



REFRESH REJUVENATE RE-ENERGISE

BHG RETAIL REIT
Annual Report 2023



*Certain artworks in this Annual Report
are in collaboration with Muscular
Dystrophy Association (Singapore)*

BHG Retail REIT

has grown steadily on the back of steady investment focus: good quality income-generating retail assets in China's high-growth neighbourhoods.

Poised to capitalise on the steady rise of a consumer segment that clamours for good retail spaces and compelling retail experiences, we aspire to grow with our markets – creating desirable retail destinations, building strong tenant relationships and bringing lasting benefits to our communities.

Our Vision

A successful and sustainable real estate investment trust with a portfolio of quality, income-producing retail properties that are well-managed.

Our Mission

To deliver regular and stable distributions to our Unitholders, creating value by enhancing our properties through asset management strategies and expanding our portfolio through yield-accretive acquisitions, while working to contribute to the communities we operate in.

Contents

OVERVIEW

Corporate Profile	01
Property Portfolio	02
Key Highlights	03
Year At A Glance	04
Letter to Unitholders	08
Trust Structure	15
Organisation Structure	16
Board of Directors	17
Management Team	20
Enterprise Risk Management	23
Corporate Governance	25

PERFORMANCE REVIEW

Operations Review	52
Financial Review	58

BUSINESS HIGHLIGHTS

Portfolio Overview	62
Property Highlights	66
Investor Relations	78
Sustainability Report	81
Financial Statements	114

ADDITIONAL INFORMATION

Interested Person Transactions	190
Statistics of Unitholdings	191
Notice of Annual General Meeting	193
Proxy Form	
Corporate Directory	



Singapore's First Pure-Play China Retail REIT Sponsored by a China-Based Group

CORPORATE PROFILE

Listed on SGX-ST, BHG Retail REIT has a diversified portfolio of six retail properties strategically located in major cities in China, namely Beijing, Chengdu, Hefei, Xining and Dalian.

As of 31 December 2023, BHG Retail REIT's portfolio comprises:

1. 60.0% interest in Beijing Wanliu (北京华联万柳购物中心) in Beijing
2. Chengdu Konggang (北京华联成都空港购物中心) in Chengdu, Sichuan Province
3. Hefei Mengchenglu (北京华联合肥蒙城路购物中心) in Hefei, Anhui Province
4. Hefei Changjiangxilu (北京华联合肥长江西路购物中心) in Hefei, Anhui Province
5. Xining Huayuan (北京华联西宁花园店) in Xining, Qinghai Province
6. Dalian Jinsanjiao (北京华联大连金三角店) in Dalian, Liaoning Province

BHG Retail REIT's asset portfolio consists of community focused retail properties situated in high population density areas frequented by growing middle class professionals and families. Designed as lifestyle destinations, each multi-tenanted mall features a compelling mix of shopping, dining, education and entertainment establishments. The highly popular Beijing Hualian Life Supermarket (北京华联生活超市) serves as an anchor tenant and master lessee, catering to the daily needs of residents of surrounding neighbourhoods.

BHG Retail REIT is managed by BHG Retail Trust Management Pte. Ltd. (the "**Manager**"), an indirect wholly-owned subsidiary of Beijing Hualian Department Store Co., Ltd. (北京华联商厦股份有限公司) (the "**Sponsor**"). The Sponsor and Beijing Hualian Life Supermarket Co., Ltd. are part of Beijing Hualian Group Investment Holding Co., Ltd. (北京华联集团投资控股有限公司), one of China's largest retail enterprises with more than 20 years of retail operating experience.



Property Portfolio

6

STRATEGICALLY
LOCATED
PROPERTIES



311,691

GROSS FLOOR
AREA (sqm)

MULTI-TENANTED

BEIJING
WANLIU



CHENGDU
KONGGANG



HEFEI
MENGCHENGLU

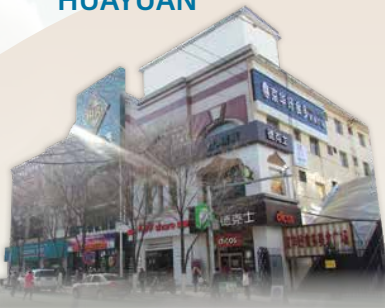


HEFEI
CHANGJIANGXILU



MASTER-LEASED

XINING
HUAYUAN



DALIAN
JINSANJIAO



Key Highlights

YEAR ENDED 31 DECEMBER 2023

GROSS REVENUE

S\$62.0

MILLION

NET PROPERTY INCOME

S\$35.0

MILLION

PORTFOLIO COMMITTED OCCUPANCY

95.6%

AMOUNT TO BE DISTRIBUTED TO UNITHOLDERS

S\$2.2^{1,2}

MILLION

INDEPENDENT VALUATION³

As at 31 December 2023

RMB4,723

MILLION

+0.4%
year-on-year

DISTRIBUTION PER UNIT (DPU)

0.43^{1,2}

SINGAPORE CENTS

GEARING⁴

39.9%

¹ For the FY 2023 approximately S\$0.2 million of the amount available for distribution has been retained for operational expenses and working capital requirements of the REIT.

² Lower year-on-year mainly due to weakening of RMB against SGD.

³ Based on independent valuation from Colliers International (Hong Kong) Limited as at 31 December 2023.

⁴ Based on total loans and borrowings principal attributable to Unitholders divided by total assets attributable to Unitholders.

Year At A Glance

2023

MAY

- **1Q 2023 Business Updates**
Portfolio Occupancy Increased 0.9% Quarter-on-Quarter
- **Phillip Securities Webinar**
- **REITs Symposium 2023 (organised by REITAS & Shareinvestor)**

JUNE

- **Smartkarma Corporate Webinar**

APRIL

- **Tiger Brokers Investor Webinar**
- **FY2022 Annual General Meeting**

FEBRUARY

- **FY 2022 Results Announcement**
 - Completion of Refinancing Exercise in March 2022
 - Gross Revenue of S\$66.4 million
 - Strong Occupancy Rate of 95.2%
 - Portfolio Valuation up 0.5%

MARCH

- **CGS-CIMB Trading Representatives Briefing**
- **The Asia Pacific Best of the Breeds REITs Awards 2023™**
BHG Retail REIT was conferred two platinum awards at The Asia Pacific Best of the Breeds REITs Awards 2023™, specifically in the 'Best Retail REIT (for companies with less than US\$1 billion in market capitalisation)' and 'Best Investor Relations' categories.



2024

AUGUST

1H 2023 Results Announcement

- Ongoing Tenancy Rejuvenation Efforts to Enhance Shopper's Experience
- Healthy Portfolio Occupancy Rate of 95.8%

SEPTEMBER

The Global CSR & ESG Awards 2023™

BHG Retail REIT received three awards at The Global CSR & ESG Awards 2023™. BHG Retail REIT was conferred the Platinum award for 'Best Corporate Communications and Investor Relations' and bronze award for the 'Best Community Programme' and 'CSR & ESG Leadership' categories

NOVEMBER

3Q 2023 Business Updates

Committed occupancy rate remains healthy at 95.2% (as at 30 September 2023)

FEBRUARY

FY 2023 Results Announcement

- Gross revenue and net property income were S\$62.0 million and S\$35.0 million respectively.
- High committed occupancy rate of 95.6%.

This portion of artwork is contributed by Mr Muhd Saifudeen from Muscular Dystrophy Association (Singapore)



REFRESHING CONSUMER EXPERIENCE

As part of our efforts to refresh consumer experience amidst improving consumer sentiments, we continue to engage shoppers and communities with a broad range of marketing activities including music festivals, dance competitions and art & craft activities.



Letter to Unitholders



With prudence, expertise and commitment of the Manager, we are confident that BHG Retail REIT will continue to position itself as a stable investment, and deliver long-term sustainable growth to our Unitholders.



Mr Francis Siu Wai Keung
Chairman

Ms Chan Iz-Lynn
Chief Executive Officer



This portion of artwork is contributed by Mr Muhd Saifudeen from Muscular Dystrophy Association (Singapore)

Dear Unitholders,

On behalf of the Board of Directors and the management team of BHG Retail Trust Management Pte. Ltd. (as Manager of BHG Retail REIT (the “REIT”) or the “Manager”), we are pleased to present BHG Retail REIT’s annual report for the financial year ended 31 December 2023 (“FY 2023”).

In 2023, the global markets were weighed down by challenges such as geopolitical tensions in the Middle East and Europe, banking crisis in the US with Silicon Valley Bank and in Europe with Credit Suisse, as well as high interest rates.

The Manager’s proactive portfolio management effort contributed to the resilience of BHG Retail REIT’s portfolio in a challenging environment. Despite the challenges, BHG Retail REIT’s portfolio of quality assets continued to exhibit resilience. Occupancy rate remained strong at 95.6%, with a weighted average lease expiry of 3.3 years (by Gross Rental Income) and 5.9 years (by Net Lettable Area). In RMB term, our portfolio valuation increased by 0.4% year-on-year, demonstrating its underlying strength.

BHG Retail REIT registered an amount to be distributed to unitholders of S\$2.2 million in FY 2023, lower compared to the corresponding period last year. This was mainly due to the weakening of Renminbi against the Singapore Dollar and higher interest expenses. BHG Retail REIT reported a distribution per unit of 0.43 Singapore cents for FY 2023.

PRUDENT CAPITAL MANAGEMENT DESPITE CHALLENGING BUSINESS ENVIRONMENT

As at 31 December 2023, BHG Retail REIT’s gearing ratio remained stable at 39.9%, providing a debt headroom to facilitate any potential acquisition growth. The total borrowings drawn down aggregated to S\$302.4 million, with more than 80% of the borrowings denominated in Singapore dollars while the remaining denominated in Renminbi.

In addition to the natural hedge provided by the Renminbi-denominated debt to the matching revenue stream, approximately 50% of the REIT’s offshore syndicated debt has also been hedged from a floating interest rate to a fixed interest rate via interest rate swap instruments, so as to mitigate the effects of volatility in the interest rates.

PROACTIVE ASSET MANAGEMENT

BHG Retail REIT’s portfolio of quality retail assets continued to exhibit resilience in FY 2023. As at 31 December 2023, the REIT’s appraised independent valuation in Renminbi was RMB 4,723.0 million, an overall increase of RMB 20.0 million (0.4%) from the independent valuation of RMB 4,703.0 million as at 31 December 2022, demonstrating its underlying strength. In addition, the Manager’s proactive asset management strategy has ensured that the REIT maintains a strong portfolio occupancy rate at 95.6%, with healthy retention rates achieved as at 31 December 2023.

With the ideal goal of building our malls into lifestyle destinations of choice, the Manager sought out opportunities to improve the overall experience and appeal of our assets to shoppers and tenants in FY 2023. This commitment was demonstrated in the revitalisation of Chengdu Konggang mall, where the entire basement one was recrafted to enhance shopper traffic flow, improve connectivity and circulation between ground and the basement levels, as well as infusing greater accessibility and convenience in its revamped layout. The overall tenant mix was also rebalanced to include tenants such as new anchor “Hema Supermarket”, a dedicated beauty products zone as well as a brand new pet shop zone.

In tandem with the improving consumer sentiments, the REIT continued to engage its shoppers and communities through marketing activities such as the Halloween and mural painting events at Beijing Wanliu, the public square basketball competition and piano concert events at Hefei Changjiangxilu, among others.

Letter to Unitholders



With prudence, expertise and commitment of the Manager, we are confident that BHG Retail REIT will continue to position itself as a stable investment, and deliver long-term sustainable growth to our Unitholders.



Through refreshing our line-up of tenants with offerings that resonate with our shoppers, and working with our existing tenants to create satisfying experiences for our consumers, the vibrancy of our tenant mix was further enhanced in FY 2023 where a wide range of popular F&B, retail, and lifestyle brands was introduced as part of the malls' tenancy rejuvenation efforts. Some of the new experiential retail offerings introduced included membership only 'Hema Supermarket' at Chengdu Konggang, value-for-money 'Wan Ke Lai Fashion Outlet' at Hefei Mengchenglu, and trendy 'Luckin Coffee' at Hefei Changjiangxilu.

ADVANCING ON OUR SUSTAINABILITY REPORTING

The Manager remains committed to advance its efforts in sustainability and good corporate governance practices. In line with the updates in the GRI Standards 2021, we have integrated consideration of our impact to human rights since 2022. The REIT, under the oversight of the Board, continued to refresh the materiality of its Environment, Social and Governance ("ESG") issues and has also taken steps to align this year's reporting with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") on GHG Scope 1 (direct) emission.

We believe that ethical business practices and sound corporate governance are vital for our long-term sustainable growth. The Manager's efforts in driving sustainability, good corporate governance practices, and proactive communication with investors have won BHG Retail REIT three awards at The Global CSR & ESG Awards 2023™, namely the Platinum award for 'Best Corporate Communications and Investor Relations Team', and bronze awards for 'Best Community Programme', as well as the 'CSR & ESG Leadership'.

BHG Retail REIT continues to support and make positive impact to our communities every year as part of our Beijing Hualian Group's community-focused philosophy and several corporate social initiatives were carried out by the Manager and retail malls. These include mural painting, public square dancing event, Christmas DIY Art & Craft, and Parent-Child Art & Craft, amongst others. The REIT Manager also visited St John's Home For Elderly Persons in Singapore, where we enjoyed an afternoon of laughter, Bingo and karaoke sing-alongs with the old folks.

Moving ahead, we remain committed towards the well-being of the communities we work in, as well as continue to grow our business responsibly. We continue to pursue excellence, with a focus on our material ESG topics that will positively impact the environment.

LOOKING AHEAD

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 jewellery 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. In the 5th March 2024 National People Congress's meeting, Premier Li Qiang announced the government's GDP growth target of 5% for FY 2024, signalling additional stimulus could be in the pipeline.

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.

We believe that our quality portfolio of retail malls in high population density neighbourhoods are well-positioned to capitalise on China's recovery, meet

the needs of the rising middle-income population, and provide a quality lifestyle experience to our shoppers. The Manager will continue to focus on refreshing our line-up of tenants with offerings that resonate with our shoppers, remain prudent in our capital management, and pursue accretive acquisition opportunities, so as to remain a stable investment to our Unitholders.

ACKNOWLEDGEMENTS

We take this opportunity to thank our fellow Board members for their leadership and guidance over the years, as well as BHG Retail REIT's management and staff for their dedication and commitment. We would like to specially thank our outgoing Director Mr Ben Yeo Chee Seong who has retired on 11th February 2024 upon completion of 9 years directorship with the board as an Independent Non-Executive Director. His leadership and guidance rendered to the REIT during the past 9 years had been invaluable. We also want to extend our warmest welcome to our new Independent and Non-Executive Director Mr George Quek Meng Tong who will succeed Mr Ben Yeo Chee Seong and continue to lead and guide the REIT going forward. We would also like to thank our Unitholders, tenants, shoppers and business partners for their unwavering support and confidence, as we continue in our drive to capture and deliver value to our Unitholders.

MR FRANCIS SIU WAI KEUNG
Chairman

MS CHAN IZ-LYNN
Chief Executive Officer

27 March 2024

¹ National Bureau 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.

致信托单位 持有人之信函



在管理人的审慎管理、专业知识和奉献精神下，我们深信北京华联商业信托将继续巩固其作为一项稳定的投资，并为我们的信托单位持有人带来长期的可持续增长



尊敬的信托单位持有人，

我们很荣幸代表北京华联商业信托管理有限公司（作为北京华联商业信托管理人，以下简称“管理人”）的董事会及管理层，公布北京华联商业信托（以下简称“本信托”）的2023财政年度（以下简称“2023财年”）业绩报告。

2023年，全球市场受到了来自多个方面的挑战，例如中东和欧洲的地缘政治紧张局势、硅谷银行（Silicon Valley Bank）和瑞士信贷（Credit Suisse）引发的美国和欧洲银行业危机，以及高利率等因素的压力。

管理人采取积极的资产组合管理策略，让北京华联商业信托的资产组合在这些充满挑战的环境中保持弹性。尽管面临诸多挑战，北京华联商业信托的优质资产仍持续展现出弹性。出租率维持在95.6%的稳健水平，而加权平均租赁期为3.3年（按总租金收入计）和5.9年（按净可出租面积计）。以人民币计算，我们的资产组合估值同比增长0.4%，表明其潜在的实力。

2023财年本信托向信托单位持有人派发的金额为220万新元，低于去年同期。这主要是由于人民币兑新元贬值以及利息支出增加。本信托公布的2023财年每单位派息为0.0043新元。

充满挑战商业环境下的审慎资本管理

截至2023年12月31日，本信托的负债率维持在39.9%的稳定水平，为任何潜在的收购性增长保留了负债空间。已提取的借贷总额为3.024亿新元，其中80%以上是以新元计值的借款，其余约20%是以人民币计值的借款。

除了以人民币计值债务为匹配收入来源进行自然对冲外，本信托约50%的境外银团债务已通过利率掉期，将浮动利率转换成固定利率进行对冲，从而减轻了利率波动产生的影响。

积极资产管理

本信托的优质资产在2023财年仍持续展现出弹性。经独立机构评定，截至2023年12月31日，本信托旗下商场的估值总额为47.23亿元人民币，同比2022年12月31日47.03亿元人民币的独立估值结果提升2000万元人民币（0.4%），表明其潜在的实力。此外，管理人的积极资产管理策略确保了本信托的资产组合截至2023年12月31日保持95.6%的强劲出租率，以及健康的续租率。

为了实现将商场打造成消费者首选零售目的地这一目标，管理人积极寻找机会，致力于在2023财年提升资产对购物者和租户的整体体验与吸引力。这一目标在成都空港购物中心的翻新改造中得到了体现，该商场的整个地下一层被重新设计，从而提升客流，并改善地面与地下层之间的连通性，这一布局的改造让商场的无障碍通行和便利性大大提高。我们还重新调整了租户品牌结构，引入了诸如“盒马鲜生超市”等新的知名品牌，同时开辟了专门的美容产品区以及全新的宠物店区等。

随着消费者消费意愿的改善，本信托继续通过营销活动吸引消费者，加强周边社区活力，例如在北京华联万柳购物中心举办万圣节和壁画活动、在合肥长江西路购物中心举办广场篮球比赛和钢琴音乐会等。

在2023财年，我们通过更新租户业态、提供更受消费者青睐的服务、以及与现有租户合作，为消费者打造满意的体验，并进一步加强了旗下商场的业态组合活力，通过引入了广受欢迎的餐饮、零售、与家居等品牌，以支持商场租赁的复兴。我们新引进的一些体验式零售品牌包括成都空港的会员制“盒马鲜生超市”、合肥蒙城路的折扣店“万客来服装超市”以及合肥长江西路的饮品新宠“瑞幸咖啡”。

推进可持续发展报告

管理人将继续致力于推进本信托在可持续发展和良好公司治理实践方面的努力。为了配合2021年GRI标准的更新，我们在2022年纳入了对人权影响的考量。在董事会的监督下，本信托继续更新了其在环境、社会和治理（简称“ESG”）等主题上的重要性原则，同时还采取措施，是今年的报告与气候相关财务信息披露工作组对温室气体排放范围1（直接排放）的建议保持一致。

我们相信，合乎道德的商业行为与健全的公司治理对我们的长期可持续增长至关重要。管理人在推动可持续发展、良好公司治理以及与投资者积极沟通方面所做的努力，是本信托在2023年全球企业社会责任与环境、社会和公司治理颁奖典礼（The Global CSR & ESG Awards 2023™）上赢得三项大奖，分别为“最佳企业沟通和投资者关系团队”白金奖和“最佳社区计划”以及“企业社会责任和环境、社会及治理领导力”铜奖。

作为北京华联集团“以社区为本”理念的一部分，本信托将年复一年，持续回馈社区，力求为社区带来积极影响。为此，管理人和商场开展了多项企业社会活动，其中包括壁画、广场舞活动、圣诞节DIY艺术与手工，以及亲子艺术与手工等。本信托管理人还拜访了圣约翰养老院，与那里的老人们度过了一个愉快的下午，玩宾果游戏和唱卡拉OK。

未来我们将继续致力于改善我们所处社区的福祉，并继续以负责任的方式发展我们的业务。我们继续追求卓越，专注于会对环境产生积极影响的重大ESG主题。

展望

2023年中国国内生产总值同比增长5.2%，达到126.0万亿元人民币，与市场普遍预期的5.3%大致一致。2023年城镇居民人均可支配收入同比增长4.8%，消费品零售额同比增长7.2%，其中食品饮料、服装和珠宝销售额增速较快，分别增长了20.4%、12.9%和13.3%。

国际货币基金组织上调了对中国2024年国民生产总值增速的预期，从2023年10月预期的4.2%上调至2024年1月预期的4.6%，这一上调反映了2023年经济增长强于预期的影响将持续，以及政府在抵御自然灾害能力建设方面的支出增加。

致信托单位 持有人之信函

在2024年3月5日召开的全国人民代表大会会议上,李强总理宣布了政府制定的2024财年国民生产总值增长5%的目标,表明政府可能会采取更多的刺激措施。

世邦魏理仕表示,中国零售房地产市场有望在2024年从国内消费的进一步复苏中受益。2024年对门店租赁的需求将继续受到餐饮、娱乐、体育和美容等行业的推动。得益于需求的持续复苏,全国空置率连续第二个季度下降,租金开始趋于稳定。地点和项目将继续保持差异化,高品质的区域购物中心增长预计将超过市场平均水平。

我们相信,处于人口密集地区的优质零售商场资产组合,能充分利用中国经济复苏,满足不断增长的中等收入人群的需求,并为购物者提供优质的生活方式体验。管理人将继续专注于更新我们的租户业态,提供广受购物者青睐的产品和服务,保持审慎的资本管理,并抓住增值收购机会,为信托单位持有人带来有吸引力的长期投资收益。

鸣谢

我们想要借此机会感谢董事会成员多年来的领导与指导,以及北京华联商业信托的管理层和全体员工所作出的奉献和承诺。我们要特别感谢刚退任的董事Ben Yeo Chee Seong先生,他已于2024年2月11日退休,于此之前在董事会担任独立非执行董事长达9年。在过去的9年里,他对本信托的带领与指导是我们宝贵的财富。我们也热烈欢迎新上任的独立及非执行董事George Quek Meng Tong先生,他将接替Ben Yeo Chee Seong先生的职位,继续带领和指导本信托的发展。同时,我们也要感谢信托单位持有人、租户、购物者以及业务合作伙伴坚定不移的支持和信心,我们将继续努力,为信托单位持有人带来丰厚回报。

萧伟强
主席

陈懿璘
首席执行官

2024年3月27日

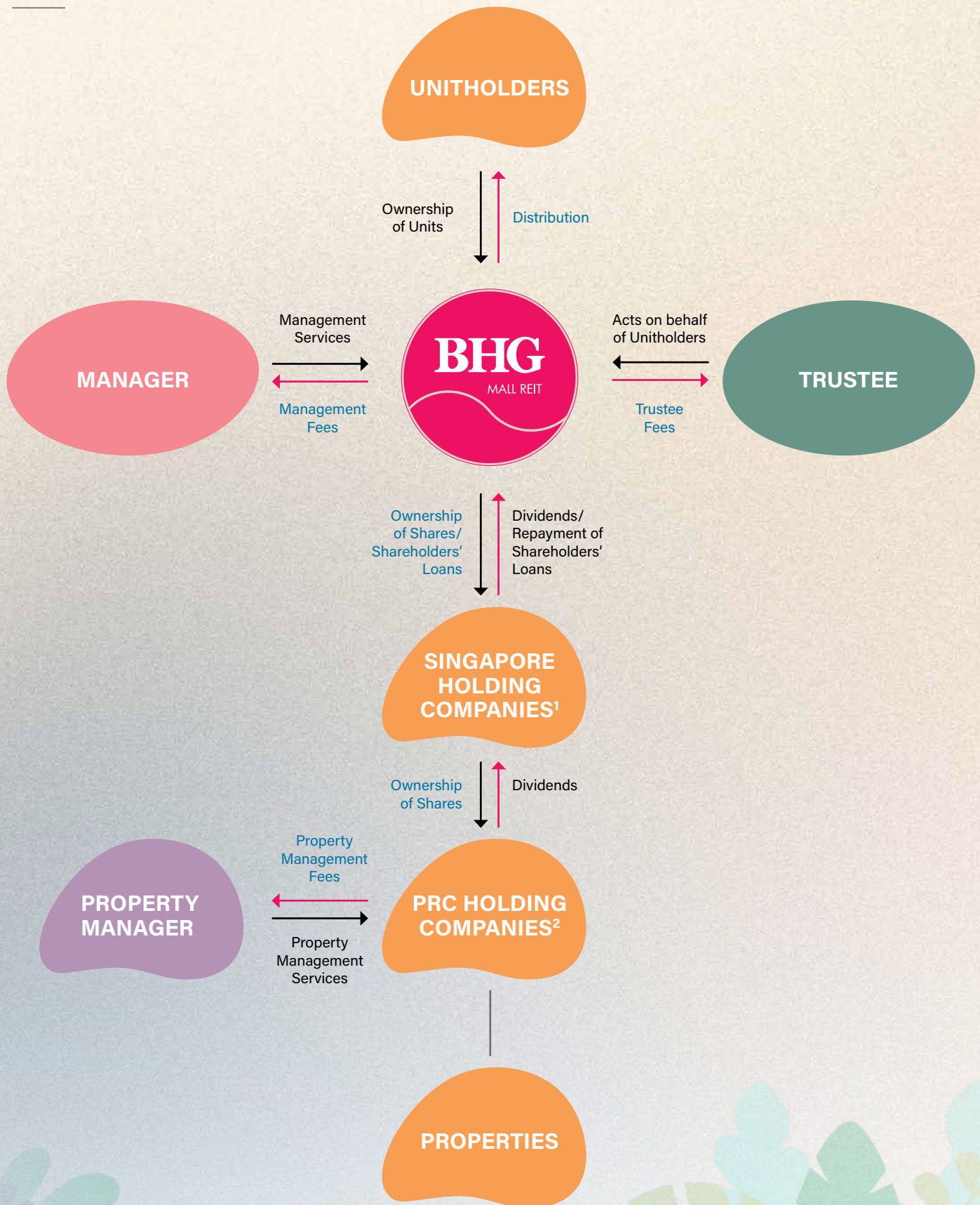
¹ 中国国家统计局。

² 彭博社(2024年1月15日):新一年的焦点转移,中国将实现2023年GDP目标。

³ 国际货币基金组织(2024年1月30日):《世界经济展望更新》——通胀温和和经济稳定增长为软着陆开辟道路。

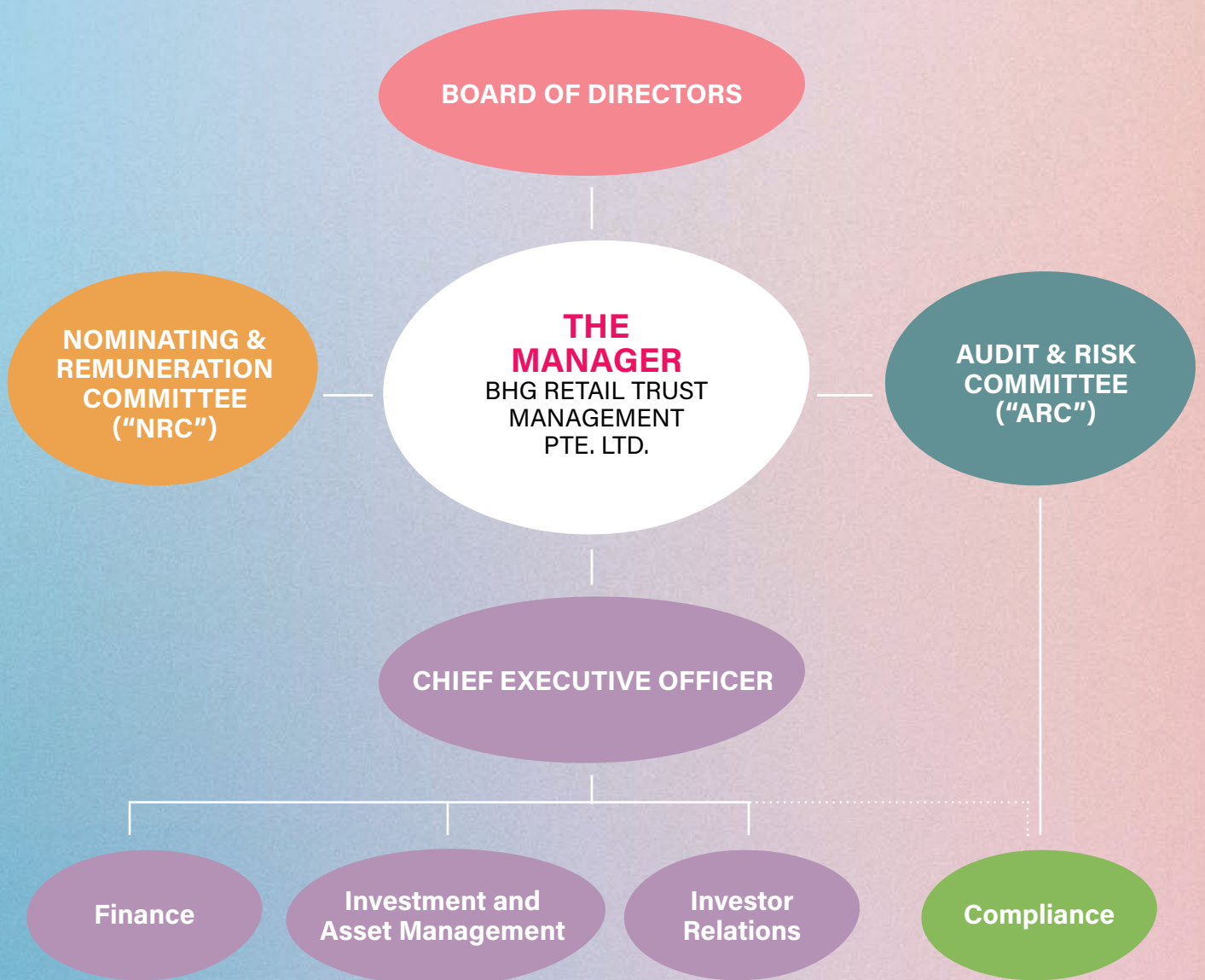
⁴ 世邦魏理仕(2024年2月):2023年第四季度中国数据。

Trust Structure



¹ There are six Singapore Holding Companies, one holding a 60.0% equity interest in the PRC Holding Company and the remaining five each holding 100.0% equity interest in the relevant PRC Holding Companies.
² There are six PRC Holding Companies, each holding one Property.

Organisation Structure



Board of Directors

MR FRANCIS SIU WAI KEUNG (69)

Chairman & Independent Director

Date of first appointment as a director

12 November 2015

Date of last re-election as a director

15 June 2022

Board committees served on

- Audit and Risk Committee (Chairman)
- Nominating and Remuneration Committee (Member)

Present directorships in other listed companies

- CITIC Limited
- China Communication Services Corporation Limited

Past directorships in other listed companies over the preceding 3 years

- China International Capital Corporation Limited

Other principal commitments

- Board Member of Accounting and Financial Reporting Council, Hong Kong
- Board Member of Morgan Stanley Securities (China) Co., Ltd.

Background and working experience

- Senior Partner of KPMG Beijing, Northern Region
- Senior Partner of KPMG Shanghai
- Audit Partner of KPMG Hong Kong

Academic and professional qualifications

- University of Sheffield, United Kingdom (Bachelor of Arts in Accounting and Economics)
- Institute of Chartered Accountants in England and Wales (Fellow Member)
- Hong Kong Institute of Certified Public Accountants (Fellow Member)

MR GEORGE QUEK MENG TONG (67)

Independent Director

Date of first appointment as a director

11 February 2024

Date of last re-election as a director

Nil

Board committees served on

- Audit and Risk Committee (Member)
- Nominating and Remuneration Committee (Member)

Present directorships in other listed companies

Nil

Past directorships in other listed companies over the preceding 3 years

Nil

Other principal commitments

- BreadTalk Group Pte. Ltd
- BTG Holding Company Pte. Ltd.
- BTG-WPC Venture Pte Ltd
- Taster Food Pte Ltd
- Taster Food International Pte Ltd
- Pre 7 Pte. Ltd.
- Pre 8 Investments Pte. Ltd.
- JBT (China) Pte Ltd
- Imagine Properties Pte Ltd
- Perennial Tongzhou Development Pte Ltd
- Perennial Tongzhou Holdings Pte Ltd
- Perennial (Chijmes) Pte. Ltd.
- Ground Property Pte Ltd
- Square Investment Pte. Ltd.
- Piece Investment Pte. Ltd.
- Bolt Technology Pte. Ltd
- Sky One Art Investment Pte Ltd

Background and working experience

- Group Chairman of BreadTalk Group Pte Ltd

Academic and professional qualifications

- Wisconsin International University (Honorary Doctorate of Philosophy in Business of Administration)



Board of Directors

MR LAU TECK SIEN (52)

Independent Director

Date of first appointment as a director

12 November 2015

Date of last re-election as a director

11 June 2021

Board committees served on

- Audit and Risk Committee (Member)
- Nominating and Remuneration Committee (Chairman)

Present directorships in other listed companies

Nil

Past directorships in other listed companies over the preceding 3 years

Nil

Other principal commitments

Nil

Background and working experience

- Director of HOPU (Singapore) Services Pte. Ltd.
- Director of HOPU (Hong Kong) Investment Consultancy Company Limited
- Director of HOPU Logistics Management Company Limited
- Partner/Chief Executive Officer of HOPU Investments
- Managing Director (China) at Temasek International Pte. Ltd.
- Senior Manager at UOB Asset Management Ltd
- Vice President and Deputy General Manager of UOB Beijing Branch
- Chief Representative of UOB Beijing Representative Office

Academic and professional qualifications

- Nanyang Technological University of Singapore (Bachelor of Business)

This portion of artwork is contributed by Mr Muhd Saifudeen from Muscular Dystrophy Association (Singapore)

MR XIONG ZHEN (49)
Non-Executive Director

Date of first appointment as a director
12 November 2015

Date of last re-election as a director
30 June 2023

Board committees served on
Nil

Present directorships in other listed companies
Nil

Past directorships in other listed companies over the preceding 3 years
Nil

Other principal commitments

- Vice President of Beijing Hualian Group Investment Holding Co., Ltd.

Background and working experience

- General Manager of Beijing Hualian Department Store Co., Ltd.
- Vice General Manager of Beijing Hualian Department Store Co., Ltd.
- Personal Assistant to Chairman of Global Data Solutions Limited
- Personal Assistant to Chairman of Sinar Mas
- Personal Assistant to Chairman of Hong Kong Construction (Holdings) Limited

Academic and professional qualifications

- Auckland Institute of Technology (Master's Degree)
- Shanxi Institute of Finance and Economics (Bachelor's Degree)

MR PENG GE (52)
Non-Executive Director

Date of first appointment as a director
12 November 2015

Date of last re-election as a director
15 June 2022

Board committees served on
Nil

Present directorships in other listed companies
Nil

Past directorships in other listed companies over the preceding 3 years
Nil

Other principal commitments

- Vice General Manager of Beijing Hualian Hypermarket Co., Ltd.

Background and working experience

- Vice General Manager of Beijing Hualian Department Store Co., Ltd.
- Vice General Manager of Beijing Hualian Hypermarket Co., Ltd.
- General Manager of Beijing Hualian Hypermarket Co., Ltd., South West Regional Office

Academic and professional qualifications

- Hunan Institute of Political Science and Law (Bachelor's Degree)



Management Team

MS CHAN IZ-LYNN

Chief Executive Officer & Head of Investor Relations

Iz-Lynn is the Chief Executive Officer of the Manager. She is responsible for steering BHG Retail REIT's strategic direction alongside the Board, and delivering the overall business plans with the support of the management team.

Prior to driving the REIT's listing, Iz-Lynn headed Beijing Hualian Department Store Co., Ltd's (the "Sponsor") Mall Management Operations and was based in Beijing. In this capacity, Iz-Lynn oversaw active mall management of this Shenzhen-listed group's nation-wide portfolio of properties. She was also part of the senior management team responsible for directing the Sponsor's future strategic development.

From 2005 to 2013, Iz-Lynn held various positions in Far East Organization. She was the Assistant Director of the Retail Business Group where her primary responsibility included maximizing the business performance of the flagship asset Orchard Central, while her concurrent role as Vice-President (Retail Consultancy) involved the exploration of international new-to-market brands to the retail portfolio. In the Hospitality Business Group, comprising hotels and serviced residences, she was responsible for the delivery of the business unit's operational and service excellence. During her tenure, Iz-Lynn also concurrently held the position of the Head of Service Quality at the group's corporate level.

Iz-Lynn began her career with Singapore Airlines where she had varied roles which enhanced her exposure to different aspects of airline operations. She became Singapore Airline's first female Station Manager and was entrusted to manage overseas stations' airport operations in Frankfurt, Copenhagen, New York and Hong Kong.

Iz-Lynn holds a Bachelor of Arts (Honours) in English from the University of Leicester, United Kingdom and she completed the General Management Programme at Harvard Business School. Iz-Lynn was also the case protagonist in Harvard Business School Case Study "Iz-Lynn at Far East Organization".

MR VICTOR TEN

Chief Financial Officer

Victor is a seasoned finance professional with more than 32 years of experience in corporate management, finance, investment, accounting, and project management. Victor serves BHG Retail REIT and its Manager as Chief Financial Officer ("CFO") since 2018. He leads the finance team and maintains oversight on the REIT's financial accounting & reporting, financing, internal controls, treasury, and tax matters. As CFO, he also actively guides the overall operating strategies and processes of the REIT.

Prior to joining the Manager, he served as the Financial Controller of Hyflux Ltd for Middle East and North Africa region, where he oversaw financial, accounting, taxation, cost management and corporate reporting matters for the region's operations.

Victor's earlier experiences included the setting up of real estate, engineering, logistics and healthcare operations and offices across South East Asia. He implemented numerous operational and financial strategies and processes which added strength to various stages of successful transformation and growth of the businesses.

Victor holds a Bachelor of Arts (Honours) in Accountancy from University of Bolton, United Kingdom and attended the Asia Strategy Management Programme for CFOs at the NUS-Chicago Booth Business School. Victor is Fellow member of both the Institute of Public Accountants, Australia and the Institute of Financial Accountants, United Kingdom. He is also a member of the Singapore Institute of Directors.

MR CHEAH KOK YONG
Senior Finance Manager

Kok Yong joined the Manager of BHG Retail REIT as a Senior Finance Manager in April 2019. He brings along more than 17 years of experience in the accounting and finance industry. Reporting directly to the CFO, he oversees finance matters of both the REIT and Manager, in areas including financial reporting, taxation, capital management, and treasury. Kok Yong supports the Compliance team by providing relevant financial data for its onward reporting.

Prior to joining BHG Retail REIT, Kok Yong served as a Finance Manager in ARA Asset Management (Singapore) Limited. As a part of the ARA Group, the private real estate fund's assets under management aggregated to US\$3.0 billion, and the assets are situated primarily in the main cities of China, Singapore, Hong Kong and Malaysia. Onboarded as an Assistant Finance Manager, and promoted to a Finance Manager, he supported various functions of the fund, including that of finance, administrative & operations, and financial reporting.

Prior to his service in ARA Group, Kok Yong held a managerial role in Jardine Cycle & Carriage Limited's Group Finance team. He actively supported the Finance General Manager in the Group's financial reporting, and was responsible for the review of the subsidiaries' financial reports. He also held positions at Autron Corporation Limited and Foo, Kon & Tan. Kok Yong is a member of CPA Australia. He holds a Bachelor of Commerce in Accounting from Curtin University of Technology, Australia.

MR ERIC LIU
Investment and Asset Management Manager

With more than 13 years of valuable experience in the investments and financial services space under his belt, Eric is responsible for the value creation of BHG Retail REIT through acquisitions, asset recycling, asset enhancement and active asset management.

Prior to joining BHG Retail REIT, Eric was an Asset Manager in Straits Real Estate Pte. Ltd. where he provided direction and oversight of the company's business plan and strategy with regard to the company's asset portfolio in the Asia Pacific region. Prior to Straits Real Estate Pte. Ltd., he was the Investment and Asset Manager of Bright Ruby Resources Pte. Ltd. where he provided market research, deal sourcing, and strategic direction for real estate investments for their global portfolio. In addition, Eric also actively led and managed transaction procedures from concept through to completion.

Eric began his career as an independent market researcher at Nexus Link Pte. Ltd. in 2009, where he provided advisory-related services, including that of merger & acquisitions and risk management, based on market analysis and research, for various sectors.

Eric holds a Bachelor of Science (Honours), in Finance and Accounting from the University of Bradford, United Kingdom.

