fluctuation on loans denominated in foreign currencies. The REIT has reclassified all the loans and borrowings from non-current liabilities to current liabilities as these are due within a year.
- (3) 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.
- (4) 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.
- (5) Increase in short term security deposits was mainly due to the receipt of more security deposits from new and existing tenants with higher rents and longer leases term.

Consolidated Statement of Cash Flows

	2H 2021	2H 2020	FY 2021	FY 2020
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Cash flows from operating activities				
Total return for the period/year before taxation	12,489	(543)	23,993	5,695
Adjustments for:				
Finance income	(63)	(155)	(128)	(156)
Finance cost	7,439	7,867	14,378	14,994
Loss on disposal of plant and equipment	3	1	4	1
Depreciation of plant and equipment	55	54	111	107
Manager's management fees paid/payable in Units	-	-	-	480
Property Manager's management fees paid/payable in Units	417	408	824	761
Foreign exchange loss/(gain) - unrealized	126	(3,166)	1,151	(1,047)
Change in fair value of investment property	311	15,036	311	15,036
Operating income before working capital changes	20,777	19,502	40,644	35,871
Changes in:				
Trade and other receivables	(87)	7,562	203	(2,303)
Trade and other payables	(1,720)	(8,099)	(1,798)	(7,276)
Cash generated from operating activities	18,970	18,965	39,049	26,292
Tax paid	(3,851)	(3,426)	(6,697)	(5,775)
Net cash generated from operating activities	15,119	15,539	32,352	20,517
Cash flows from investing activities				
Capital expenditure on investment properties	(1,285)	(4,506)	(2,687)	(5,249)
Purchase of plant and equipment	-	(21)	(52)	(101)
Interest received	63	155	128	156
Net cash used in investing activities	(1,222)	(4,372)	(2,611)	(5,194)
Cash flows from financing activities				
Distribution to unitholders	(5,739)	(4,329)	(10,902)	(12,107)
Dividend paid to non-controlling interests ⁽¹⁾	(3,411)	(1,601)	(7,721)	(1,601)
Decrease/(increase) in restricted cash	2,121	(1,100)	2,121	(1,115)
Proceeds from borrowings	7,000	7,459	7,000	12,459
Repayment of borrowings	(7,632)	(2,602)	(8,250)	(3,199)
Net settlement of derivative contracts	(1,495)	(966)	(2,297)	(1,349)
Payment of transaction costs related to loans and borrowings	-	-	(25)	(24)
Interest paid	(4,663)	(4,108)	(9,468)	(10,356)
Net cash used in financing activities	(13,819)	(7,247)	(29,542)	(17,292)
Increase/(decrease) in cash and cash equivalents	78	3,920	199	(1,969)
Cash and cash equivalents as at beginning of the period/year	45,509	39,231	44,227	44,103
Effect of foreign exchange rate changes on cash balances	972	1,076	2,133	2,093
Cash and cash equivalents as at end of the period/year⁽²⁾	46,559	44,227	46,559	44,227

Footnotes:

- (1) This is pertaining to payment of partial FY 2019 and full FY 2020 dividends to non-controlling shareholder by Beijing's subsidiary during 2H 2021 and FY 2021.
- (2) For the purpose of the Consolidated Statement of Cash Flows, the cash and cash equivalents comprised the following:

	Group	
	31/12/2021 (S\$'000)	31/12/2020 (S\$'000)
Bank and cash balances	48,483	48,272
Less: Restricted cash	(1,924)	(4,045)
Cash and cash equivalents of cash flows statement	46,559	44,227

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 2021 and FY 2021 were S\$3.5 million (10.8%) and S\$10.1 million (16.6%) higher than in 2H 2020 and FY 2020 respectively. This was mainly due to there being no rental rebates given to tenants in 2H 2021 and FY 2021 while rental rebates were given in 2H 2020 and FY 2020 respectively. In addition, the portfolio occupancy rate was 97.0% as at 31 December 2021, higher than 93.5% as at 31 December 2020. Property operating expenses in 2H 2021 and FY 2021 were S\$2.2 million (17.3%) and S\$4.7 million (19.3%) higher than in 2H 2020 and FY 2020 respectively. This was mainly due to the gradual resumption of malls' normal operations and the absence of COVID-19 subsidies from the government. As such, the net property income in 2H 2021 and FY 2021 were S\$1.3 million (6.6%) and S\$5.4 million (14.9%) higher than in 2H 2020 and FY 2020 respectively.

Finance costs in 2H 2021 and FY 2021 were S\$0.4 million (-5.4%) and S\$0.6 million (-4.1%) lower than 2H 2020 and FY 2020 respectively. This was mainly due to the lower floating interest rate which resulted in interest cost saving.

Income to be distributed to Unitholders in 2H 2021 and FY 2021 were S\$0.2 million (3.8%) and S\$1.6 million (17.2%) higher than 2H 2020 and FY 2020. Approximately S\$1.2 million (FY 2020: S\$1.1 million) of the income available for distribution for FY 2021 had been retained for the purpose of operating expenses and working capital requirements of the REIT.

As at 31 December 2021, the Group is in a net current liability position of S\$288.7 million, which included the S\$295.4 million of borrowings that are due within the next 12 months. The Group and REIT is carrying out debt refinancing which is expected to be completed by the time the borrowings fall due.

