



BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
FIRST QUARTER ENDED 31 MARCH 2017

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DBS Bank Ltd. was the Financial Adviser, Issue Manager, Bookrunner and Underwriter for the initial public offering of BHG Retail REIT.

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Introduction

BHG Retail REIT (the “**REIT**”) was constituted by a trust deed dated 18 November 2015 (“**Date of Constitution**”) entered into by BHG Retail Trust Management Pte. Ltd. as Manager of BHG Retail REIT (the “**Manager**”) and DBS Trustee Limited as Trustee of BHG Retail REIT (the “**Trustee**”). BHG Retail REIT and its subsidiaries are collectively known as the “**Group**”.

The REIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 11 December 2015 (the “**Listing Date**”). The principal investment strategy of BHG Retail REIT is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate which is used primarily for retail purposes (whether either wholly or partially), as well as real estate-related assets in relation to the foregoing, with an initial focus on China.

The REIT’s initial portfolio comprises five retail properties, Beijing Wanliu (60%), Hefei Mengchenglu, Chengdu Konggang, Dalian Jinsanjiao and Xining Huayuan located in Tier 1, Tier 2 and other cities of significant economic potential in China:

- Beijing Wanliu is a community mall with a premium positioning in the Wanliu, Haidian District. The mall is located in close proximity to Zhongguancun retail hub, surrounded by high-end residential developments and educational institutions, and enjoys high transportation connectivity.
- Hefei Mengchenglu is a comprehensive retail mall focused on providing diversified retail services to meet demands of family-oriented residents in the Luyang District. The mall is prominently located in a densely populated mature residential area, in Hefei’s North First Ring retail hub.
- Chengdu Konggang is a community retail mall that targets and serves the needs of upper-middle class shoppers in an emerging residential area, with a large number of mature and high density residential projects. The mall is located in the Shuangliu County, and is within a 5 minutes drive to the Shuangliu International Airport.
- Dalian Jinsanjiao is a property master-leased to BHG Hypermarket, the only supermarket in the area. The property resides in Jinsanjiao area, which is surrounded by mature residential projects, and is situated in close proximity to the Huanan retail hub, a key retail area north of Dalian.
- Xining Huayuan is a retail mall master-leased to BHG Hypermarket, which caters to individuals with middle or upper-middle level income. The mall resides in Ximen-Dashizi retail hub area, the political, cultural, and business centre of Xining, with a high population density and immediate residential catchment.

The Group is presenting its financial results for the first quarter ended 31 Mar 2017.

For ease of reference, the following abbreviations are used in this announcement:

“1Q 2016”: For the 3-month period from 1 Jan 2016 to 31 Mar 2016; and

“1Q 2017”: For the 3-month period from 1 Jan 2017 to 31 Mar 2017.

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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 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 and will be paid no later than 90 days after the end of each distribution period.

Summary of Group Results

	1Q 2017 ⁽¹⁾ (S\$'000)	1Q 2016 ⁽¹⁾⁽²⁾ (S\$'000)	Change (%)
Gross revenue	15,492	16,039	(3.4)
Net property income	10,371	10,139	2.3
Amount available for distribution	5,056	4,743	6.6
Distribution per Unit (" DPU ") (cents)	1.39	1.37	1.5
Annualised distribution yield (%) - Based on closing price ⁽³⁾	7.62	6.87	10.9

Footnotes:

- (1) The actual results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.864 and 1:4.643 for 1Q 2017 and 1Q 2016, respectively.
- (2) The comparative figures were for the quarter from 1 Jan 2016 to 31 Mar 2016. These figures were extracted from BHG Retail REIT's inaugural results for the period from 18 Nov 2015 (Date of Constitution) to 31 Mar 2016. There were no operating activities for the period prior to 11 Dec 2015 (Listing Date).
- (3) Based on Closing price of S\$0.74 and S\$0.80 as at 31 Mar 2017 and 31 Mar 2016, respectively.

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1(a) Consolidated Statement of Total Return and Distribution Statement