Management Team

MR WILSON SOE

Investor Relations Manager

Wilson joined the Manager of BHG Retail REIT with more than 17 years of experience in the field of investment management and business management. Wilson currently manages investor relations matters of BHG Retail REIT. His responsibilities include strategic targeting, building and reinforcing relationships with investors as well as the research and media community. Wilson is also actively involved in the crafting of corporate communications across various platforms, and facilitating compliance with capital market requirements for the REIT.

Wilson previously worked as an equity research analyst and portfolio manager responsible for equity investments in the listed property securities universe, including REITs and developers, across the Asia Pacific region with international property fund manager MacarthurCook Fund Management Ltd in Melbourne, Australia. Wilson managed the RMR Asia Pacific Real Estate Securities Fund and the Advance Property Securities Fund on behalf of institutional and retail investors from the US and Australia.

Wilson also served as an Assistant Vice President and portfolio manager in the Group Investment Department of insurer Great Eastern Life Assurance Ltd in Singapore, overseeing equity, balanced and hedge fund investment mandates with external fund managers across the globe. Wilson was also a special advisor to the board and Group CEO of SOMA Group in Cambodia advising on corporate governance, group strategy, joint ventures and business developments.

Wilson holds a Bachelor of Commerce degree from The University of Melbourne, Australia, and a Master degree in Economics from The University of New South Wales, Australia.

MR PHILIP TAN

Compliance Manager

Philip reports directly to the CEO and is responsible for Regulatory and Operational Compliance, Legal, Corporate Governance, Sustainability Reporting and Enterprise Risk Management matters. He oversees all regulatory submissions and communications on behalf of the Manager and BHG Retail REIT, and assists the Manager and BHG Retail REIT in complying with the applicable rules and regulations of the SFA, SGX and all other relevant agencies.

He is also in charge of BHG Retail REIT's annual sustainability report as the Manager's Sustainability Officer. In addition, Philip maintains an indirect reporting line to the Audit and Risk Committee and facilitates communications between the Manager and the Board of Directors.

Prior to joining the Manager, Philip was a Senior Lecturer teaching Financial Reporting and Financial Management in tertiary courses at Singapore Polytechnic, an Institute of Higher Learning. Besides his academic responsibilities, Philip was also the Quality Assurance Manager for his faculty where he was extensively involved in compliance matters for his faculty to ensure the academic quality of the faculty's courses, as well as adherence to all prevailing policies and procedures.

Philip's professional career began as an auditor with the Auditor-General's Office where he was involved in the audit of government ministries and departments, and trained to be qualified as a Certified Public Accountant (CPA). Prior to joining the academia, Philip was also an internal auditor at the National University of Singapore where he performed internal audits on the university's operations.

Currently a Chartered Accountant of Singapore with ISCA, Philip is also a Certified Internal Auditor accredited by the IIA. His other qualifications include a Master degree in Finance from Lancaster University, UK, as well as a Diploma in Governance, Risk and Compliance awarded by the International Compliance Association.

Enterprise Risk Management

Enterprise Risk Management (“**ERM**”) is integral to the business and culture of BHG Retail REIT (or the “**REIT**”). Through a formalised framework (the “**ERM Framework**”) that informs the decision-making of all staff, ERM not only preserves, but also enhances value.

The Board of Directors (the “**Board**”) is responsible for the overall risk strategy and risk governance of BHG Retail REIT. It achieves this through the approval of the REIT’s risk appetite and the implementation of sound risk management and internal control practices. The Board is supported by the Audit and Risk Committee (“**ARC**”) in these matters. During the last quarter of every financial year (“**FY**”), the Board through the ARC, reviews the potential risks in the following FY as it reviews the following FY’s budget. This section sets out the information needed by stakeholders to make an informed assessment of the risk management and internal control systems.

In working within the implemented ERM Framework, the Manager is empowered with a sound structure for BHG Retail REIT to capitalise on opportunities and achieve its investment objectives in a measured manner. This allows the Manager to take prudent risks in line with the approved risk appetite. This section sets out the information needed by stakeholders to make an informed assessment of the risk management and internal control systems.

ERM FRAMEWORK

The ERM Framework was built on the premise that BHG Retail REIT would have a standard and consistent approach to risk management in its culture and strategic planning processes. This would support the setting of priorities and making of decisions at the portfolio and Manager level.

Further, the ERM Framework applies a systematic approach to effectively manage and control risks in the Manager’s governance and operations so as to achieve optimal outcome for all its operations, business ventures, collaborations and partnerships. The ERM Framework will be reviewed every two years. In the event of changes in regulations, country of operations, nature of business or any other event which would affect the REIT and the Manager, the ERM Framework would be reviewed accordingly and updated immediately.

The latest review of the ERM Framework was conducted in 2022 and the Board and Manager worked closely with inputs from Pricewaterhousecoopers Risk Services Pte. Ltd. to address potential risks from climate change so as to ensure that the ERM Framework remains relevant and is in accordance with current regulatory practices and requirements.

Further, the ERM Framework is supplemented by an outsourced internal audit function, which measures and evaluates the effectiveness of the procedures in place under the ERM Framework. An internal audit exercise is conducted annually. In 2023, an internal audit was conducted on the REIT Manager.

In addition, the Manager has established a semi annual Control Self-Assessment (“**CSA**”) exercise that is undertaken by the Manager. The CSA serves as a monitoring mechanism for management, as individual risk owners are required to assess the effectiveness of existing risk management and controls processes.

KEY RISKS IN FY 2023

Real Estate / Operational Risks

BHG Retail REIT’s portfolio faces real estate market risks in China. These may include rental rate volatility and changes in occupancy rates. Generally, an adverse development may lead to a reduction in revenue or an increase in costs, which could result in a downward adjustment of the REIT’s assets.

The Manager manages real estate risk by adopting a proactive asset management strategy. Portfolio properties are monitored closely to ensure that existing assets are optimally leveraged. Additionally, the Manager may consider divesting assets that no longer provide growth opportunities.

The Manager closely monitors the tenant occupancy rate and tenant mix of each portfolio property. The collated data from the portfolio properties allows the Manager to optimise the tenants in each portfolio property to maximise its attractiveness to target customers in the community.

Investment Risks

Potential acquisitions are subject to rigorous due diligence, taking into consideration its potential for yield enhancement, long-term sustainability as well

Enterprise Risk Management

as any potential environmental risks, and its asset valuation. Any potential acquisition is first discussed with the Board. A conditional approval is obtained for commencement of review, analysis and due diligence. Thereafter, the findings are presented to the Board for consideration.

Further, transactions related to acquisitions or divestments of real estate assets are monitored closely to ensure compliance with the requirements in the Property Funds Appendix, and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"),

Environment and Business Interruption Risk

The Manager is cognisant that unforeseen circumstances may interrupt the business of each portfolio property. These circumstances may include natural disasters due to climate change and global warming, as well as global pandemics.

Accordingly, each portfolio property has in place sufficient insurance coverage against such occurrences. Each portfolio property has implemented recovery plans, which are tested at intervals throughout the year to ensure staff and tenant familiarity. Further, the Manager has also put in place proactive initiatives to ensure the upkeep and maintenance of the premises and equipment contained within each portfolio property.

Financial and Interest Rate Risk

The Manager ensures that financial market risks are closely monitored and reported to the Board. The Manager adopts a proactive strategy to manage the risks associated with the changes in interest rates on any loan facilities. As at 31 December 2023, the REIT has entered more than 50% of its offshore syndicated loan into interest rate swap transactions.

The Manager closely monitors its debt profile to ensure it maintains compliance with the gearing limit established by the Monetary Authority of Singapore ("**MAS**") in the Code on Collective Investment Schemes. The Manager also actively monitors the portfolio to ensure sufficient liquid reserves to fund operations and meet short-term obligations.

BHG Retail REIT is exposed to fluctuations of the Chinese Renminbi ("**RMB**") against the Singapore Dollar. Our aim is to maximise returns to our Unitholders, and accordingly the Manager monitors

currency exchange trends closely and explores methods to mitigate foreign exchange risk. These methods may include foreign exchange hedging on the expected dividends from our Chinese subsidiaries as well as other measures.

Where feasible, BHG Retail REIT also adopts a natural hedging by borrowing in RMB. This matches the revenue stream generated from its investment, balancing the interest rate and foreign exchange risk. As at 31 December 2023, about 20% of the REIT's borrowings is RMB-denominated.

Compliance Risks

The Manager is subject to multiple laws and regulations. These include the various regulations, notices and guidelines under the purview of MAS, which are applicable to the Manager as a Capital Markets Services License holder. Additionally, the Manager complies with the requirements found in the Listing Manual of SGX ST, the Property Funds Appendix, and the provisions of the REIT's deed of trust dated 18 November 2015 (as amended and supplemented from time to time). The Manager also actively monitors any environmental related regulations that may affect our properties,

In ensuring that it complies with the myriad of regulations, the Manager has implemented corporate policies and procedures to provide clear instructions for all staff to abide by. This would minimise the likelihood of contravention of any regulation or rule, ensuring the least disruption to the business activities conducted by the Manager. Further, the Manager ensures all employees are aware of the latest developments in the law through training and attending seminars and briefings conducted by professionals and internal memorandums. The Board is also kept apprised of new rules and regulations affecting the Manager and BHG Retail REIT during Board meetings.

Information Technology Risks

The Manager is aware of the modern-day risks associated with information technology. In accordance with the MAS Notice on Technology Risk Management and MAS Notice on Cyber Hygiene, the Manager conducts periodic reviews of its technology risks, with a view towards minimising the risk of downtime caused by information technology system failures and risk of cyber threat on critical information technology systems.

Corporate Governance

INTRODUCTION

BHG Retail REIT (the **"REIT"**) is a trust constituted by a deed of trust dated 18 November 2015 (as amended and supplemented) (the **"Trust Deed"**) entered into between BHG Retail Trust Management Pte. Ltd. (the **"Manager"**), as manager of the REIT, and DBS Trustee Limited (the **"Trustee"**), as trustee of the REIT. The Trust Deed outlines certain circumstances under which the Manager can be removed, including by notice in writing given by the Trustee upon the occurrence of certain events, or by resolution passed by a simple majority of Unitholders of the REIT (the **"Unitholders"**) present and voting at a meeting of the Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

As an entity regulated by the Securities and Futures Act 2001 (**"SFA"**), the Code on Collective Investment Schemes (the **"CIS Code"**), the Listing Manual of Singapore Exchange Securities Trading Limited (**"SGX ST"**), and other regulations, the Manager is committed to upholding good standards of corporate governance.

The board of directors (the **"Board"** or **"Director"**) of the Manager has ensured corporate governance practices in line with the Code of Corporate Governance 2018 (the **"2018 Code"**) were implemented. The Manager has further ensured that it remains in compliance with the other regulations, notices, circulars and guidelines that may be released by the Monetary Authority of Singapore (**"MAS"**) from time to time.

This corporate governance report (**"Report"**) describes the corporate governance practices with specific reference to the 2018 Code. Where there are deviations from the principles and provisions of the 2018 Code, explanations are provided within this Annual Report. This Report also sets out additional policies and practices adopted by the Manager which are not provided in the 2018 Code.

THE MANAGER

The Manager has general powers of management over the assets of the REIT, and is responsible for setting the strategic direction of the REIT. The Manager's primary responsibility is to manage the assets and liabilities of the REIT for the benefit of the Unitholders of the REIT. Broadly, the Manager's strategy is:

- Active Asset Management - Driving organic growth and building long-lasting relationships with tenants;
- Active Asset Enhancement - Implementing enhancement opportunities to enhance cash flow and value of the properties;
- Acquisition Growth - Achieving portfolio growth through acquisition of quality income producing retail properties; and
- Sound Capital and Risk Management - Appropriate mix of debt and equity financing to maintain a strong and robust statement of financial position.

The Manager is an indirect wholly-owned subsidiary of Beijing Hualian Department Store Co., Ltd. (the **"Sponsor"**), an established China-based home-grown retail property operator. The Sponsor has extensive experience and expertise in asset management, which the REIT is able to leverage on in order to achieve its objectives.

CHANGES TO THE COMPOSITION OF THE BOARD AND THE BOARD COMMITTEES

As part of the Board renewal process, Mr Ben Yeo Chee Seong retired and stepped down from the Board, while Mr George Quek Meng Tong was appointed as an Independent Non-Executive Director of the Company and a member of the Nominating and Remuneration Committee and Audit and Risk Committee with effect from 11 February 2024. Mr Lau Teck Sien also succeeded Mr Ben Yeo Chee Seong as the Chairman of the Nominating and Remuneration Committee with effect from 11 February 2024.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board is entrusted with overall responsibility for the corporate governance of the Manager. The Board is also collectively responsible for the long-term success of the REIT, and its strategic business direction and risk management. To this end, the Board has set in place a framework of internal controls for effective management of risks within the business. All Directors exercise reasonable diligence and independent judgment when making decisions and are obliged to act honestly and consider the interests of the Manager and the REIT at all times. The Board recognises that Directors owe fiduciary duties to the Manager and should act objectively in the best interests of the REIT and hold the management team of the Manager ("**Management**") accountable for performance.

As part of providing overall leadership to the REIT and its subsidiaries (the "**Group**"), the Board sets the appropriate tone from the top, desired organisational culture, and ensures proper accountability within the Manager. The Board also advises Management on the desired culture of the Group and monitors Management's implementation of such culture. The Board and Management are guided by a code of conduct and ethics which provides that every Director and member of Management is expected to, among other things, adhere to the highest standards of ethical conduct.

At all times, the Directors are collectively and individually obliged to act honestly and with diligence, and in the best interests of the REIT. The Manager requires that its Directors disclose their interests in transactions and any conflicts of interests. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict. Each of the Directors has complied with the above.

The Board has authority to approve or endorse certain matters, including:

- Material transactions, such as acquisitions and divestments;
- Annual budgets;
- Periodic financial reports; and
- Appointment of Directors and key management personnel of the Manager ("**KMP**").

The Manager has established internal guidelines setting forth matters that require the Board's approval including business strategies and proposals, investment acquisitions and disposals, borrowings and financing arrangements, budgets, project development and capital expenditures, and operating expenditures. Such matters which have been approved by the Board are clearly communicated to Management in writing. Apart from matters that specifically require the Board's approval, the Board delegates authority for transactions below those limits to Board committees and Management to optimise operational efficiency.

All Directors exercise reasonable diligence and independent judgment when making decisions and are obliged to act honestly and consider the interests of the BHG Retail REIT and the Unitholders at all times.

To facilitate proper discharge of its functions, the Board has established the following committees:

- Audit and Risk Committee (the "**ARC**"); and
- Nominating and Remuneration Committee ("**NRC**") (collectively, the "**Board Committees**").

The Board Committee members are appointed from within the ranks of the Board, and operate on delegated authority from the Board. The Board Committees have been constituted with clear written terms of reference approved by the Board and may decide on matters within its terms of reference and applicable limits of authority. The terms of reference of the respective Board Committees set out their compositions, authorities and duties, including reporting back to the Board. All terms of reference are reviewed and updated when necessary to ensure their continued relevance. Notwithstanding the delegation of authority to the Board Committees, the ultimate responsibility for decision-making and oversight rests with the Board as a whole. The composition of the various Board Committees, the terms of reference, any delegation of the Board's authority to make decisions and a summary of each committee's activities are set out in this Corporate Governance section of the Annual Report.

The Board and the ARC meet on a semi-annual basis to review key business activities. The NRC meets at least annually. Where it is not possible for a Director to attend in person, that Director may participate via teleconferencing, video conferencing, or other similar means of telecommunication. In each meeting where matters requiring the Board's approval are to be considered, all members of the Board attend and actively participate in the discussions and deliberations, and resolutions in writing are circulated to all Directors for their consideration and approval. A Director with multiple directorships is expected to ensure that sufficient time and attention can be and is given to the affairs of the Manager in managing the assets and liabilities of the REIT for the benefit of Unitholders. Two Board meetings were held during the financial year ended 31 December 2023 ("**FY 2023**"). The number of such meetings and the attendance of each of the Directors at Board meetings and Board Committee meetings are set out at page 35 of this Annual Report.

Provision 1.5 of the 2018 Code requires Directors to attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in page 35 of this Annual Report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

The Manager provides the Board with complete, adequate and timely information prior to Board meetings, and on an ongoing basis, to enable the Directors to make informed decisions to discharge their duties and responsibilities. This includes periodic business updates, financial reports and financial statements from the Manager. The Manager's executives and external consultants may also provide presentations on specific business areas. Further, the Board has separate and independent access to Management and the company secretary of the Manager ("**Company Secretary**") at the Manager's expense, at all times. The Company Secretary attends to corporate secretarial administration matters and attends all Board and Board Committee meetings. The Board also has separate and independent access to external advisers where necessary and when requested at the Manager's expense.

The appointment and removal of the Company Secretary is a matter for the Board to decide as a whole. This ensures that the Directors are not dependent solely on what is recommended by the Manager.

At each Board meeting, the Chief Executive Officer ("**CEO**") provides updates on the REIT's business and operations, as well as financial performance. Presentations in relation to specific business areas are also made by key executives and external consultants or experts. This allows the Directors to understand the REIT's business as well as their directorship duties (including their roles as non-executive and independent directors) and also promotes active engagement between the Board and the key executives of the Manager. Updates and changes to regulatory requirements that are relevant to the REIT are monitored and reported to the Board during the meeting. Where necessary and expedient, the Board may be briefed on urgent updates via circulars.

Induction, training and development programmes are provided to new and existing Directors. These programmes aim to familiarise the new Director with his or her duties as a director and how to discharge those duties, the laws and regulations that govern the operation of a REIT, and to familiarise the new Director with the REIT's business and organisation structure and governance practices. Following their appointment, Directors are provided with opportunities to develop and maintain their skills and knowledge at the Manager's expense and to keep abreast of developments in areas such as Director's duties and responsibilities, changes to laws, regulations, accounting standards, and industry-related matters so as to be updated on matters that may affect or enhance their performance as Directors of the Board, or of the Board Committees. For FY 2023, all Directors have met the training requirements as prescribed by SGX-ST, and were briefed and updated on new notices and guidelines issued by MAS, as well as changes to the Listing Manual of the SGX-ST.

Mr George Quek Meng Tong, being a first-time director of a REIT manager will be undergoing the requisite training under Rule 210(5)(a) of the Listing Manual before 10 February 2025 (being one year from the date of his appointment to the Board). As at the date of this Report, arrangements have been made for Mr George Quek Meng Tong to complete the mandatory training requirement under Practice Note 2.3 of the Listing Manual (being the "Essentials for Directors of REIT Managers" programme conducted by the REIT Association of Singapore) before 10 February 2025.

The Directors and executive officers have appropriate experience and expertise to manage the REIT's business. New Directors, who have no prior experience as a director of a public listed entity listed on the SGX-ST or in REIT Management, will undergo the necessary training in the roles and responsibilities of a director of a public listed entity or REIT in Singapore as prescribed by the SGX-ST.

Newly appointed Directors will be provided with a formal letter of appointment setting out their duties and obligations.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board which in FY 2023 and as at the date of this Report, comprises five (5) members, all of whom are Non-Executive Directors such that Non-Executive Directors make up a majority of the Board and of which three (3) are Independent Directors and two (2) of whom are residents in Singapore:

Mr Francis Siu Wai Keung	Chairman / Non-Executive Independent Director
Mr Lau Teck Sien	Non-Executive Independent Director
Mr George Quek Meng Tong ⁽¹⁾	Non-Executive Independent Director
Mr Ben Yeo Chee Seong ⁽²⁾	Non-Executive Independent Director
Mr Xiong Zhen	Non-Executive Non-Independent Director
Mr Peng Ge	Non-Executive Non-Independent Director

⁽¹⁾ Mr George Quek Meng Tong was appointed as a non-executive and independent director, a member of the NRC and a member of the ARC with effect from 11 February 2024,


⁽²⁾ Mr Ben Yeo Chee Seong served as a non-executive and independent director, the Chairman of the NRC and a member of the ARC during FY2023 and retired from the Board with effect from 11 February 2024.

Although the majority of the Board comprises Independent Directors, the Manager is not required to have the majority of the Board as Independent Directors as the Chairman is independent.

Each Director is a respected individual with the appropriate experience to act as the Directors of the Manager. The profiles of the Directors may be found from pages 17 to 19 of this Annual Report. The Board is headed by Mr Francis Siu Wai Keung, who presides as Chairman. The Board, through the NRC, aims to maintain an optimal Board composition by considering the trends affecting the REIT, reviewing the skills needed and identifying gaps (which includes considering whether there is an appropriate level of diversity of thought), and such considerations may be used by the NRC to set appointment criteria for successors. The Board reviews from time to time the size and composition of the Board, with a view to ensuring the Board has the appropriate mix of expertise and experience and that the size of the Board is appropriate in facilitating effective decision making, avoiding groupthink and fostering constructive debate, taking into account the scope and nature of the operations of the Group, and that the Board has a strong independent element. Any potential conflicts of interest are also taken into consideration.

In view of the principles and provisions set out in the 2018 Code, the Board has also adopted a Board Diversity Policy from 2020 onwards as the REIT recognises that board diversity is an essential element contributing to the sustainable development of the Manager. Under this Board Diversity Policy, the Board, through the NRC, aims to maintain an appropriate balance and diversity of experience, skills, knowledge, gender, age, perspectives, qualifications and other attributes in the relevant areas among the Directors in order to build an effective and cohesive Board. Given that the REIT is a listed entity and its retail properties are based in China, a diverse set of skills and experience including directorships in listed companies, real estate, accounting and finance, as well as retail management in China are important to ensure effective functioning of the Board. The Board, through the NRC, sets and reviews periodically internal targets and guidelines for the composition of the board, taking into consideration the right blend of competencies and experience, skills and abilities, as well as our corporate gender objective based on inclusiveness and equality. The NRC is of the view that the Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate, and taking into account the needs and plans of the REIT, as well as the future strategy of the REIT. In line with the Board Diversity Policy, the current Board comprises five members who are corporate and business leaders, and are professionals with varied backgrounds, expertise and experience including in accounting, banking, finance, real estate, and the China market. The Board members have a diverse mix of skills, talents, experience and diversity required to serve the needs of the REIT. While there is no female director on the Board currently, the REIT has a female CEO, Ms Iz-Lynn Chan, who works closely with the Board. Her presence at all the Board Meetings is a testament of our inclusive and fair corporate gender objective.

More importantly, the NRC is of the view that the Board together with the CEO (i.e. persons charged with governance) are able to foster an inclusive and diverse culture that introduces different skills, perspectives and experiences that will ultimately promote better corporate governance.

Diversity Criteria	Outcome	Met Targets
Directorships in other listed companies	20% of Board	
Experience in accounting and finance	40% of Board	
Experience in retail management in China	60% of Board	
Fair and inclusive corporate gender objective	Female CEO	

Corporate Governance

The assessment of a Director's independence takes into account the enhanced independence requirements and the definition of "independent director" as set out in both the 2018 Code and the Securities and Futures (Licensing and Conduct of Business) Regulations. An independent director is one who: (i) is independent in conduct, character and judgment, and has no relationship with the Manager, its related corporations, shareholders who hold 5.0% or more of the voting shares (the "**Substantial Shareholders**") of the Manager, or Unitholders who hold 5.0% or more of the Units (the "**Substantial Unitholders**") in issue, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgment, in the best interests of the Unitholders; (ii) is independent from any management and business relationship with the Manager and the REIT, and from every Substantial Shareholder of the Manager and every Substantial Unitholder; (iii) is not a Substantial Shareholder of the Manager or a Substantial Unitholder; (iv) has not served on the Board for a continuous period of nine (9) years or longer; and (v) is not employed or has been employed by the Manager or the REIT or any of their related corporations in the current or any of the past three (3) financial years and does not have an immediate family member who is employed or has been employed by the Manager or the REIT or any of their related corporations in the current or any of the past three (3) financial years and whose remuneration is or was determined by the Board.

Mr Xiong Zhen and Mr Peng Ge are salaried employees of other entities within the Beijing Hualian Group Investment Holding Co., Ltd. ("**Beijing Hualian Group**") and accordingly are treated as Non-Independent Directors. The independence of Mr Francis Siu Wai Keung, Mr Lau Teck Sien, Mr Ben Yeo Chee Seong and Mr George Quek Meng Tong are assessed against the requirements of the 2018 Code, the Listing Manual of the SGX-ST and Regulation 13E of the Securities and Futures (Licensing and Conduct of Business) Regulations ("**SFR**").

Mr George Quek Meng Tong was appointed to the Board on 11 February 2024. Mr Quek has over 40 years of experience in the food services industry and has significant experience in the real estate industry in China and Singapore. Mr Quek founded the BreadTalk group of companies in 2000 and has been the Group Chairman of BreadTalk Group Pte. Ltd. ("**BreadTalk Group**") (which was listed on the Main Board of the SGX-ST as BreadTalk Group Limited from 2003 to 2020) since its incorporation. Pursuant to regulation 13D of the SFR, a director of the Manager (as holder of a capital markets services licence for real estate investment trust management) who has any business relationship with the Manager and BHG Retail REIT is not considered an independent director, but may nevertheless be treated as an independent director of the Manager if the Board is satisfied that the director is able to act in the best interests of all the Unitholders, as a whole. Mr Quek was deemed to have a business relationship with the Manager as Mr Quek is the Group Chairman of BreadTalk Group, whose wholly owned subsidiary is a tenant in Beijing Wanliu Mall, one of the retail malls which BHG Retail REIT holds a 60% interest. However, the Board and NRC noted that the revenue from this tenancy is less than 1% of the total revenue of BHG Retail REIT for the six months ended 30 June 2023, and the Board and the NRC is of the view that the percentage of BHG Retail REIT's revenue from BreadTalk Group is not significant, and as such, the tenancy would not pose any conflicts of interests between Mr George Quek Meng Tong's directorship at BHG Retail REIT and his business interests in BreadTalk Group. Any conflicts of interest which may arise will also be mitigated by BHG Retail REIT's existing measures in place (as further detailed in page 47), including Mr George Quek Meng Tong's abstention from voting in respect of transaction(s) wherein there is a conflict of interest between BHG Retail REIT and BreadTalk Group. Therefore, the Board and the NRC are of the view that Mr Quek is able to exercise independent judgement and act in the best interests of all Unitholders, in the discharge of his duties and responsibilities. Accordingly, the Board and the NRC consider Mr George Quek Meng Tong to be independent pursuant to Regulation 13D of the SFR and approved his appointment to the Board with effect from 11 February 2024.

Save for Mr George Quek Meng Tong, there are no other instances where the Board considers a director to be independent where there is the existence of a relationship as stated in the 2018 Code and the Listing Manual of the SGX-ST that would otherwise deem a director not to be independent.

For FY 2023, the NRC has reviewed and determined that the Independent Directors of the Manager (including Mr Ben Yeo Chee Seong who has retired on 11 February 2024) are independent according to the 2018 Code, the Listing Manual of the SGX-ST and Regulation 13E of the Securities and Futures (Licensing and Conduct of Business) Regulations. None of the Independent Directors have served the Board beyond nine (9) years from the date of their first appointments as at the last day of FY 2023. The following further sets out the assessment of each Director's independence against the requirements under the Securities and Futures (Licensing and Conduct of Business) Regulations for FY 2023.

	Francis Siu	Ben Yeo	Lau Teck Sien	Peng Ge	Xiong Zhen
had been independent from the management of the Manager and BHG Retail REIT during FY 2023	✓	✓	✓		
had been independent from any business relationship with the Manager and BHG Retail REIT during FY 2023	✓	✓	✓	✓	✓
had been independent from every Substantial Shareholder of the Manager and every Substantial Unitholder of BHG Retail REIT during FY 2023	✓	✓	✓		
had not been a Substantial Shareholder of the Manager or a Substantial Unitholder of BHG Retail REIT during FY 2023	✓	✓	✓	✓	✓
has not served as a Director of the Manager for a continuous period of nine (9) years or longer as at the last day of FY 2023	✓	✓	✓	✓	✓

Note:

- (1) Mr George Quek Meng Tong was appointed to the Board only on 11 February 2024 and was assessed separately at the time of his appointment.
- (2) Mr Ben Yeo Chee Seong retired on 11 February 2024
- (3) Each of Mr Peng Ge and Mr Xiong Zhen is currently employed by a related corporation of the Manager. As such, during FY 2023, each of them is deemed (a) to have a management relationship with the Manager and the REIT; and (b) connected to a Substantial Shareholder of the Manager and substantial Unitholder. The Board of the Manager is satisfied that, as at the last day of FY 2023, each of Mr Peng Ge and Mr Xiong Zhen was able to act in the best interests of all Unitholders as a whole.
- (4) The Board is confident that the Directors act in good faith and exercise due diligence and care in the exercise of their duties, and is presently of an appropriate size. For FY 2023, the Board is of the opinion that its current Board size and composition is reasonable, effective and efficient considering the nature, size and scope of the Manager's and the REIT's business operation.
- (5) The Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their view and opinions provide alternative perspectives to the Manager's business and enable the Board to make informed and balanced decisions. The Non-Executive Directors also work with Management to help shape the strategic process.
- (6) When reviewing Management's proposals or decisions, the Non-Executive Directors bring their objective judgment to bear on business activities and transactions involving conflicts of interest and other complexities. The Non-Executive Directors and/or the REIT Independent Directors, led by the independent Chairman of the Board or other Independent Directors of the REIT as appropriate, meet regularly about two times a year without the presence of Management. The Chairman of such meetings provides feedback to the Board and/or Chairman of the Board as appropriate. In FY 2023, the Non-Executive Directors, led by the independent Chairman, met two times for discussions without the presence of Management.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

To ensure an appropriate balance of power and increase the accountability and capacity of the Board for independent decision making, the roles and responsibilities of Chairman and CEO are held by separate individuals. Mr Francis Siu Wai Keung is the Chairman and Ms Chan Iz-Lynn is the CEO. The Chairman brings with him a wealth of experience. He leads the Board and bears responsibility for the working of

Corporate Governance

the Board. Mr Siu is responsible for creating the conditions for the overall effectiveness and direction of the Board, Board Committees and individual Directors. He ensures that the Board receives accurate, timely and clear information and that the Board meetings are held as and when necessary, and sets the agenda of Board meetings in consultation with the other Directors and Management. He assists in ensuring compliance with the provisions on corporate governance and facilitates the effective contribution of Non Executive Directors. The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.

The CEO, Ms Chan Iz-Lynn, works with the Board to determine the strategy for the REIT. She also works with the other members of the Management to ensure that the REIT operates in accordance with the Manager's stated investment strategy. Further, she is responsible for the future strategic development, overall day-to-day management and operations of the REIT, and works with the Manager's investment, asset management, financial and compliance personnel in meeting the strategic, investment and operational objectives of the REIT.

Provision 3.3 of the 2018 Code requires the Board to have a Lead Independent Director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The Lead Independent Director would be available to Unitholders where they have concerns and if contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. Currently, no Lead Independent Director has been appointed as there are sufficient measures in place in the event of a conflict by the Chairman. The Manager is of the view that despite the deviation from Provision 3.3 of the 2018 Code, the risk of conflict by the Chairman is mitigated given that the Chairman is not part of the Management and is an Independent Director, and the roles of the Chairman and CEO are held by separate individuals who are not immediate family members and have no close family ties. Moreover, the Board has a strong independent element as three (3) out of five (5) directors (including the Chairman) are Non-Executive Independent Directors. The Manager is accordingly of the view that its practice is consistent with the intent of Principle 3 of the 2018 Code as a whole.

During FY 2023, the Independent Directors have met at least once in the absence of Management, to discuss matters. Such meetings are led by the Independent Chairman, and feedback is provided to the Board and/or the Chairman as appropriate.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

The Board is cognisant of the requirements of the 2018 Code, and accordingly the Board has established the NRC, which in FY 2023 and as at the date of this Report, comprises of three (3) members, all of whom, including the Chairman, are Non Executive Independent Directors:

Mr Ben Yeo Chee Seong ⁽¹⁾	Chairman
Mr Lau Teck Sien ⁽²⁾	Chairman
Mr Francis Siu Wai Keung	Member
Mr George Quek Meng Tong ⁽³⁾	Member

Notes:

- ⁽¹⁾ Mr Ben Yeo Chee Seong served as a non-executive and independent director, the Chairman of the NRC and a member of the ARC during FY2023 and retired from the Board with effect from 11 February 2024.
- ⁽²⁾ Mr Lau Teck Sien succeed Mr Ben Yeo Chee Seong as the Chairman of the NRC with effect from 11 February 2024.
- ⁽³⁾ Mr George Quek Meng Tong was appointed as a non-executive and independent director, a member of the NRC and a member of the ARC with effect from from 11 February 2024.

The NRC is regulated by a set of written terms of reference and is responsible for making recommendations to the Board on appointment and remuneration matters. The NRC will review and make recommendations to the Board on succession plans for the Board and executive officers, in particular the appointment and/or replacement of the Chairman, the CEO and KMP. In reviewing succession plans, the NRC has in mind the REIT's strategic priorities and the factors affecting the long-term success of the REIT.

The NRC also considers different time horizons for the purposes of succession planning. The NRC evaluates the Board's competencies on a long-term basis and identifies competencies needed to achieve the REIT's strategy and objectives. In the medium term, the NRC has a system of orderly replacement of the Board members and key management personnel. The NRC also considers contingency planning to prepare for sudden and unforeseen changes.

As provided in the Manager's Succession Planning Policy, internal candidates are identified as interim successor on an "acting" basis or covering person(s), for its key positions that become vacant due to incapacitation, in order to provide continuity in leadership in such event.

The other responsibilities of the NRC as set out in the terms of reference include:

- Making recommendations to the Board on the process and criteria for evaluation of the performance of the Board, its Board Committees, and Directors;
- Reviewing and making recommendations to the Board on the training and professional development programmes for the Board and its Directors;
- Reviewing, making recommendations to the Board and nominating the appointment and re-appointment of Directors (including alternate directors, if applicable), having regard to the composition and progressive renewal of the Board, including taking into account the leadership needs of the Manager and the REIT and each Director's competencies, commitment, contribution and performance including, if applicable, as an Independent Director. Potential new directors are identified and evaluated based on criteria such as the relevant experience and skillsets of the potential director to the REIT's business. Broader search criteria is also considered, such as diversity and technological expertise;
- Determining annually, as and when circumstances require, if a Director is independent having regard to the circumstances set forth in page 29 of this Annual Report;
- Recommending to the Board for the Board's approval the objective performance criteria and process for the purpose of evaluating the effectiveness of the Board as a whole and that of each of its Board Committees separately, as well as the contribution by the Chairman and each individual Director;
- Assess whether each Director continues to contribute effectively and demonstrates commitment to the role, taking into account factors such as commitment of time for meetings of the Board and Board Committees and any other duties;
- Review other directorship held by each Director and deciding if a Director is able to and has been adequately carrying out his or her duties as a Director of the Manager, taking into consideration the Director's number of listed company directorship and principal commitments;
- Propose and recommend to the Chairman of the Board, where appropriate, new members to be appointed to the Board and/or to seek the resignation of existing Directors;
- Determine who should be given the responsibility of conducting the evaluation, i.e. whether it should be done internally by another committee, by the NRC, by self-evaluation, or by an external consultant, as well as whether the process is intended to be conducted through a written questionnaire or via oral interview;
- Determine how the Manager's record retention policies and practices should be applied to the data gathered in the course of the evaluation process and it should ensure that such record retention procedures are strictly adhered to;
- Reviewing the REIT's obligations arising in the event of termination of Executive Directors' and executive officers' contracts of service and ensuring that such contracts of service contain fair and reasonable termination clauses; and
- Keep up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the Manager and the industry it operates.

Corporate Governance

The NRC has adopted the following criteria and process for selecting, appointing and reappointing Directors and for reviewing the performance of Directors:

- The NRC reviews the independence of each Director annually having regard to the circumstances set forth in Provision 2.1 of the 2018 Code.
- In appointing a new Director to the Board, the Board considers the needs of the REIT and the relevant expertise of the candidate. Further, the Board refers to the Board Diversity Policy and considers the principles stated on pages 28 to 29 of this Annual Report.
- The NRC ensures that a new Director is aware of his or her duties and obligations. A newly appointed Director receives a formal appointment letter which sets out his or her relevant duties and obligations. The NRC also decides if a Director is able to and has been adequately carrying out his or her duties as a Director of the Manager.
- The NRC further reviews the composition of the Board periodically, taking into account the need for progressive renewal of the Board and each Director's competencies, commitment, contribution and performance. Candidates with the appropriate profile are shortlisted for nomination and are recommended to the Board for approval. The search for candidates is conducted through referrals, and the NRC may seek advice from external search consultants where necessary.

In respect of the Manager's Independent Directors, the Board is of the view that Mr Francis Siu Wai Keung, Mr Ben Yeo Chee Seong, and Mr Lau Teck Sien are independent for the FY 2023 under review, taking into account the circumstances set forth in the 2018 Code, the Listing Manual of the SGX ST, Regulation 13E of the Securities and Futures (Licensing and Conduct of Business) Regulations and any other salient factors. The Board also reviewed Mr George Quek Meng Tong's independence based on the same set of criteria when considering his appointment as Independent Non-Executive Director on 11 February 2024 and is of the view that he is also independent. All the Independent Directors had also confirmed their independence in accordance with the 2018 Code, the Listing Manual of the SGX-ST and Regulation 13E of the Securities and Futures (Licensing and Conduct of Business) Regulations.

Where a Director has multiple Board representations, the NRC also considers whether or not the Director is able to and has adequately carried out his or her duties as a Director of the Manager, taking into consideration the Director's number of listed entity board representations and other principal commitments which are set out on pages 17 to 19 of this Annual Report. The Board has voluntarily and unanimously agreed that with effect from the financial year ended 31 December 2018, each Director may hold a maximum of six (6) listed entity directorships.

Procedures and control mechanisms are also in place to ensure that independence of the Directors is actively monitored. Please refer to Principle 2 under Board Composition and Guidance.

The NRC has evaluated and is satisfied that each Director has provided sufficient time and attention on the affairs of the Manager to fulfil their responsibilities, notwithstanding their other commitments. For FY 2023, the Directors have attended Board meetings and have participated constructively in discussion of the activities of the REIT. The NRC and the Board are of the view that, despite the external appointments, the Directors are not hindered from diligently discharging his or her duties as Directors of the Manager. The number of meetings held by the Board, the ARC and the NRC, and the attendance of Directors at the meetings during FY 2023 are set out as follows:

	Board Meetings	ARC Meetings	NRC Meetings	General Meetings
Francis Siu Wai Keung	2	2	1	1 ⁽¹⁾
Ben Yeo Chee Seong ⁽³⁾	2	2	1	1 ⁽¹⁾
Lau Teck Sien	2	2	1	1 ⁽¹⁾
Xiong Zhen	2	N.A. ⁽²⁾	N.A. ⁽²⁾	1 ⁽¹⁾
Peng Ge	2	N.A. ⁽²⁾	N.A. ⁽²⁾	1 ⁽¹⁾

Notes:

- ⁽¹⁾ The annual general meeting for the financial year ended 31 December 2022 was convened and held by way of electronic means. These Directors were in attendance via electronic means.
- ⁽²⁾ N.A. - Not applicable
- ⁽³⁾ Mr Ben Yeo Chee Seong retired on 11 February 2024

Information in respect of the designations and roles of the Directors, academic and professional qualification, date of first appointment as a Director, date of last re-appointment as a Director, and directorship or chairmanship, both present and those held over the preceding three (3) years in other listed companies, and other principal commitments, is set out on pages 17 to 19 of this Annual Report.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Board has implemented a formal system of evaluating Board's performance, which is carried out by the NRC, for assessing the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Chairman and each individual Director through the use of a performance assessment checklist. The Board has not engaged any external facilitator to conduct the performance evaluation of the Board, its Board Committees and each individual Director. Where relevant and when the need arises, the NRC will consider such an engagement.

The evaluation of the Board's performance as a whole deal with matters on Board composition, information, process, accountability, performance benchmark, CEO / KMP, risk management and internal controls and standards of conduct. The Board Committees' evaluation deals with the efficiency and effectiveness of each Board Committee in assisting the Board. The criteria for the evaluation of individual Directors include, among others, the Directors' attendance and participation at Board and Board Committees' meetings, understanding of business plans and strategies, and ability to articulate thoughts and opinions in a clear and concise manner.

Each Director is required to objectively assess his or her personal performance and collectively, the performance of the Board as a whole and its Board Committees. For FY 2023, each Director completed the performance assessment checklists and returned them to the Company Secretary. The Company Secretary has compiled the results of the evaluation and tabled the summary for the NRC's review. The NRC is satisfied that:

- All performance objectives for FY 2023 have been met for the Board, Board Committees and for each individual Director; and
- Each Independent Director has met and continues to meet the requirements of the 2018 Code.