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") grew 8.1% year-on-year to RMB 114.4 trillion for the full year 2021. The average² two-year growth for 2021 was 5.1% year-on-year.

Retail sales¹ of consumer goods rose 12.5% year-on-year to RMB 44.1 trillion in 2021. Consumption expenditure contributed 65.4% to China's GDP growth in 2021 compared to 54.3% in 2020. According to CBRE³, China's consumption remains strong despite sporadic COVID-19 outbreaks. Steady recovery in leasing demand drove rental growth.

Chinese residents' income grew in tandem with the economy during the year. Disposable income per capita¹ of urban residents grew 8.2% year-on-year in 2021.

Amidst successive waves of new variants, Premier Li Keqiang⁴ (on 5th January 2022) stressed intensified implementation of tax and fee cuts to provide relief to businesses and revitalize the market. The Chinese authorities reiterated⁴ that prudent monetary policies will be implemented, with liquidity maintained at a reasonable and ample level. China's central bank has implemented several easing in 2021 and early 2022. They include reserve requirement ratio (RRR) cuts, interest rate cuts for loan prime rate (LPR), medium-term lending facility (MLF) and reverse repos.

Notwithstanding the resurgence of cases, the Chinese authorities have been swift in curbing widespread and extended period of outbreaks since the onset of the pandemic. BHG Retail REIT's portfolio of retail properties, situated in high population density neighbourhoods, will continue to be underpinned by residents' rising income, stable employment and China's emphasis on domestic consumption. Looking ahead, the Manager will continue to refresh our malls' offerings,

pursue further growth opportunities, and remain an attractive long-term yield-play investment to our unitholders.

Footnotes:

1. Source: National Bureau of Statistics of China.
2. The National Bureau of Statistics of China has disclosed the “average two-year growth rate (year-on-year)”, in light of irregular fluctuations arising from the COVID outbreak in 2020. The average two-year growth (year-on-year) is the geometric mean of the growth with the data of the same period in 2019 as the base (ie 2019 vis-à-vis 2020, and 2020 vis-à-vis 2021).
3. Source: CBRE Market View.
4. Source: State Council of the People’s Republic of China.

8. **Distribution**

(a) **Current financial period**

Any distribution declared for the current financial period? Yes

Distribution period : 1 July 2021 to 31 December 2021

Distribution rate : 1.05 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 2021 to 31 December 2021 is expected to be funded by 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 2020 to 31 December 2020

Distribution rate : 1.06 cents per unit

Distribution type : Capital distribution

(c) **Date payable** : 31 March 2022

(d) **Book closure date** : 11 March 2022

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 2021 (S\$'000)	FY 2020 (S\$'000)
<u>Multi-Tenanted Malls</u>		
Beijing Wanliu	38,682	31,802
Chengdu Konggang	13,338	10,685
Hefei Changjiangxilu	7,934	7,238
Hefei Mengchenglu	4,734	5,312
	64,688	55,037
<u>Master-Leased Malls</u>		
Xining Huayuan	3,499	3,246
Dalian Jinsanjiao	2,453	2,278
	5,952	5,524
Total gross revenue	70,640	60,561

(b) Net property income

	FY 2021 (S\$'000)	FY 2020 (S\$'000)
<u>Multi-Tenanted Malls</u>		
Beijing Wanliu	25,017	20,205
Chengdu Konggang	6,929	5,345
Hefei Changjiangxilu	3,446	3,340
Hefei Mengchenglu	942	2,399
	36,334	31,289
<u>Master-Leased Malls</u>		
Xining Huayuan	3,232	2,997
Dalian Jinsanjiao	2,239	2,102
	5,471	5,099
Total net property income	41,805	36,388

12. Breakdown of Sales and Net Income

	FY 2021 (S\$'000)	FY 2020 (S\$'000)
Gross revenue reported for first half year ^{(a), (c)}	34,333	27,801
Net income after tax and NCI for first half year ^{(a), (c)}	4,093	896
Gross revenue reported for second half year ^{(b), (c)}	36,307	32,760
Net income after tax and NCI for second half year ^{(b), (c)}	3,417	(1,966)

Footnotes:

- a. The results for the first half year relates to the period from 1 January 2021 to 30 June 2021 and 1 January 2020 to 30 June 2020, respectively.
- b. The results for the second half year relates to the period from 1 July 2021 to 31 December 2021 and 1 July 2020 to 31 December 2020, respectively.
- c. Please refer to item 2 on the review.

13. Breakdown of Total Distribution

	FY 2021 (S\$'000)	FY 2020 (S\$'000)
In respect of period:		
1 January 2021 - 30 June 2021	5,739	-
1 July 2021 - 31 December 2021	5,388	-
1 January 2020 - 30 June 2020	-	4,329
1 July 2020 - 31 December 2020	-	5,163
Annual distribution to Unitholders	11,127	9,492

* For the second half year ended 31 December 2021, the Manager of the REIT declared a distribution per unit of 1.05 Singapore cents totalling S\$5,388,000 to the unitholders of the REIT, payable on 31 March 2022.

Note: Actual annual distributions paid and payable to unitholders for FY 2021 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)

25 February 2022