	Note	1Q 2017 ^(b) (S\$'000)	1Q 2016 ^{(a) (b)} (S\$'000)	Change (%)
Statement of Total Return				
Gross revenue ^(c)		15,492	16,039	(3.4)
Property operating expenses ^(d)		(5,121)	(5,900)	(13.2)
Net property income		10,371	10,139	2.3
Other income	(1)	238	124	91.9
Manager's base fee	(2)	(506)	(474)	6.8
Manager's performance fee	(2)	-	(30)	N/M
Trustee's fee		(34)	(41)	(17.1)
Other expenses		(184)	(129)	42.6
Finance income		97	16	>100.0
Finance cost	(3)	(2,139)	(2,478)	(13.7)
Net income		7,843	7,127	10.0
Foreign exchange loss - unrealised		(26)	-	N/M
Total return for the period before taxation		7,817	7,127	9.7
Taxation	(4)	(1,480)	(1,666)	(11.2)
Total return for the period after taxation		6,337	5,461	16.0
Attributable to:				
Unitholders		4,501	4,224	6.6
Non-controlling interests		1,836	1,237	48.4
Total return for the period after taxation		6,337	5,461	16.0
Distribution Statement				
Total return for the period attributable to Unitholders		4,501	4,224	6.6
Distribution adjustments	(5)	555	519	6.9
Amount available for distribution		5,056	4,743	6.6

N/M: not meaningful

Footnotes:

- The comparative figures were for the quarter from 1 Jan 2016 to 31 Mar 2016. These figures were extracted from BHG Retail REIT's inaugural results for the period from 18 Nov 2015 (Date of Constitution) to 31 Mar 2016. There were no operating activities for the period prior to 11 Dec 2015 (Listing Date).
- The actual results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.864 and 1:4.643 for 1Q 2017 and 1Q 2016, respectively.
- Prior to 1 May 2016, Business Tax was reflected under property operating expenses. With effect from 1 May 2016, Value Added Tax ("VAT") replaced Business Tax in China and it is net off the revenue instead of reflecting in the property operating expenses.
- Includes property management fees of S\$523,000 and S\$543,000 for 1Q 2017 and 1Q 2016, respectively.

With effect from 1 July 2016, the Beijing State Government aligned its tax policy with the national practice of charging Property Tax based on rental income. This resulted in higher property-related tax expenses for Beijing Wanliu Mall. The change in Beijing's Property Tax is in-line with current property tax for the other 4 properties in the portfolio.

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Notes to Consolidated Statement of Total Return and Distribution Statement:

(1) Other income

Other income mainly comprised compensation on liquidated damages, government grant and miscellaneous income.

(2) Manager's management fee

Manager's base management fee is calculated as 10.0% per annum of the Distributable Income of the Group.

Manager's performance fee is calculated as 25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

For financial year 2016, given there is no preceding financial year for the Group, the difference in DPU shall be the difference between actual DPU and the forecasted DPU from the Forecast as disclosed in the Prospectus.

(3) Finance cost

Finance cost comprised the following:

	1Q 2017 (S\$'000)	1Q 2016 (S\$'000)	Change (%)
Borrowing costs	2,057	2,400	(14.3)
Amortisation of debt establishment costs	82	78	5.1
Finance cost	2,139	2,478	(13.7)

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(4) Taxation

Taxation comprised income tax, deferred tax and withholding tax relating to the Group's foreign subsidiaries.

	1Q 2017 (S\$'000)	1Q 2016 (S\$'000)	Change (%)
Current period:			
- Income tax	1,244	1,400	(11.1)
- Deferred tax	236	154	53.2
- Withholding tax	-	112	N/M
	1,480	1,666	(11.2)

N/M: not meaningful

(5) Distribution adjustments

	1Q 2017 (S\$'000)	1Q 2016 (S\$'000)	Change (%)
<u>Distribution adjustments</u>			
- Amortisation of debt establishment costs	82	78	5.1
- Manager' management base fee payable in Units	506	474	6.8
- Manager's management performance fee payable in Units	-	30	N/M
- Property management fees payable in Units	173	179	(3.4)
- Transfer to statutory reserve ^(a)	(262)	(273)	(4.0)
- Other adjustments ^(a)	56	31	80.6
Net distribution adjustments	555	519	6.9

N/M: not meaningful

Footnote:

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

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1(b)(i) Statements of Financial Position

	Note	Group		REIT	
		31 Mar 2017 ^(a)	31 Dec 2016 ^(a)	31 Mar 2017 ^(a)	31 Dec 2016 ^(a)
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Investment properties		798,358	810,692	-	-
Plant and equipment		675	733	-	-
Interest in subsidiaries		-	-	526,880	526,707
Trade and other receivables		117	46	-	-
Deferred tax assets		203	208	-	-
		799,353	811,679	526,880	526,707
Current assets					
Trade and other receivables	(1)	3,574	8,279	357	1,290
Cash and cash equivalents	(2)	62,353	51,669	944	382
		65,927	59,948	1,301	1,672
Total assets		865,280	871,627	528,181	528,379
Non-current liabilities					
Loans and borrowings	(3)	147,737	140,442	79,784	70,657
Trade and other payables		2,670	1,869	-	-
Security deposits		8,278	6,693	-	-
Deferred tax liabilities		22,187	22,564	-	-
		180,872	171,568	79,784	70,657
Current liabilities					
Loans and borrowings	(3)	90,489	90,020	89,300	88,800
Trade and other payables		17,564	19,169	1,552	1,138
Security deposits		5,969	7,991	-	-
Current tax payable		1,815	1,493	-	-
		115,837	118,673	90,852	89,938
Total liabilities		296,709	290,241	170,636	160,595
Net assets		568,571	581,386	357,545	367,784
Represented by:					
Unitholders' funds		408,357	421,177	357,545	367,784
Non-controlling interests ("NCI")		160,214	160,209	-	-
		568,571	581,386	357,545	367,784