Pursuant to the NRC's review, the Board is satisfied that it has achieved its performance objectives for FY 2023.

The Manager believes that the Board's performance is reflected in the long-term success of the REIT. The Board's performance is reviewed once a year by the NRC.

REMUNERATION MATTERS

Procedure for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The Board has established the NRC to review and make recommendations to the Board on (i) a framework of remuneration for the Board and KMP; and (ii) the specific remuneration packages for each Director and KMP to ensure that the remuneration payable is in line with the objectives of its remuneration guidelines.

The NRC comprises at least three (3) Directors. All members of the NRC are Non-Executive Directors, all of whom, including the NRC Chairman, are independent. None of the Directors are involved in deciding his or her own remuneration.

The NRC assists in reviewing and recommending to the Board a general framework of remuneration for the Board and KMP of the Manager that is market competitive and a compensation strategy that helps to support the Manager's objective of attracting, rewarding and retaining performing employees. The NRC also assists in reviewing and recommending to the Board the specific remuneration packages for each Director as well as for the KMP, and employees related to the Directors, the CEO or Substantial Shareholders or employees who are Substantial Shareholders themselves. The NRC considers all aspects of remuneration, including termination terms, to ensure that they are fair.

No remuneration consultants were engaged in FY 2023.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The REIT is externally managed by the Manager and accordingly has no personnel of its own. Remuneration of all Directors and employees of the Manager are paid by the Manager and not by the REIT. The Manager adopts the principle that remuneration for the Board and Management should be assessed holistically. The remuneration structure supports the continuous development of the management bench strength to ensure robust talent management and succession planning. While the Manager is not a listed entity, the Board has established the NRC. As regards remuneration policies, the terms of reference of the NRC include:

- Reviewing and recommending to the Board a general framework of remuneration for the Board and the executive officers;
- Reviewing the REIT's obligations arising in the event of termination of Executive Directors' and executive officers' contracts of service and ensuring that such contracts of service contain fair and reasonable termination clauses;
- Developing an assessment matrix to review the performance, consider and recommend to the Board on the appropriate quantum of remuneration in view of a Director's level of contributions, taking into account his or her responsibilities and time spent;
- Setting the remuneration policy for Directors (both Executive Directors and Non-Executive Directors) and KMP;
- Monitoring the level and structure of remuneration for KMP relative to the internal and external peers and competitors;
- Reviewing the remuneration of employees related to the Directors, CEO or Substantial Shareholders or employees who are Substantial Shareholders, if any, to ensure that their remuneration packages are in line with employee remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotion for these related employees will also be subject to the review and approval of the NRC;
- Obtaining reliable, up-to-date information on the remuneration practices of other companies and the relevant market benchmarks through the appointment of external consultants. Such information can also be obtained by commissioning or purchasing any appropriate reports, surveys or information at the expense of the Manager, subject to the budgetary constraints imposed by the Board;
- Overseeing any major changes in employee benefits or remuneration structures; and
- Reviewing the design of all long-term and short-term incentive plans for approval by the Board and Unitholders.

The NRC recommends a framework of remuneration for the Board and KMP to the Board for endorsement. There is a formal and transparent procedure for fixing the remuneration packages of the Directors. No individual Director is involved in fixing his or her own remuneration. Independent Directors are paid Directors' fees annually on a standard fee basis.

The NRC operates on delegated authority from the Board. The Manager has put in place a remuneration policy with an aim toward retention of talent, building the strength of management, and developing key executives. This ensures that the business of the Manager remains sustainable, and provides a stable environment with room for continual growth and improvement.

The NRC reviews the terms and conditions of service agreements of the CEO and KMP before their execution. In the course of such review, the NRC will consider the Manager's obligations arising in the event of termination of the CEO and KMP, to ensure that the service agreements contain fair and reasonable termination clauses and are not overly generous so as to avoid rewarding poor performance.

Corporate Governance

In establishing the remuneration structure of the CEO and KMP, the NRC ensures that the level and mix of remuneration is competitively benchmarked against the relevant industry market rates and tied to the performance of the Manager and the individual employee. The NRC also exercises independent judgment in ensuring that a significant and appropriate proportion of the KMP's remuneration is structured so as to link rewards to corporate and individual performance. Such performance-related remuneration is aligned with the interests of Unitholders and other stakeholders and promotes long-term success and sustainable growth of the REIT. The remuneration package of the CEO and KMP comprises a base fixed cash component, including the base salary and compulsory employer contribution to the key executive's Central Provident Fund ("CPF") account, and a variable cash component.

The variable cash component is linked to whether the CEO and KMP meet performance targets. Such performance-centric remuneration is linked to the achievement of corporate and individual performance targets, both in terms of short and long-term quantifiable objectives, as well as to support the ongoing enhancement of Unitholder value.

The CEO and KMP are paid in cash only and do not receive any remuneration in Units.

The Manager believes the current remuneration framework it has in place allows it to attract sufficiently qualified talent. While the approach reflects a pay-for-performance culture, it is also designed to attract, motivate and retain high performing and high potential directors in their respective field of expertise to provide good stewardship of the Manager and KMP to successfully manage the REIT for the long term. Each employee's salary comprises a fixed component and a variable component. The fixed component consists of the base salary and compulsory contributions to the employee's CPF account. The variable component consists of an annual bonus plan, which is linked to the performance of the employee across the preceding year. Further, the Manager may grant to each employee an Annual Wage Supplement.

Fees received by each Independent Director consist only of Director's fees component, which is paid in cash. Such fees are appropriate to their level of contribution, taking into account factors such as effort, time spent, and responsibilities. In addition, the Manager also conducted a benchmarking process to ensure that the Directors' fees are in line with the market. Provision 7.2 of the 2018 Code on the remuneration of the Non-Executive Non-Independent Directors does not apply to the Manager as the Non-Executive Non-Independent Directors of the Manager do not receive any fees. They are salaried employees of other entities of the Beijing Hualian Group. The Manager is accordingly of the view that despite this deviation from Provision 7.2 of the 2018 Code, its practice is consistent with the intent of Principle 7 of the 2018 Code as a whole. Directors and KMP are not paid in Units.

The Directors' fees for Independent Directors for FY 2023 are set out as follows:

Independent Director	Directors' fees (S\$)
Francis Siu Wai Keung	98,000
Ben Yeo Chee Seong	87,000
Lau Teck Sien	85,000

The Manager does not use contractual provisions to allow the Manager to reclaim incentive components of remuneration from the CEO and KMP in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Manager. The CEO owes a fiduciary duty to the Manager. The Manager should be able to avail itself to remedies against the CEO in the event of such breach of fiduciary duties.

The Board has not included a separate annual remuneration report to the Unitholders in the Annual Report on the remuneration of Directors and the top five (5) KMP (who are not Directors or the CEO of the Manager) as the Board is of the view that the matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this Report and in the financial statements of the Manager.

Provision 8.1 of the 2018 Code and the MAS Notice to All Holders of a Capital Markets Services License for Real Estate Investment Trust Management (Notice No: SFA4-N14) require REIT managers to disclose (1) the remuneration of the CEO and each individual Director on a named basis, with a break down (in percentage or dollar terms) of each Director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards and other long-term incentives; and (2) the remuneration of at least the top five (5) KMP (who are also not Directors or the CEO), on a named basis, in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these KMP.

The Manager is of the view that despite the deviation from Provision 8.1 of the 2018 Code and the Notice to All Holders of a Capital Markets Service License for Real Estate Investment Trust Management (Notice No: SFA4-N14), the disclosures in this Annual Report would provide sufficient information to Unitholders on the Manager's remuneration policies and the level and mix of remuneration accorded to such personnel, while balancing the confidential and commercial sensitivities associated with remuneration matters. Further, the Board has assessed and decided against such disclosure of the remuneration of the CEO and top five (5) KMP and believes that the interests of the Unitholders will not be prejudiced as a result of such non disclosure, for the following reasons:

- Remuneration matters for the CEO and top KMP are sensitive and confidential matters;
- There is competition for talent in the REIT industry, and it is the view of the Manager that it would be in the interests of the Unitholders not to reveal the remuneration in order to maintain continuity of business; and
- Remuneration is paid by the Manager, and all fees payable to the Manager have been detailed in full in this Annual Report.

The Manager is accordingly of the view that despite this partial deviation from Provision 8.1 of the 2018 Code, its practice is consistent with the intent of Principle 8 of the 2018 Code as a whole. For the above reasons, Unitholders' interests are not prejudiced by the partial deviation.

There were no employees who were Substantial Shareholders of the Manager, Substantial Unitholders of the REIT, or were immediate family members of a Director, the CEO, a Substantial Shareholder of the Manager or a Substantial Unitholder of the REIT during FY 2023 and whose remuneration exceeds S\$100,000 during the year. Based on the Listing Manual of the SGX-ST, "Immediate family" in relation to a person, means the person's spouse, child, adopted child, step-child, sibling and parent.

No remuneration or compensation was paid or is to be paid in the form of share options, since the Manager does not currently have any plan to implement share option or share incentive schemes. However, this does not rule out the possibility of the Manager doing so in the future.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board is responsible for the governance of risk. The Board ensures that Management maintains a sound system of risk management and internal controls to safeguard the Unitholders' interests and the REIT's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives and value creation. The Manager has established the ARC to address this and is regulated by the set of written terms of reference set out on Page 42 of this Annual Report. The Manager recognises the importance of having in place an effective, adequate and sound system of risk management and internal controls. Accordingly, Deloitte & Touche Enterprise Risk Services Pte Ltd ("**Deloitte**") was engaged as internal auditors to provide professional input in the assessment of the Manager's existing internal controls.

Further, the Compliance Department also monitors changes and developments in regulatory requirements to mitigate the risk of non-compliance. The ARC is kept updated on findings reported by Deloitte, as well as updates on regulatory requirements during regular meetings. The ARC takes these findings into consideration when assessing the Manager's risk appetite. The Manager has also adopted an Enterprise Risk Management ("**ERM**") Framework, which formalises the Manager's risk management and internal controls practice. For FY 2023, the Manager has conducted two Control Self-Assessment Exercises to evaluate its ERM Framework and measures to address risks related to climate change and global warming were also incorporated into the ERM Framework. More information on the ERM Framework can be found in the Enterprise Risk Management section of this Annual Report.

Based on the internal controls established and maintained by the Manager, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, as well as the said assurances set out below, the Board is satisfied and the ARC concurs with the Board that the Manager's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2023 to address the risks taking into account the nature, scale and complexity of the Manager's operations. For FY 2023, the Board has received written assurances from:

- the CEO and Chief Financial Officer ("**CFO**") that, as at 31 December 2023, the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- the CEO and the relevant KMP who are responsible, that the system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place were adequate and effective as at 31 December 2023 to address the risks that the Group considers relevant and material to its business operations.

The system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board notes that no system of internal controls and risk management systems can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Furthermore, Management, with the assistance of Deloitte, regularly reviews the REIT's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management will continue to review and strengthen the Group's control environment and devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

Audit and Risk Committee

Principle 10: The Board has an Audit and Risk Committee which discharges its duties objectively.

The Manager keeps the Unitholders updated on the REIT's financial performance, position and prospects through periodic financial reports and business updates. In its presentation of the financial results, the Board strives to provide reports that are easily understandable of the REIT's financial position, its results, and its prospects.

The Manager believes in conducting itself in ways that seek to deliver maximum sustainable value to the Unitholders. Best practices are promoted as a means to build an excellent business for the Unitholders and the Manager is accountable to the Unitholders for the REIT's performance. Prompt fulfilment of statutory and regulatory reporting requirements is but one way to maintain the Unitholders' confidence and trust in the capability and integrity of the Manager.

Management is accountable to the Board and presents financial statements/management accounts and its accompanying explanations of the REIT's performance, position and prospects to the ARC and the Board for review and / or approval on a semi-annual basis or as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the REIT's performance, financial position and prospects.

The ARC, which in FY 2023 and as at the date of this Report, comprises the following three (3) members, all of whom, including the Chairman, are Non-Executive Independent Directors:

Mr Francis Siu Wai Keung	Chairman
Mr Lau Teck Sien	Member
Mr George Quek Meng Tong ⁽¹⁾	Member
Mr Ben Yeo Chee Seong ⁽²⁾	Member

Notes:

- ⁽¹⁾ Mr George Quek Meng Tong was appointed as a non-executive and independent director, a member of the NRC and a member of the ARC with effect from 11 February 2024.
- ⁽²⁾ Mr Ben Yeo Chee Seong served as a non-executive and independent director, the Chairman of the NRC and a member of the ARC during FY2023 and retired from the Board with effect from 11 February 2024.

The Board is of the opinion that at least two (2) members, including the ARC Chairman, have recent and relevant experience in audit, accounting and related financial management experience or expertise. Further, the ARC meets on a semi-annual basis. During ARC meetings, they may be briefed and updated on any changes to accounting standards and issues which have a direct impact on financial statements. Accordingly, they are qualified to discharge the ARC's responsibilities.

Following the amendments to Rule 705(2) of the Listing Manual of the SGX-ST, which took effect on 7 February 2020, the Manager announced on 14 April 2020 that the REIT will adopt the announcement of half-yearly financial statements with effect from FY 2020, commencing with the financial results announcement for the six-months period ended 30 June 2020. The Manager will still provide business updates to Unitholders in relation to the performance of the REIT over the first and third quarters of each financial year, commencing with the first quarter ended 31 March 2020. For the first and third quarters of FY 2023, when no ARC meetings were scheduled, the ARC was invited to attend the Management meeting to review the quarterly financial performance and to receive business and / or operational updates from Management.

The ARC is authorised by the Board to investigate any matters within its terms of reference. Management is required to provide full cooperation in providing information and resources, and in implementing or carrying out all requests made by the ARC. The ARC has direct access to the internal and external auditors and full discretion to invite any Director or KMP to attend its meetings. Similarly, both the internal and external auditors are given unrestricted access to the ARC.

The ARC is regulated by a set of written terms of reference and its principal functions include:

- Reviewing significant financial reporting issues and key areas of management judgment so as to ensure the integrity of the financial statements of the Manager and any announcements relating to the Manager's financial performance;
- Monitoring the integrity of the financial information provided by the Manager, in particular, by reviewing the relevance and consistency of the accounting standards used by the REIT (i.e. entity level) and for the Group (i.e. consolidation level);
- Keeping abreast of changes in accounting standards and issues which have a direct impact on financial statements;
- Overseeing and review the adequacy and effectiveness of the risk management function including the plans, activities, staffing, budget, resources and organisational structure;
- Reviewing risk management and capabilities including risk identification, risk systems, risk management training, risk communication channels, crisis readiness and recovery capabilities;
- Reviewing, on an annual basis, the adequacy and effectiveness of the risk management and internal control systems with respect to financial, operational, compliance, and information technology controls;
- Reviewing and monitor Management's responsiveness to the risk mitigating actions;
- Reviewing, on an annual basis, the adequacy and effectiveness of the internal audit function in the overall context of the REIT's internal controls and risk management systems;
- Reviewing the assurance from the CEO and the CFO on the financial records being properly maintained and that the financial statements giving a true and fair view of the REIT's operations and finances; Monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual of the SGX-ST and the provisions of the Property Funds Appendix;
- Monitoring the procedures established to ensure compliance with the provisions of the Listing Manual of the SGX-ST relating to interested person transactions, and the provisions of the Property Funds Appendix relating to interested party transactions (collectively, "**Related Party Transactions**");
- Reviewing the effectiveness, independence, adequacy, scope and results of the external audit and the internal audit function, audit reviews, the annual audit plan and the internal audit reports, including the adequacy of internal audit resources and its appropriate standing within the REIT;
- Overseeing the Manager's relations with the external auditors, including its audit scope, approach, remuneration and terms of engagement;
- Making recommendations to the Board on the nomination for the appointment, re-appointment and removal of external and internal auditors, and approving the remuneration and terms of engagement of the external and internal auditors;
- Monitoring and assess annually whether the external auditors' independence or objectivity is impaired. The factors to consider include the amount of fees for audit and non-audit services provided by the external auditors;
- Discussing key audit matters with the external auditors and ascertain if there are any follow-up actions which should be taken to reduce the extent of uncertainty and corresponding need for judgment for future periods;
- Ensuring that the external auditors have direct and unrestricted access to the Chairman of the ARC and the Chairman of the Board;
- Ensuring that there are programs and policies in place to identify and prevent fraud; and
- Reviewing the Whistleblowing Policy and arrangements put in place by which employees and external parties may, in confidence, safely raise probable improprieties in matters of financial reporting or other matters, with the objective that arrangements are in place for the independent investigation of such matters and for appropriate follow up actions.

The ARC is responsible for the nomination of internal and external auditors. Further, the ARC is empowered to investigate any matters that fall within its terms of reference at any time it deems necessary to do so. Management cooperates fully with the ARC in such circumstances.

The ARC has full access to and the cooperation of Management and reasonable resources to enable it to discharge its functions properly. The ARC meetings are held with the external auditors and by invitation, any Director and representatives from Management. The ARC also meets with the external and internal auditors, in each case, without the presence of Management, at least annually, to discuss any problems and concerns they may have. The ARC had met with the internal and external auditors Deloitte and Messrs KPMG LLP respectively, in the absence of Management during FY 2023.

The ARC reviewed the nature and extent of non-audit services provided by the external auditors during FY 2023 and the fees paid for such services, and is of the opinion that they would not affect the independence of the external auditors. The external auditors have also provided confirmation of their independence to the ARC. The aggregate amount of fees paid and payable to the external auditors for FY 2023 in respect of the audit services is approximately S\$374,000. Non-audit services were not rendered for FY 2023.

The Manager confirms that the appointment of the external auditors is in accordance with Rules 712 and 715 of the Listing Manual of the SGX-ST.

The Manager has established a Whistleblowing Policy, which is overseen by the ARC. The Whistleblowing Policy sets out the procedures for any suspected fraudulent or wrongful act, corruption or other improprieties by the Manager's Directors, officers or employees to be reported, and for the independent investigation of any reports and appropriate follow-up action to be taken. The objective of this policy is to provide a channel by which employees of the Manager or any other persons may, in confidence, safely raise their concerns to the Independent Chairman of the ARC about possible improprieties in matters of financial reporting or other matters in a responsible and effective manner. Under the whistleblowing policy, the whistleblower's identity will be kept confidential, unless disclosure is required by the court or other regulatory authorities. The Manager is committed to ensuring protection of the whistleblower against detrimental or unfair treatment. The Manager does not tolerate the harassment or victimisation of anyone reporting a genuine concern in good faith. Furthermore, no person should suffer reprisal as a result of reporting a genuine concern. The ARC reviews all whistleblowing reports at its scheduled meetings. Investigation of such reports are conducted by an independent review committee and appropriate follow-up actions are taken. The outcome of each investigation is reported to the ARC. For FY 2023, there were no cases of whistleblowing.

In the review of the Group's financial statements, the ARC discussed with Management the accounting principles that were applied and considered the clarity of key disclosures in the financial statements. In addition, the ARC reviewed, amongst other matters, the key audit matter, as reported by external auditors for the financial year ended 31 December 2023, relating to the valuation of investment properties.

The ARC reviewed the outcome of the established valuation process and discussed the details of the valuation with Management. The ARC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties. The ARC is satisfied with the valuation process, the methodologies used, and the valuation of the investment properties as adopted and disclosed in the financial statements. The ARC members take measures to keep abreast of changes of accounting standards and issues which have a direct impact on financial statements through attending training and seminars as well as receiving updates from the external auditors.

The ARC does not comprise former partners of the REIT's incumbent external auditors, Messrs KPMG LLP (a) within a period of two (2) years commencing from the date of their ceasing to be partners or directors of Messrs KPMG LLP; or (b) who have any financial interest in Messrs KPMG LLP.

The Board recognises the importance of maintaining a system of internal controls, procedures and processes for safeguarding the Unitholders' investment and the Manager's and the REIT's assets.

The internal audit function has been outsourced to an independent external service provider, Deloitte. To ensure that it performs its function adequately and effectively, Deloitte employs suitably qualified staff with the requisite skill sets and experience. The ARC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The ARC also reviews the needs of the internal audit function on a regular basis, including overseeing and monitoring the implementation of the improvements required for various internal control weaknesses identified by Management and the external auditors.

During FY 2023, Deloitte has conducted an audit review based on the approved internal audit plan. The results of the review were reported to the ARC. Key findings were highlighted for follow-up action. The ARC has reviewed the internal audit function and has concluded that the internal audit function was independent, effective and adequately resourced.

The ARC is satisfied that the appointed internal auditors are adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Manager to discharge its duties effectively and independently. The internal auditors plan their internal audit schedules in consultation with, but independently of, Management and their plan is submitted to the ARC for approval prior to the beginning of each year. The primary reporting line of the internal audit function is to the ARC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to the Manager's documents, records, properties and personnel, including access to the ARC, and has appropriate standing within the Manager.

The ARC reviews and approves the internal audit plan on an annual basis to ensure the adequacy of the scope of audit. The ARC also reviews the needs of the internal audit function on a regular basis, including overseeing and monitoring the implementation of the improvements required for various internal control weaknesses identified by Management and the external auditors.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Manager is committed to treating all Unitholders fairly and equitably. All Unitholders enjoy specific rights under the Trust Deed and the relevant laws and regulations. These rights include, among other things, the right to participate in profit distributions. The Manager informs the Unitholders of the rules governing general meetings, and they are entitled to attend general meetings and are accorded the opportunity to participate effectively in and vote at general meetings. Unitholders will receive the notices of general meetings and may download these notices from the REIT's website at <http://www.bhgreit.com/> (the "**REIT Website**"). Notices of the general meetings will also be published on SGXNet. The Manager tables separate resolutions at general meetings of Unitholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled"; the Manager explains the reasons and material implications in the notice of meeting. Resolution by poll is carried out systematically with proper recording of votes cast and the resolutions passed.

The representatives of the Trustee, all the Directors (including the chairpersons of the Board, the ARC and the NRC), and the Manager's senior management attend the general meetings. The external auditors are also present to address any queries that Unitholders may have about the conduct of audit and the preparation and content of the auditors' report. A record of the Directors' attendance at the general meeting can be found in the records of their attendance of meetings set out at page 35 of this Annual Report. Before and after the general meetings, the Chairman and other members of the Board will actively engage in dialogue with Unitholders, to gather views or inputs, and address Unitholders' concerns. Such interactions allow the Board to understand and consider the views and feedback from Unitholders and the Investment Community before formulating its key strategic decisions.

The previous annual general meeting (AGM) held for FY 2022 on 27 April 2023 was held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. However, for the forthcoming AGM to be held on 26 April 2024 ("**AGM 2024**"), the meeting is set out in the notice of AGM dated 4 April 2024 and will be held in a wholly physical format. Details of the AGM 2024 and voting procedures is set out in the notice of AGM dated 4 April 2024. Unitholders will continue to be able proactively engage the Board and management on the Group's business activities, financial performance and other business-related matters.

For greater transparency, the Manager has implemented electronic poll voting at general meetings. This entails Unitholders being invited to vote on each of the resolutions by poll, using an electronic voting system (instead of voting by hands), thereby allowing all Unitholders present or represented at the meeting to vote on a one Unit, one vote basis. The results would be tallied and displayed live on-screen at the Meeting. The voting results of all votes cast for, against, or abstaining from each resolution is then screened at the meeting and announced to the SGX-ST after the meeting. An independent external party is appointed as scrutineer for the electronic voting process to count and validate the votes at general meetings. The Manager will continue to use the electronic poll voting system at the forthcoming annual general meeting. As the authentication of the identity of a Unitholder and other related security and integrity issues still remain a concern, the Manager has decided for the time being, not to implement absentia voting methods such as voting via mail, e-mail or fax (as recommended by Provision 11.4). The Manager is of the view that despite this deviation from Provision 11.4 of the 2018 Code, its practice is consistent with the intent of Principle 11 of the 2018 Code as Unitholders have opportunities to communicate their views on matters affecting the REIT even when they are not in attendance at general meetings, through the investor relations contact indicated on the REIT Website.

The Unitholders who are unable to attend meetings are provided with the option to appoint up to two (2) proxies, who may then attend and vote in his or her place at the general meetings via proxy forms submitted in advance (i.e. not less than forty-eight (48) hours before the time appointed for holding the general meeting). Unitholders such as nominee companies which provide custodial services for securities are not constrained by the two (2) proxy limitation, and are able to appoint more than two (2) proxies to attend, speak and vote at general meetings. The proxy form is sent with the notice of general meetings to Unitholders.

The minutes of Unitholders' meetings which capture the attendance of Board members at the meetings, matters approved by Unitholders, voting results and substantial and relevant comments or queries from Unitholders relating to the agenda of the general meeting together with responses from the Board and Management, are prepared by the Manager. These minutes are made available on the REIT Website as soon as practicable.

Corporate Governance

In accordance with the Prospectus for Initial Public Offering of the REIT dated 2 December 2015, the REIT's distribution policy is to distribute 100.0% of the REIT's Distributable Income for the Forecast Period 2015 and the Projection Year 2016. Thereafter, the REIT will distribute at least 90.0% of its Distributable Income for each financial year. For FY 2023, the Manager had made a distribution of 0.35 Singapore Cents per unit for the period from 1 January 2023 to 30 June 2023 on 28 September 2023, and a second distribution of 0.08 Singapore Cents per unit for the period from 1 July 2023 to 31 December 2023 on 28 March 2024. The REIT's distribution policy is intended to assist Unitholders in assessing the REIT's expectations of cash flows, its ability and propensity to use that cash flows to pay distributions to Unitholders and thus, assess the suitability of investing in the REIT and to provide consistency in the declaration of distributions to Unitholders.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Manager encourages the Unitholders' participation during the general meetings. The Unitholders are able to engage with the Board and Management on the REIT's business activities, financial performance and other business-related matters during such meetings. Resolutions are passed through a process of voting and Unitholders are entitled to vote in accordance with established voting rules and procedures.

The Manager prides itself on its high standards of disclosure and corporate transparency. The Manager aims to provide accurate, objective and timely information regarding the REIT's performance and progress and matters concerning the REIT and its business which are likely to materially affect the price or value of the Units, to Unitholders and the investment community, to enable them to make informed investment decisions. Further, the Manager has established procedures to ensure current Unitholders are informed in advance of meetings. They are encouraged to attend and participate in the process of these meetings, especially if they have questions regarding the resolutions that have been put up to be decided upon.

The Manager's dedicated Investor Relations ("IR") Manager is tasked with, and focuses on, facilitating communications between the REIT and its Unitholders, as well as with the investment community, analysts and the media. An IR policy is in place which allows for an ongoing exchange of views so as to actively engage and to promote regular, timely, accurate and fair communications with Unitholders. Contact details of the IR Manager are available on the REIT Website for Unitholders, investors and other stakeholders to channel their comments and queries.

Continuous and informed dialogue between the Manager and Unitholders is a central tenet of good corporate governance. Regular engagement between these parties will promote greater transparency. Material and other pertinent information such as press releases and presentation slides are released to the SGX-ST via SGXNET and the REIT Website. Both announcements through the REIT Website and the SGXNET are the principal media of communication with Unitholders. In FY 2023, the CEO and IR Manager have met with potential investors and analysts through meetings and roadshows. Further details on the various activities organised by IR during the year can be found in the IR section on pages 78 to 80 of this Annual Report.

An electronic copy of the FY 2023 Annual Report has been uploaded on the REIT Website. Unitholders can access the FY 2023 Annual Report at <http://bhgreit.listedcompany.com/ar.html>.

The Trust Deed constituting the REIT is also available for inspection upon request at the Manager's office.¹

¹ Prior appointment with the Manager is appreciated

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Board's role includes considering sustainability as part of its strategic formulation. The Manager adopts an inclusive approach for the REIT by considering and balancing the needs and interests of material stakeholders, as part of the overall strategy to ensure that the best interests of BHG Retail REIT are served. The Manager is committed to sustainability and incorporates the key principles of environmental and social responsibility, and corporate governance in the REIT's business strategies and operations. The Board oversees sustainability matters and manages such matters through the Sustainability Officer and the individual committees. The Manager has arrangements in place to identify and engage with material stakeholder groups and to manage the REIT's relationships with such groups. Such arrangements include maintaining the REIT Website, which is kept updated with current information to facilitate communication and engagement with the REIT's stakeholders.

ADDITIONAL INFORMATION

Dealings in BHG Retail REIT Units

The Manager has adopted an internal compliance standard operating policy to provide guidance to its Directors, key officers and employees in respect of dealings in the REIT's Units. The policy permits the Directors and the Manager's key officers and employees to purchase Units, but sets clear limits on the transaction:

- Any officer or employee who wishes to purchase Units must complete a Staff Dealing Application Form and obtain approval from the Compliance Manager, CEO and Chairman of the Manager;
- If the REIT's financial results are reported semi-annually, a blackout period will be imposed one month prior to the half year and full year announcements of the REIT's financial results. If the REIT's financial results are reported quarterly, a blackout period will be imposed two weeks prior to the announcement of the REIT's financial results for each of the first three quarters of the financial year, and one month prior to the full year announcement of the REIT's financial results. During the blackout period, Directors, key officers and employees and related companies of the Beijing Hualian Group are strictly prohibited from dealing in Units; and
- Directors, key officers and employees are further prohibited from dealing in Units if they are in possession of insider information.

Directors, officers and employees should not deal in Units on short-term considerations.

Conflict of Interests

The Manager has established the following controls to deal with potential conflicts of interest:

- The Manager will not manage any other real estate investment trust which invests in the same type of properties as the REIT;
- All key executive officers will work exclusively for the Manager and will not hold other executive positions in other entities;
- In respect of matters in which a Director or his or her associates (as defined in the Listing Manual of the SGX-ST) has an interest, direct or indirect, such Director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors (excluding such Interested Directors);
- All resolutions in writing of the Directors in relation to matters concerning the REIT must be decided by at least a majority vote of the Directors (excluding any Interested Director), including at least one (1) Independent Director;
- At least one-third (1/3) of the Board shall comprise Independent Directors;

Corporate Governance

- In respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent their interest will abstain from deliberation and voting on such matters. In such matters the quorum must comprise a majority of the Independent Directors and must exclude Nominee Directors of the Sponsor and/or its subsidiaries. The Manager is an indirect wholly owned subsidiary of the Sponsor; and
- The Manager will ensure that the Property Manager puts in place the necessary procedures to prevent the unauthorised disclosure of confidential information relating to the REIT.

It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of the REIT with a related party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors of the Manager (including its Independent Directors) will have a duty to ensure that the Manager so complies. Further, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of the REIT with a related party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of the Unitholders and/or which is in the interests of the Unitholders. Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party.

Related Party/Interested Person Transactions

The Manager has established controls and reporting measures for handling Related Party/Interested Person Transactions. These ensure that such transactions are conducted on normal commercial terms and do not prejudice the interest of the Unitholders.

Further, the Manager maintains a register to record all transactions which may be considered as Related Party/Interested Person Transactions. The register is subject to regular review by the ARC in ensuring that the Manager conducts itself in accordance with the Listing Manual of the SGX-ST and the Property Funds Appendix of the Code on Collective Investment Schemes ("**CIS**") Code.

Transactions (whether a single transaction or a series of transactions involving the same Interested Person calculated together in aggregate over the course of the financial year) which exceed S\$100,000 in value but are below 3% of the REIT's net tangible assets are subject to review by the ARC and the Trustee.

Transactions (whether a single transaction or a series of transactions involving the same Interested Person calculated together in aggregate over the course of a financial year) which are valued between 3% to 5% of the REIT's net tangible assets are subject to an announcement by the Manager to the SGX-ST via SGXNET, and are further subject to review by the ARC and the Trustee prior to the Manager undertaking the transaction.

Transactions (whether a single transaction or a series of transactions involving the same Interested Person calculated together in aggregate over the course of a financial year) which are valued at 5% and above of the REIT's net tangible assets are subject to an announcement by the Manager to the SGX-ST via SGXNET, approval from the Unitholders prior to the transaction being entered into, and are further subject to review by the ARC, the Trustee, and an independent financial adviser. The Interested Person Transactions undertaken by the Manager are set out at the Interested Person Transactions section of this Annual Report.

Fees Payable to the Manager

Under the CIS Code, the Manager must justify the fees that are payable out of the deposited property of the fund, detailing the methodology and justification of each type of fee. The methodology for computing each type of fee is documented under Note 1 of the Notes to Financial Statements. The Manager earns a management fee for the management of the REIT's portfolio. For FY 2023, the Manager has elected to receive 100% of its management fee in the form of cash. The fee comprises two (2) components: the base fee and performance fee, which are detailed as follows:

- **Base Fee**
The base fee is calculated as a percentage of the distributable income and is payable on a quarterly basis. This fee allows the Manager to cover administrative and operation overheads. The Manager is entitled to receive a base fee not exceeding 10.0% per annum (or such lower percentage as the Manager may determine in its absolute discretion) of the annual distributable income. The Manager may elect to receive the fee in cash, Units, or a combination of cash and Units in any proportion it may determine, and the base fee shall be payable quarterly in arrears.
- **Performance Fee**
The performance fee is calculated based on an objective which aligns with the interest of Unitholders as a whole - it is payable only if the DPU in any financial year exceeds the DPU in the preceding financial year. The Manager is entitled to receive a performance fee of 25.0% per annum 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. The Manager may elect to receive the fee in cash, Units, or a combination of cash and Units in any proportion it may determine, and the performance fee shall be payable annually.

For the purpose of computation of the performance fee, the DPU is calculated based on all income arising from the operations of the REIT. These include, but are not limited to, rentals, interest, dividends and other similar payments and income arising from the authorised investments of the REIT, but exclude one-off income such as income arising from any sale or disposal of real estate (whether directly or indirectly through one or more SPVs) or any part thereof, and any investments forming part of the deposited property or any part thereof. For the purpose of computation of the performance fee for FY 2023, the DPU for 2023 (being 1 January 2023 to 31 December 2023, both dates inclusive) is compared against the DPU in 2022. This method of computation is provided for in the Trust Deed.

- **Other Fees - Acquisition Fee**
The Manager is also entitled to an acquisition fee under clause 15.2 of the Trust Deed. This is earned upon the completion of an acquisition. The acquisition fee serves as an incentive and motivation for the Manager, as the Manager will expend a substantial amount of time, effort and resources in locating, reviewing and completing the acquisition process with the aim of growing the REIT's portfolio and providing the Unitholders with regular and stable distributions. The fee is equivalent to 0.75% for acquisitions from Related Parties/Interested Persons and 1.0% for all other cases. In accordance with the Property Funds Appendix, where the Manager receives a percentage-based fee when the REIT acquires real estate from a Related Party/Interested Person, the acquisition fee should be in the form of Units issued by the REIT, and these Units may not be sold within one (1) year from the date of their issuance.
- **Other Fees - Divestment Fee**
The Manager is entitled to a divestment fee under clause 15.2 of the Trust Deed, and is earned upon the completion of a divestment. The payment of the fee seeks to incentivise and motivate the Manager in actively seeking to maximise the value of the REIT by optimising its portfolio. The fee is equivalent to 0.50% for divestments. In accordance with the Property Funds Appendix, where the Manager receives a percentage-based fee when the REIT divests real estate to a Related Party/Interested Person, the divestment fee should be in the form of Units issued by the REIT, and these Units should not be sold within one (1) year from the date of their issuance.

REJUVENATING OUR STRENGTHS

We will continue to enhance the vibrancy of our properties by implementing proactive asset enhancement initiatives and rejuvenating the tenant mix with the introduction of new tenants from diverse sectors such as lifestyle, F&B and retail.





Operations Review

OCCUPANCY RATE

BHG Retail REIT's portfolio of quality retail assets continued to exhibit resiliency amidst recovering domestic consumption and retail sales in China in FY 2023. As at 31 December 2023, BHG Retail REIT's committed occupancy rate remained strong at 95.6%.

Occupancy Rate (As at 31 December)	2023	2022
Multi-Tenanted		
Beijing Wanliu	98.1%	94.1%
Chengdu Konggang	96.1%	96.6%
Hefei Mengchenglu	92.6%	91.1%
Hefei Changjiangxilu	86.3%	92.7%
Master-Leased		
Xining Huayuan	100.0%	100.0%
Dalian Jinsanjiao	100.0%	100.0%
Portfolio	95.6%	95.2%

LEASING & ASSET MANAGEMENT ACTIVITIES

Majority of the leases are on a model that takes the higher of either base rents or percentage of gross turnover component ("GTO"). For the financial ended 31 December 2023, above 90% of our gross rental income was from fixed rental income, and less than 10% was from variable rental income. While a high proportion of our rental income is fixed in nature, BHG Retail REIT also receives an upside when our tenants do well. In addition, most leases above a year comes with an inbuilt rental escalation arrangement. Overall leasing demand and retention rates remained healthy in FY 2023, underpinned by the REIT's resilient portfolio.



Refreshing Experiences

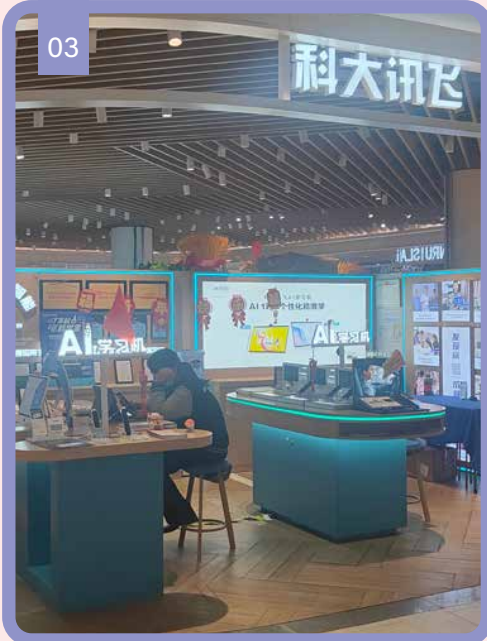
Through refreshing our line-up of tenants with offerings that resonate with our shoppers and working with our existing tenants to create satisfying experiences for our consumers, the vibrancy of our tenant mix was furthered enhanced where a wide range of popular F&B, retail and lifestyle brands were introduced as part of the malls' tenancy rejuvenation efforts.

Some of the new relevant lifestyle and sustainable offerings introduced in FY 2023 included "TREK Bicycle 单车", "Hema Supermarket 盒马鲜生", "iFlytek 科大讯飞", and "Migao Roller Skating 米高轮滑". Popular Children, fashion and retail brands such as "Miffy Shoes 米菲童鞋", "361°kids", "Kaadas Smart Locks 凯迪仕智能锁", "Reflower 花点时间" and "Fan Zi Gu Anime Cosplay 番之谷", among others, were also introduced to offer shoppers a more diverse mix of retail options.



NEW RELEVANT LIFESTYLE AND SUSTAINABLE OFFERINGS

- 01 TREK Bicycle 单车
- 02 Hema Supermarket 盒马鲜生
- 03 iFlytek 科大讯飞
- 04 Migao Roller Skating 米高轮滑



Operations Review

POPULAR CHILDREN, FASHION AND RETAIL OFFERINGS



02

361°kids



01



03

Kaadas 凯迪仕·智能锁



04

花点时间 | REFLOWER



05

番之谷

- 01 Miffy Shoes
米菲童鞋
- 02 361°kids
- 03 Kaadas Smart Locks
凯迪仕智能锁
- 04 Reflower 花点时间
- 05 Fan Zi Gu Anime Cosplay
番之谷

POPULAR DINING SELECTIONS



01

壹寻冒菜



02

酥祥记

- 01 Yi Xun Mao Cai
壹寻冒菜
- 02 Su Xiangji 酥祥记
- 03 Xibei Restaurant
西贝莜面村
- 04 Jun Xi Jia BBQ
俊熙家 烤肉
- 05 Blue Frog Bar & Grill 蓝蛙
- 06 Luckin Coffee 瑞幸咖啡
- 07 Come Wonka Bubble Tea
卡旺卡 奶茶
- 08 CHAGEE 霸王茶姬
- 09 AGan Guokui 阿甘锅盔



03

西贝
莜面村



04

俊熙家



05

blue frog



06

luckin coffee
瑞幸咖啡



07

卡旺卡 come wonka



08

CHAGEE 霸王茶姬



09

阿甘锅盔

Energising Communities



For BHG Retail REIT, building relations is fundamental to building trust. We build personal relationships with visitors to our malls as we view them more as neighbours than as consumers. Our assets are social and digital spaces where neighbours can connect with another, energising neighbourhoods into vibrant communities. BHG Retail REIT remains committed to building strong tenant relationships and bringing enduring benefits to the communities we operate in.



- 01 Singing Contest @ Chengdu Konggang
- 02 Art & Craft Activities @ Hefei Mengchenglu
- 03 Street Dance Competition @ Beijing Wanliu
- 04 Pink Music Festival @ Hefei Mengchenglu



Operations Review

FESTIVAL ACTIVITIES

- 01 Mid-Autumn Festival Celebration @ Hefei Mengchenglu
- 02 Mid-Autumn Festival Celebration @ Hefei Changjiangxilu
- 03 Mid-Autumn Festival Performance @ Chengdu Konggang
- 04 Mooncake Making Class @ Beijing Wanliu



CHILDREN & FAMILY ACTIVITIES

- 01 Jigsaw Puzzle Contest @ Chengdu Konggang
- 02 DIY Shadow Puppet Making @ Beijing Wanliu
- 03 Kids Mini Golf @ Hefei Mengchenglu
- 04 Children Basketball Competition @ Hefei Changjiangxilu



TOP TEN TENANTS¹

No.	Tenant Name	Brand Name	Mall	Trade Sector	Lease Expiry	% Gross Rental Income
1	北京华联生活超市有限公司	BHG生活超市	Beijing Wanliu Mall, Hefei Mengchenglu Mall, Hefei Changjiangxilu Mall, Xining Huayuan Mall, Dalian Jinsanjiao Property	Supermarket	Nov 2040 Oct 2038 Jan 2039 Dec 2034 Dec 2034	15.1%
2	成都盒马鲜生网络科技有限公司	盒马鲜生	Chengdu Konggang Mall	Supermarket	Oct 2035	1.2%
3	北京华联万柳影院管理有限公司	BHG影院	Beijing Wanliu Mall	Leisure & Entertainment	Jul 2032	1.2%
4	成都华联影院管理有限公司	BHG影院	Chengdu Konggang Mall	Leisure & Entertainment	Dec 2024	1.1%
5	合肥华联湖东影院管理有限公司	BHG影院	Hefei Changjiangxilu Mall	Leisure & Entertainment	Aug 2031	1.0%
6	海鸿达(北京)餐饮管理有限公司	海底捞	Beijing Wanliu Mall	F&B	Jan 2025	0.9%
7	王玉飞	万客来	Hefei Mengchenglu Mall	Retail	Feb 2032	0.8%
8	永旺幻想(中国)儿童游乐有限公司	莫莉幻想	Beijing Wanliu Mall	Kids' Education/ Retail	Aug 2024	0.8%
9	合肥庐平电影放映有限公司	BHG影院	Hefei Mengchenglu Mall	Leisure & Entertainment	Sep 2028	0.7%
10	北京赫石体育文化发展有限公司	赫石小超人	Beijing Wanliu Mall	Kids' Education/ Retail	May 2027	0.7%
						23.5%

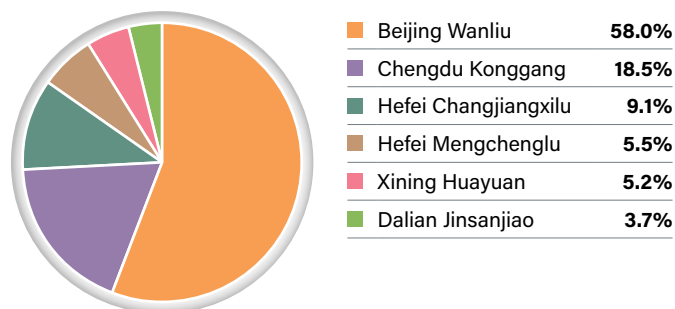
¹ The table above sets out information about top ten tenants based on Gross Rental Income for the month of December 2023.

Financial Review

GROSS REVENUE

Gross revenue in RMB and SGD was approximately RMB 2.5 million (0.8%) higher year-on-year and S\$4.5 million (-6.7%) lower year-on-year respectively. The lower gross revenue in SGD term was due mainly to the weakening of RMB against SGD during the period.

BREAKDOWN OF GROSS REVENUE BY PROPERTY^{1,2}



Gross Revenue	RMB'000		S\$'000	
	FY 2023	FY 2022	FY 2023	FY 2022
Multi-tenanted				
Beijing Wanliu	189,328	180,937	35,971	37,136
Chengdu Konggang	60,429	59,517	11,481	12,216
Hefei Changjiangxilu	29,535	34,376	5,611	7,055
Hefei Mengchenglu	17,798	20,516	3,381	4,210
	297,090	295,346	56,444	60,617
Master-leased				
Xining Huayuan	17,109	16,446	3,251	3,375
Dalian Jinsanjiao	12,008	11,888	2,281	2,440
	29,117	28,334	5,532	5,815
Portfolio	326,207	323,680	61,976	66,432

¹ Based on FY 2023 results.

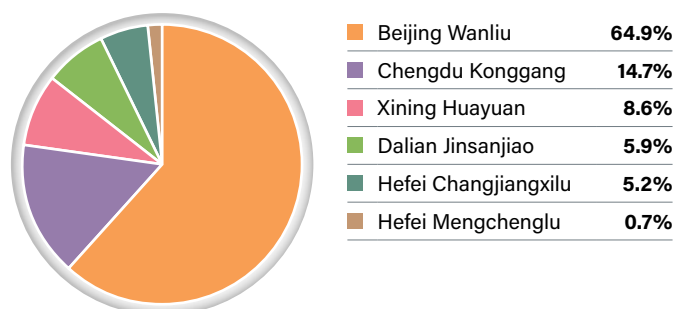
² Based on 100% contribution from Beijing Wanliu.

NET PROPERTY INCOME

Net property income in RMB and SGD was approximately RMB 0.2 million (0.1%) higher year-on-year and S\$2.8 million (-7.3%) lower year-on-year respectively. The lower net property income in SGD term was due mainly to the weakening of RMB against SGD during the period.

Property operating expenses in RMB was RMB 2.3 million (1.7%) higher while property operating expense in SGD was S\$1.7 million (-5.9%) lower year-on-year, due to exchange rate differences. This was mainly due to the lower property tax and property management fees which both are associated with the decline in gross rental income.

BREAKDOWN OF NET PROPERTY INCOME BY PROPERTY^{1,2}



Net Property Income	RMB'000		S\$'000	
	FY 2023	FY 2022	FY 2023	FY 2022
Multi-tenanted				
Beijing Wanliu	119,375	113,494	22,680	23,293
Chengdu Konggang	27,158	28,876	5,160	5,926
Hefei Changjiangxilu	9,552	13,148	1,815	2,698
Hefei Mengchenglu	1,206	2,483	229	510
	157,291	158,001	29,884	32,427
Master-leased				
Xining Huayuan	15,769	15,052	2,996	3,090
Dalian Jinsanjiao	10,958	10,768	2,082	2,210
	26,727	25,820	5,078	5,300
Portfolio	184,018	183,821	34,962	37,727

¹ Based on FY 2023 results.

² Based on 100% contribution from Beijing Wanliu.

Financial Review

DISTRIBUTION

Based on the closing price of S\$0.465 as at 31 December 2023 and aggregated distribution per unit ("DPU") for FY 2023 of 0.43 Singapore cents, BHG Retail REIT annual distribution yield was 0.9%.

DPU (Singapore Cents)	FY 2023	FY 2022
First Half	0.35	0.76
Second Half	0.08	0.41
Total	0.43	1.17

INDEPENDENT VALUATION OF INVESTMENT PROPERTIES¹

As at 31 December 2023, BHG Retail REIT's investment properties were valued at RMB 4,723.0 million and S\$878.2 million. The valuation represents an increase of RMB 20.0 million (0.4%) from the independent valuation as at 31 December 2022 of RMB 4,703.0 million.

Investment Properties (millions)	RMB		S\$	
	2023	2022	2023	2022
Beijing Wanliu	2,551.0	2,527.0	474.3	490.2
Chengdu Konggang	674.0	667.0	125.3	129.3
Hefei Mengchenglu	587.0	587.0	109.2	113.9
Hefei Changjiangxilu	483.0	483.0	89.8	93.7
Xining Huayuan	266.0	274.0	49.5	53.1
Dalian Jinsanjiao	162.0	165.0	30.1	32.0
Portfolio	4,723.0	4,703.0	878.2	912.2



¹ Based on independent valuation from Colliers International (Hong Kong) Limited as at 31 December 2023.

CAPITAL MANAGEMENT

BHG Retail REIT borrowings include 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.

On 16 April 2020, the MAS announced that the gearing ratio limit for S-REITs will be raised from 45% to 50% with immediate effect. As at 1 January 2022, S-REITs are required to have a minimum Interest Coverage Ratio ("ICR") of 2.5 time before they are allowed to increase their leverage to beyond the prevailing 45% limit (up to 50%).

As at 31 December 2023, borrowings drawn down of S\$302.4 million represented a gearing of 39.9%¹, which is an increase in aggregate leverage compared to 37.7% in FY 2022.

The Manager is of the view that the increase in aggregate leverage would not significantly impact the risk profile of the REIT and its subsidiaries due to the debt headroom and the overall valuation of

the investment properties has increased as at 31 December 2023 as compared to the overall valuation as at 31 December 2022.

The REIT continually monitors its gearing ratio and maintains it within the approved limits so it provides debt headroom to facilitate any potential acquisition growth. More than 80% of borrowings are denominated in Singapore dollars, and of which, about 50% of offshore syndicated borrowings are hedged via interest rate swaps. Weighted average term to maturity was 1.2 years as at 31 December 2023.

Key Financial Indicators

As at 31 December 2023

Gearing ¹	39.9%
Interest Coverage Ratio (times) ²	1.8
Weighted average term to maturity (years)	1.2
Average cost of debt ³	5.6%

¹ Based on total loans and borrowings principal attributable to Unitholders divided by total assets attributable to Unitholders. MAS gearing ratio was raised from 45% to 50% on 16 April 2020, to provide S-REITs greater flexibility to manage their capital structure and to raise debt financing.

² The adjusted ICR is the same as ICR.

³ Average cost of debt will be 6.4% per annum if amortisation of loan establishment fee is included.

Portfolio Overview¹

GROSS FLOOR AREA

311,691 sqm

NET LETTABLE AREA

178,528 sqm

NO. OF LEASES

799

2023 GROSS REVENUE

s\$62.0m

INDEPENDENT VALUATION²

RMB 4,723.0m

(100%)

RMB 3,702.6m

(Based on 60% interest of Beijing Wanliu)

2023 NET PROPERTY INCOME

s\$35.0m

OCCUPANCY RATE

95.6%

WEIGHTED AVERAGE LEASE EXPIRY BY NLA

5.9 years

WEIGHTED AVERAGE LEASE EXPIRY BY GROSS RENTAL INCOME

3.3 years

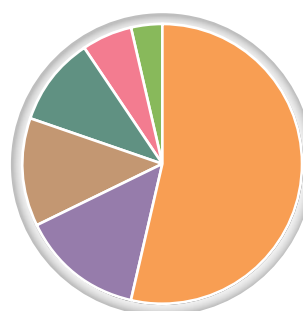
BHG Retail REIT's portfolio consists of six retail properties located in areas surrounded by growing middle or upper-middle income households. Our retail malls serve their communities through their wide range of products, excellent experiential services and popular community engagement activities. Of the six properties, four are multi-tenanted, namely Beijing Wanliu, Chengdu Konggang, Hefei Mengchenglu and Hefei Changjiangxilu. The remaining two properties, Xining Huayuan and Dalian Jinsanjiao, are master-leased to Beijing Hualian Life Supermarket.

BREAKDOWN OF NLA BY PROPERTY



Beijing Wanliu	29.4%
Chengdu Konggang	21.3%
Hefei Changjiangxilu	15.0%
Hefei Mengchenglu	14.0%
Xining Huayuan	11.7%
Dalian Jinsanjiao	8.6%

BREAKDOWN OF VALUATION BY PROPERTY²



Beijing Wanliu	54.0%
Chengdu Konggang	14.3%
Hefei Mengchenglu	12.5%
Hefei Changjiangxilu	10.2%
Xining Huayuan	5.6%
Dalian Jinsanjiao	3.4%

¹ As at 31 December 2023.

² Based on independent valuation from Colliers International (Hong Kong) Limited as at 31 December 2023.

PORTFOLIO LEASE EXPIRY PROFILE AS AT 31 DECEMBER 2023

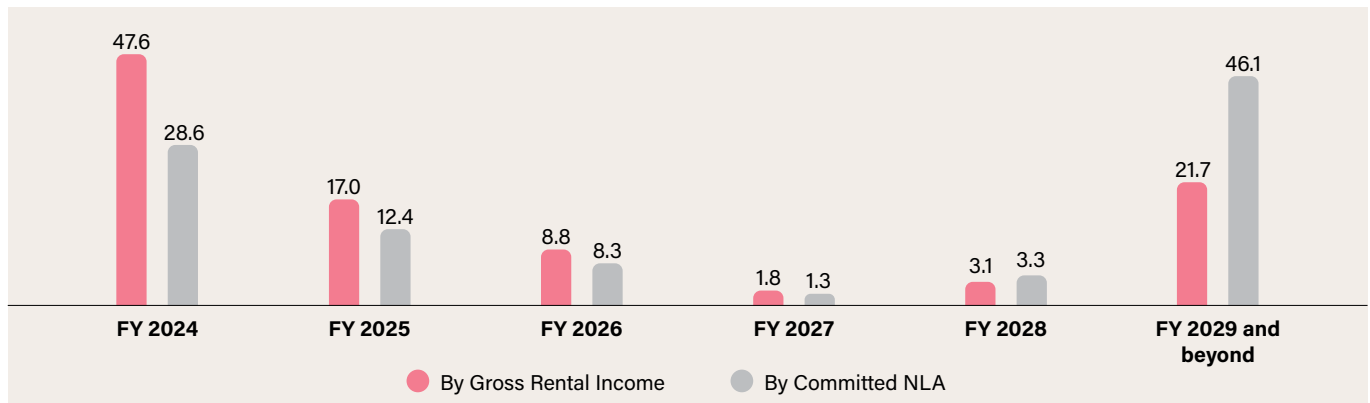
As at 31 December 2023, the portfolio has a weighted average lease expiry of 3.3 years by gross rental income, and 5.9 years by net lettable area. Our lease terms typically range from one to three years. Certain key or anchor tenants may be offered longer term leases.

For new and renewed leases which commenced in FY 2023, the weighted average lease expiry based on the date of commencement of the leases is 1.6 years (by gross rental income) and accounts for 22.1% of the gross rental income for the month of December 2023.



LEASE EXPIRY PROFILE (%)

(As at 31 December 2023)

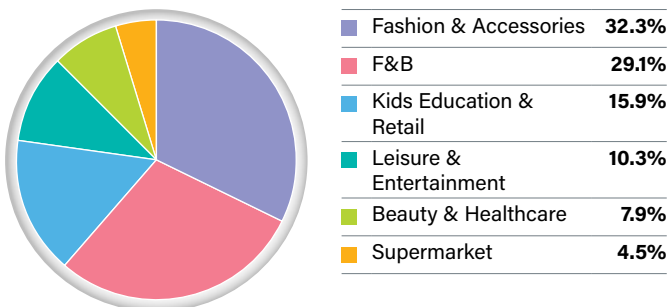


TENANTS BY TRADE SECTOR

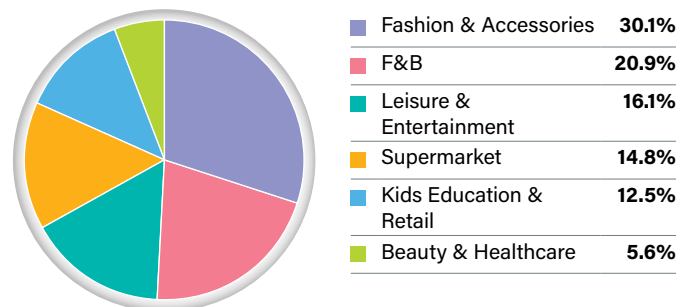
(As at 31 December 2023)

MULTI-TENANTED MALLS (AS AT 31 DECEMBER 2023)

BREAKDOWN OF GROSS RENTAL INCOME BY TRADE SECTOR¹ (%)



BREAKDOWN OF NET LETTABLE AREA BY TRADE SECTOR² (%)



¹ As percentage of the portfolio's gross rental income for the month of December 2023.

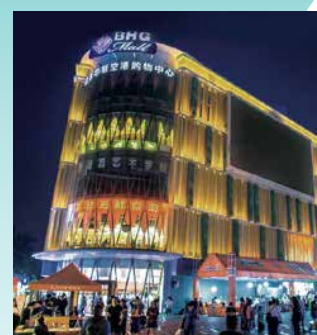
² As percentage of the portfolio's net lettable area as at 31 December 2023.

Portfolio Overview



BEIJING WANLIU

No. 2
Bagou Road,
Haidian District,
Beijing



CHENGDU KONGGANG

No. 166
Jinhua Road,
Second Section,
Shuangliu County,
Chengdu

Address

Commencement of Operations (Year)

Aug 2010

Dec 2013

Gross Floor Area ("GFA") sqm

105,920

71,917

Net Lettable Area ("NLA") sqm

52,415

38,107

No. of Leases

321

292

Independent Valuation¹ (RMB million)

2,551.0 (100%)
1,530.6 (60%)

674.0

Purchase Price^{2,3} (RMB million)

1,838.6 (100%)
1,103.1 (60%)

602.1

FY 2023 Gross Revenue (S\$ million)

36.0

11.5

FY 2023 Net Property Income (S\$ million)

22.7

5.2

Occupancy Rate (%)

98.1

96.1

Weighted Average Lease Expiry By NLA (years)

3.4

2.4

Weighted Average Lease Expiry By Gross Rental Income (years)

2.0

1.7

Term of Land Use (Expiring on)

29 Aug 2044
(29 Aug 2054
for car park)

23 May 2047
(23 May 2077
for car park)



**HEFEI
MENGCHENGLU**

No. 99
Mengcheng Road,
Luyang District,
Hefei

Feb 2013

49,699

25,084

77

587.0

563.5

3.4

0.2

92.6

6.4

3.5

31 Aug 2044



**HEFEI
CHANGJIANGXILU**

No. 639
Changjiangxilu Road,
Shushan District,
Hefei

Nov 2010

48,003

26,770

107

483.0

334.0³

5.6

1.8

86.3

6.2

3.0

30 April 2043



**XINING
HUAYUAN**

No. 16-19
Shipo Street,
Chengzhong District,
Xining

Aug 2000

20,807

20,807

1

266.0

254.4

3.2

3.0

100.0

11.0⁴

11.0⁴

19 Aug 2048



**DALIAN
JINSANJIAO**

No. 18
Huadong Road,
Ganjingzi District,
Dalian

Jul 2000

15,345

15,345

1

162.0

135.7

2.3

2.1

100.0

11.0⁴

11.0⁴

27 Feb 2042

¹ Based on independent valuation from Colliers International (Hong Kong) Limited as at 31 December 2023.

² Based on purchase price and SGD/RMB exchange rate as disclosed in the IPO prospectus.

³ Based on circular to unitholders in relation to the proposed acquisition of Hefei Changjiangxilu.

⁴ Remaining lease (years).

*This portion of artwork is contributed by Mr Muhd Saifudeen
from Muscular Dystrophy Association (Singapore)*

Property Highlights



Beijing Wanliu

北京万柳

**Premium Community Mall
in Beijing's High Income
Residential District**

BEIJING WANLIU is situated in Haidian District, which is one of the largest urban districts of Beijing by population and its residents have one of the highest per capita disposable income in Beijing.

Catering to the growing needs of middle-to-high income families and professionals living and working in Wanliu, Beijing Wanliu stands out with six floors of premium retail and quality experiential services. The multi-tenanted Beijing Wanliu is surrounded by high-end residential communities whose residents enjoy coming to the mall for a wide range of lifestyle options such as fashion, dining, education and entertainment.

Beijing Wanliu is easily accessible via main roads, subway and buses. It is close to China's prestigious Peking University, Tsinghua University and Renmin University, as well as the Summer Palace and Wanliu Golf Club, the only golf club within the Fourth Ring Road of Beijing. The mall is also a short drive to the Zhongguancun technology hub, often referred to as the Silicon Valley of China.

INDEPENDENT VALUATION

RMB2,551.0 million (100%)

RMB1,530.6 million (60%)

NET LETTABLE AREA

52,415 sqm

NO. OF TENANTS

321

OCCUPANCY RATE

98.1%

WEIGHTED AVERAGE LEASE EXPIRY

(Based on Net Lettable Area)

3.4 years

FY 2023 GROSS REVENUE

s\$36.0 million

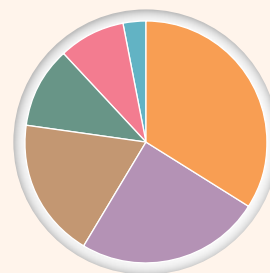
FY 2023 NET PROPERTY INCOME

s\$22.7 million

TENANTS BY TRADE SECTOR

(As at 31 December 2023)

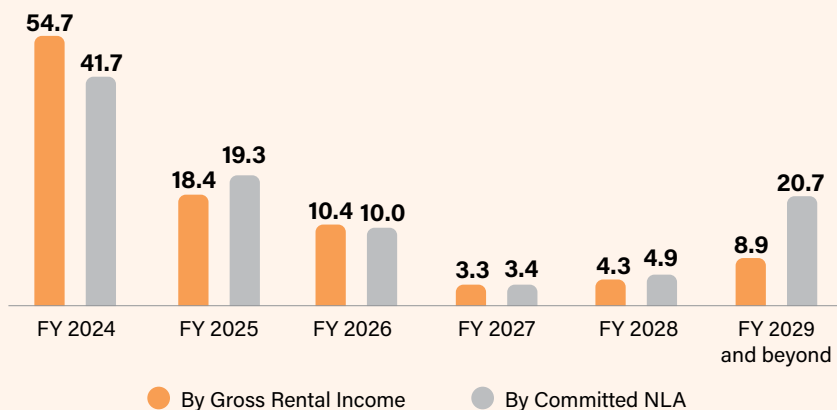
BREAKDOWN OF GROSS RENTAL INCOME BY TRADE SECTOR¹



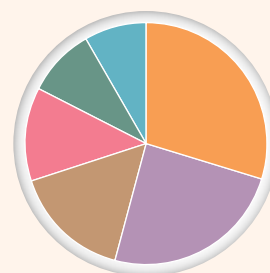
Food & Beverage	34.2%
Fashion & Accessories	24.4%
Kids' Education & Retail	18.6%
Beauty & Healthcare	11.0%
Leisure & Entertainment	8.9%
Supermarket	2.9%

LEASE EXPIRY PROFILE²

(As at 31 December 2023)



BREAKDOWN OF NLA BY TRADE SECTOR¹



Food & Beverage	29.9%
Fashion & Accessories	24.4%
Kids' Education & Retail	15.7%
Leisure & Entertainment	12.7%
Beauty & Healthcare	9.2%
Supermarket	8.1%

TENANTS INCLUDE

- BHG Supermarket
- BHG Cinema
- Watsons
- H&M
- Uniqlo
- Muji
- Calvin Klein Jeans
- Tommy Hilfiger
- Teenie Weenie
- HLA
- Nike
- Decathlon
- The North Face
- Champion
- Pop Mart
- Lego
- Aeon Molly
- Fantasy
- 英小孚
- 高格体育
- The Green Party
- McDonald's
- Yoshinoya
- Hai Di Lao
- Pizza Hut
- KFC
- Wagas
- Element Fresh
- 眉州东坡
- Starbucks
- Costa Coffee
- Paris Baguette
- 唱吧麦颂
- Chow Tai Fook
- 周大福

¹ As at 31 December 2023.

² Excludes Vacancy.

Property Highlights



Chengdu Konggang

成都空港

**Destination Mall for
Chengdu's Growing Middle
and Upper-Middle Income
Families In The Area**

CHENGDU KONGGANG brings quality shopping and experiential lifestyle services to the city's growing middle and upper-middle families. The mall has a diversified tenant base offering residents in the neighbourhood a variety of services including a supermarket, fitness centre, KTV as well as a number of food and beverage outlets, restaurants and international and local brands for the best shopping experience. Shuangliu County is located at the south-western part of the city centre and occupies an area of about 431 square kilometres. Chengdu Konggang sees steady daily traffic due to its strong multi-tenant mix as well as its strategic location. Located in Shuangliu County in Chengdu, Sichuan Province, the mall is served by the Shuangliu railway station and is just a five minutes drive to Shuangliu International Airport.

Chengdu Konggang serves as the heart of its community, providing popular activities and events in celebration of major festivals and community activities for families and young professionals living in the high density residential projects nearby.

INDEPENDENT VALUATION

RMB674.0 million

NET LETTABLE AREA

38,107 sqm

NO. OF TENANTS

292

OCCUPANCY RATE

96.1%

WEIGHTED AVERAGE LEASE EXPIRY

(Based on Net Lettable Area)

2.4 years

FY 2023 GROSS REVENUE

S\$11.5 million

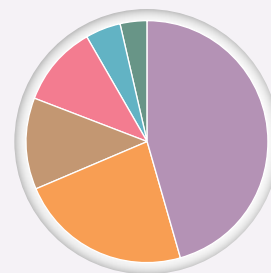
FY 2023 NET PROPERTY INCOME

S\$5.2 million

TENANTS BY TRADE SECTOR

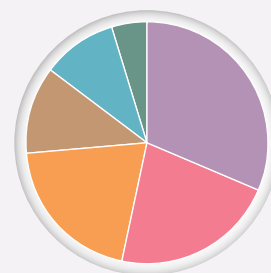
(As at 31 December 2023)

BREAKDOWN OF GROSS RENTAL INCOME BY TRADE SECTOR¹



Fashion & Accessories	45.6%
Food & Beverage	23.0%
Kids' Education & Retail	12.3%
Leisure & Entertainment	10.9%
Supermarket	4.8%
Beauty & Healthcare	3.4%

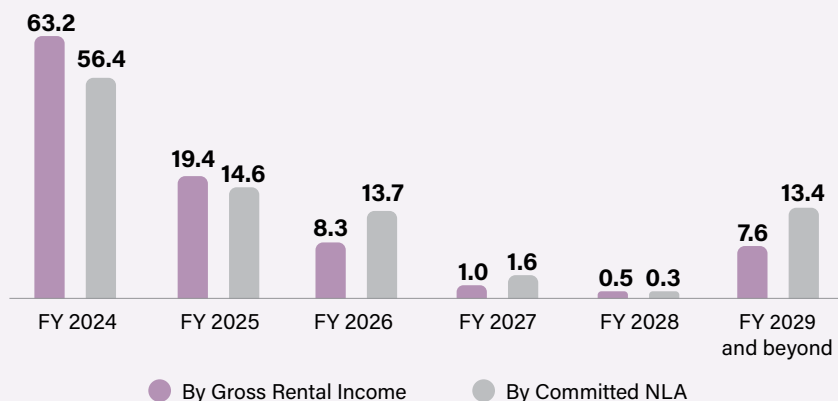
BREAKDOWN OF NLA BY TRADE SECTOR¹



Fashion & Accessories	31.7%
Leisure & Entertainment	21.7%
Food & Beverage	20.4%
Kids' Education & Retail	11.6%
Supermarket	10.0%
Beauty & Healthcare	4.6%

LEASE EXPIRY PROFILE²

(As at 31 December 2023)



TENANTS INCLUDE

- Hema
- BHG Cinema
- Watsons
- Legou Liangfan
- 美航国际健身
- Pizza Hut
- Honor
- La Chapelle
- HUAWEI 华为
- Yishion
- Nike
- Adidas
- Miniso
- HLA
- Anta Kids
- KFC
- MIXUE 蜜雪冰城
- Starbucks
- Chow Tai Seng 周大生
- NAIXUE 奈雪的茶
- Holiland 好利来
- Hai Di Lao
- Jibulu 吉布鲁
- Goodwood 良木缘

¹ As at 31 December 2023.

² Excludes Vacancy.



Hefei Mengchenglu

合肥蒙城路

**One of Hefei City's
Most Popular
Shopping Centres**

HEFEI MENGCHENGLU is located in Hefei City, the provincial capital and largest city of Anhui Province in China. It is also the political, economic and cultural center of Anhui province.

Hefei Mengchenglu is situated near the northwest corner of the intersection of Beier Ring Road and Mengcheng Road, North of Luyang District. It is also located in Hefei's North First Ring retail hub, which comprises several matured communities of residents, high quality office projects and commercial facilities. The mall is frequented by families and professionals for retail goods and services such as fashion, dining and entertainment.

Hefei Mengchenglu is easily accessible via several main roads and is only a five minutes walk from two bus stations – the North Station of Baishuiba and the West Station of Baishuiba. The mall is located near government organisations such as the Luyang District Government, Luyang Administrative Service Center, and Hefei Justice Bureau. Several commercial buildings such as Fortune Plaza, Xintiandi, Hongda Building, and Zhidi HSBC Plaza are also located in the vicinity.

INDEPENDENT VALUATION

RMB587.0 million

NET LETTABLE AREA

25,084sqm

NO. OF TENANTS

77

OCCUPANCY RATE

92.6%

WEIGHTED AVERAGE LEASE EXPIRY

(Based on Net Lettable Area)

6.4 years

FY 2023 GROSS REVENUE

s\$3.4 million

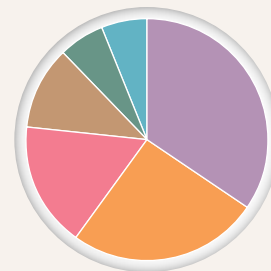
FY 2023 NET PROPERTY INCOME

s\$0.2 million

TENANTS BY TRADE SECTOR

(As at 31 December 2023)

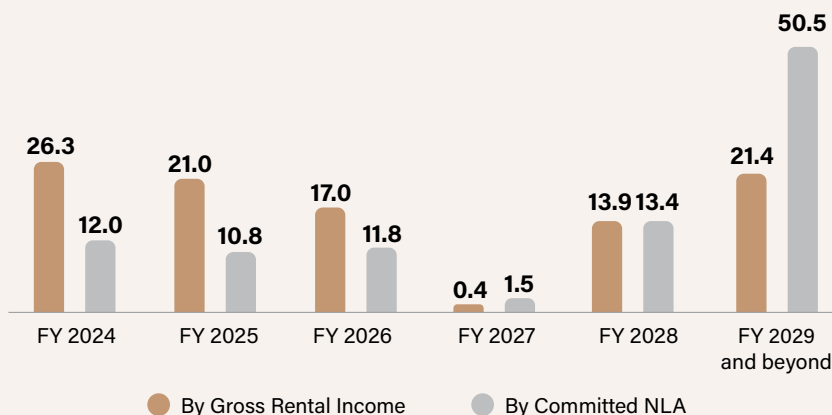
BREAKDOWN OF GROSS RENTAL INCOME BY TRADE SECTOR¹



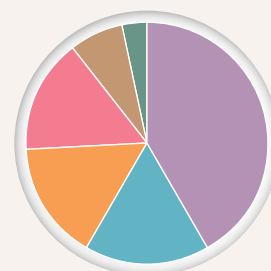
Fashion & Accessories	34.6%
Food & Beverage	25.4%
Leisure & Entertainment	16.8%
Kids' Education & Retail	10.9%
Beauty & Healthcare	6.3%
Supermarket	6.0%

LEASE EXPIRY PROFILE²

(As at 31 December 2023)



BREAKDOWN OF NLA BY TRADE SECTOR¹



Fashion & Accessories	41.9%
Supermarket	16.7%
Food & Beverage	15.6%
Leisure & Entertainment	15.4%
Kids' Education & Retail	7.2%
Beauty & Healthcare	3.2%

TENANTS INCLUDE

- BHG Cinema
- Watsons
- Mu Tong Ji 木桶记
- Pizza Hut
- Burger King
- Starbucks
- ZanKee 詹記
- HotMaxx
- Miniso
- Wan Ke Lai Fashion Outlet 万客来
- Come Wonka Bubble Tea 卡旺卡 奶茶
- Chow Tai Fook Jewellery 周大福
- Fan Zi Gu Anime Cosplay 番之谷
- Dao Xiang Chun Snacks 稻香村
- Hey Tea 喜茶

¹ As at 31 December 2023.

² Excludes Vacancy.



Hefei Changjiangxilu

合肥长江西路

**A Heartland Mall That
Serves Neighbouring
Residential Communities**

HEFEI CHANGJIANGXILU is located in Shilimiao Community, Jinggang Town, Shushan District. Shushan District is located at the west part of the city center and occupies an area of about 663 square kilometres. Shushan District is clustered with many research institutions, hightech firms and industrial park in Hefei.

Hefei Changjiangxilu is located at the junction of Huaining North Road and Changjiang West Road, the two main roads of Hefei city, and close to several public bus stations in the vicinity. It is well connected to the Hefei Metro Line 2, and connects Shushan District with two other major districts in Hefei. Hefei Metro Line 2 has brought about greater shopper traffic to the area and has increased the footfall of Hefei Changjiangxilu by approximately 20.0%. Hefei Changjiangxilu is also situated approximately 10 km away from Hefei's central business district, 13 km away from the Zhengzhou East Railway Station, 14.5 km away from Hefei South Railway Station, and 32.6 km away from Hefei Xinqiao International Airport.

INDEPENDENT VALUATION

RMB483.0 million

NET LETTABLE AREA

26,770 sqm

NO. OF TENANTS

107

OCCUPANCY RATE

86.3%

WEIGHTED AVERAGE LEASE EXPIRY

(Based on Net Lettable Area)

6.2 years

FY 2023 GROSS REVENUE

s\$5.6 million

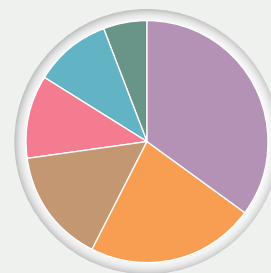
FY 2023 NET PROPERTY INCOME

s\$1.8 million

TENANTS BY TRADE SECTOR

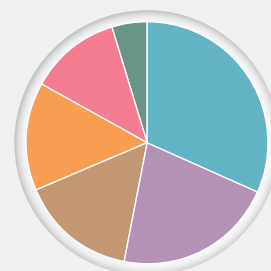
(As at 31 December 2023)

BREAKDOWN OF GROSS RENTAL INCOME BY TRADE SECTOR¹



Fashion & Accessories	35.2%
Food & Beverage	22.4%
Kids' Education & Retail	15.3%
Leisure & Entertainment	11.0%
Supermarket	10.4%
Beauty & Healthcare	5.7%

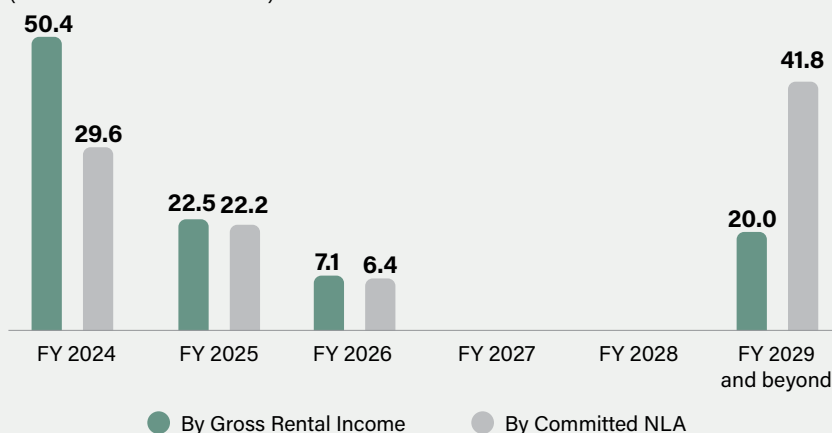
BREAKDOWN OF NLA BY TRADE SECTOR¹



Supermarket	31.7%
Fashion & Accessories	21.4%
Kids' Education & Retail	15.6%
Food & Beverage	14.5%
Leisure & Entertainment	12.1%
Beauty & Healthcare	4.7%

LEASE EXPIRY PROFILE²

(As at 31 December 2023)



● By Gross Rental Income ● By Committed NLA

TENANTS INCLUDE

- BHG Supermarket
- BHG Cinema
- Watsons
- Pizza Hut
- Qin Xi Li 秦西里
- ZanKee 詹記
- Wu Kong Hong Bei 悟空烘焙
- Honor
- Huawei
- Fila Kids
- KFC
- COTTI COFFEE 库迪咖啡
- Luckin Coffee 瑞幸咖啡
- Miniso 名创优品
- Hong Dou Children Wear 红豆童装
- Migao Roller Skating 米高轮滑
- Haobo 好波
- Finelycup 梵妳卡波
- Yi Xun Mao Cai 壹寻冒菜

¹ As at 31 December 2023.

² Excludes Vacancy.

Property Highlights



Xining Huayuan

西宁花园

**Popular Retail Hub
in Xining, Tibetan
Plateau's Largest City**

XINING HUAYUAN is a four-storey retail hub set in the Ximen-Dashizi area, a traditional and core retail hub in Xining. The mall's master lessee is Beijing Hualian Life Supermarket which offers a wide range of quality fresh produce, daily necessities and household items sourced locally and internationally.

Xining Huayuan is frequented by the residents living and working in the area. Shoppers love the mall for its convenience and fresh produce at reasonable prices.

Easily and conveniently accessible, Xining Huayuan is well connected through several major roads and bus lines in the city.

INDEPENDENT VALUATION

RMB266.0 million

NET LETTABLE AREA

20,807 sqm

LEASE EXPIRY

(Based on Net Lettable Area)

11.0 years

FY 2023 GROSS REVENUE

s\$3.2 million

FY 2023 NET PROPERTY INCOME

s\$3.0 million



Dalian Jinsanjiao

大连金三角

A Key Destination for Daily Essentials

Situated amidst residential estates in Dalian, **DALIAN JINSANJIAO** offers residents and professionals living and working in the area a reliable source of groceries and general merchandise.

Popular with middle income families and professionals living in the surrounding residential neighbourhoods, this supermarket offers a wide range of products that meet their lifestyle needs.

Dalian Jinsanjiao is conveniently located on major transportation networks and close to Dalian's only retail area in the north, Huanan retail hub. The supermarket is easily accessible via main roads and several bus lines in the city.

INDEPENDENT VALUATION

RMB162.0 million

NET LETTABLE AREA

15,345 sqm

LEASE EXPIRY

(Based on Net Lettable Area)

11.0 years

FY 2023 GROSS REVENUE

US\$2.3 million

FY 2023 NET PROPERTY INCOME

US\$2.1 million



RE-ENERGISING OUR PURPOSE

With a focus on a sustainable future, we will re-energise our purpose to enrich the lives of residents and contribute to the community by reimagining corporate social responsibility and sustainability practices, while enhancing our ability to deliver sustainable value to stakeholders.



Investor Relations

BHG Retail REIT's investor relations adheres to a high standard of corporate governance and transparency in our communication with stakeholders. The Manager is committed to delivering clear, timely, regular and unbiased information to the investment, research and media communities. All material information such as announcements, press releases, presentation slides, annual reports and publications will be released via SGXNET and our corporate website. Unitholders can sign up for quick access to our announcements and press releases via an available email alert service on our corporate website.

PROACTIVE INVESTORS ENGAGEMENT

The Manager is committed to forging long term relationships with investors, research analysts and the media. We firmly believe in regular communication and have participated in meetings with investors and research communities to keep them apprised of the REIT's developments.

During the year, BHG Retail REIT continued to proactively engage with retail and institutional investors, and others in investment and research communities via teleconferences and one-to-one meetings. We continued to work closely with sell-

side brokers, banks and securities firms to widen our network of institutional investors, family offices and high-net-worth individuals across various geographies.

The Board and the Manager of BHG Retail REIT encourages Unitholders to attend its Annual General Meeting. The Notice of AGM and related information are made available before the AGM in accordance with regulatory requirements, to provide Unitholders with sufficient advance notice of the event.

RECOGNITION & ACCOLADES

In March 2023, BHG Retail REIT was conferred two platinum awards at The Asia Pacific Best of the Breeds REITs Awards 2023™, specifically in the 'Best Retail REIT (for companies with less than US\$1 billion in market capitalisation)' and 'Best Investor Relations' categories. In addition, BHG Retail REIT received three awards at The Global CSR & ESG Awards 2023™ in September 2023. The REIT garnered the Platinum award for 'Best Corporate Communications and Investor Relations' and bronze awards for the 'Best Community Programme' and 'CSR & ESG Leadership' categories. These awards serve as an affirmation of our efforts in driving sustainability, commitment to good corporate governance practices and proactive communication with the investment community.



FY 2023 INVESTOR RELATIONS CALENDAR

FEBRUARY 2023

- One-to-one meetings

MARCH 2023

- CGS-CIMB Trading Representatives Briefing
- One-to-one meetings
- The Asia Pacific Best of the Breeds REITs Awards 2023™
BHG Retail REIT was conferred two platinum awards at The Asia Pacific Best of the Breeds REITs Awards 2023™, specifically in the 'Best Retail REIT (for companies with less than US\$1 billion in market capitalisation)' and 'Best Investor Relations' categories.