Footnotes:

- (a) The results of the Group's foreign subsidiaries were translated using the closing SGD: CNY rate of 1: 4.932 and 1:4.798 as at 31 Mar 2017 and 31 Dec 2016, respectively.

Notes to Statements of Financial Position:

- (1) Decrease in trade and other receivables is due mainly to refund of deposits and collection from receivables.
- (2) Cash and cash equivalents include non-restricted and restricted cash. The Group has restricted cash amounting to S\$23.3 million and S\$13.3 million as at 31 Mar 2017 and 31 Dec 2016, respectively, which is used to secure bank borrowings.
- (3) Loans and borrowings are measured at amortised cost and comprise corporate loan of S\$147.6 million and credit facilities of S\$21.4 million, Beijing Wanliu of S\$56.2 million (RMB 277.0 million) and Hefei Mengchenglu of S\$13.0 million (RMB 64.0 million), as explained under section 1(b)(ii).

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1 (b)(ii) Aggregate Amount of Borrowings and Debt Securities for the Group

	31 Mar 2017 ^(a) (S\$'000)	31 Dec 2016 ^(a) (S\$'000)
Secured borrowings		
- Amount repayable within one year	90,517	90,050
- Amount repayable after one year	148,638	141,441
- Less: Debt establishment costs ^(b)	(929)	(1,029)
Total secured borrowings	238,226	230,462
Unsecured borrowings	-	-
Total borrowings	238,226	230,462

Footnotes:

(a) The balances of the Group's foreign subsidiaries are translated using the closing SGD: CNY rate of 1:4.932 and 1:4.798 as at 31 Mar 2017 and 31 Dec 2016, respectively.

(b) Debt establishment costs are amortised over the tenure of the respective loan facilities.

Details of any collaterals

The Group has put in place two onshore secured borrowing facilities of RMB 280 million and RMB 71 million available for drawdown, and an offshore secured borrowing facility of S\$148 million. As at 31 Mar 2017, the RMB 280 million facility and S\$148 million facility were fully drawn down, while RMB 70 million was drawn down from the RMB 71 million onshore facility.

The onshore facilities are collectively secured by a legal mortgage over the Group's investment properties, and a pledge over the receivables of the five subsidiaries in the People's Republic of China ("PRC").

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 four Singapore holding companies' 100% equity interest in the respective subsidiaries in PRC.

In addition to the above facilities, the Group has also obtained credit facilities amounting to S\$21.4 million. The facilities of S\$9.6 million were drawn down to finance the payment of second half 2016 distribution and interest payment of the borrowings in 1Q 2017, respectively. The credit facilities are secured by the restricted cash from the five subsidiaries in PRC.

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1 (c) Consolidated Statement of Cash Flows

	1Q 2017 (S\$'000)	1Q 2016 ^(a) (S\$'000)
Operating activities		
Total return for the period	6,337	5,461
Adjustments for:		-
Manager's management fee payable in Units	506	505
Property management fees payable in Units	173	178
Finance income	(97)	(16)
Finance cost	2,139	2,478
Depreciation	39	38
Change in fair value of investment properties	-	-
Foreign exchange loss - unrealized	26	15
Taxation	1,480	1,666
Operating income before working capital changes	10,603	10,325
Changes in working capital:		
Trade and other receivables	5,624	(1,924)
Trade and other payables	(2,974)	7,485
Cash generated from operating activities	13,253	15,886
Tax paid	(876)	(1,522)
Net cash from operating activities	12,377	14,364
Investing activities		
Capital expenditure on investment properties	(202)	(5,585)
Purchase of plant and equipment	-	(43)
Interest received	97	16
Net cash used in investing activities	(105)	(5,612)
Financing activities		
Distribution to unitholders	(9,076)	-
Increase in restricted cash	(9,985)	-
Interest paid	(588)	(264)
Proceeds from borrowings	9,600	32,000
Repayment of borrowings	-	(33,191)
Payment of transaction costs related to loans and borrowings	-	(1,386)
Net cash used in financing activities	(10,049)	(2,841)
Net increase in cash and cash equivalents	2,223	5,911
Cash and cash equivalents at beginning of the period	38,373	32,540
Effect of exchange rate fluctuations on cash held	(1,524)	(2,014)
Cash and cash equivalents at end of the period	39,072	36,437