APRIL 2023

- Tiger Brokers Investor Webinar
- FY 2022 Annual General Meeting (Virtual)

MAY 2023

- Phillip Securities Webinar
- REITs Symposium 2023 (organised by REITAS & Shareinvestor)

JUNE 2023

- Smartkarma Corporate Webinar

AUGUST 2023

- One-to-one meetings

SEPTEMBER 2023

- The Global CSR & ESG Awards 2023™
BHG Retail REIT received received three awards at The Global CSR & ESG Awards 2023™. The REIT was conferred the Platinum award for 'Best Corporate Communications and Investor Relations' and bronze awards for the 'Best Community Programme' and 'CSR & ESG Leadership' categories.

FY 2024 FINANCIAL CALENDAR*

2024

- **MAY**
1Q 2024 Business Update
- **AUGUST**
1H 2024 Results Announcement
- **SEPTEMBER**
1H 2024 Distribution Payment
- **NOVEMBER**
3Q 2024 Business Update

2025

- **FEBRUARY**
FY 2025 Results Announcement
- **MARCH**
2H 2025 Distribution Payment
- **APRIL**
FY 2025 Annual General Meeting

* These dates are indicative and subject to change. Please refer to BHG Retail REIT's website for the latest updates.

UNITHOLDER & MEDIA ENQUIRIES

If you have any enquiries or would like to find out more about BHG Retail REIT, please contact:

THE MANAGER

Investor Relations Team
Tel : +65 6805 8283
Email : ir@bhgreit.com
Website : www.bhgreit.com

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Tel : +65 6536 5355
Fax : +65 6536 1360
Website : www.boardroomlimited.com

For updates or change of mailing address, please contact:

The Central Depository (Pte) Limited

Tel : +65 6535 7511
Email : asksgx@sgx.com
Website : <https://investors.sgx.com/dashboard>

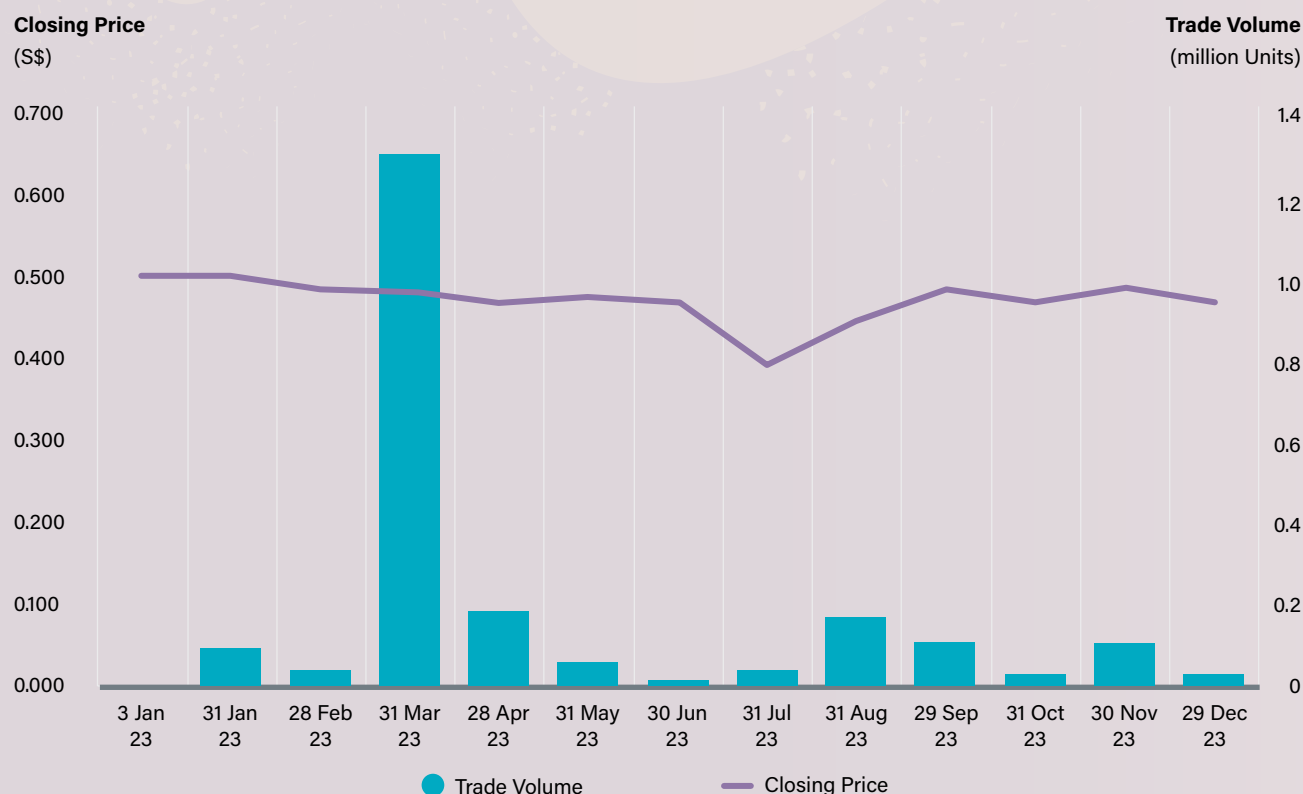
Investor Relations



UNIT PRICE PERFORMANCE

BHG Retail REIT's unit price closed at S\$0.465 on 31 December 2023 compared to S\$0.500 on 31 December 2022. Taking into account the FY 2023 full year distribution per unit ("**DPU**") of 0.43 Singapore cents, the total return was -6.1%^{1,2}. Total trading volume in 2023 aggregated to 2.09 million units, compared to 25.2 million units in 2022. The lower trade volume was mainly due to varying amount of aggregated married transactions in the previous year.

Monthly Trading Performance ^{1,2,3,4,5}



¹ 3 January 2023 being the first trading day and 29 December 2023 being the last trading day in 2023.

² Total return on investment assumes distributions paid during the period are reinvested.

³ Highest unit price was S\$0.505 in 2023, compared to S\$0.610 in 2022.

⁴ Lowest unit price was S\$0.390 in 2023, compared to S\$0.475 in 2022.

⁵ Opening price on 3 January 2023 remained the same as the closing price on 30 December 2022.

Embedding Sustainability, Cascading Ambition

As BHG Retail REIT continues to strive for sustainable growth of our business, we remain committed in embedding sustainability in all our daily operations. Moving forward, we wish to cascade our ambitions in achieving greater sustainability performance and reporting.



SUSTAINABILITY REPORT

BOARD STATEMENT

[2-22]

Environmental risks continue to dominate as top global risks facing the world as reported on The Global Risks Report 2024 by the World Economic Forum. As BHG Retail REIT (the “REIT”) continues to take into account the global challenges, risk, and opportunities, we maintain our Economic, Social and Governance (“ESG”) stewardship. Our key objectives, echoing the global intention in alignment with the objectives outlined in the United Nations’ Paris Agreement, is to reduce carbon footprint to limit global warming and focusing on keeping our business accountable to our sustainability commitments. In order to attain this goal, we are dedicated to incorporate sustainable business practices and conducting our business with a focus on ESG considerations in our everyday decision-making and operations.

Over the past six years, our sustainability journey has been enriching and we are proud to present our seventh sustainability report, as we continue to define material matters impacting our business. This year, we acknowledged and took accountability of our non-renewable primary energy source, therefore we hope to reduce our Greenhouse gases (“GHG”) emission generated and enhance the efficiency in energy consumption across our properties. In reporting such matters, we referred to the Global Reporting Initiative (GRI) Standards, where we have continued to disclose our energy consumption and intensity with regards to our dynamic operational activities and furthermore on the GHG emission generated on both Scope 1 (direct) and Scope 2 (indirect), as well as the emission intensity across our properties. We are also excited to share our first-year disclosure on waste performance data for two of our properties. In the future, we hope to establish a waste collection database for the remaining two properties.

To ensure continuous improvement in both business practices and reporting initiatives, the REIT delegates the board to thoroughly review sustainability issues impacting our business as well as the challenges and opportunities. This includes the monitoring of material ESG issues and concerns by our stakeholders. Since 2022, as overseen by the Board, the REIT has integrated considerations to human rights as part of our ESG conscious practices, including embedding such matters into our sustainability reporting. Besides human rights, we are also eager to maneuver our ESG reporting endeavors to the new International Financial Reporting Standards (IFRS) S2 adoption issued by the International Sustainability Standards Board (“ISSB”). We continue to report our impacts of climate change in accordance with the Task Force on Climate-Related Financial Disclosures (“TCFD”) while preparing and taking necessary steps for the IFRS adoption in the future.

To conclude this statement and our FY 2023 achievements, we are pleased to mention that we received two platinum awards at The Asia Pacific Best of The Breeds REITS Awards, specifically in the ‘Best Retail REIT’ and ‘Best Investor Relations’ categories. As such awards featured some of the market’s most influential market makers and leaders, we are honored with the appreciation of our transparent communication with stakeholders and investment community. These awards serve as a testament and acknowledgement of our endeavors in promoting sustainable business practices. Looking forward, we strive to remain committed with conscious practices as well as ensuring sustainable growth of our business.

On behalf of the Board and the REIT Manager team, we would like to extend our sincere gratitude to all our stakeholders for their continuous support on our sustainability journey.

BHG RETAIL REIT AT A GLANCE

About BHG Retail REIT

[2-1]

Sponsored by a China-based Group, BHG Retail REIT (hereinafter referred to as “the REIT”, “We”, or “Our”) is Singapore’s first pure-play China Retail REIT listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Managed by BHG Retail Trust Management Pte. Ltd., an indirect wholly-owned subsidiary of Beijing Hualian Department Store Co, Ltd. (the “**Sponsor**”), the Sponsor is part of Beijing Hualian Group Investment Holding Co., Ltd. (“**Beijing Hualian Group**”), one of China’s largest retail enterprises with over 20 years of retail operating experience.

Since our inaugural sustainability report in FY 2017, the REIT has showcased its enduring dedication to sustainability. We are pleased to present our seventh sustainability report for this reporting period. In the course of our sustainability journey,

we take pride in deepening our understanding of our environmental impact and influence on our people and communities. Our commitment extends to continually introducing more ambitious and effective initiatives and targets to generate long-term value and embrace sustainable growth aligned with our vision and mission statements.

Company Name	BHG Retail REIT
Deed of Trust	18 November 2015
Head Office Address	250 North Bridge Road Raffles City Tower #32-01 Singapore 179101
Operational Location	Singapore, China



Successful and sustainable real estate investment trust with a portfolio of quality, income-producing retail properties that are well-managed.



To deliver regular and stable distributions to our Unitholders; creating value by enhancing our properties through asset management strategies and expanding our portfolio through yield-accretive acquisitions, while working to contribute to the communities we operate in.

SUSTAINABILITY REPORT

Employee Composition (Demography)

[2-7][3-3][202-2]

Employees are our greatest assets, and we prioritise supporting the local workforce to maintain a positive market presence and enhance our human capital. Our commitment extends to shaping a healthy workplace, providing equal opportunities, and rejecting discriminatory practices. We are proud to share that all senior management members are recruited locally. The REIT Manager's Human Resources (HR) manages human resources, leveraging employees' talents through an internal talent management process. This process assesses and develops strengths, ensuring mobility and career development opportunities for all. HR policies, procedures, and the staff handbook communicates HR practices and the code of conduct. Career

development and performance reviews are conducted for all employees, emphasizing the REIT Manager's non-discriminatory approach in enhancing human capital and empowering the local workforce.

We are steadfast in our commitment to fostering an inclusive workplace environment that offers equal opportunities to all our employees. To this end, we actively ensure gender representation at the management level. In FY 2023, our workforce of eight (8) employees comprised of six (6) males and two (2) females, with our management level reflecting this commitment, as it consisted of one (1) male and one (1) female.

Operational Area

[2-6]

BHG Retail REIT, headquartered in Singapore, oversees six strategically located retail properties in major Chinese cities. Among these, four are multi-tenant upscale destinations, Beijing Wanliu, Chengdu Konggang, Hefei Mengchenglu, and Hefei Changjiangxilu, while the other two, Xining Huayuan and Dalian Jinsanjiao, operate under master leases. This operational framework is detailed in the sustainability report, showcasing the REIT's commitment to environmental, social, and governance initiatives.



SUSTAINABILITY AT BHG REIT

Sustainability Strategy

[3-3]

BHG Retail REIT identified potential and actual, negative as well as positive impacts on the economy, environment, and people. In response, the REIT developed risk mitigation strategies and ways to prevent the risks identified, as well as capitalising on possible opportunities. The table below informs ESG-related risks as well as the opportunities and the related responses.

Risks	Opportunities and Responses
Economic and Governance Risk	
Poor economic performance would result in a reduction in profitability, which may affect the budget in terms of employee compensation and benefits, in turn contributing to failure in attracting or retaining talent. More importantly, the confidence of shareholders and investors may suffer from the potential risk of a decrease in unit price.	We are committed to distributing regular and stable dividends to our unitholders. Better economic performance can provide enhanced employment and business opportunities, as well as community and public welfare activities and contribute further to the economy, community, and environment across our operations.
Social Risk	
A lack of engagement with the community may prevent us from communicating with the public and understanding the needs of our local communities. We may fail to detect any negative impacts that our operations may bring to the community. Possible lack of remediation efforts could be foreseen in such circumstances.	Better local community engagement may improve the organisation's brand opportunities and reputation across its operations. As a responsible corporate citizen, we would then be able to do our part to reach out to the communities that we operate in and to develop our business in tangent with the local communities' approval.
Environmental Risk	
Climate Change brings significant risks and impacts across our business and properties. We recognise that physical changes in our environment may impact our day-to-day operations. We might also be required to alter our strategies and procedures following evolving climate-related regulatory requirements and policies. The increased tightening of climate-related disclosure standards and requirements would demand us to be more prudent in our related disclosures. Failure to disclosure sufficient climate risks may hamper our ability to comply comprehensively with the climate-related disclosure requirements.	We continue to monitor and review our GHG emissions, energy consumption, and other resource consumption. The data collected helps us to identify the hotspots and direct our further initiatives. The reduction of emissions and energy consumption and responsible resource consumption can help us to reduce overall costs and mitigate our negative impacts on the environment. It would also demonstrate our strong sustainability commitment. An effective management strategy can also help us to stay of top of the regulatory requirements and ensure overall compliance with all the regulations and standards.

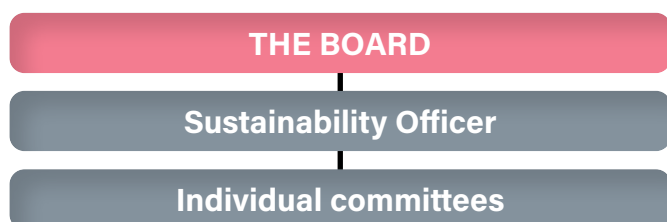
SUSTAINABILITY REPORT

Sustainability Governance

[2-9][2-10][2-11][2-12][2-13][2-14][2-16][2-17]

The Board oversees, reviews, monitors, as well as manage and mitigate sustainability risks or opportunities. In reviewing and providing disclosure, transparency is the core practice that had to be applied at every level. The Board is also in charge and responsible with the Company decision on embedding its ESG practices. Therefore, material topics are regularly communicated to the Board during Board meetings and Board Committee meetings. The Board of Directors serving in FY 2023 had completed the necessary training as provided by the Singapore Institute of Directors and Institute of Singapore Chartered Accountants in 2022. The training programme covers the board's role and director's responsibilities in sustainability governance and seeks to provide a foundation for board directors to drive sustainability compliance and integrates ESG factors into their business strategy. Arrangements have also been made for Mr George Quek Meng Tong who was appointed as Director on 11 February 2024 to undergo the mandatory sustainability training in FY 2024.

Sustainability governance implemented in the REIT is shown below:



The Board delegates authority to the Sustainability Officer and the individual committees to supervise the sustainability implementation in their own working unit. This practice is supplemented by an internal audit function which conducts interval review of sustainability implementation and reporting process according to the overall Internal Audit Plan of the REIT.

Relating to the structure of BHG REIT's internal controls, the REIT Manager is supported by board committees, consisting of Audit and Risk Committee (the "ARC") and the Nominating and Remuneration Committee (the "NRC"). The REIT also has an Enterprise Risk Management Framework as well as a Business Continuity Plan. More comprehensive information on the REIT's governance structure and control can be found on pages 25 to 49 of our Annual Report.

In the creation of this sustainability report, the REIT engages with different stakeholders ranging from external parties to the REIT's management team. Every opinion concerning the REIT's practices were being considered as part of the material topics prioritisation. Subsequently, internal review will also be conducted in accordance with the International Standards for Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors. Information regarding the REIT management team's engagement with stakeholders can be found in page 91.

Nomination and Remuneration Governance

[2-15][2-18][2-19][2-20]

In line with the 2018 Code of Corporate Governance, the Board has implemented a Board Diversity Policy since 2020. This policy, overseen by the NRC, seeks to maintain a balanced and diverse Board, which takes into consideration various attributes. The Board, through the NRC, periodically establishes internal targets for composition of the Board, emphasizing competencies, experience, and gender equality.

The NRC emphasizes that the Board and CEO collectively contribute to an inclusive culture, promoting diverse skills and perspectives for enhanced corporate governance. The presence of the female CEO, Ms. Iz-Lynn Chan, at all Board Meetings reflects the REIT's commitment to an inclusive corporate gender objective.

The evaluation of a Director's independence considers the heightened independence criteria and the definition of an "independent director" outlined in both the 2018 Code and the Securities and Futures (Licensing and Conduct of Business) Regulations.

To determine remuneration, the Board has established the NRC to review and recommend to the Board on remuneration framework. The specific remuneration is in line with the objectives of the guidelines. The NRC comprises of at least three Directors, and consisted of Non-Executive Directors who are also independent. The NRC considers all aspects of remuneration including termination terms to ensure fair practices. No remuneration consultants were engaged in FY 2023.

Complete information regarding the nomination and remuneration process for the Boards can be found on BHG REIT's Annual Report FY 2023 pages 36 - 39.

Policy Embedded

[2-23][2-24][2-25][2-26][2-27]

In establishing transparent governance with integrity, the REIT places various policy commitments such as Board Diversity Policy, Code of Conduct, Whistle-Blowing Policy, as well as Anti-Corruption policy. The policies were established after due-diligence regarding risks identified and business practices and applied to all employees of the REIT Manager. Employees are often reminded of the policies through training so as to ensure compliance. The REIT Manager takes a serious view of any misconduct by anyone within the organisation.



Board Diversity Policy

This policy provides regulation regarding diversity on Board's composition to ensure equality and diverse culture. By carrying out the policy, the REIT is provided with various perspectives and experiences, creating room for representation from different group and community.



Code of Conduct and Ethics

Contains Company's code in operating business, adhere to the highest standards of ethical conduct. This code applies to every level of management and employment with no exception.



Anti-Corruption Policy

As an entity, we understand the importance of keeping the REIT's operations to be transparent and integrated. The REIT takes firm action against anyone found to conduct corrupt or improper practices.



Whistle-Blowing Policy

Whistle-blowing is a mechanism for anyone to raise any concern about the organization's business conduct or irresponsible practices. Thus this policy provides access for any person including employee or external stakeholders to raise their concerns regarding how the Company or its personnel behaves in confidence manner. This policy also ensures the safety of whistle-blower from discrimination, intimidation, or any unfair treatment as a result of whistleblowing.

Other polices implemented within the company is based on local government's regulations. The REIT complies with regulations issued by the government and during FY 2023, did not commit any act of misconduct.

SUSTAINABILITY REPORT

Supporting Sustainability Development Goals

In effort of supporting the Singapore and China's government active participation of pursuing United Nations Sustainability Development Goals, the REIT strives to integrate the following UN SDGs into our business decisions and activities.

UN SDGs		Our Sustainability Efforts
	Good Health and Well Being Ensure healthy lives and promote well-being for all at all ages	<ol style="list-style-type: none"> Promoting good health and well-being among employees. Reach out to the public, local services, and community centres to be involved with well-being initiatives.
	Training and Education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ol style="list-style-type: none"> Provide training and education programs to all employees, and support their upskilling and learning journey. Providing employees performance review to support their career development.
	Gender Equality Achieve gender equality and empower all women and girls	<ol style="list-style-type: none"> Create diverse and inclusive workforce, including women representation at the management level. Fair and equal opportunity in remuneration and employee rights.
	Clean Water and Sanitation Ensure availability and sustainable management of water and sanitation for all	<ol style="list-style-type: none"> Ensure proper water management and implement various water conservation efforts across all our properties.
	Affordable and Clean Energy Ensure access to affordable, reliable, sustainable, and modern energy for all	<ol style="list-style-type: none"> Implement Energy Saving Plans in all BHG Retail REIT's malls in China to increase energy efficiency and reduce greenhouse gases emissions.
	Economic Growth Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all	<ol style="list-style-type: none"> Support all employees through continued employability and career growth. Employ Senior Management from local community in Singapore.
	Reduced Inequalities Reduce inequality within and among countries	<ol style="list-style-type: none"> Ensure equal opportunity and access to learning and development for all employees regardless gender or career level.
	Responsible Consumption and Production Ensure sustainable consumption and production patterns	<ol style="list-style-type: none"> Ensure responsible resources consumption and management. Implement various emissions reduction initiatives across BHG Retail REIT's properties.
	Climate Action Take urgent action to combat climate change and its impacts	
	Peace, Justice and Strong Institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<ol style="list-style-type: none"> Ensure entire business operations done ethically and responsibly. Not tolerating any non-compliance with the Company's Code of Conduct and Ethics. Ensure all employees received training on anti-corruption and bribery.

External Charters and Principles

[2-28]

In upleveling BHG Retail REIT's commitment with sustainability practices, the REIT engages with associations, organisations, or other ESG communities.

External Association



Singapore Business Federation



Investor Relations Professionals Association (Singapore)

ESG-Related Regulations Complied

1

Securities and Futures Act 2001

2

Code on Collective Investment Schemes

3

Listing Manual of SGX-ST

ABOUT THE REPORT

Reporting Scope and Period

[2-2][2-3][2-4]

This report details the sustainability strategies, initiatives, and performance of the REIT for the financial year from 1 January 2023 to 31 December 2023 (FY 2023). It specifically addresses ESG issues that are relevant to our business and operations, covering strategies, initiatives, and performance in Singapore and our four multi-tenanted malls in China (Beijing Wanliu, Chengdu Konggang, Hefei Mengchenglu, and Hefei Changjiangxilu). Same as previous years, our two master-leased properties, Dalian Jinsanjiao and Xining Huayuan, are not within the reporting scope. Following the GHG Protocol, we adopt the operational control approach to report GHG emissions for the four multi-tenanted malls under our operational control. This marks the REIT's seventh annual sustainability report, with no restatements of information from the previous

report in the financial year ending 31 December 2022 (FY 2022), and no significant changes in business operations from that period. We are committed to advancing our sustainability efforts and reporting annually, making all reports publicly accessible on the REIT's website.

External Assurance

[2-5]

For the current reporting period, BHG Retail REIT has not obtained external assurance. However, our commitment to maintaining and enhancing the quality of our sustainability reporting and disclosures remains steadfast. As Sustainability Reporting continues to evolve and develop with new reporting frameworks and initiatives such as the ISSB standards, we monitor closely to stay updated with these developments and will seek external assurance in due course accordingly.

SUSTAINABILITY REPORT

Report Queries and Feedback

[2-3]

At BHG Retail REIT, we are dedicated to continuous improvement and pledge to enhance our performance by ensuring comprehensive disclosure in the forthcoming year's Sustainability Report. We highly appreciate any feedback regarding this report and encourage inquiries to be directed to:

Philip Tan

Sustainability Officer

BHG Retail Trust Management Pte. Ltd.
250 North Bridge Road, Raffles City Tower
#32-01 Singapore 179101
Email address: philip.tan@bhgreit.com
Date: 27 March 2024

Disclosure on Material Topics

[3-1][3-2][3-3]

In defining material topics, we reference GRI 3: Material Topics. Our material topics represent the organisation's most significant impact for the business process as well as for all stakeholders and take into consideration their relevance or impact to the business, strategy, financial planning, business model and key stakeholders. As an entity, we are aware of the current emerging ESG issues regarding our practices as well as the current trend. Therefore, our material topics included consideration on issues related to human rights as well as the economy, environment, people, and good governance.

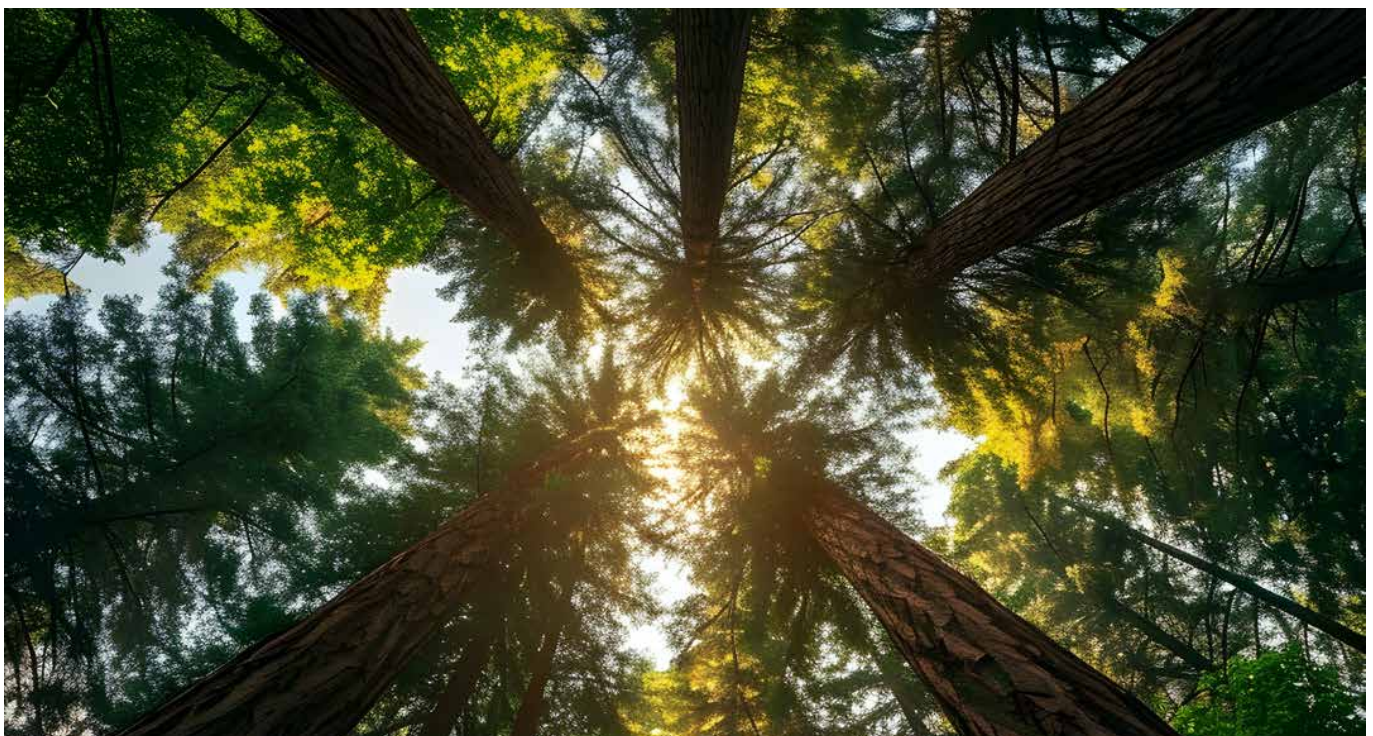
Process to Determine Material Topics

[2-29]

In identifying material topics, we conducted a materiality refreshment in 2023 that has been referred since ESG factors prioritisation workshop in 2017, whose result is still relevant to today's topics. This workshop included stakeholders to gather their concerns and inputs in evaluating the significant economic, environmental, and/or social impacts as well as stakeholders' decision making.



Our approach is summarised as follows:

1. Identify relevant ESG Topics
Exercise benchmarking with peers and competitors, as well as identifying emerging ESG common and relevant issues in the REIT industry.
2. Assess and prioritise ESG topics
Engage with stakeholders to understand their concerns regarding the REIT's business ESG-related impacts. Thereafter, we prioritised the most important ESG topics based on likelihood of appearance and severity of the impact.
3. Validate and Endorse
Finalising the material topics and have them endorsed by the Board.



Since the workshop, the material topics have been refreshed and adjusted according to emerging issues relating to the real-estate industry and evaluation response from stakeholders.








In considering and balancing the needs and interest of our stakeholders, the REIT delegates the Investor Relations (IR) function to engage and manage the Company's engagement with stakeholders. The IR communicates with stakeholders in order to gain their views, concerns, or feedback from previous sustainability report and the reporting period operations that potentially or factually caused an impact. The engagement with stakeholders has helped to validate that the identified material ESG topics are relevant and ensured that attention is directed to the material ESG issues. The following table summarises the key communication channels utilised to engage with key stakeholders.

Stakeholder Group	Engagement Channels	Frequency of Engagement	Top Sustainability Concerns/Issues
Internal Stakeholders			
 Management	Board meeting	Periodically	<ul style="list-style-type: none"> ▪ Economic performance and market presence ▪ Employment ▪ Training and education ▪ Compliance ▪ Anti-corruption and business ethics
	Management meeting	Periodically	
 Employees	Staff meetings	Monthly	<ul style="list-style-type: none"> ▪ Economic performance ▪ Employment ▪ Training and education ▪ Equal opportunity
	Performance appraisal	At least once per year	
	Training programs	Periodically	
	Company intranet and email announcements	Periodically	
	One-to-one engagements	At least once per year	
External Stakeholders			
 Investors	Annual general meeting	At least once per year	<ul style="list-style-type: none"> ▪ Economic performance and market presence ▪ Compliance ▪ Anti-corruption and business ethics
	Annual Report	Annually	
	Sustainability Report	Annually	
	Analyst meeting	At least once per year	
 Suppliers	Supplier performance feedback	Periodically	<ul style="list-style-type: none"> ▪ Economic performance ▪ Procurement practices ▪ Compliance ▪ Customer privacy
 Regulators	Electronic communications	Periodically	<ul style="list-style-type: none"> ▪ Economic performance and market presence ▪ Training and education ▪ Compliance ▪ Anti-corruption and business ethics
	Training programs	At least once per year	
 Local Communities	Community outreach programs	Periodically	<ul style="list-style-type: none"> ▪ Impact on environment, people and economy ▪ Compliance
	Feedback channels	Periodically	

SUSTAINABILITY REPORT

List of Material Topics

In FY 2023, BHG Retail REIT's sustainability report disclose seven material topics. The material topics are not ranked in order of importance

Topic	Disclosure Sub-topic	Impacts
 <p>Economic Performance</p>	<p>GRI 201-1: Direct economic value generated and distributed</p> <p>GRI 202-2: Proportion of senior management hired from the local community</p>	Within the organisation
 <p>Emissions and Energy</p>	<p>GRI 302-1: Energy consumption within the organisation</p> <p>GRI 302-3: Energy intensity</p> <p>GRI 305-1: Direct (Scope 1) GHG Emissions</p> <p>GRI 305-2: Energy indirect (Scope 2) GHG emissions</p> <p>GRI 305-4: GHG emissions intensity</p>	Within & outside the organisation
 <p>Water Use</p>	<p>GRI 303-1: Water withdrawal by source</p> <p>GRI 303-5: Water consumption</p>	Within & outside the organisation
 <p>Waste Management</p>	<p>GRI-306-3: Waste Generated</p> <p>GRI-306-5: Waste directed to disposal</p>	Within the organisation
 <p>Skilled Workforce</p>	<p>GRI 404-1: Average hours of training per year per employee.</p> <p>GRI 404-2: Programs for upgrading employee skills and transition assistance programs</p> <p>GRI 404-3: Percentage of employees receiving regular performance and career development reviews, by gender and by employee category</p>	Within the organisation
 <p>Local Communities</p>	<p>GRI 413-1: Operations with local community engagement, impact assessments, and development programmes</p>	Outside the organisation
 <p>Responsible Business</p>	<p>GRI 205-1: Operations assessed for risks related to corruption</p> <p>GRI 205-2: Communication and training about anti-corruption policies and procedures</p> <p>GRI 205-3: Confirmed incidents of corruption and actions taken</p>	Within the organisation

VALUE CREATION

Overview

At its core, the REIT is a successful and lasting business. We aim for steady, long-term growth and want our business to keep growing. Ethical and fair business practices, along with good corporate governance, are the foundation of our values. We have a strong policy against any violations of our Code of Conduct and Ethics. We regularly teach our employees about ethical and responsible business practices.

Economic Performance

Management Approach

[3-3]

The REIT Manager acknowledges the significance of ensuring the REIT's success and sustainability. This is crucial not only for delivering consistent and reliable income distributions to Unitholders but also for contributing to the broader economy, community, and environment where the REIT operates. This contribution extends to providing employment and business opportunities, along with engaging in community and public welfare activities.

The Board, responsible for providing overall leadership and guiding the REIT's strategic direction, collaborates closely with the Management to secure the long-term success of the business. Both the Board and the Management closely monitor economic performance and the implementation of key business strategies. Internal guidelines have been established to outline matters requiring the Board's approval, encompassing business strategies, investment decisions, financial arrangements, budgets, project development, and expenditures.

Regular meetings are conducted, allowing the Board to receive updates on the REIT's business, operations, and financial performance. Stakeholders are consistently kept informed about economic performance through channels such as the publication of the Annual Report and announcements on the BHG Retail REIT website. This commitment to transparency ensures that stakeholders remain well-informed about the REIT's activities and financial standing.

FY 2023 Performance

[201-1]

Description	FY 2023 Data Performance S\$ Million	FY 2022 Data Performance S\$ Million
Direct Economic Value Generated: Revenues	62.0	66.4
Economic Value Distributed	27.0	28.7
Economic Value Retained	3.8	13.9

Transparency regarding our economic performance is crucial. In FY 2023, our revenues (direct economic value generated) decreased by 6.7% to S\$62.0 million from S\$66.4 million in FY 2022. The economic value distributed, including operational costs and community investments, reduced by 5.9% to S\$27.0 million from S\$28.7 million. Notably, the economic value retained (net profits) also declined from S\$13.9 million in FY 2022 to S\$3.8 million in FY 2023. Despite challenges, we remain committed to sustainable practices, prioritizing employee well-being, community support, environmental responsibility, and long-term profitability.

Responsible Business

Management Approach

[3-3]

The success of BHG Retail REIT is closely tied to business ethics. Upholding responsible and ethical practices is vital for maintaining a positive reputation, attracting and retaining customers at our properties, and fostering a constructive work environment. BHG Retail REIT operates under the regulatory oversight of the MAS, and its units, approved and licensed by MAS, are considered investment products under the SFA. Unethical business practices and mismanagement pose a significant risk, potentially leading to the failure of the REIT and resulting in financial losses for Unitholders, and negatively impacts the wider community and other stakeholders.

SUSTAINABILITY REPORT

BHG Retail REIT considers not just its internal circle of operations but also widens that circle to persons and processes in the value chain that contribute to BHG Retail REIT's product or service, as they constitute an integral part of BHG Retail REIT's business. For example, by collaborating with employees, vendors, suppliers, third-party service providers, and other business partners, we are committed to promote sustainable and ethical practices throughout our value chain. Diligent due diligence checks and risk assessments, in accordance with MAS Guidelines, are conducted to ensure effective oversight of our supply chain. The ARC oversees Enterprise Risk Management and internal controls, aligning with our Code of Corporate Governance. Internally, our conduct is guided by the Code of Conduct and Ethics and the Individual Accountability and Conduct Framework, both of which are easily accessible in our Employee Handbook. Regular compliance training sessions and briefings, supplemented by clear communication materials, are provided to raise awareness of our compliance policies and procedures among employees.

To maintain oversight, we monitor reported cases of misconduct and complaints. Periodic reviews of Controls Self Assessments by Heads of Departments also helped to identify any areas of concern. Our Whistleblowing Policy provides a mechanism for reporting concerns about business practices and potential corruption.

FY 2023 Performance

[2-27][205-1][205-2][205-3]

In FY 2023, we continued to maintain effective communication regarding our anti-corruption policies and conducted training programs for all Board members and employees. We maintained oversight by monitoring reported misconduct cases and received complaints. Additionally, we regularly review Controls Self Assessments by Heads of Departments for any concerns.

As part of our ongoing commitment to comply with laws and regulations, in FY 2023, there were no instances of non-compliance with laws and regulations, and no cases of corruption or violations of our Code of Conduct were reported.

COMMITMENT TO THE ENVIRONMENT

Overview

In an era defined by the convergence of global challenges and corporate environmental responsibility, BHG Retail REIT stands at the forefront of sustainable business practices, demonstrating an unwavering commitment to our environmental stewardship. From reducing our carbon footprint to enhancing resource efficiency, and managing our water and waste consumption, we have embedded environmental sustainability into the fabric of our business operations. Since FY2021, we have started climate risk assessments and scenario analyses for our retail properties located in China to better understand our exposure to climate-related risks, the financial implications, and the measures to be taken to enhance resilience and adapt to changing climate conditions.

We have also put in place our Environmental Management System (EMS) Policy which outlines our efforts to continually improve our environmental management practices and procedures through defining, developing, implementing, and reviewing processes to meet our environmental obligations.

In the following sections, we delve into the key pillars of our environmental commitment, providing insights into our greenhouse gas reduction initiatives, water consumption and new management practices, and efforts to minimise environmental impact across our portfolio.

Emissions And Energy

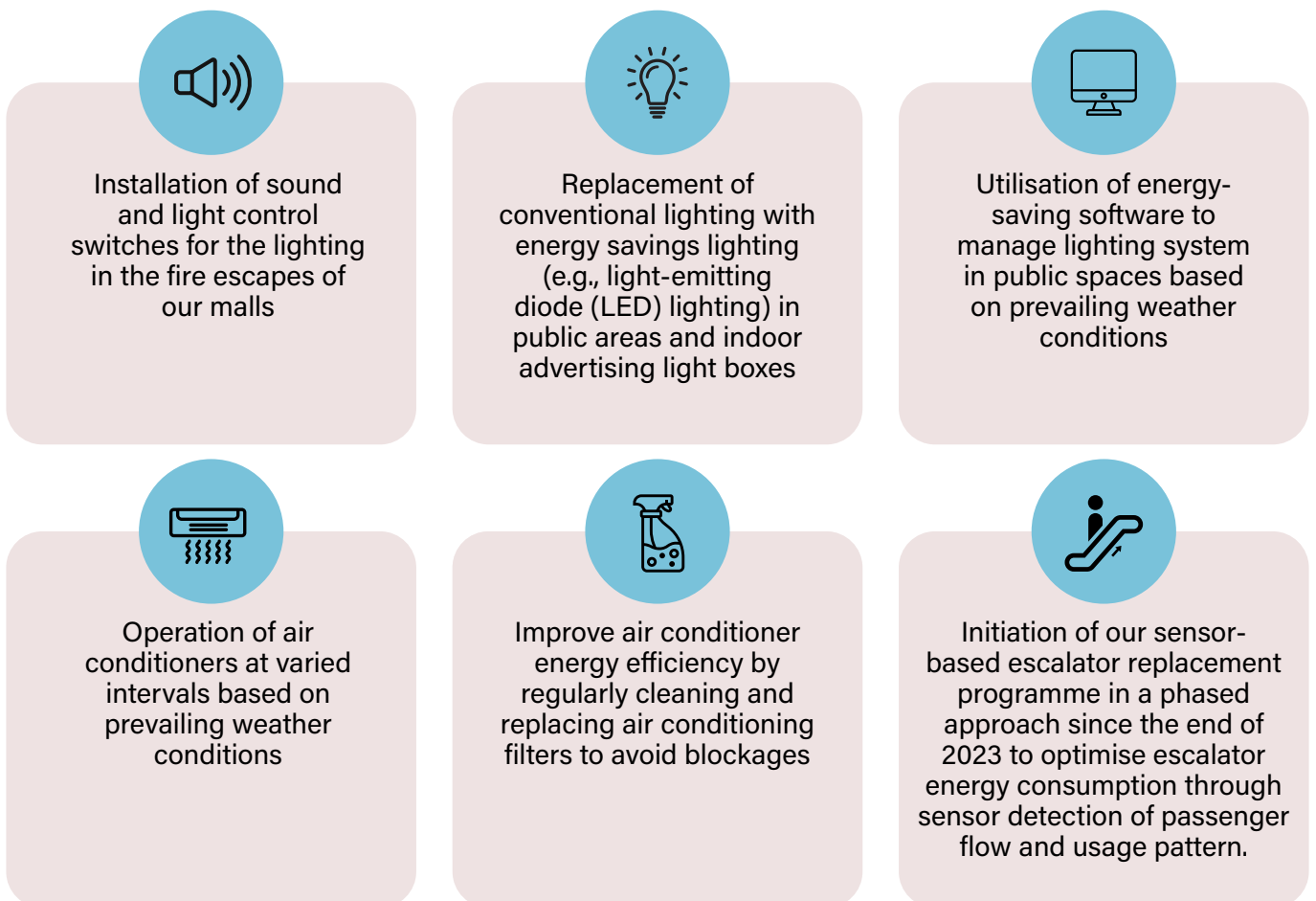
Management Approach

[3-3]

Purchased electricity for building operations is our primary source of carbon emissions, particularly for temperature regulation and lighting. Acknowledging that our primary energy source is derived from non-renewable sources, BHG Retail REIT is actively exploring opportunities to transit to renewable sources wherever economically viable under the Energy Saving plan which focuses on reducing energy waste and cutting operational costs through daily energy management practices and equipment retrofits.

To uphold the effectiveness and consistency of our energy-saving endeavours, patrol teams have been established in each mall to conduct daily inspections. Additionally, our Engineering Management Team conducts spot checks on energy management practices. Not only that, employee awareness of energy conservation across our portfolio is increased through training sessions, and periodic reviews of energy consumption at the malls are conducted by the management team to assess the impact and efficacy of our initiatives.

Our approach in energy management under the Energy Savings Plan is illustrated in the diagram below:



SUSTAINABILITY REPORT

FY 2023 Performance

[302-1, 302-3, 305-1, 305-2, 305-4]

Our commercial malls operate as modern structures, relying on purchased electricity from utility providers. As a result, our primary focus has been on managing Scope 2 emissions. In FY2023, energy consumption and indirect Scope 2 emissions have increased by approximately 38.8% and 2%, respectively across our portfolio. With the relaxation of COVID-19 restrictions, tenants have returned to operations, contributing to this increase. The increase in energy consumption is also due to the inclusion of natural gas heating across three of our properties only, namely Beijing Wanliu, Hefei Changjiangxilu and Hefei Mengchenglu.

This reporting year, we have also disclosed our Scope 1 emissions for FY2023 associated with natural gas heating. This includes the combustion of natural gas delivered through gas pipes to our facilities. By acknowledging these Scope 1 emissions, we aim to provide a clearer picture of our environmental footprint and contribute to the broader conversation on sustainable business practices.

Emissions and Energy-related Performance

Our Performance ¹	Unit	FY2023 Performance Data	FY2022 Performance Data
Floor Space	m ²	275,539	275,539
Energy Consumption ^{2,3}	MWh	23,943	17,239
Energy Intensity ⁴	GJ	86	62
	MWh/ m ²	0.089	0.063
Direct GHG Emission (Scope 1) ⁵	tCO ₂ e	1,262	N/A
Indirect GHG Emission (Scope 2) ^{6,7}	tCO ₂ e	10,197	10,066
Indirect GHG Emission Intensity	tCO ₂ e/ m ²	0.04	0.036

Looking ahead, our commitment to robust environmental stewardship persists. We continue to manage our energy and emissions performance through our various measures in enhancing our energy across our portfolio.

¹ The scope of environmental data in FY2023 includes 4 multi-tenanted malls located in China, namely Beijing Wanliu, Chengdu Konggang, Hefei Changjiangxilu and Hefei Mengchenglu. The scope excludes REIT Manager's office in Singapore.

² In line with GRI 302: Energy 2016, energy consumption is reported in both MWh and GJ. The conversion unit was referenced from the International System of Units (SI)- Conversion Factors for General Use (2006).

³ The data refers to electricity consumption of common areas and air conditioning systems as well as natural gas heating in shopping malls.

⁴ Energy intensity is calculated by taking the ratio of energy consumption measured in MWh against a specific metric – floor space measured in m².

⁵ Scope 1 emissions cover natural gas sourced from the local government to provide heating on our properties. These cover three of our properties only, namely Beijing Wanliu, Hefei Changjiangxilu and Hefei Mengchenglu.

⁶ The indirect GHG emissions (Scope 2) reported in the table are based on World Resources Institute's reporting principles outlined in the 'GHG Protocol Scope 2 Guidance (the GHG Protocol)'. Indirect GHG emissions (Scope 2) are reported using a location-based method in accordance with the GHG Protocol.

⁷ The equivalent CO₂ emissions for electricity use is calculated by multiplying the quantity of purchased electricity by China's regional grid average emission factor – 0.5839 tCO₂/MWh.

Water

Management Approach

[3-3]

BHG Retail REIT acknowledges the substantial reliance of our mall operations on water resources. All potable water withdrawn on our properties are from municipal third-party water supplies. Consequently, we proactively address water security risks through responsible water management and the implementation of management measures. These endeavours not only aid in reducing water wastage but also contribute to lowering operating costs. Similar to the previous year, examples of our water conservation initiatives include enhancing the water efficiency of our taps, minimising water wastage, and exploring methods to transit our water source towards treated or recycled water sources.

The management team conducts regular reviews of water consumption at the malls to assess the effectiveness of implemented initiatives.

FY 2023 Performance

[303-3, 303-5]

Water management remains an important aspect of efficient operations. Our team actively monitors water usage across our properties. Due to easing of COVID-19 restrictions, tenants have resumed operations, leading to the increase in water consumption.

We remain steadfast in our commitment to promoting effective water resource management and continually reducing water consumption in our daily operations.

Water Performance

Our Performance	Unit	FY2023 Performance Data	FY2022 Performance Data
Water Withdrawal/ Consumption	m ²	180,951	145,895
	Megalitres	181	146
Water Consumption Intensity	m ³ /m ²	0.66	0.53

Waste

Management Approach

[3-3]

Effective waste management becomes vital to minimise the environmental impact of our operations. Waste produced by BHG Retail REIT's operations are mainly generated by our food and beverage tenants. Our waste is collected on a daily basis by licensed waste contractors in line with regulatory requirements. We are consistently seeking opportunities to enhance our waste management initiatives and optimise resource conservation and efficiency.

FY 2023 Performance

[306-3, 306-5]

FY2023 marks our first year disclosure of waste generated for two of our properties, namely Chengdu Konggang and Hefei Changjianxilu. In the reporting year, these two operations produced 1,104 metric tonnes of waste. There were no specific targets for waste management during FY2023. However, we aim to establish a waste collection database for the remaining two properties in the future.

SUSTAINABILITY REPORT

CREATING SHARED VALUE

Overview

We thrive from having contented employees. Based on this understanding, we support and enhance our workforce with effective trainings, positive reinforcement, as well as safe and comfortable work environment.

We are committed in achieving sustainable positive impact to the surrounding communities through community investment and outreach. We manage our relationship with local stakeholders, especially but not limited to addressing social and environmental issues raised by the community. Last but not least, we ensure to cultivate cultural respect with the local custom.

At BHG Retail REIT, we provide equal opportunities and do not tolerate any discriminatory practices. As a part of community, we also ensured we give back to the local community for their support throughout the years.

Skilled Workforce

Management Approach

[3-3]

Skilled employees are the key to efficient team and work quality. Through training and education, employees' productivity, skill, and motivation improved, as well as adaptable to changing business conditions. It also strengthens engagement between the Company and employees, resulting in greater job satisfaction. Furthermore, the REIT is supportive of each employee's personal career development.

We support employee training and education through internal talent management process. This process covers assessment of each employee's potentials and strengths to ensure that all trainings given are well delivered and compatible with everyone's needs and capacity. The Company makes sure that all employees enjoy equal opportunities.

To create efficient career development support, we measure the impacts of training and education through performance review. Furthermore, we gain feedbacks from employees on past training programmes and incorporated it into future training plans.

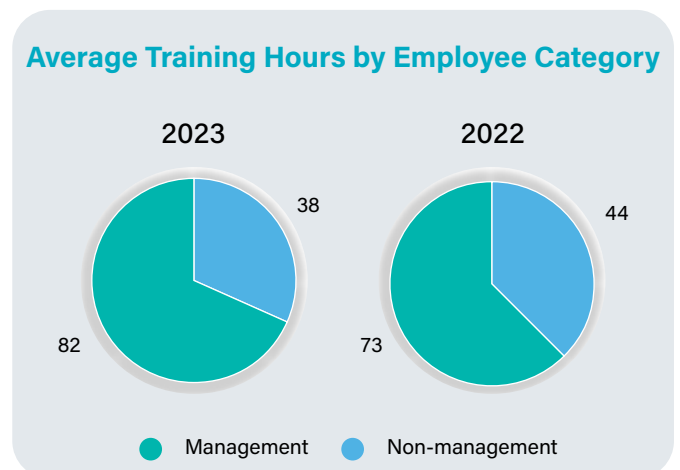
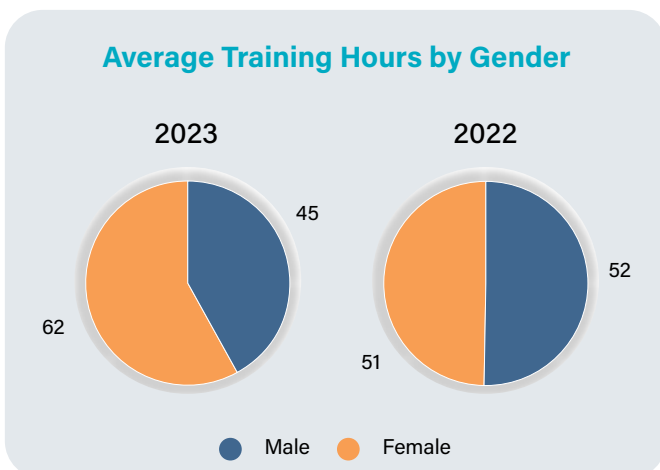
FY 2023 Performance

[404-1][404-2][404-3]

During FY 2023, we provided a total of 394 hours of internal and external training, which is equal to 49 training hours per employee. The trainings consisted of various conferences coming from the best practices in the industry, to mention but a few as follows:

1. Rules and Ethics by Investment Management Association of Singapore
2. Financial Reporting (Group Accounting) by CPA Australia
3. Integrity and Anti-corruption by Institute of Singapore Chartered Accountants

Along with the training mentioned above, employees are also equipped with soft-skill trainings. Through soft-skills training, employees are bound to be adaptable with changes within the industry and thus developed capacities that can improve productivity and performance.



SUSTAINABILITY REPORT

The REIT is also aware of the importance of ESG-related training and comprehensiveness for the Company. All the directors serving on the Board in FY 2023 have completed the necessary training as prescribed by SGX on sustainability matters. Employees also took their initiative to sign up for various external conferences as well as update sessions on sustainability and business. 100% of our employees have also received their performance and career development reviews during the reporting period.

Local Community

Management Approach

[3-3] [413-1]

The REIT and its retail properties seek to contribute back to the community where it operates. We actively reach out to the local communities to better understand their needs and feedback regarding our business practices. Besides regular engagements, we also receive suggestions and insights specifically on our community programmes to improve our future outreach and to adapt to the changing needs of the community.

FY 2023 Performance

The REIT Manager is delighted to have worked with Mr Muhd Saifudeen from Muscular Dystrophy Association (Singapore) ("MDAS") on graphic designs for the Annual Report FY 2023.

About MDAS

Founded in March 2000, the Muscular Dystrophy Association (Singapore) is a non-profit social service agency, committed towards uplifting the lives of persons with Muscular Dystrophy and their families. Through their programmes and services, the Association empowers their beneficiaries to lead a life beyond their limitations. These include life skills training, enrichment, sports, health education, counselling, physiotherapy, respite care, wheelchair accessible transport and financial related assistance.

As a member of the National Council of Social Service and having the Institution of Public Character status, MDAS receives donations primarily from the general public. (Website link: <https://www.mdas.org.sg/>)

About Muscular Dystrophy ("MD")

Muscular Dystrophy is an umbrella term used to refer to a group of muscular disorders characterised by muscle weakness, wasting and contractures, which

are usually progressive in nature and sometimes even life threatening. These disorders result from inherited gene abnormalities. While most of these disorders manifest in childhood, some may have an adult onset. The severity of the symptoms, the age at which the symptoms appear, how fast the individual deteriorates, and the pattern of inheritance the disorder follows, vary from one form of MD to another. Over time, persons with MD may lose the ability to walk, and ultimately breathe. For some individuals, the disorder is life-threatening. At present, there is no known cure for Muscular Dystrophy.

About the Designer

Muhd Saifudeen (aged 26) has a very bright outlook on life. He believes that he must celebrate the life that he has, make the most out of it and continue to have aspirations just like everyone else. He is often very appreciative to his family, friends and teachers for what they have done. Perhaps because of the love that he has received, he often lends a helping hand to his peers who are in need. Saifudeen has been attending MDAS Bridge Programme since 2015 where he picked up graphic design skills bit by bit. Even today, he is still very eager to learn and receive feedback for his work.



SUSTAINABILITY REPORT



Excerpts of artwork from Mr Muhd Saifudeen in the Annual Report FY 2023

REIT MANAGER

The REIT Manager visited St John's Home for the Elderly and brought fun and laughter to the residents with games and songs.



SUSTAINABILITY REPORT

BEIJING WANLIU MALL

Beijing Wanliu mall purposefully created the special and quality time for families in Beijing, with interactive family bonding activities throughout the year.



- 01 Flower Arrangement Workshop With Families
- 02 Mid-Autumn Festival Handmade Lantern Workshop
- 03 Hand Made Dragon Boat To Celebrate Dragon Boat Festival

CHENGDU KONGGANG

This year, Chengdu Konggang organised a range of activities to promote healthy lifestyle and bring festive cheer to the community.



01



02

- 01 Health Screening for residents to raise awareness of healthy living
- 02 Mid-Autumn Festival Celebration Concert to bring festive cheer to the public
- 03 Christmas Celebration with Family Members



03

SUSTAINABILITY REPORT

HEFEI CHANGJIANGXILU

Hefei Changjiangxilu cares very much for the needy in the community. Besides, giving gifts to the needy during festive seasons, Hefei Changjiangxilu also celebrate festivals to bring festive cheer to the community.



- 01 Gifts to needy residents in community during Winter Solstice
- 02 Outdoor water activities for families during summer
- 03 Interactive activities during Chinese New Year celebrations



HEFEI MENGCHENGLU

This year, Hefei Mengchenglu made a positive impact on communities by organizing socializing activities for young single adults, as well as interactive activities for family bonding, so as to promote marriage and family.



- 01 Match-making event for singles to know and meet each other
- 02 Outdoor water activities for families during summer
- 03 Parent-child art and craft event

SUSTAINABILITY REPORT

FY 2023 SUSTAINABILITY HIGHLIGHTS AND LONG-TERM TARGETS



ECONOMIC PERFORMANCE

S\$62m
Gross Revenue

We aim to continue to deliver long-term economic value and regular and stable distributions to our unitholders.



MARKET PRESENCE

All

senior management are hired from Singapore local community.



ANTI-CORRUPTION

Zero

cases of non-compliance or corruption cases.

We aim to maintain zero corruption cases and provide anti-corruption training to all our employees.



ENERGY

86 GJ

total electricity consumption

We aim to reduce our environmental footprint, and continue to exercise strong environmental stewardship through tracking, analysing and monitoring our yearly energy consumption.



WATER

181

megalitres

total water consumption

We strive to reduce water consumption in our daily operations and aim to remain committed to promoting effective resource management.



EMISSIONS

1,262 tCO₂e

Scope 1 GHG emissions

10,197 tCO₂e

Scope 2 GHG emissions

We strive to reduce our carbon footprint by exploring opportunities to transit to renewable sources wherever economically viable.



TRAINING AND EDUCATION

394

total training hours provided

We aim to continue to establish an inclusive workplace for all, and provide equal opportunity for career development and training for all employees.



LOCAL COMMUNITIES

Community engagement

at all four multi-tenanted properties and REIT manager in Singapore.

We aim to continue strengthening social inclusivity and community outreach, and continually adapt to changing needs in the community.



WASTE MANAGEMENT

1,104

metric tonnes

total waste generated at two of our properties.

As this year marks our first-year disclosure of our waste management data, we aim to improve our waste collection database to extend to the remaining two properties moving forward.

FY 2023 PERFORMANCE - ENVIRONMENTAL DATA

Metrics	Unit of Measurement	2022	2023
Floor space	m ²	275,539	275,539
Energy (GRI 302-1, 302-3)			
Total energy consumption			
Total electricity consumption	MWh	17,239	23,943
Total electricity consumption	gigajoules	62	86
Energy intensity ratio: MWh per floor space	MWh/m ²	0.063	0.089
Water and Effluents (GRI 303-3, 303-5)			
Total water withdrawal from all areas	megaliters	146	181
Total water withdrawal from all areas	m ³	145,895	180,951
<i>Third-party water</i>			
Freshwater (≤1,000 mg/L Total Dissolved Solids)	megaliters	146	181
Other water (>1,000 mg/L Total Dissolved Solids)	megaliters	0	0
Total water consumption from all areas	megaliters	146	181
Total water consumption from all areas	m ³	145,895	180,951
<i>Third-party water</i>			
Freshwater (≤1,000 mg/L Total Dissolved Solids)	megaliters	146	181
Other water (>1,000 mg/L Total Dissolved Solids)	megaliters	0	0
Water consumption intensity	m ³ /m ²	0.53	0.66
Emission (GRI 305-2,305-4)			
Scope 1 & 2			
Total location-based direct (Scope 1) GHG emissions	tCO ₂ e	NA	1,262
Total location-based indirect (Scope 2) GHG emissions	tCO ₂ e	10,066	10,197
Emissions intensity: emissions per floor space	tCO ₂ e /m ²	0.037	0.040

FY 2023 PERFORMANCE - SOCIAL AND GOVERNANCE DATA

Metrics	Unit of Measurement	2022			2023		
		Male	Female	Total	Male	Female	Total
Workforce (GRI 2-7, 2-8)							
Total employees	Number	6	2	8	6	2	8
Total employees by position							
<i>Management</i>		1	1	2	1	1	2
<i>Non-management</i>		5	1	6	5	1	6
Training and Education (GRI404-1)							
Average hours of training by employee category							
Total training hours	hours	311	102	413	269	125	394
<i>Total training hours management</i>	hours	49	98	147	43	122	165
<i>Total training hours non-management</i>	hours	262	4	266	226	3	229
Average training hours							
<i>Per employee</i>	hours	52	51	52	45	62	49
<i>Management</i>	hours			73			82
<i>Non-management</i>	hours			44			38
Employees who received performance review and career development							
<i>Management</i>	Percentage			100%			100%
<i>Non-management</i>	Percentage			100%			100%
Anti-corruption (GRI 205)							
Total percentage of operations assessed for risks related to corruption	Percentage			100%			
Total percentage of governance body members that the organisation's anticorruption policies and procedures have been communicated to	Percentage			100%			
Total percentage of employees that the organisation's anti-corruption	Percentage			100%			
Total percentage of governance body members that have received training	Percentage			100%			
Total percentage of employees that have received training on anticorruption	Percentage			100%			
Total number of confirmed incidents of corruption	Number			0			

SUSTAINABILITY REPORT

8. GRI CONTENT INDEX

Index	GRI Disclosure	Page Number(s)	SGX Practice Note 7F SR Guide	Remark(s)
GRI 2: General Disclosures 2021				
2-1	Organisational details	83	1.1	
2-2	Entities included in the organisation's sustainability reporting	89	1.1	
2-3	Reporting period, frequency and contact point	89	6.1-6.3	
2-4	Restatements of information	89	4.30	No restatement
2-5	External assurance	89	5.1-5.7	BHG Retail REIT has not sought external assurance for this reporting period.
2-6	Activities, value chain and other business relationships	84	4.1 (a)	
2-7	Employees	84	4.20	
2-8	Workers who are not employees	Not applicable		
2-9	Governance structure and composition	86	3.1	Further details on organization structure section
2-10	Nomination and selection of the highest governance body	86	3.1	Further details on corporate governance structure
2-11	Chair of the highest governance body	86	3.1	Further details on corporate governance structure
2-12	Role of the highest governance body in overseeing the management of impacts	86	3.1	
2-13	Delegation of responsibility for managing impacts	86	3.1	
2-14	Role of the highest governance body in sustainability reporting	86	3.1	
2-15	Conflicts of interest	86	4.4	Further details on corporate governance structure
2-16	Communication of critical concerns	86	4.35	Further details on corporate governance structure
2-17	Collective knowledge of the highest governance body	86	3.1	
2-18	Evaluation of the performance of the highest governance body	86	3.1	Further details on corporate governance structure

SUSTAINABILITY REPORT

Index	GRI Disclosure	Page Number(s)	SGX Practice Note 7F SR Guide	Remark(s)
2-19	Remuneration policies	86	N/A	Further details on corporate governance structure
2-20	Process to determine remuneration		N/A	Further details on corporate governance structure
2-21	Annual total compensation ratio	No compensation was paid or is to be paid in the form of share options. However, this does not rule out the possibility of the Manager doing so in the future		
2-22	Statement on sustainable development strategy	82	4.1 (f)	
2-23	Policy commitments	87	4.26-4.29	
2-24	Embedding policy commitments	87	4.26-4.29	
2-25	Processes to remediate negative impacts	87	4.26-4.29	
2-26	Mechanisms for seeking advice and raising concerns	87	4.26-4.29	
2-27	Compliance with laws and regulations	87	2.4	
2-28	Membership associations	89	N/A	
2-29	Approach to stakeholder engagement	90	3.6, 4.25	
2-30	Collective bargaining agreements	Not applicable		
GRI 3: Material Topics 2021				
3-1	Process to determine material topics	90	3.6, 4.2-4.6	
3-2	List of material topics	92	4.2-4.6	
Category: Economic				
GRI 201: Economic Performance				
3-3	Management of material topics	93	4.2	
201-1	Direct economic value generated and distributed	93	N/A	
GRI 202: Market Presence				
3-3	Management of material topics	84	4.2	
202-2	Proportion of senior management hired from the local community	84	4.5	
GRI 205: Anti-corruption				
3-3	Management of material topics	93	4.2	
205-1	Operations assessed for risks related to corruption	94	4.4	

Index	GRI Disclosure	Page Number(s)	SGX Practice Note 7F SR Guide	Remark(s)
205-2	Communication and training about anti-corruption policies and procedures	94	4.4	
205-3	Confirmed incidents of corruption and actions taken	94	4.4	
Category: Environment				
GRI 302: Energy 2016				
3-3	Management of material topics	95	4.2	
302-1	Energy consumption within the organization	96	4.3	
302-3	Energy intensity	96	4.3	
GRI 303: Water and Effluents 2018				
3-3	Management of material topics	97	4.2	
303-3	Water withdrawal	97	4.3	
303-5	Water consumption	97	4.3	
GRI 305: Emissions 2016				
3-3	Management of material topics	95	4.2	
305-1	Energy indirect (Scope 1) GHG emissions	96	4.3	
305-2	Energy indirect (Scope 2) GHG emissions	96	4.3	
305-4	GHG Emissions Intensity	96	4.3	
GRI 306: Waste 2016				
3-3	Management of material topics	97	4.3	
306-3	Wastes Generated	96	4.3	
306-5	Waste directed to disposal	97	4.3	
Category: Social				
GRI 404: Training and Education 2016				
3-3	Management of material topics	98	4.2	
404-1	Average hours of training per year per employee	98	4.3	
404-2	Programs for upgrading employee skills and transition assistance programs	98	4.3	
404-3	Percentage of employees receiving regular performance and career development reviews	98	4.3	
GRI 413: Local Communities 2016				
3-3	Management of material topics	99	4.2	
413-1	Operations with local community engagement, impact assessments, and development programmes	99-105	4.3	

TCFD DISCLOSURES

INTRODUCTION

The REIT recognises the potential widespread financial impacts of climate change to its business and operations. We have the responsibility to shoulder the burden that must now be borne. Since FY 2022, the REIT embarked on a journey to explore the climate-related risks and opportunities.

This section of the report illustrates our adoption of the recommendations of the Task Force for Climate-related Financial Disclosure (the “**TCFD Recommendations**”) and we continue to align via a phased approach in our adoption of the four key areas of governance, strategy, risk management and metric and targets. In aligning with the TCFD Recommendations, we hope to provide our investors and stakeholders with greater insights on how we manage our sustainability. We will continue to enhance our TCFD reporting with the implementation of TCFD Recommendations in phases.

GOVERNANCE

Recognising sustainability issues as a business imperative, our Board is entrusted with overall responsibility for the oversight of sustainability performance of the REIT. The Board is also responsible for prioritising sustainability in the REIT’s strategic business direction and risk management. As part of the overall strategy to ensure that the best interests of the REIT are served, the Manager takes an inclusive approach to embed the key ESG principles in the REIT’s business strategies and operations. To ensure proper accountability within the REIT Manager, the Board discusses with Management on ESG issues and material topics during regular Board meetings and Board Committee meetings.

Apart from sustainability matters that specifically require the Board’s approval, the Board delegates authority to individual committees and Management to supervise sustainability matters. With robust Board oversight, the Chief Executive Officer (“**CEO**”) and Sustainability Officer are collectively charged with managing the sustainability outlook of the REIT to deliver on its sustainability commitment.

Management regularly reviews sustainability risks and opportunities alongside enhancing the sustainability performance of our business practices and disclosure transparency. The REIT conducted a physical and transition risk screening exercise as well as a climate risk assessment in FY 2022 and the risks and opportunities continued to be assessed and monitored regularly.

RISK MANAGEMENT

The Board is responsible for the governance of risk and the Management has an Enterprise Risk Management (“**ERM**”) Framework to provide a standard and consistent approach to risk management in order to effectively manage and mitigate risks in our business and operations. Since FY 2022, the ERM Framework incorporated environmental risks and consultants were engaged to conduct risk screening and assessment on the REIT’s assets in China.

Scenario analysis were performed for different warming scenarios e.g. 2°C or lower and also for different timeframes of short, medium, and long term horizons, with the climate risks and potential impact identified according to TCFD’s classification of physical risk and transition risks, and taking into consideration the transition into a lower-carbon economy consistent with a 2°C or lower scenario. The results of the different scenario analysis enabled the Board to have greater clarity on the risk and opportunities so as to put in place appropriate measures to mitigate the risks effectively.

STRATEGY

Global warming and climate change is projected to become more serious especially from year 2030 onwards whereby adverse climate events will occur more frequently in future. In identifying and prioritising climate risks and opportunities, the REIT considers up to 2030 as short-term horizon, 2050 as medium-term horizon, and up to 2070 as long-term horizon and such horizons are adopted solely for climate risks only as climate evolves over a long period of time.

Having regard to the global trend of transitioning into a lower-carbon economy by limiting global warming to 2°C or lower, energy costs and carbon price are likely to increase in the future as a result of global warming and regulatory actions. There would also be greater emphasis on climate reporting and disclosure. The REIT may be affected financially in the future for non-compliance with regulatory requirements or failure to manage carbon related emissions. The potential climate risks and opportunities identified for the REIT are set out below.

Physical Risks

Rising temperature, heatwaves may impact the malls resulting in higher cooling demand and utilities spending, resulting in higher energy costs. Due to climate change, properties may also be affected by adverse climate events such as flooding or even earthquake, resulting in damage to assets and properties (though none of our properties have encountered such events to date).

To mitigate the above risks, we have put in place Business Continuity Plan and Emergency Response Plans, as well as ensuring adequate insurance coverage against natural disasters. The REIT is also constantly exploring better alternatives to existing energy sources and supplies, so as to reduce energy costs in the long term.

Transition Risks

Currently, there are no carbon emissions regulations that affect our properties, although China has already launched a carbon trading scheme which only applicable to high polluting sectors.

We monitor closely the regulatory developments in China to avoid penalty for non-compliance with carbon related regulatory requirements. More importantly, we implemented various initiatives and energy savings plan to control energy consumption as well as enhance our preparedness and adaptability future carbon related regulations or legislations.

Locally in Singapore, the REIT has also complied with SGX-ST and MAS requirements, including incorporating environmental risks considerations in our ERM Framework as well as ensuring that environmental risks will be considered in future property acquisitions. As for climate reporting, we have also aligned our disclosures with the TCFD Recommendations since FY 2022.

METRICS AND TARGETS

As part of our Sustainability Framework, we monitor and track our Water and Energy consumption and intensity, as well as GHG emissions and emission intensity. The GHG emissions were reported with guidance from the GHG Protocol. For FY 2023, GHG emissions were 1,262 tCO₂e for Scope 1 (Direct) and 10,197 tCO₂e for Scope 2 (Indirect). More information on the results, performance and targets for the metrics are available in our Sustainability Report pages 106 to 107. As the implementation of the TCFD Recommendations will be adopted in a phased approach, more detailed targets will be developed in due course.

FINANCIAL STATEMENTS

115	Report of the Trustee
116	Statement by the Manager
117	Independent Auditors' Report
122	Statements of Financial Position
123	Statements of Total Return
124	Distribution Statements
126	Statements of Movements in Unitholders' Funds
127	Portfolio Statement
128	Statement of Cash Flows
130	Notes to the Financial Statements

REPORT OF THE TRUSTEE

DBS Trustee Limited (the "**Trustee**") is under a duty to take into custody and hold the assets of BHG Retail REIT (the "**REIT**") in trust for the Unitholders (the "**Unitholders**"). In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of BHG Retail Trust Management Pte. Ltd. (the "**Manager**") for compliance with the limitations imposed on the investment and borrowing powers as set out in 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 the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the period covered by these financial statements, set out on pages 115 to 189 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

**For and on behalf of the Trustee,
DBS Trustee Limited**

Chan Kim Lim
Director

Singapore
27 March 2024

STATEMENT BY THE MANAGER

In the opinion of the directors of BHG Retail Trust Management Pte. Ltd. (the “**Manager**”), the accompanying financial statements set out on pages 115 to 189 comprising the statements of financial position and statements of movements in unitholders’ (the “**Unitholders**”) funds of BHG Retail REIT (the “**REIT**”) and its subsidiaries (the “**Group**”) and of the REIT, the statement of total return, distribution statement, portfolio statement and statement of cash flows of the Group and a summary of material accounting information and other explanatory information, are drawn up so as to present fairly, in all material respects, the financial position of the Group and of the REIT and the portfolio of the Group as at 31 December 2023, the total return, distributable income, movements in Unitholders’ funds and cash flows of the Group and movement in Unitholders’ funds of the REIT for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants and the provisions of 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). At the date of this statement, there are reasonable grounds to believe that the Group will be able to meet its financial obligations as and when they materialise.

**For and on behalf of the Manager,
BHG Retail Trust Management Pte. Ltd.**

Francis Siu Wai Keung
Director

Singapore
27 March 2024

INDEPENDENT AUDITORS' REPORT

UNITHOLDERS BHG RETAIL REIT

(Constituted under a 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) in the Republic of Singapore)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of BHG Retail REIT (the "**REIT**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position of the REIT as at 31 December 2023, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in Unitholders' funds and consolidated statement of cash flows of the Group and the statement of movements in Unitholders' funds of the REIT for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 115 to 189.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of movements in Unitholders' funds of the REIT present fairly, in all material respects, the consolidated financial position and the portfolio holdings of the Group and the financial position of the REIT as at 31 December 2023 and the consolidated total return, consolidated distributable income, consolidated movements in Unitholders' funds and consolidated cash flows of the Group and movements in Unitholders' funds of the REIT for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting Framework for Investment Funds*" ("**RAP 7**") issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

VALUATION OF INVESTMENT PROPERTIES

(Refer to Portfolio Statement and Note 4 to the financial statements)

Risk

Investment properties represent the single largest category of assets on the consolidated statement of financial position of the Group at S\$878.2 million (2022: S\$912.2 million) as at 31 December 2023.

These investment properties are stated at their fair values based on independent external valuations.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied and a small change in the assumptions can have a significant impact to the valuation.

Our response

We evaluated the qualifications, competence and objectivity of the external valuers and held discussions with the valuers to understand their valuation methodologies and assumptions used.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We tested the reasonableness of the projected cash flows used in the valuation to supporting leases and externally available industrial and economic data available as at 31 December 2023. We assessed the key assumptions used in the valuations, which included revenue growth rates, term yield and reversionary rates, discount rates and terminal capitalisation rates by comparing them against historical rates and available industry data, taking into consideration comparability and market factors.

We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

Our findings

The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work.

The valuation methodologies adopted by the valuers are in line with generally accepted market practices. The significant data inputs used were supported by relevant supporting documents. The key assumptions used in the valuations, including the revenue growth rates, term yield and reversionary rates, discount rates and terminal capitalisation rates were supported by the evidence available and are within the range of industry data. Where the assumptions were outside the expected range, the additional factors considered by the valuers were consistent with other corroborative evidence. The disclosures in the financial statements are appropriate.

INDEPENDENT AUDITORS' REPORT

Other information

BHG Retail Trust Management Pte. Ltd., the Manager of the REIT (the **"Manager"**), is responsible for the other information in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report hereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Manager and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Yap Wee Kee.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

27 March 2024

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		REIT	
		2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Non-current assets					
Investment properties	4	878,152	912,241	-	-
Plant and equipment	5	476	532	-	-
Interests in subsidiaries	6	-	-	583,896	584,993
Deferred tax assets	7	46	55	-	-
Derivative assets	8	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	9	4,557	8,397	368	1,015
Cash and cash equivalents	10	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	11	7,700	284,814	7,700	241,980
Trade and other payables	12	1,667	1,739	33,468	6,828
Security deposits		5,862	6,182	-	-
Deferred tax liabilities	7	35,470	37,879	-	-
Derivative liabilities	8	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	11	291,615	6,925	246,241	4,500
Trade and other payables	12	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	13	376,198	411,087	253,146	264,322
Non-controlling interests	14	169,216	172,854	-	-
		<u>545,414</u>	<u>583,941</u>	<u>253,146</u>	<u>264,322</u>
Units in issue ('000)	15	<u>519,603</u>	<u>517,485</u>	<u>519,603</u>	<u>517,485</u>
Net asset value per Unit attributable to Unitholders (S\$)		<u>0.72</u>	<u>0.79</u>	<u>0.49</u>	<u>0.51</u>

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF TOTAL RETURN

Year ended 31 December 2023

	Note	Group		REIT	
		2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Gross rental income		56,444	61,764	-	-
Dividend income		-	-	11,681	4,400
Other income		5,532	4,668	-	-
Gross revenue		61,976	66,432	11,681	4,400
Business tax		(379)	(363)	-	-
Property-related tax		(5,586)	(6,037)	-	-
Property management fees and reimbursables		(2,170)	(2,361)	-	-
Other property operating expenses	17	(18,879)	(19,944)	-	-
Total property operating expenses		(27,014)	(28,705)	-	-
Net property income		34,962	37,727	11,681	4,400
Manager's management fees					
- Base fee		(277)	(739)	(277)	(739)
Trustee's fees		(148)	(157)	(148)	(157)
Valuation fee		(22)	(78)	(22)	(78)
Other income (non-operating)		1,104	1,444	-	-
Other operating expenses	18	(917)	(1,940)	(1,441)	(1,248)
Foreign exchange loss – realised		(140)	(835)	(21)	(766)
Finance income		122	245	-	-
Finance costs		(20,034)	(16,026)	(19,826)	(15,793)
Net finance costs	19	(19,912)	(15,781)	(19,826)	(15,793)
Total return/(loss) before changes in fair value of investment properties and unrealised foreign exchange gain/(loss)		14,650	19,641	(10,054)	(14,381)
Changes in fair value of investment properties	4	(5,502)	1,411	-	-
Foreign exchange gain/(loss) – unrealised		22	(48)	2,718	5,680
Total return/(loss) for the year before taxation		9,170	21,004	(7,336)	(8,701)
Taxation	20	(5,335)	(7,047)	-	(40)
Total return/(loss) for the year after taxation		3,835	13,957	(7,336)	(8,741)
Attributable to:					
Unitholders		(3,792)	6,101	(7,336)	(8,741)
Non-controlling interests	14	7,627	7,856	-	-
Total return for the year after taxation		3,835	13,957	(7,336)	(8,741)
Earnings per Unit (cents)	21				
- Basic		(0.74)	1.19		
- Diluted		(0.73)	1.18		

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

Year ended 31 December 2023

	Note	Group		REIT	
		2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Amount available for distribution to Unitholders at beginning of the year		2,245	5,548	2,245	5,548
Total (loss)/return for the year attributable to Unitholders		(3,792)	6,101	(7,336)	(8,741)
Distribution adjustments	A	6,242	550	9,786	15,392
Income for the year available for distribution to Unitholders		2,450	6,651	2,450	6,651
Amount retained ⁽¹⁾		(245)	(665)	(245)	(665)
Income for the year to be distributed to Unitholders		2,205	5,986	2,205	5,986
Distribution to Unitholders during the year:					
- Distribution of 1.05 cents per Unit for period from 1 July 2021 to 31 December 2021		-	(5,388)	-	(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)	-	(2,121)	-
- Distribution of 0.35 cents per Unit for period from 1 January 2023 to 30 June 2023		(1,812)	-	(1,812)	-
		(3,933)	(9,289)	(3,933)	(9,289)
Amount available for distribution to Unitholders at end of the year		517	2,245	517	2,245
Distribution per unit (cents) ⁽²⁾		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 year.

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.

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

Year ended 31 December 2023

Note A - Distribution adjustments

	Group		REIT	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Distribution adjustment items:				
- Amortisation of debt establishment costs	2,392	2,417	2,261	2,298
- Changes in fair value of investment properties ⁽¹⁾	6,196	(659)	-	-
- Deferred taxation ⁽¹⁾	(879)	127	-	-
- Net income of subsidiaries not distributed to the REIT ⁽¹⁾	-	-	10,243	18,774
- Transfer to statutory reserve	(1,207)	(1,268)	-	-
- Other adjustments ⁽¹⁾	(260)	(67)	(2,718)	(5,680)
Net effect of distribution adjustments	6,242	550	9,786	15,392

⁽¹⁾ Excludes share attributable to non-controlling interests

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2023

	Group		REIT	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Unitholders' funds as at beginning of the year	411,087	471,154	264,322	277,805
Operations				
Total (loss)/return for the year after taxation attributable to Unitholders	(3,792)	6,101	(7,336)	(8,741)
Transfer to statutory reserve	(1,207)	(1,268)	-	-
Net (decrease)/increase in net assets resulting from operations	(4,999)	4,833	(7,336)	(8,741)
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(897)	2,367	(897)	2,367
Foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(27,257)	(61,426)	-	-
Statutory reserve				
Transfer from operations	1,207	1,268	-	-
Unitholders' transactions				
Units issued in respect of the distribution reinvestment plan	990	2,180	990	2,180
Distributions to Unitholders	(3,933)	(9,289)	(3,933)	(9,289)
	(2,943)	(7,109)	(2,943)	(7,109)
Unitholders' funds as at end of the year	376,198	411,087	253,146	264,322

Non-controlling interest

	Group	
	2023 S\$'000	2022 S\$'000
At beginning of the year	172,854	185,684
Total return attributable to non-controlling interests	7,627	7,856
Distributions to non-controlling interests	(4,096)	(4,767)
Translation differences from financial statements of foreign operations	(7,169)	(15,919)
At end of the year	169,216	172,854

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENT

As at 31 December 2023

Group	Description of leasehold property	Location	Term of lease (years)	Remaining term of lease (years)	Valuation as at		Valuation as at		Percentage of Unitholders' funds	
					2023	2022	2023	2022	2023	2022
					RMB'000	RMB'000	SS\$'000	SS\$'000	%	%
	Beijing Wanliu	No.2 Bagou Road, Haidian District, Beijing	30	21 ⁽¹⁾	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⁾	674,000	667,000	125,317	129,378	33	30
	Hefei Mengchenglu	No.99 Mengcheng Road, Luyang District, Hefei	30	21	587,000	587,000	109,141	113,860	29	28
	Hefei Changjiangxilu	No. 639 Changjiangxilu Road, Shushan District, Hefei	30	19	483,000	483,000	89,805	93,688	24	22
	Xining Huayuan	Nos.16-19 Shipo street, Chengzhong District, Xining	34	25	266,000	274,000	49,458	53,148	13	13
	Dalian Jinsanjiao	No.18 Huadong Road, Ganjingzi District, Dalian	33	18	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.

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Note	Group 2023 S\$'000	2022 S\$'000
Cash flows from operating activities			
Total return for the year before taxation		9,170	21,004
Adjustments for:			
Finance income	19	(122)	(245)
Finance costs	19	20,034	16,026
Loss on disposal of plant and equipment		44	57
Depreciation of plant and equipment	5	80	99
Changes in fair value of investment properties	4	5,502	(1,411)
Foreign exchange (gain)/loss – unrealised		(22)	48
Operating income before working capital changes		<u>34,686</u>	<u>35,578</u>
Changes in:			
Trade and other receivables		4,028	(5,149)
Trade and other payables		3,712	763
Security deposits		(1,374)	(3,716)
Cash generated from operating activities		<u>41,052</u>	<u>27,476</u>
Tax paid		(6,912)	(6,992)
Net cash generated from operating activities		<u>34,140</u>	<u>20,484</u>
Cash flows from investing activities			
Capital expenditure on investment properties		(9,872)	(3,638)
Purchase of plant and equipment		(89)	(12)
Interest received		122	245
Net cash used in investing activities		<u>(9,839)</u>	<u>(3,405)</u>
Cash flows from financing activities			
Distribution to Unitholders	(i)	(2,943)	(7,109)
Dividend paid to non-controlling interests	14	(4,096)	(4,767)
Increase in restricted cash		(1,416)	(1,685)
Proceeds from borrowings	11	13,905	16,877
Repayment of borrowings	11	(6,875)	(12,305)
Payment of transaction costs related to loans and borrowings	11	(19)	(7,202)
Interest paid	11	(16,815)	(10,535)
Net settlement of derivative contracts	11	623	(596)
Net cash used in financing activities		<u>(17,636)</u>	<u>(27,322)</u>

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Note	Group	
		2023	2022
		S\$'000	S\$'000
Increase/(decrease) in cash and cash equivalents		6,665	(10,243)
Cash and cash equivalents at 1 January		32,833	46,559
Effect of foreign exchange rate changes on cash balances		(1,559)	(3,483)
Cash and cash equivalents at 31 December	10	37,939	32,833

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 for distribution of S\$990,000 (2022: S\$2,180,000) under the distribution reinvestment plan for the period from 1 January 2023 to 30 June 2023.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 27 March 2024.

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 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).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

1. GENERAL (CONT'D)

(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

2.1 Going concern

The Group and the REIT have net current liabilities of S\$283.0 million and S\$290.1 million respectively as at 31 December 2023. Notwithstanding the net current liabilities position as at reporting date, the Manager has prepared the financial statements based on a going concern basis, having assessed the sources of liquidity and funding available to the Group and the REIT. These include having obtained a waiver on 6 February 2024 covering the period up to 31 December 2023 from the banks and the loans are not due and payable in advance of their maturity date, which remains unchanged in March 2025. The Manager does not foresee any uncertainty in refinancing the loan before March 2025. With the cash flows generated from operations and available funding, the Group and REIT are able to continue operations and to meet its liabilities for the next twelve months from the date of financial statement, as and when they fall due.

2.2 Statement of compliance

The financial statements 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. RAP 7 requires that accounting policies adopted should generally comply with the principles relating to recognition and measurement of the Financial Reporting Standards ("FRS"). The changes to material accounting policies are described in note 2.6.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

2. BASIS OF PREPARATION (CONT'D)

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.4 Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The consolidated financial statements of the Group are presented in Singapore Dollars, which is the functional currency of the REIT. All financial information presented in Singapore Dollars has been rounded to the nearest thousand, unless otherwise stated.

2.5 Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

2. BASIS OF PREPARATION (CONT'D)

2.5 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the Note 4 – investment properties and Note 26 – capital and financial risk management.

2.6 Changes in material accounting policies

New standards and amendments

The Group has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2023:

- FRS 117: *Insurance Contracts and Amendments to FRS 117 Insurance Contracts*
- Amendments to FRS 8: *Definition of Accounting Estimates*
- Amendments to FRS 12: *International Tax Reform – Pillar Two Model Rules*
- Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to FRS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Other than the below, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

Material accounting policy information

The Group adopted Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies* for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in note 3 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.6, which addresses changes in material accounting policies.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a gain on bargain purchase is recognised immediately in the statement of total return.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of total return.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected for each business combination. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required under the principles of FRSs. If the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at each acquisition date and any changes are taken to the statement of total return.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

When acquisition of an asset or a group of assets does not constitute a business combination, it is treated as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognised. The acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group's acquisition of subsidiaries is primarily accounted for as an acquisition of assets as the subsidiaries are special purpose vehicles established for the sole purpose of holding assets.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in statement of total return. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Accounting for subsidiaries by the REIT

Investments in subsidiaries are stated in the REIT's statements of financial position at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the foreign exchange rates at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in statement of total return. However, foreign currency differences arising from the translation of the following items are recognised in Unitholders' Funds:

- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- Qualifying cash flow hedges to the extent that the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore Dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reattributed to the non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation are recognised in Unitholders' funds and are presented in the foreign currency translation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments

- (i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

- (ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified and measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of total return. Any gain or loss on derecognition is recognised in statement of total return.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of total return. These financial liabilities comprised interest-bearing borrowings, security deposits, and trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of total return.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances at bank.

(vi) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting (cont'd)

The Group designates certain derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the hedging reserve in Unitholders' funds. The effective portion of changes in the fair value of the derivative that is recognised in the hedging reserve in Unitholders' funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

The amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to statement of total return in the same period or periods during which the hedged expected future cash flows affect total return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in Unitholders' funds until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to statement of total return in the same period or periods as the hedged expected future cash flows affect total return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the statement of total return.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the statement of total return.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of total return.

Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year in accordance with the Code on Collective Investment Schemes (the "CIS Code") issued by the MAS.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of total return.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for at fair value.

3.5 Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains or losses arising from the retirement or disposal of plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the statement of total return on the date of retirement or disposal.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The cost of the day-to-day servicing of plant and equipment are recognised in the statement of total return as incurred.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.5 Plant and equipment (cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in statement of total return on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use. The estimated useful lives for the current and comparative years are as follows:

Plant and machinery	-	5-10 years
Motor vehicles	-	5-10 years
Furniture, fittings and equipment	-	5-10 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

3.6 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

General approach (cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the statement of total return. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods in respect of assets other than goodwill are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.7 Unitholders' funds

Unitholders' funds represent the residual interests in the Group's net assets upon termination and are classified as equity.

Expenses incurred in connection with the issuance of Units in the REIT are deducted directly against the Unitholders' funds.

3.8 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in statement of total return in the periods during which related services are rendered by employees.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.9 Distribution policy

The REIT's distribution policy is to distribute 100.0% of its amount available for distribution to Unitholders for the financial period from 11 December 2015 ("Listing Date") to 31 December 2016. Thereafter, the Manager will distribute at least 90.0% of the REIT's amount available for distribution with the actual level of distribution to be determined at the discretion of the Board of Directors of the Manager. Distribution to Unitholders will be made semi-annually based on the half-yearly results of the REIT.

On 12 August 2022, the Manager has announced the implementation of the Distribution Reinvestment Plan ("DRP"), which provides eligible Unitholders with the option to elect to receive the REIT's Units in respect of all or part only (where applicable) in lieu of the cash amount of any distribution to which the DRP applies. The Manager may, in its absolute discretion, determine when to implement a DRP.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.10 Revenue recognition

(i) Rental income

Rental income receivable under operating leases is recognised in the statement of total return on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period in which they are earned. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

3.11 Expenses

(i) Property expenses

Property expenses are recognised on an accrual basis.

(ii) Manager's management fees, property management fees and Trustee's fees

These are recognised on an accrual basis based on the applicable formula stipulated in Note 1.

3.12 Finance income and finance costs

Finance income comprises interest income recognised in the statement of total return as it accrues, using the effective interest method.

Finance costs which comprise interest expense on borrowings and expense incurred in connection with borrowings are recognised in the statement of total return, using the effective interest method over the period of the borrowings.

3.13 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.13 Leases (cont'd)

As a lessor (cont'd)

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

3.14 Taxation

Tax expenses comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items recognised directly in Unitholders' fund.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, that affects neither accounting nor taxable profit or loss; and
- temporary differences relating to investments in subsidiaries to the extent that the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 3.4, the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying value at the end of the reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets or liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.14 Taxation (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3.15 Earnings per Unit

The Group presents basic and diluted earnings per unit ("EPU") data for its Units. Basic EPU is calculated by dividing the total return attributable to Unitholders of the Group by the weighted average number of ordinary Units outstanding during the year. Diluted EPU is determined by adjusting the total return attributable to Unitholders and the weighted average number of Units outstanding for the effects of all dilutive potential Units.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Makers ("CODMs"). The CODMs has been identified as the Chief Executive Officer and the Chief Financial Officer of the Manager.

Segment results that are reported to the CODMs include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other receivables, cash and cash equivalents, trade and other payables, and interest-bearing borrowings.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment and capital expenditure on investment properties.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.17 New standards and interpretations not adopted

A number of new standards 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 in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Group's consolidated financial statements and the REIT's statement of financial position.

- Amendments to FRS 1: *Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants*
- Amendments to FRS 16: *Lease Liabilities in a Sale and Leaseback*
- Amendments to FRS 7: *Supplier Finance Arrangements*
- Amendments to FRS 21: *Lack of exchangeability*

4 INVESTMENT PROPERTIES

	Group	
	2023	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).

Contingent rents, representing income based on sales achieved by certain tenants, recognised in the statement of total return during the year amounted to S\$3.0 million (2022: S\$2.9 million).

Fair value

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see Note 2.5). 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. As explained under Note 3.4, valuation of investment properties is performed in accordance with the Trust Deed. 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

4 INVESTMENT PROPERTIES (CONT'D)

Fair value (cont'd)

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.

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 decrease.
	Reversionary rates from 5.7% to 7.1% (2022: 5.5% to 7.1%)	The fair value increases as reversionary rate decreases.

Security

The investment properties are pledged as security to secure credit facilities (Note 11).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

5. PLANT AND EQUIPMENT

	Plant and machinery S\$'000	Motor vehicles S\$'000	Furniture, fittings and equipment S\$'000	Total S\$'000
Group				
Cost				
At 1 January 2022	4,046	267	3,917	8,230
Additions during the year	4	-	8	12
Disposal/written off	(55)	-	(34)	(89)
Translation difference on consolidation	(291)	(23)	(334)	(648)
At 31 December 2022	3,704	244	3,557	7,505
Additions during the year	76	-	13	89
Disposal/written off	(43)	-	(16)	(59)
Translation difference on consolidation	(155)	(10)	(147)	(312)
At 31 December 2023	3,582	234	3,407	7,223
Accumulated depreciation				
At 1 January 2022	3,753	234	3,571	7,558
Charge for the year	26	8	65	99
Disposal/written off	-	-	(32)	(32)
Translation difference on consolidation	(324)	(20)	(308)	(652)
At 31 December 2022	3,455	222	3,296	6,973
Charge for the year	24	8	48	80
Disposal/written off	-	-	(15)	(15)
Translation difference on consolidation	(144)	(9)	(138)	(291)
At 31 December 2023	3,335	221	3,191	6,747
Carrying amounts				
At 1 January 2022	293	33	346	672
At 31 December 2022	249	22	261	532
At 31 December 2023	247	13	216	476

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

6. INTERESTS IN SUBSIDIARIES

	REIT	
	2023 S\$'000	2022 S\$'000
Equity investment, at cost	5,510	5,510
Non-trade amounts due from subsidiaries	579,166	579,483
	584,676	584,993
Less: Provision of impairment on cost of investments	(780)	-
	583,896	584,993

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/ business	Effective equity held by the Group	
		2023 %	2022 %

Held by the REIT

Petra 1 (China) Mall Pte. Ltd.*	Singapore	100	100
Petra 2 (China) Mall Pte. Ltd.*	Singapore	100	100
Petra 3 (China) Mall Pte. Ltd.*	Singapore	100	100
Petra 4 (China) Mall Pte. Ltd.*	Singapore	100	100
Petra 6 (China) Mall Pte. Ltd.*	Singapore	100	100
Fuchsia (China) Mall Pte. Ltd.*	Singapore	100	100

Held through subsidiaries

Beijing Hualian Wanmao Shopping Mall Management Co., Ltd. **	China	60	60
Hefei Hualian Rui An Shopping Mall Commercial Operation Co., Ltd.**	China	100	100
Qinghai Xinglian Real Property Co., Ltd. **	China	100	100
Chengdu Hairong Xingda Real Property Co., Ltd. **	China	100	100
Dalian Hualian Commercial Facilities Operation Co., Ltd. **	China	100	100
Hefei Hualian Ruicheng Shopping Plaza Commercial Operation Ltd.**	China	100	100

* Audited by KPMG LLP Singapore

** Audited by KPMG China

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

6. INTERESTS IN SUBSIDIARIES (CONT'D)

- (b) The non-trade amounts due from subsidiaries are unsecured, interest-free, have no fixed term on repayment and are not expected to be repaid within the next 12 months. They are stated at amortised cost, less ECL that is measured on the 12-month expected loss which reflects the low credit risk of the exposures. The amount of the allowance on those balances is not material.

Impairment of investment in subsidiaries

The REIT recognised impairment losses at a level considered adequate to provide for potential non-recoverability of investments in subsidiaries. The level of allowance is evaluated by the REIT on the basis of factors that affect the recoverability of the investments. These factors include, but not limited to, the activities and financial position of the entities and market factors. The REIT reviews and identifies balances that are to be impaired on a continuous basis. The amount and timing of recorded expenses for any period would differ if the REIT made different judgement or utilised different estimates.

The REIT assessed the carrying amount of its investments in subsidiaries for indicators of impairment or reversal of impairment. The recoverable amount of the subsidiary of S\$108.1 million was estimated using the fair value less cost to sell approach derived from the net asset value of the subsidiaries which comprises mainly investment property measured at fair value. The REIT has recognised an impairment of S\$0.8 million (2022: Nil) in relation to the investments in the subsidiary for the financial year ended 31 December 2023.

7. DEFERRED TAX ASSETS/(LIABILITIES)

The movement in deferred tax assets/(liabilities) during the financial year is as follows:

Group	Recognised in statements of total			Recognised in statements of total			At 31
	At 1 January 2022	return (Note 20)	Translation difference	At 31 December 2022	return (Note 20)	Translation difference	December 2023
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax assets							
Allowance for doubtful receivables and unutilised losses	58	2	(5)	55	(6)	(3)	46
Deferred tax liabilities							
Investment properties	(40,415)	(353)	3,480	(37,288)	736	1,614	(34,938)
Tax on unrepatriated profits	(670)	36	43	(591)	(24)	83	(532)
	(41,085)	(317)	3,523	(37,879)	712	1,697	(35,470)
	(41,027)	(315)	3,518	(37,824)	706	1,694	(35,424)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

7. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the Statement of Financial Position as follows:

	Group	
	2023	2022
	S\$'000	S\$'000
Deferred tax assets	46	55
Deferred tax liabilities	(35,470)	(37,879)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2023	2022
	S\$'000	S\$'000
Unutilised tax losses	6,630	4,441

Deferred tax assets have not been recognised within respect of the above as it is not probable that future taxable profits will be available and/or sufficient to allow the related tax benefits to be realised.

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the country in which the subsidiaries operate. These tax losses can be carried forward up to five consecutive years and will expire on the fifth year from which the tax losses arise.

8. FINANCIAL DERIVATIVES

	Group and REIT	
	2023	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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

8. FINANCIAL DERIVATIVES (CONT'D)

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) are entered 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.

9. TRADE AND OTHER RECEIVABLES

	Group		REIT	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Trade receivables	2,607	3,887	-	-
Impairment losses	(62)	(99)	-	-
	<u>2,545</u>	<u>3,788</u>	-	-
Other receivables	1,093	3,840	344	988
Impairment losses	(54)	(48)	-	-
	<u>1,039</u>	<u>3,792</u>	<u>344</u>	<u>988</u>
Trade and other receivables	3,584	7,580	344	988
Prepayments	973	817	24	27
	<u>4,557</u>	<u>8,397</u>	<u>368</u>	<u>1,015</u>

Concentration of credit risk relating to trade and other receivables is limited as the Group has many varied tenants located in several cities in China and a credit policy of obtaining security deposits from tenants for the lease of units in the Group's investment properties. These tenants comprise retailers engaged in a wide variety of consumer trades.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

9. TRADE AND OTHER RECEIVABLES (CONT'D)

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables at the reporting date (by geographical area) is:

	Group		REIT	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Beijing	634	3,821	-	-
Chengdu	654	1,004	-	-
Hefei	138	757	-	-
Qinghai	844	109	-	-
Dalian	886	817	-	-
Singapore	428	1,072	344	988
	<u>3,584</u>	<u>7,580</u>	<u>344</u>	<u>988</u>

Expected credit loss assessment

The following table provides information about the exposure to credit risk and ECL's for trade and other receivables as at 31 December 2023:

	Gross carrying amount S\$'000	Group impairment loss allowance S\$'000	Credit impaired
2023			
Not past due	271	-	No
Past due 1 – 30 days	1,120	-	No
Past due 31 – 60 days	641	-	No
Past due 61 – 90 days	647	-	No
More than 90 days due	1,021	(116)	Yes
	<u>3,700</u>	<u>(116)</u>	
2022			
Not past due	1,291	-	No
Past due 1 – 30 days	4,031	-	No
Past due 31 – 60 days	1,258	-	No
Past due 61 – 90 days	630	-	No
More than 90 days due	517	(147)	Yes
	<u>7,727</u>	<u>(147)</u>	

The ageing of the other receivables of the REIT is not past due and credit impaired.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

9. TRADE AND OTHER RECEIVABLES (CONT'D)

Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade and other receivables during the year is as follows:

	Group	
	Individually impaired	
	2023	2022
	S\$'000	S\$'000
At 1 January per FRS 109	147	127
Impairment (written back)/losses recognised	(31)	20
At 31 December per FRS 109	<u>116</u>	<u>147</u>

Impairment allowance is recognised for other receivables that are individually determined to be impaired at the reporting date due to debtors that are in significant financial difficulties.

The Group and the REIT's historical experience in the collection of trade and other receivables falls within the recorded allowances. The Manager believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group and the REIT's trade and other receivables, based on historical payment behaviours and the security deposits held (if applicable).

10. CASH AND CASH EQUIVALENTS

	Group		REIT	
	2023	2022	2023	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 flows	<u>37,939</u>	<u>32,833</u>	<u>166</u>	<u>112</u>

11. LOANS AND BORROWINGS

	Group		REIT	
	2023	2022	2023	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>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

11. LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of the outstanding loans and borrowings at the reporting date are as follows:

	Nominal interest rate per annum %	Year of maturity	Face value S\$'000	Carrying amount S\$'000
2023				
Group				
SGD secured floating rate loan	5.57-6.09	2025	247,147	244,241
SGD secured floating rate loan	6.68-6.93	2024	2,000	2,000
SGD unsecured fixed rate loan	6.00	2025	7,700	7,700
RMB secured floating rate loan	4.80-4.90	2025	31,013	31,013
RMB secured floating rate loan	4.80-4.90	2025	14,496	14,361
			302,356	299,315
REIT				
SGD secured floating rate loan	5.57-6.09	2025	247,147	244,241
SGD secured floating rate loan	6.68-6.93	2024	2,000	2,000
SGD unsecured fixed rate loan	6.00	2025	7,700	7,700
			256,847	253,941
2022				
Group				
SGD secured floating rate loan	3.58-5.56	2025	249,647	244,480
SGD secured floating rate loan	2.97-6.72	2023	2,000	2,000
RMB secured floating rate loan	4.90-5.20	2025	33,867	33,867
RMB secured floating rate loan	4.90-5.20	2025	11,647	11,392
			297,161	291,739
REIT				
SGD secured floating rate loan	3.58-5.56	2025	249,647	244,480
SGD secured floating rate loan	2.92-2.97	2023	2,000	2,000
			251,647	246,480

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

11. LOANS AND BORROWINGS (CONT'D)

Facilities and securities

The Group has put in place two onshore secured borrowing facilities of RMB192.5 million and RMB104.5 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 RMB178.5 million and RMB84.8 million were drawn down from RMB192.5 million and RMB104.5 million onshore facilities respectively. During the year ended 31 December 2023, the Group had repaid RMB12.5 million (2022: RMB6.0 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\$8.2 million) 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 on 6 February 2024 covering the period up to 31 December 2023 from the banks and the loans are not due and payable in advance of their maturity date, which remains unchanged in 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

11. LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		Derivatives (assets)/liabilities held to hedge long-term borrowings		Total S\$'000
	Loans and borrowings S\$'000	Interest payable (Note 12) S\$'000	Interest rate swap used for hedging - assets S\$'000	Interest rate swap used for hedging - liabilities S\$'000	
Balance at 1 January 2023	291,739	8,681	(1,509)	135	299,046
Changes from financing cash flows					
Net settlement of derivative contracts	-	-	(679)	56	(623)
Proceeds from borrowings	13,905	-	-	-	13,905
Repayment of borrowings	(6,875)	-	-	-	(6,875)
Payment of transaction costs relating to loans and borrowings	(19)	-	-	-	(19)
Interest paid	-	(16,815)	-	-	(16,815)
	7,011	(16,815)	(679)	56	(10,427)
Non-cash changes					
Effect of changes in foreign exchange rates	(1,827)	(399)	-	-	(2,226)
Amortisation of borrowing costs	2,392	-	-	-	2,392
Interest expense	-	17,642	-	-	17,642
Changes in fair value	-	-	1,434	86	1,520
	565	17,243	1,434	86	19,328
Balance at 31 December 2023	299,315	9,109	(754)	277	307,947
Balance at 1 January 2022	295,454	6,066	-	993	302,513
Changes from financing cash flows					
Net settlement of derivative contracts	-	-	-	596	596
Proceeds from borrowings	16,877	-	-	-	16,877
Repayment of borrowings	(12,305)	-	-	-	(12,305)
Payment of transaction costs relating to loans and borrowings	(7,202)	-	-	-	(7,202)
Interest paid	-	(10,535)	-	-	(10,535)
	(2,630)	(10,535)	-	596	(12,569)
Non-cash changes					
Effect of changes in foreign exchange rates	(3,502)	(459)	-	-	(3,961)
Amortisation of borrowing costs	2,417	-	-	-	2,417
Interest expense	-	13,609	-	-	13,609
Fair value gain	-	-	(1,509)	(1,454)	(2,963)
	(1,085)	13,150	(1,509)	(1,454)	9,102
Balance at 31 December 2022	291,739	8,681	(1,509)	135	299,046

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

12. TRADE AND OTHER PAYABLES

	Group		REIT	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Trade payables	7,265	7,390	-	-
Interest payables	9,109	8,681	17,184	14,126
Other payables	3,023	1,692	36	67
Accrued operating expenses	3,061	3,513	445	986
Management fees payable to the Manager	63	521	63	521
Loan from subsidiaries	-	-	61,413	60,829
Amount owing to subsidiaries	-	-	2,114	2,181
Deposits and advances from tenants	5,001	2,445	-	-
	27,522	24,242	81,255	78,710
Current	25,855	22,503	47,787	71,882
Non-current	1,667	1,739	33,468	6,828
	27,522	24,242	81,255	78,710

The loan from subsidiaries are non-trade in nature, unsecured, interest-bearing at 4.75% (2022: 4.75%) per annum and repayable within 1 to 4 years (2022: 1 to 4 years).

13. UNITHOLDERS' FUNDS

	Note	Group		REIT	
		2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
At 1 January		411,087	471,154	264,322	277,805
Net (liabilities)/assets resulting from operations		(2,585)	7,369	(7,336)	(8,741)
Statutory reserve	(a)	(1,207)	(1,268)	-	-
		407,295	477,255	256,986	269,064
Foreign currency translation reserve	(b)	(27,257)	(61,426)	-	-
Hedging reserve	(c)	(897)	2,367	(897)	2,367
Unitholders' distributions		(2,943)	(7,109)	(2,943)	(7,109)
At 31 December		376,198	411,087	253,146	264,322

(a) Statutory reserve

The subsidiaries incorporated in China are required to transfer 10% of their profits after taxation, as determined under the accounting principles and relevant financial regulations of China to the statutory reserve until the reserve balance reaches 50% of registered capital. The transfer to this reserve must be made before distribution of dividends to its shareholders.

Statutory reserve can be used to make good previous years' losses, if any, and may be converted to registered capital in proportion to the existing interests of the shareholders, provided that the balance after such conversion is not less than 25% of the registered capital.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

13. UNITHOLDERS' FUNDS (CONT'D)

(b) The foreign currency translation reserve comprises:

- (i) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the REIT; and
- (ii) the foreign exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

(c) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to forecast hedged transactions.

14. NON-CONTROLLING INTERESTS

One of the subsidiaries of the REIT, Beijing Hualian Wanmao Shopping Mall Management Co., Ltd has 40% non-controlling interests ("NCI") that is material to the Group.

The following summarised financial information for the subsidiary are prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	2023	2022
	S\$'000	S\$'000
Non-current assets	474,394	490,265
Current assets	27,530	24,498
Non-current liabilities	(61,519)	(63,845)
Current liabilities	(17,365)	(18,783)
Net assets	423,040	432,135
Net assets attributable to NCI	169,216	172,854
Revenue	35,970	37,136
Total return after taxation	19,067	19,641
Total return after taxation attributable to NCI	7,627	7,856
Cash flows from operating activities	21,418	12,205
Cash flows used in investing activities	(1,054)	(1,113)
Cash flows used in financing activities (dividends to NCI: S\$4,096,000, 2022: S\$4,767,000)	(13,203)	(17,133)
Net increase/(decrease) in cash and cash equivalents	7,161	(6,041)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

15. UNITS IN ISSUE

	2023 Number of Units '000	2022 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

Units issued during the year ended 31 December 2023 are as follows:

- (a) On 28 September 2023, the REIT issued 2,118,000 new Units at an issue price of S\$0.4677 per Unit as payment of distribution of S\$990,000 under the distribution reinvestment plan for the period from 1 January 2023 to 30 June 2023.

Units issued during the year ended 31 December 2022 are as follows:

- (a) On 9 March 2022, the REIT issued 391,000 new Units at an issue price of S\$0.5329 per Unit as payment of the Property Manager's management fees, for the period from 1 July 2021 to 30 September 2021.
- (b) On 9 March 2022, the REIT issued 344,000 new Units at an issue price of S\$0.6039 per Unit as payment of the Property Manager's management fees, for the period from 1 October 2021 to 31 December 2021.
- (c) On 28 September 2022, the REIT issued 4,299,000 new Units at an issue price of S\$0.5070 per Unit as payment of distribution of S\$2,180,000 under the distribution reinvestment plan for the period from 1 January 2022 to 30 June 2022.

The issue prices were determined based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the relevant periods in which the management fees accrue.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

15. UNITS IN ISSUE (CONT'D)

Each Unit in the REIT represents an undivided interest in the REIT. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- one vote per Unit;
- receive income and other distributions attributable to the Units held;
- participate in the termination of the REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of the REIT less any liabilities, in accordance with their proportionate interests in the REIT. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the REIT and is not entitled to the transfer of any assets (or part thereof) or any estate or interest in any asset (or part thereof) of the REIT; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10.0% of the issued Units) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include the following:

- a Unitholder's right is limited to the right to require due administration of the REIT in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to redeem his Units while the Units are listed on the SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any Unit in the REIT. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of the REIT exceed its assets.

16. TOTAL UNITHOLDERS' DISTRIBUTION

Unitholders' distribution for the year is accounted for as distribution from Unitholders' contributions:

This refers to the amount of distribution made by the REIT for the financial year where the underlying cash is not, or may not be, received or receivable as income by the REIT during that year. Such distribution comprises mainly the following:

- profits from operations arising from the investment properties which are declared as dividend income after the financial year, as the case may be, and accordingly also received as dividends by the REIT after that year;
- adjustment for changes in fair value and the related deferred taxation of investment properties;
- adjustment for amortisation of debt establishment costs;
- adjustment for statutory reserve transferred from subsidiaries' profits; and
- adjustments for REIT expenses that are paid in Units and certain unrealised expenses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

16. TOTAL UNITHOLDERS' DISTRIBUTION (CONT'D)

Income available for distribution to Unitholders at end of the year

Distributions are made on a semi-annual basis, with the amount calculated as at 30 June and 31 December each period for the six-month period ending on each of the said dates. In accordance with the provisions of the Trust Deed, the Manager is required to pay distributions within 90 days from the end of each distribution period. Distributions, when paid, will be in Singapore Dollars.

Distributions for the period from 1 January 2023 to 30 June 2023 had been paid on 28 September 2023. Distributions for the period from 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.

17. OTHER PROPERTY OPERATING EXPENSES

	Group	
	2023	2022
	S\$'000	S\$'000
Advertising and promotion	2,099	2,294
Loss on disposal of plant and equipment	44	57
Depreciation of plant and equipment	80	99
Impairment (written back)/losses recognised on trade and other receivables	(31)	20
Repair and maintenance	4,701	6,842
Staff costs	3,152	1,568
Utilities	8,493	8,682
Others	341	382
	18,879	19,944

Included in staff costs is contribution to defined contribution plans of S\$105,000 (2022: S\$110,000).

18. OTHER OPERATING EXPENSES

	Group		REIT	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Audit fees paid to auditors of the REIT and other firms affiliated with KPMG International Limited [@]	390	390	158	158
Non-audit fees paid to auditors of the REIT and other firms affiliated with KPMG International Limited [@]	-	-	-	-
Professional fees	293	1,266	261	846
Impairment losses recognised on costs of investment on subsidiary	-	-	780	-
Others	234	284	242	244
	917	1,940	1,441	1,248

[@] The comparative information for audit fees has been re-presented to include fees paid to affiliated firms of KPMG International Limited under "auditors of the company and other firms affiliated with KPMG International Limited" due to change in the requirements in ACRA Code R410.31(a) and R410.31(b), effective for periods beginning on or after 15 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

19. FINANCE INCOME AND FINANCE COSTS

	Group		REIT	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Finance income:				
- financial institutions	122	245	-	-
Finance costs:				
- amortisation of borrowing costs	(2,392)	(2,417)	(2,261)	(2,298)
- interest expenses on loans and borrowings	(17,642)	(13,609)	(17,565)	(13,495)
	(20,034)	(16,026)	(19,826)	(15,793)
Net finance costs recognised in statement of total return	(19,912)	(15,781)	(19,826)	(15,793)

20. TAXATION

	Group		REIT	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Current taxation				
Current year	5,499	6,159	-	-
Withholding tax	542	573	-	40
	6,041	6,732	-	40
Deferred taxation				
Origination of temporary differences	(706)	315	-	-
Income tax expense	5,335	7,047	-	40

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

20. TAXATION (CONT'D)

Reconciliation of effective tax rate

	Group		REIT	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Total return/(loss) for the year before taxation	9,170	21,004	(7,336)	(8,701)
Tax calculated using Singapore tax rate of 17% (2022: 17%)	1,559	3,571	(1,247)	(1,479)
Adjustments:				
Effect of different tax rates in foreign jurisdictions	1,370	1,818	-	-
Income not subject to tax	(2,800)	(1,826)	(1,986)	(748)
Expenses not deductible for tax purposes	448	50	-	-
Effect of taxable distributions from subsidiaries	24	(36)	-	-
Deferred tax not recognised during the year	546	591	-	-
Tax losses not allowed to be carried forward	3,646	2,306	3,233	2,227
Withholding tax	542	573	-	40
	5,335	7,047	-	40

21. EARNINGS PER UNIT

Basic earnings per Unit

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

	Group	
	2023 S\$'000	2022 S\$'000
Total (loss)/return for the year after taxation and non-controlling interests	(3,792)	6,101
Issued Units		
As at beginning of the year	517,485	512,451
- Property Manager's management fees paid/payable in Units	-	600
- Distribution Reinvestment plan paid in Units	551	1,131
Weighted average number of issued and issuable Units at end of the year	518,036	514,182
Basic earnings per Unit (cents)	(0.74)	1.19

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

21. EARNINGS PER UNIT (CONT'D)

Diluted earnings per Unit

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

	Group	
	2023	2022
	S\$'000	S\$'000
Total (loss)/return for the year after taxation and non-controlling interests	(3,792)	6,101
	Number of Units '000	Number of Units '000
Issued Units		
Weighted average number of issued and issuable Units	518,036	514,182
- Effect of Property Manager's management fees paid/payable in Units	-	135
- Effect of Distribution Reinvestment plan paid in Units	1,567	3,168
Weighted average number of issued and issuable Units at end of the year	519,603	517,485
Diluted earnings per Unit (cents)	(0.73)	1.18

22. RELATED PARTY TRANSACTIONS

The Manager, being BHG Retail Trust Management Pte. Ltd. is an indirect wholly-owned subsidiary of the Sponsor of the REIT. The Property Manager, being BHG Mall (Singapore) Property Management Pte Ltd is an indirect wholly-owned subsidiary of the Sponsor of the REIT.

In the normal course of the operations of the REIT, the Manager's management fees and the Trustee's fees have been paid or are payable to the Manager and Trustee respectively. The property management fees and reimbursables have been paid or are payable to the Property Manager.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

23. FINANCIAL RATIOS

	Group	
	2023	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 annualised 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 annualised 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.

24. 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 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24. OPERATING SEGMENTS (CONT'D)

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 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
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 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)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24. OPERATING SEGMENTS (CONT'D)

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
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	37,136	12,216	4,210	7,055	3,375	2,440	66,432
Segment net property income	23,293	5,926	510	2,698	3,090	2,210	37,727
Finance income	77	1,416	1,289	644	468	198	4,092
Finance costs	(2,126)	(691)	(899)	(245)	(138)	-	(4,099)
Reportable segment total return before taxation	23,730	4,206	(1,373)	2,388	2,905	2,377	34,233
Segment assets	526,867	173,887	148,532	111,786	70,161	41,857	1,073,090
Segment liabilities	275,644	155,422	139,624	80,759	62,548	32,320	746,317
Other segment items:							
Depreciation	(24)	(34)	(14)	(27)	-	-	(99)
Net change in fair value of investment properties	(1,881)	150	593	(273)	-	-	(1,411)
Capital expenditure	(1,191)	(983)	(1,246)	(230)	-	-	(3,650)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24. OPERATING SEGMENTS (CONT'D)

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

	2023 S\$'000	2022 S\$'000
Revenue		
Total revenue for reporting segments	61,976	66,432
Total return		
Total return for reportable segments before taxation	27,411	34,233
Unallocated amounts:		
- Other corporate expenses	(18,238)	(13,102)
Elimination of intercompany revenue	(3)	(127)
Total return before taxation	9,170	21,004
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	325,325
Elimination of intercompany balances	(701,794)	(696,407)
Consolidated liabilities	381,469	375,235

	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)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24. OPERATING SEGMENTS (CONT'D)

Geographical segments

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

Major tenant

Revenue from one tenant of the Group, which is a related party of the Sponsor, contributed approximately S\$7.4 million (2022: S\$8.1 million) of the Group's total revenue.

25. COMMITMENTS

The Group leases out its investment property consisting of its owned commercial properties (see Note 4). All leases are classified as operating leases from a lessor perspective. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	Group	
	2023	2022
	S\$'000	S\$'000
Operating leases under FRS 116		
- within 1 year	49,468	52,565
- 1 to 2 years	18,043	19,061
- 2 to 3 years	11,451	13,994
- 3 to 4 years	10,028	11,073
- 4 to 5 years	9,056	10,056
- after 5 years	39,969	53,413
	<u>138,015</u>	<u>160,162</u>

26. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital management

The Group's objective when managing capital are to optimise Unitholders' value through the combination of available capital sources which include debt and equity instruments whilst complying with statutory and constitutional capital and distribution requirements, maintaining aggregate leverage and interest service coverage ratio within approved limits. As a key part of the Group's overall strategy, the Board of the Manager reviews the Group's and the REIT's debt and capital management cum financing policy regularly so as to optimise the Group's and the REIT's funding structure. The Board also monitors the Group's and the REIT's exposure to various risk elements by closely adhering to clearly established management policies and procedures.

The Group is subject to the aggregate leverage limit as defined in Appendix 6 of the Code on Collective Investment Schemes ("Property Fund Appendix"). The Property Fund Appendix stipulates that the total borrowings and deferred payments (together, the "Aggregate Leverage") of a property fund should not exceed 45.0% (2022: 45.0%) of its Deposited Property. The Group's aggregate leverage limit did not exceed 45.0% (2022: 45.0%) during the year, and was 39.9% (2022: 37.7%) as at 31 December 2023. The interest coverage ratio is 1.8 times (2022: 2.2 times) at of 31 December 2023.

There were no changes in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk management

Overview

The Group's returns are primarily from net operating income and capital appreciation of its assets. However, these returns are exposed to financial risks including credit, liquidity, interest rate and foreign currency risks.

Financial risk management is integral to the whole business of the Group. The Group adopts an integrated approach to manage the financial risks arising in the normal course of the Group's business. The Group has written risk management policies and guidelines, and established processes to monitor and manage significant exposures. Risk management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group adheres to standardised accounting and financial policies and exercises effective controls over the financial affairs of its subsidiaries. This is achieved by ensuring group-wide adherence to a comprehensive set of guidelines covering contracts, policies and procedures and other requirements. Adequate measures are in place to ensure that the reliability and integrity of financial information compiled from subsidiaries are kept intact.

Credit risk

While it is necessary to assume a certain level of tenant credit risks to remain competitive in China, the Group has established credit limits for tenants and monitors their balances on an ongoing basis. Risks associated with credit limits are reflected in the level of security deposits and bank guarantees placed as collateral in respect of the leases. Appropriate risk mitigating actions are in place to manage trade receivables.

In monitoring tenant credit risk, tenants are grouped according to their credit characteristics, including their geographical location, trade history with the Group, aging profile, maturity and existence of previous financial difficulties.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

The derivatives are entered into with bank and financial institution counterparties, which are rated from Baa2 to Aa1, based on Moody's ratings.

Cash and fixed deposits are placed with banks and financial institutions which are regulated. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

The Group held other receivables of S\$1,093,000 (2022: S\$3,840,000) and amount due from related parties of S\$267,000 (2022: S\$281,000).

The REIT held amount due from related parties of S\$245,000 (2022: S\$257,000). The Group and REIT use an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to audited financial statements, management accounts and cash flow projection, if available, and applying experienced credit judgement)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

The following are the contractual maturities of financial instruments, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount S\$'000	Contractual cash flow S\$'000	Within 1 year S\$'000	After 1 year but within 5 years S\$'000	After 5 years S\$'000
31 December 2023					
Group					
Non-derivative financial liabilities					
Loans and borrowings*	299,315	(303,170)	(295,123)	(8,047)	-
Trade and other payables	27,522	(27,522)	(25,855)	(1,667)	-
Security deposits	16,791	(16,791)	(10,929)	(5,686)	(176)
	343,628	(347,483)	(331,907)	(15,400)	(176)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	277	(348)	(150)	(198)	-
	343,905	(347,831)	(332,057)	(15,598)	(176)
REIT					
Non-derivative financial liabilities					
Loans and borrowings*	253,941	(257,661)	(249,614)	(8,047)	-
Trade and other payables	81,255	(74,834)	(45,368)	(29,466)	-
	335,196	(332,495)	(294,982)	(37,513)	-
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	277	(348)	(150)	(198)	-
	335,473	(332,843)	(295,132)	(37,711)	-

* Subsequent to year end, the Group and the REIT have obtained a waiver covering the period up to 31 December 2023 from the banks and the loans amounting to S\$284.6 million and S\$241.7 million of the Group and the REIT respectively are not due and payable in advance of their maturity date, which remains unchanged in March 2025.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

	Carrying amount S\$'000	Contractual cash flow S\$'000	Within 1 year S\$'000	After 1 year but within 5 years S\$'000	After 5 years S\$'000
31 December 2022					
Group					
Non-derivative financial liabilities					
Loans and borrowings	291,739	(332,848)	(18,186)	(314,662)	-
Trade and other payables	24,242	(24,242)	(22,503)	(1,739)	-
Security deposits	18,165	(18,165)	(11,983)	(5,754)	(428)
	334,146	(375,255)	(52,672)	(322,155)	(428)
Derivative financial liabilities					
Interest rate swaps used for hedging (net-settled)	(1,509)	1,580	811	769	-
Interest rate swaps used for hedging (net-settled)	135	(195)	(17)	(178)	-
	332,772	(373,870)	(51,878)	(321,564)	(428)
REIT					
Non-derivative financial liabilities					
Loans and borrowings	246,480	(282,270)	(15,887)	(266,383)	-
Trade and other payables	78,710	(77,044)	(70,924)	(6,120)	-
	325,190	(359,314)	(86,811)	(272,503)	-
Derivative financial liabilities					
Interest rate swaps used for hedging (net-settled)	(1,509)	1,580	811	769	-
Interest rate swaps used for hedging (net-settled)	135	(195)	(17)	(178)	-
	323,816	(357,929)	(86,017)	(271,912)	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The maturity analyses show the contractual undiscounted cash flows of the Group's and the REIT's financial liabilities on the basis of their earliest possible contractual maturity. The cash flows disclosed represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement e.g. forward exchange contracts. Net-settled derivative financial assets are included in the maturity analyses as they are held to hedge the cash flow variability of the Group and the REIT's floating rate loans.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

Notwithstanding the net current liabilities position as at reporting date, the Manager has prepared the financial statements based on a going concern basis, having assessed the sources of liquidity and funding available to the Group and the REIT. These include having obtained a waiver on 6 February 2024 covering the period up to 31 December 2023 from the banks and the loans are not due and payable in advance of their maturity date, which remains unchanged in March 2025. The Manager does not foresee any uncertainty in refinancing the loan before March 2025. With the cash flow generated from operations and available funding, the Group and REIT are able to continue operations and to meet its liabilities for the next twelve months from the date of financial statement, as and when they fall due.

In addition, the Group maintains the following debt facilities and programme as at 31 December 2023:

Chinese Renminbi ("RMB") denominated facility:

- RMB297.0 million three-year secured term loan facilities

S\$ denominated facilities:

- S\$252.0 million three-year secured term loan facilities
- S\$2.0 million credit facilities
- S\$7.7 million credit facilities

The Group also monitors and observes the Property Fund Appendix issued by the MAS concerning limits on total borrowings.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group enters financial derivatives in order to manage market risks. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Interest rate risk

The Manager adopts a proactive interest rate management policy to manage the risk associated with changes in interest rates on the Group's loan facilities while also seeking to ensure that the ongoing cost of debt remains competitive.

The Manager proactively seeks to minimise the level of interest rate risk by entering into fixed-rate instruments for a portion of the Group's borrowings. As at 31 December 2023, the Group has entered into interest rate swaps with a total notional amount of S\$124.0 million (2022: S\$104.0 million) whereby the Group has agreed with counterparties to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts calculated by reference to the agreed notional principal amounts of the secured term loans.

The Manager determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from interest rate benchmark reform, then the Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Managing interest rate benchmark reform and associated risks

Derivatives

The Group holds interest rate swaps for risk management purposes that are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to SORA. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

Hedge accounting

As at 31 December 2023, the Group's hedged items and hedging instruments are indexed to SORA. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with its counterparties as usual.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group		REIT	
	Notional amount		Notional amount	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Variable rate instruments				
Interest rate swaps	124,000	104,000	124,000	104,000
Loans and borrowings	(302,356)	(297,161)	(256,847)	(251,647)
	<u>(178,356)</u>	<u>(193,161)</u>	<u>(132,847)</u>	<u>(147,647)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Managing interest rate benchmark reform and associated risks (cont'd)

Cash flow sensitivity analysis for variable rate instruments

Effects of a 100 basis point ("bp")* movement in interest rate at the reporting date would increase/ (decrease) statement of total return and Unitholders' funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

* 100 basis point is equivalent to 1 percentage point

	Statements of total return		Unitholders' funds	
	100 bp increase S\$'000	100 bp decrease S\$'000	100 bp increase S\$'000	100 bp decrease S\$'000
31 December 2023				
Group				
Variable rate instruments	(3,024)	3,024	-	-
Interest rate swaps	1,240	(1,240)	1,118	(1,211)
Cash flow sensitivity (net)	(1,784)	1,784	1,118	(1,211)
REIT				
Variable rate instruments	(2,568)	2,568	-	-
Interest rate swaps	1,240	(1,240)	1,118	(1,211)
Cash flow sensitivity (net)	(1,328)	1,328	1,118	(1,211)
31 December 2022				
Group				
Variable rate instruments	(2,972)	2,972	-	-
Interest rate swaps	1,040	(1,040)	1,021	(1,080)
Cash flow sensitivity (net)	(1,932)	1,932	1,021	(1,080)
REIT				
Variable rate instruments	(2,516)	2,516	-	-
Interest rate swaps	1,040	(1,040)	1,021	(1,080)
Cash flow sensitivity (net)	(1,476)	1,476	1,021	(1,080)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk

The Group is exposed to foreign currency risk on cash holdings and operating expenses that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily RMB.

As the REIT intends to be a long-term investor in China, the Manager has taken a view not to hedge the RMB equity exposure arising from its investments in China unless certain risks are specifically identified. The Manager's strategy is to achieve a natural hedge through local RMB financing and any non-RMB denominated loan will be hedged into RMB where possible, to protect the going concern of the REIT in the event of large currency fluctuation. However, the Manager will hedge the RMB cash flow from operations if it is determined with certainty that they are to be remitted back to Singapore for distribution purposes.

The Group exposures to foreign currencies are as follows:

	RMB S\$'000
<hr/>	
31 December 2023	
Group	
Cash and cash equivalents	-
REIT	
Cash and cash equivalents	-
Trade and other payables	(61,413)
	<u>(61,413)</u>
	RMB S\$'000
<hr/>	
31 December 2022	
Group	
Cash and cash equivalents	-
REIT	
Cash and cash equivalents	-
Trade and other payables	(60,829)
	<u>(60,829)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Sensitivity analysis

A 10% strengthening of Singapore Dollars against the following currencies at the reporting date would increase/(decrease) total return after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Statements of total return	
	Group	REIT
	S\$'000	S\$'000
31 December 2023		
RMB	-	6,141
31 December 2022		
RMB	-	6,083

A 10% weakening of Singapore Dollars against the above currencies would have had equal but opposite effect on RMB to the amounts shown above, on the basis that all other variables remain constant.

Hedge accounting

Cash flow hedges

At 31 December 2023, the Group held the following instruments to hedge exposures to changes in interest rates.

Group	Maturity		
	1-6 months	6-12 months	More than one year
2023			
Interest rate risk			
Interest rate swaps			
Net exposure (in thousands of SGD)	-	-	124,000
Average fixed interest rate	-	-	3.00%
2022			
Interest rate risk			
Interest rate swaps			
Net exposure (in thousands of SGD)	-	-	104,000
Average fixed interest rate	-	-	2.85%

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges (cont'd)

The amounts at the reporting date relating to items designated as hedged items were as follows:

Group	Change in value used for calculating hedge ineffective hedge ineffectiveness S\$'000	Cash flow hedge reserve S\$'000	Costs of hedging reserve S\$'000	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied S\$'000
2023				
Interest rate risk				
Variable-rate instruments	-	(477)	-	-
2022				
Interest rate risk				
Variable-rate instruments	-	(1,374)	-	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges (cont'd)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

	2023			Line item in the statement of financial position where the hedging instrument is included	2022			Line item in the statement of financial position where the hedging instrument is included
	Nominal amount	Carrying amount - assets	Carrying amount - liabilities		Nominal amount	Carrying amount - assets	Carrying amount - liabilities	
	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000	S\$'000	
Interest rate risk								
Interest rate swaps	41,000	-	277	Derivative liabilities	20,000	-	135	Derivative liabilities
Interest rate swaps	83,000	(754)	-	Derivative assets	84,000	(1,509)	-	Derivative assets

The following table provides a reconciliation by risk category of components of Unitholders' Funds, net of tax, resulting from cash flow hedge accounting.

	Group	
	Hedging reserve S\$'000	Cost of hedging reserve S\$'000
Balance at 1 January 2023	(1,374)	-
Cash flow hedges		
Change in fair value:		
Interest rate risk	897	-
Balance at 31 December 2023	(477)	-
Balance at 1 January 2022	993	-
Cash flow hedges		
Change in fair value:		
Interest rate risk	(2,367)	-
Balance at 31 December 2022	(1,374)	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Hedge accounting (cont'd)

Offsetting financial assets and financial liabilities

Financial instruments such as loans and receivables and financial liabilities are not disclosed in the tables below unless they are offset in the statement of financial position.

The Group and the REIT entered into transactions under ISDA master netting agreements. In general, under such agreements the amount owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis to realise the assets and settle the liabilities simultaneously.

	Gross amount of recognised financial instruments S\$'000	Gross amount of recognised financial instruments offset in the statement of financial position S\$'000	Net amount of financial instruments presented in the statement of financial position S\$'000	Related amount not offset in the statement of financial position S\$'000	Net amount S\$'000
Group and REIT					
2023					
Derivative assets					
Interest rate swaps	754	-	754	-	754
Derivative liabilities					
Interest rate swaps	(277)	-	(277)	-	(277)
2022					
Derivative assets					
Interest rate swaps	1,509	-	1,509	-	1,509
Derivative liabilities					
Interest rate swaps	(135)	-	(135)	-	(135)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group	Carrying amount				Fair value			
	Fair value hedging instruments	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
31 December 2023								
Financial assets measured at fair value								
Interest rate swaps used for hedging	754	-	-	754	-	754	-	754
Financial assets not measured at fair value								
Trade and other receivables ⁽¹⁾	-	3,584	-	3,584				
Cash and cash equivalents	-	42,898	-	42,898				
	-	46,482	-	46,482				
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	277	-	-	277	-	277	-	277
Financial liabilities not measured at fair value								
Trade and other payables	-	-	27,522	27,522	-	27,420	-	27,420
Security deposits	-	-	16,791	16,791	-	15,892	-	15,892
Loans and borrowings	-	-	299,315	299,315	-	299,262	-	299,262
	-	-	343,628	343,628				

⁽¹⁾ Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values (cont'd)

REIT	Carrying amount				Fair value			
	Fair value hedging instruments	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
31 December 2023								
Financial assets measured at fair value								
Interest rate swaps used for hedging	754	-	-	754	-	754	-	754
Financial assets not measured at fair value								
Trade and other receivables ⁽¹⁾	-	344	-	344				
Cash and cash equivalents	-	3,601	-	3,601				
	-	3,945	-	3,945				
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	277	-	-	277	-	277	-	277
Financial liabilities not measured at fair value								
Trade and other payables	-	-	81,255	81,255	-	79,265	-	79,265
Loans and borrowings	-	-	253,941	253,941	-	253,753	-	253,753
	-	-	335,196	335,196				

⁽¹⁾ Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values (cont'd)

Group	Carrying amount				Fair value			
	Fair value hedging instruments S\$'000	Financial assets at amortised cost S\$'000	Other financial liabilities S\$'000	Total carrying amount S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
31 December 2022								
Financial assets measured at fair value								
Interest rate swaps used for hedging	1,509	-	-	1,509	-	1,509	-	1,509
Financial assets not measured at fair value								
Trade and other receivables ⁽¹⁾	-	7,580	-	7,580				
Cash and cash equivalents	-	36,442	-	36,442				
	-	44,022	-	44,022				
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	135	-	-	135	-	135	-	135
Financial liabilities not measured at fair value								
Trade and other payables	-	-	24,242	24,242	-	24,156	-	24,156
Security deposits	-	-	18,165	18,165	-	17,121	-	17,121
Loans and borrowings	-	-	291,739	291,739	-	293,136	-	293,136
	-	-	334,146	334,146				

⁽¹⁾ Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values (cont'd)

REIT	Carrying amount				Fair value			
	Fair value hedging instruments	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
31 December 2022								
Financial assets measured at fair value								
Interest rate swaps used for hedging	1,509	-	-	1,509	-	1,509	-	1,509
Financial assets not measured at fair value								
Trade and other receivables ⁽¹⁾	-	988	-	988				
Cash and cash equivalents	-	2,130	-	2,130				
	-	3,118	-	3,118				
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	135	-	-	135	-	135	-	135
Financial liabilities not measured at fair value								
Trade and other payables	-	-	78,710	78,710	-	78,549	-	78,549
Loans and borrowings	-	-	246,480	246,480	-	247,809	-	247,809
	-	-	325,190	325,190				

⁽¹⁾ Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Estimation of fair value

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and REIT.

Interest-bearing borrowings

The carrying amounts of the floating rate loans approximates its fair value as these amounts are interest-bearing of market interest rates that reprice every half year.

Security deposits and trade and other payables

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Interest rate swaps

Market comparison technique: The fair values are based on valuations provided by the financial institutions that are the counterparties to the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities (including non-trade amounts due from subsidiaries, trade and other receivables, cash and cash equivalents, trade and other payables and current security deposits) are assumed to approximate their fair values because they are either short term in nature, or effect of discounting is immaterial. All other financial assets and liabilities (non-current security deposits) are discounted to determine their fair values.

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on the forward yield curve as at 31 December 2023 plus an adequate constant credit spread, and are as follows:

	Group		REIT	
	2023	2022	2023	2022
	% p.a.	% p.a.	% p.a.	% p.a.
Security deposits	6.43	5.25	-	-
Trade and other payables	-	-	6.43	5.25

Transfer between Level 1 and 2

During the financial year ended 31 December 2023, there were no transfers between Level 1 and Level 2.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

27. SUBSEQUENT EVENTS

On 23 February 2024, the Manager declared a distribution of 0.08 cents per Unit to Unitholders in respect of the period from 1 July 2023 to 31 December 2023.

INTERESTED PERSON TRANSACTIONS

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons for the financial year ended 31 December 2023, which fall under the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") and Appendix 6 of the Code on Collective Investment Schemes (excluding transactions of less than S\$100,000 each) are as follows:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than S\$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions during the financial period under review under unitholders mandate pursuant to Rule 920 (excluding transactions of less than S\$100,000) S\$'000
Beijing Hualian Group Investment Holding Co., Ltd. and its subsidiaries or associates	Controlling shareholder of the Manager and Controlling Unitholder, and its subsidiaries and associates		
▪ Management fees		273	
– base component		170	–
– reimbursables		295	–
▪ Property maintenance fees		4,782	–
▪ Property management fees and reimbursables		8,568	–
▪ Rental and service income			–
DBS Trustee Limited	Trustee		
▪ Trustee's fees		148	–

Save as disclosed above, there were no additional interested person transactions (excluding transactions of less than S\$100,000 each) entered into during the financial year under review nor any material contracts entered into by BHG Retail REIT and its subsidiaries involving the interests of the Chief Executive Officer or each Director or the controlling Unitholder of BHG Retail REIT, either still subsisting at the end of FY 2023 or if not then subsisting, entered into since the end of FY 2023.

The fees and charges payable by BHG Retail REIT to the Manager under the Trust Deed, and to the Property Manager under the Master Property Management Agreement and the Individual Property Management Agreements, each of which constitutes an interested person transaction, are deemed to have been specifically approved by the Unitholder upon purchase of the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual of the SGX-ST to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will affect BHG Retail REIT. However, any renewal of the agreements will be subject to Rules 905 and 906 of the Listing Manual of the SGX-ST.

SUBSCRIPTION OF BHG RETAIL REIT UNITS

2,117,648 Units were issued in relation to the distribution reinvestment plan on 28 September 2023. As at 31 December 2023, the total number of BHG Retail REIT Units in issue and outstanding was 519,602,601.

STATISTICS OF UNITHOLDINGS

As at 11 March 2024

ISSUED AND FULLY PAID UNITS

519,602,601 (Voting rights: one vote per Unit)

There is only one class of Units.

There are no treasury Units in BHG Retail REIT.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 - 99	3	0.39	119	0.00
100 - 1,000	106	13.66	68,953	0.01
1,001 - 10,000	431	55.54	2,287,661	0.44
10,001 - 1,000,000	225	28.99	8,256,745	1.59
1,000,001 and above	11	1.42	508,989,123	97.96
	776	100.00	519,602,601	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholders	Number of Units	%
1	BEIJING HUA LIAN GRP (S'PORE) INTERNATIONAL TRADING PTE LTD	151,659,997	29.19
2	DBS NOMINEES (PRIVATE) LIMITED	89,925,393	17.31
3	ABN AMRO CLEARING BANK N.V.	67,680,500	13.03
4	DBSN SERVICES PTE. LTD.	67,062,900	12.91
5	CITIBANK NOMINEES SINGAPORE PTE LTD	57,423,220	11.05
6	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	23,383,400	4.50
7	BEIJING HUALIAN MALL (S) COMMERCIAL MANAGEMENT PTE LTD	20,864,594	4.02
8	KGI SECURITIES (SINGAPORE) PTE. LTD	8,526,481	1.64
9	BEIJING HUALIAN HYPERMARKET (SINGAPORE) PURCHASING PTE LTD	8,308,508	1.60
10	BHG MALL (SINGAPORE) PROPERTY MANAGEMENT PTE LTD	7,606,652	1.46
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,547,478	1.26
12	LIM CHIN GUAN	394,500	0.08
13	LAU TECK SIEN LIU DEXIAN	375,000	0.07
14	RAFFLES NOMINEES (PTE.) LIMITED	356,600	0.07
15	BAN HONG KEE HOLDINGS PTE LTD	341,900	0.07
16	HUANG SHU HUA	285,100	0.05
17	IFAST FINANCIAL PTE. LTD.	218,498	0.04
18	XU ZHE	187,600	0.04
19	MORGAN STANLEY ASIA (S) SEC PTE LTD	140,500	0.03
20	SERNG CHIA MEI	127,900	0.02
	Total	511,416,721	98.44

STATISTICS OF UNITHOLDINGS

As at 11 March 2024

SUBSTANTIAL UNITHOLDERS' INTEREST

(As recorded in the Register of Substantial Unitholders)

Name	Direct Interest	%	Deemed Interest	%	Total	%
Beijing Hua Lian Group (Singapore) International Trading Pte Ltd	151,659,997	29.19	-	-	151,659,997	29.19
Beijing Hualian Group Investment Holding Co. Ltd. ⁽¹⁾	-	-	196,952,232	37.91	196,952,232	37.91
Beijing Hualian Department Store Co., Ltd. ⁽²⁾	-	-	36,983,728	7.12	36,983,728	7.12
Beijing Hualian Mall (Singapore) Commercial Management Pte. Ltd. ⁽²⁾	20,850,594	4.01	16,133,133	3.11	36,983,727	7.12
Hainan Hong Ju Industrial Co. Ltd. ⁽³⁾	-	-	196,952,232	37.91	196,952,232	37.91
Hainan Hong Ju Culture Media Group Limited ⁽⁴⁾	-	-	196,952,232	37.91	196,952,232	37.91
Qianhai International Holdings Co., Limited ⁽⁵⁾	67,623,500	13.01	-	-	67,623,500	13.01
Chanchai Ruayrungruang ⁽⁶⁾	-	-	67,062,900	12.91	67,062,900	12.91
Zhang Chongyu ⁽⁷⁾	60,817,140	11.70	-	-	60,817,140	11.70

Notes:

⁽¹⁾ Beijing Hualian Group Investment Holding Co., Ltd. ("**Beijing Hualian Group**") wholly owns Beijing Hua Lian Group (Singapore) International Trading Pte. Ltd. ("**BHG SIT**") and is deemed interested in the 151,659,997 Units held by BHG SIT.

Beijing Hualian Group holds more than 20% of the total issued equity interest of Beijing Hualian Hypermarket Co., Ltd. ("**BHH**") which in turn wholly owns Beijing Hualian Hypermarket (Singapore) Purchasing Pte. Ltd. ("**BHH SPP**") and is deemed interested in the 8,308,508 Units held by BHH SPP.

Beijing Hualian Group more than 20% of the total issued equity interest of Beijing Hualian Department Store Co., Ltd. ("**BHDS**"), which in turn wholly owns Beijing Hualian Mall (Singapore) Commercial Management Pte. Ltd. ("**BHM SCM**"). Accordingly, Beijing Hualian Group is deemed interested in the 36,983,728 Units deemed interested by BHDS.

Accordingly, Beijing Hualian Group is deemed interested in an aggregate of 196,952,232 Units.

⁽²⁾ Beijing Hualian Department Store Co., Ltd. ("**BHDS**") wholly owns Beijing Hualian Mall (Singapore) Commercial Management Pte. Ltd. ("**BHM SCM**") and is deemed interested in the 20,850,594 Units owned by BHM SCM.

BHM SCM in turn wholly-owned BHG Mall (Singapore) Property Management Pte Ltd ("**PM**") and BHG Retail Trust Management Pte Ltd ("**RM**"). Accordingly, BHDS is deemed interested in the 7,606,652 Units owned by the PM and the 8,526,481 Units owned by the RM.

⁽³⁾ Hainan Hong Ju Industrial Co., Ltd. holds 30% of the total issued equity interest of Beijing Hualian Group and is deemed interested in the Units that Beijing Hualian Group is deemed interested in.

⁽⁴⁾ Hainan Hong Ju Culture Media Group Limited holds 51.0% of the total issued equity interest of Hainan Hong Ju Industrial Co., Ltd. and is deemed to be interested in the Units that Hainan Hong Ju Industrial Co., Ltd. is deemed interested in.

⁽⁵⁾ Qianhai International Holdings Co., Limited is deemed to have an interest in the 67,623,500 Units held through its nominee.

⁽⁶⁾ Dr Chanchai Ruayrungruang is deemed to have an interest in the 67,062,900 Units held through his nominee.

⁽⁷⁾ Mr Zhang Chongyu has a direct interest in the 60,817,140 Units held through his nominee.

THE MANAGER'S DIRECTORS' UNITHOLDINGS AS AT 21 JANUARY 2024

Name	Direct Interest	Deemed Interest
Francis Siu Wai Keung	-	-
Ben Yeo Chee Seong ⁽¹⁾	-	-
Lau Teck Sien	375,000	-
Xiong Zhen	125,000	-
Peng Ge	125,000	-
	625,000	-

⁽¹⁾ Ben Yeo Chee Seong ceased to be a director on 11 February 2024.

⁽²⁾ George Quek Meng Tong was appointed as an independent director on 11 February 2024.

PERCENTAGE OF UNITHOLDINGS IN PUBLIC'S HANDS

Based on the information made available to the Manager as at 11 March 2024, approximately 24.33% of the issued Units in BHG Retail REIT are held in the hands of public. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

BHG RETAIL REIT

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of the holders of units of BHG Retail REIT (the “**Unitholders**”) will be held at Raffles City Convention Centre, Level 4, Minto Room, 80 Bras Basah Rd, Singapore 189560, on **Friday, 26 April 2024 at 10.30 a.m.**, to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Report of DBS Trustee Limited, as trustee of BHG Retail REIT (the “**Trustee**”), the Statement by BHG Retail Trust Management Pte. Ltd., as manager of BHG Retail REIT (the “**Manager**”), and the Audited Financial Statements of BHG Retail REIT for the financial year ended 31 December 2023 and the Auditors’ Report thereon.
(Ordinary Resolution 1)
2. To re-appoint KPMG LLP as the Auditors of BHG Retail REIT to hold office until the conclusion of the next annual general meeting of BHG Retail REIT, and to authorise the Manager to fix their remuneration.
(Ordinary Resolution 2)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without modifications:

3. GENERAL MANDATE FOR THE ISSUE OF NEW UNITS AND/OR CONVERTIBLE SECURITIES

That authority be and is hereby given to the Manager, to:

- (a) (i) issue units in BHG Retail REIT (“**Units**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options that might or would require Units to be issued, (collectively, “**Instruments**”) including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units, at any time and upon such terms and conditions and for such purposes and to such persons as the Manager, may in its absolute discretion deem fit; and
- (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

NOTICE OF ANNUAL GENERAL MEETING

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty percent (50%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent (20%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units shall be based on the total number of issued Units at the time this Resolution is passed, after adjusting for:
 - any new Units arising from the conversion or exercise of the Instruments or any convertible securities or Unit options or vesting of Unit awards which were issued and are outstanding or subsisting at the time this Resolution is passed; and
 - any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed dated 18 November 2015 constituting BHG Retail REIT (as amended) (the "**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) unless revoked or varied by the Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next annual general meeting of BHG Retail REIT; or (ii) the date by which the next annual general meeting of BHG Retail REIT is required by applicable laws and regulations (including the Listing Manual of the SGX-ST) or the Trust Deed to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager, any director of the Manager ("**Director**") and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interest of BHG Retail REIT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note)

(Ordinary Resolution 3)

NOTICE OF ANNUAL GENERAL MEETING

BY ORDER OF THE BOARD

BHG Retail Trust Management Pte. Ltd.
(company Registration No. 201504222D)
as Manager of BHG Retail REIT

Zhan Aijuan
Secretary

Singapore
4 April 2024

EXPLANATORY NOTE:

Ordinary Resolution 3 above if passed, will empower the Manager from the date of the AGM until (i) conclusion of the next annual general meeting of BHG Retail REIT; or (ii) the date by which the next annual general meeting of BHG Retail REIT is required by the applicable laws and regulations (including the Listing Manual of the SGX-ST) or the Trust Deed to be held, whichever is earlier, unless such authority is earlier revoked or varied by the Unitholders in a general meeting, to issue Units, to make or grant instruments (such as securities, warrants or debentures) convertible into Units, and to issue Units in pursuance of such instruments, up to a number not exceeding fifty percent (50%) of the total number of issued Units with a sub-limit of twenty per cent (20%) for issues other than on pro rata basis to Unitholders.

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units at the time Ordinary Resolution 3 above is passed, after adjusting for (i) new Units arising from the conversion or exercise of the Instruments or any convertible securities or Unit options or vesting of Unit awards which were issued and are outstanding or subsisting at the time Ordinary Resolution 3 above is passed and (ii) any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

NOTES:

1. The AGM is being convened, and will be held, in a wholly physical format at Raffles City Convention Centre, Level 4, Minto Room, 80 Bras Basah Rd, Singapore 189560. Printed copies of this notice of AGM dated 4 April 2024 (the "**Notice of AGM**"), the Proxy Form and the Notification and Request Form will be sent to Unitholders by post. Unitholders who wish to receive a printed copy of the Annual Report will have to submit the Notification and Request Form which can also be downloaded from the BHG REIT's website at the URL <https://bhgreit.listedcompany.com/newsroom.html> or from the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements>. The Notice of AGM will also be available on BHG Retail REIT's corporate website at the URL <http://bhgreit.listedcompany.com/newsroom.html> and will also be made available on the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Arrangements relating to the conduct of the AGM, including,
 - (a) attending the AGM by Unitholders, including CPF and SRS investors, or, where applicable duly appointed proxies;
 - (b) submitting questions related to the resolutions to be tabled for approval at the AGM, to the Chairman of the AGM, in advance of the AGM or at the AGM itself, and addressing of substantial and relevant questions in advance of the AGM or at the AGM itself; and/or
 - (c) voting at the AGM by Unitholders, including CPF and SRS investors, (a) in person or (b) where applicable, by their duly appointed proxy(ies),

are set out in this Notice of AGM. Any reference to a time of the day is made by reference to Singapore Time.

NOTICE OF ANNUAL GENERAL MEETING

3. Unitholders, including CPF and SRS investors, or, where applicable, their appointed proxy(ies) will be able to attend the AGM in person.

They will first need to register personally at the registration counter(s) outside the AGM venue on the day of the event, and Unitholders, including CPF and SRS investors, or, where applicable, their appointed proxy(ies) who will be attending the AGM in person should bring along their NRIC/Passport so as to enable the verification of their identity on the day of the AGM for entry to, and (where applicable) be provided with a handheld device for electronic voting at the AGM.

Registration will commence at 9.30 a.m. on Friday, 26 April 2024 outside the AGM venue. Unitholders are advised not to attend the AGM if they are feeling unwell.

4. Unitholders, including CPF and SRS investors, or, where applicable, their appointed proxy(ies) will be able to submit questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, at the AGM itself.

Unitholders may also submit questions in advance of the AGM. In order to do so, their questions must be submitted in the following manner by **10.30 a.m. on 12 April 2024**.

- (a) if submitted electronically, be submitted via email to BHG Retail REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at srs.teamE@boardroomlimited.com.
- (b) if submitted by post, be deposited at the office of BHG Retail REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

Unitholders who submit questions via email or by post to BHG Retail REIT's Unit Registrar must provide the following information:

- (1) the Unitholder's full name;
- (2) the Unitholder's address; and
- (3) the manner in which the Unitholder holds Units in BHG Retail REIT (e.g., via CDP, scrip, CPF or SRS).

The Manager's Chairman, Mr Francis Siu Wai Keung, and Chief Executive Officer, Ms Chan Iz-Lynn, will conduct the proceedings of the AGM. The Manager will endeavour to address all substantial and relevant questions submitted by the 12 April 2024 submission deadline, prior to the AGM. The Manager will publish the responses to those questions on BHG Retail REIT's corporate website at the URL <http://bhgreit.listedcompany.com/newsroom.html> and on SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements> prior to the AGM, latest by 20 April 2024. Where substantially similar questions are received, the Manager will consolidate such questions and consequently not all questions may be individually addressed.

Any substantial and relevant questions received after the 12 April 2024 submission deadline which have not already been addressed prior to the AGM, as well as those substantial and relevant questions received at the AGM itself, will be addressed during the AGM.

The Manager will publish the minutes of the AGM on BHG Retail REIT's corporate website at the URL <http://bhgreit.listedcompany.com/newsroom.html> and on SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements> and the minutes will include the responses to the substantial and relevant questions which were addressed during the AGM.

5. A Unitholder who wishes to exercise his/her/its voting rights at the AGM may:
- (a) (where the Unitholder is an individual) vote in person at the AGM themselves; or (whether the Unitholder is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the AGM) to vote on his/her/its behalf at the AGM; or
- (b) (where the Unitholder is a corporate) appoint corporate representative(s) to vote on its behalf at the AGM; or
- (c) (where the Unitholder is an individual or a corporate) appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM.
6. Upon registration at the AGM venue, Unitholders, including CPF and SRS investors, or, where applicable, their duly appointed proxy(ies), will be provided with a handheld device for electronic voting at the AGM.
7. A Unitholder who wishes to appoint a proxy(ies) must complete and sign the Proxy Form, before submitting it in the manner set out below. A proxy need not be a Unitholder. The Proxy Form is available on BHG Retail REIT's corporate website at the URL <http://bhgreit.listedcompany.com/newsroom.html> and on the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of the Proxy Form will be sent to Unitholders.

NOTICE OF ANNUAL GENERAL MEETING

8. The Proxy Form must be submitted to BHG Retail REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., by **10.30 a.m. on 24 April 2024** being forty-eight (48) hours before the time fixed for the AGM in the following manner:
- (a) if submitted by post, be lodged at the office of BHG Retail REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) if submitted electronically, be submitted via email to BHG Retail REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at srs.proxy@boardroomlimited.com.
9. A Unitholder, who is not a Relevant Intermediary (as defined below) entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote at the AGM in the Unitholder's stead. Where a Unitholder appoints more than one (1) proxy, the appointment shall be invalid unless the Unitholder specifies the proportion of the holdings (expressed as a percentage of the whole) to be represented by each proxy.
10. A Unitholder, who is a Relevant Intermediary (as defined below) entitled to attend and vote at the AGM is entitled to appoint more than two (2) proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointment shall be invalid unless the Unitholder specifies in the Proxy Form the number of Units in relation to which each proxy has been appointed.
11. Unitholders who hold Units through Relevant Intermediaries (as defined below), other than CPF and SRS investors, who wish to participate in the AGM by (a) attending the AGM in person; (b) submitting questions to the Chairman of the AGM in advance of or at the AGM; and/or (c) voting at the AGM (i) in person or (ii) where applicable, by appointing the Chairman of the AGM as proxy to vote on their behalf, should contact the Relevant Intermediary through which they hold such Units as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.
- "Relevant Intermediary"** means:
- (i) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (ii) a person holding a capital market services license to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds Units in that capacity; or
 - (iii) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act 1953 of Singapore, in respect of Units purchased under the subsidiary legislation made under the Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
12. CPF and SRS investors may attend, speak and vote at the AGM if they are appointed as proxy(ies) by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators as soon as practicable if they have any queries regarding their appointment as proxy(ies).
- CPF and SRS investors may also appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on Tuesday, 16 April 2024, being seven working days before the date of the AGM. For the avoidance of doubt, CPF and SRS investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the AGM) to vote live at the AGM on their behalf.
13. Where a Unitholder appoints the Chairman of the AGM as proxy, a Unitholder must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy. In the absence of specific directions in respect of a resolution, the Chairman of the AGM as proxy will vote or abstain from voting at his/her discretion.
14. The Annual Report 2023 may be accessed at BHG Retail REIT's corporate website at the URL <http://bhgreit.listedcompany.com/newsroom.html> and on the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of the Annual Report 2023 will not be sent to Unitholders. Unitholders who wish to receive a printed copy of the Annual Report should complete and return the Notification and Request Form to the BHG Retail REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., by post at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 or electronically by email to srs.requestform@boardroomlimited.com, no later than **5:30pm on 15 April 2024**.
15. The Manager may be required to change the arrangement for the AGM at short notice. Unitholders should check BHG Retail REIT's corporate website at the URL <http://bhgreit.listedcompany.com/newsroom.html> for the latest updates on the status of the AGM.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of BHG Retail REIT and/or adjournment thereof (b) registering for the AGM in accordance with this Notice of AGM, and/or (c) submitting any question to the Chairman of the AGM in advance of the AGM in accordance with this Notice of AGM, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM of BHG Retail REIT (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of BHG Retail REIT (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

BHG RETAIL REIT

(A real estate investment trust constituted in the Republic of Singapore pursuant to a Trust Deed dated 18 November 2015 (as "amended"))

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT:

- The Proxy Form is not valid for use by persons who hold Units through relevant intermediaries (as defined in the notice of annual general meeting ("AGM") dated 4 April 2024 (the "Notice of AGM")) (including CPF and SRS investors) and shall be ineffective for all intents and purposes if used or purported to be used by them. Persons who hold Units through relevant intermediaries, other than CPF and SRS investors, who wish to vote should instead approach his/her relevant intermediary through which they hold such Units as soon as possible to specify voting instructions.
- The AGM will be held in a wholly physical format. There is no option to participate virtually.
- The Proxy Form is available on BHG Retail REIT's corporate website at the URL <http://bhgreit.listedcompany.com/newsroom.html> and on the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements>.

Personal Data Privacy

By submitting an instrument appointing proxy or proxies and/or representative(s), a Unitholder of BHG Retail REIT accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

*I/We _____ (Name) _____ (NRIC/Passport/Company Registration Number)

of _____ (address)

being a *Unitholder/Unitholders of BHG Retail REIT, hereby appoint:

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

*and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

or failing *him/her/them, the Chairman of the AGM as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the AGM of BHG Retail REIT to be held at Raffles City Convention Centre, Level 4, Minto Room, 80 Bras Basah Road, Singapore 189560 on **Friday, 26 April 2024, at 10.30 a.m.** and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion as *he/she/they may on any other matter arising at the AGM.

No.	Ordinary Resolutions	For [#]	Against [#]	Abstain [#]
1	To receive and adopt the Report of DBS Trustee Limited, as trustee of BHG Retail REIT, the Statement by BHG Retail Trust Management Pte. Ltd, as manager of BHG Retail REIT (the " Manager "), and the Audited Financial Statements of BHG Retail REIT for the financial year ended 31 December 2023 and the Auditors' Report thereon.			
2	To re-appoint KPMG LLP as Auditors of BHG Retail REIT and authorise the Manager to fix the Auditors' remuneration.			
3	To authorise the Manager to issue Units and make or grant convertible instruments.			

* Delete accordingly.

If you wish to exercise all your votes "For", "Against" or to "Abstain", please indicate with a "✓" within the relevant box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____ day of _____ 2024

Signature(s) of Unitholder(s)
or Common Seal of Corporate Unitholder

Total number of Units in:	No. of Units
(a) CDP Register	
(b) Register of Unitholders	

Notes:

1. A Unitholder who wishes to exercise his/her/its voting rights at the AGM may: (a) (where the Unitholder is an individual) vote in person at the AGM themselves; or (whether the Unitholder is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the AGM) to vote on his/her/its behalf at the AGM; or (b) (where the Unitholder is a corporate) appoint corporate representative(s) to vote on its behalf at the AGM; or (c) (where the Unitholder is an individual or a corporate) appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM.
2. The Proxy Form is available on BHG Retail REIT's corporate website at the URL <http://bhgreit.listedcompany.com/newsroom.html> and on the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements>.
3. CPF and SRS investors may vote at the AGM if they are appointed as proxy(ies) by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators as soon as practicable if they have any queries regarding their appointment as proxy(ies).

CPF and SRS investors may also appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on Tuesday, 16 April 2024, being seven working days before the date of the AGM. For the avoidance of doubt, CPF and SRS investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the AGM) to vote live at the AGM on their behalf.
4. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of BHG Retail REIT, he/she should insert that number of Units. If the Unitholders has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this Proxy Form will be deemed to relate to all the Units held by the Unitholder.
5. A Unitholder who wishes to appoint a proxy(ies) must complete and sign the Proxy Form, before submitting it in the manner set out below.
6. The Proxy Form must be submitted to BHG Retail REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., by 10.30 a.m. on 24 April 2024, being forty-eight (48) hours before the time fixed for the AGM, in the following manner:
 - (a) if submitted by post, be lodged at the office of BHG Retail REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) if submitted electronically, be submitted via email to BHG Retail REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at srs.proxy@boardroomlimited.com.
7. The Proxy Form is not valid for use by persons who hold Units through relevant intermediaries (as defined in the Notice of AGM) (including CPF and SRS investors) and shall be ineffective for all intents and purposes if used or purported to be used by them. Persons who hold Units through relevant intermediaries, other than CPF and SRS investors, who wish to vote should instead approach his/her relevant intermediary through which they hold such Units as soon as possible to specify voting instructions.

2nd fold

8. A Unitholder who is a Relevant Intermediary (as defined below) entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointment shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

"**Relevant Intermediary**" means:
 - (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital market services license to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of Units purchased under the subsidiary legislation made under the Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board hold those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
9. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
10. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager), if the Proxy Form is submitted by post, be lodged with the Proxy Form, or, if the Proxy Form is submitted electronically via email, be emailed with the Proxy Form, failing which the Proxy Form may be treated as invalid.
11. Any reference to a time of day is made by reference to Singapore time.
12. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

General

The Manager shall be entitled to reject any Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form (including any related attachment). In addition, in the case of unitholders whose units are entered against their names in the Depository Register, the Manager may reject any Proxy Form if the unitholder, being the appointor, is not shown to have units entered against the unitholder's name in the Depository Register not less than forty-eight (48) hours before the time appointed for holding the AGM, as certified by CDP to the Manager.

3rd fold

**Affix
Postage
Stamp**

BHG RETAIL TRUST MANAGEMENT PTE. LTD.
(As Manager of BHG Retail REIT)

c/o Boardroom Corporate & Advisory Services Pte. Ltd.,
1 Harbourfront Avenue
#14-07, Keppel Bay Tower Singapore 098632

Corporate Directory

BHG RETAIL REIT

REGISTERED ADDRESS

DBS Trustee Limited
12 Marina Boulevard Level 44
Marina Bay Financial Centre Tower 3
Singapore 018982
Telephone: +65 6878 8888
Fax: +65 6878 3977
Stockcode: BMGU
ISIN Code: SG1CD7000009
Email: ir@bhgreit.com
Website: www.bhgreit.com

TRUSTEE

DBS Trustee Limited
12 Marina Boulevard Level 44
Marina Bay Financial Centre Tower 3
Singapore 018982
Telephone: +65 6878 8888
Fax: +65 6878 3977

AUDITOR

KPMG LLP
12 Marina View #15-01
Asia Square Tower 2
Singapore 018961
Telephone: +65 6213 3388
Fax: +65 6225 0984

Partner-in-charge:
Mr Yap Wee Kee
Since financial year ended 31 December 2021

UNIT REGISTRAR

**Boardroom Corporate &
Advisory Services Pte. Ltd.**
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Telephone: +65 6536 5355
Fax: +65 6536 1360

THE MANAGER

REGISTERED ADDRESS

BHG Retail Trust Management Pte. Ltd.
250 North Bridge Road
Raffles City Tower #32-01
Singapore 179101
Telephone: +65 6805 8288
Fax: +65 6805 8277

BOARD OF DIRECTORS

Mr Francis Siu Wai Keung
Chairman & Independent Director

Mr Lau Teck Sien
Independent Director

Mr George Quek Meng Tong
Independent Director

Mr Xiong Zhen
Non-Executive Director

Mr Peng Ge
Non-Executive Director

AUDIT AND RISK COMMITTEE

Mr Francis Siu Wai Keung (Chairman)
Mr George Quek Meng Tong
Mr Lau Teck Sien

NOMINATING AND REMUNERATION COMMITTEE

Mr Lau Teck Sien (Chairman)
Mr George Quek Meng Tong
Mr Francis Siu Wai Keung

COMPANY SECRETARY

Ms Zhan Aijuan



BHG Retail Trust Management Pte. Ltd.
250 North Bridge Road, Raffles City Tower #32-01, Singapore 179101
T +65 6805 8288 F +65 6805 8277
www.bhgreit.com