Footnotes:

- (a) The comparative figures were for the quarter from 1 Jan 2016 to 31 Mar 2016. These figures were extracted from BHG Retail REIT's inaugural results for the period from 18 Nov 2015 (Date of Constitution) to 31 Mar 2016. There were no operating activities for the period prior to 11 Dec 2015 (Listing Date).

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Notes to Consolidated Statement of Cash Flows:

- (1) Proceeds from borrowings of S\$9.6 million in 1Q 2017 mainly used to fund our 2H 2016 distribution and interest payments of borrowings. Proceeds from borrowings of S\$32.0 million in 1Q 2016 is used for repayment of the loan of S\$33.2 million in one of the subsidiaries in PRC.
- (2) For purpose of the Consolidated Statement of Cash Flows, the cash and cash equivalents comprised the following:

	31 Mar 2017	31 Mar 2016
	(S\$'000)	(S\$'000)
Bank and cash balances	62,353	36,437
Less: Restricted cash	(23,281)	-
Cash and cash equivalents of cash flows statement	39,072	36,437

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

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1 (d)(i) Statements of Changes in Unitholders' Funds

	Group		REIT	
	1Q 2017 (S\$'000)	1Q 2016 ^(a) (S\$'000)	1Q 2017 (S\$'000)	1Q 2016 ^(a) (S\$'000)
Unitholders' funds as at beginning of the period	421,177	404,611	367,784	380,909
Change in Unitholders' funds resulting from operations before distribution	4,501	4,224	(1,842)	(1,766)
Transfer to statutory reserve	(262)	(273)	-	-
Net increase in net assets resulting from operations	425,416	408,562	365,942	379,143
Unitholders' transactions				
Issue of new Units				
- Manager's management fee paid/payable in Units	506	505	506	505
- Property management fees paid/payable in Units	173	178	173	178
Issue expenses	-	1,386	-	1,386
Distribution to Unitholders	(9,076)	-	(9,076)	-
Net (decrease)/increase in net assets resulting from Unitholders' transactions	(8,397)	2,069	(8,397)	2,069
Movement in foreign currency translation reserve	(8,924)	(14,214)	-	-
Movement in statutory reserve	262	273	-	-
Total Unitholders' funds as at end of the period	408,357	396,690	357,545	381,212

Footnote:

- (a) The comparative figures were for the quarter from 1 Jan 2016 to 31 Mar 2016. These figures were extracted from BHG Retail REIT's inaugural results for the period from 18 Nov 2015 (Date of Constitution) to 31 Mar 2016. There were no operating activities for the period prior to 11 Dec 2015 (Listing Date).

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1 (d)(ii) Details of Any Changes in Units

	1Q 2017 (‘000)	1Q 2016 (‘000)
REIT		
Units in issue:		
As at beginning of period	495,560	492,827
Issue of new units relating to:		
- Manager's management base fee payable in Units	1,046	-
- Property manager's fee payable in Units	271	-
Issued units as at end of period	496,877	492,827
Units to be issued:		
Manager's management base fee payable in Units	724	592
Manager's management performance fee payable in Units	-	37
Property manager's fee payable in Units	248	222
To be issued units as at end of period	972	851
Total issued and issuable units as at end of period	497,849	493,678

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by our auditors.

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

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The accounting policies and methods of computation adopted in the preparation of the financial statements for the current report period are consistent with those stated in the audited financial statements for the financial year ended 31 December 2016.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

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6 Earnings per Unit and Distribution per Unit

	1Q 2017	1Q 2016
Weighted average number of units ('000)		
Basic	496,888	492,735
Diluted	497,849	493,679
Earnings per unit (" EPU ") ^(a) (cents)		
Basic	0.91	0.86
Diluted	0.90	0.86
Number of Units entitled to distribution ('000)	362,350	345,331
Distribution per unit (" DPU ") ^(b) (cents)	1.39	1.37

Footnotes:

- (a) EPU is calculated based on total return after taxation and non-controlling interests.
(b) The computation of the DPU is based on the number of Units entitled to distribution of 362,347,000 and 345,331,000 in 1Q 2017 and 1Q 2016, respectively. The Units entitled to distribution have excluded strategic investor's Units of 135,500,000 and 148,310,000 in 1Q 2017 and 1Q 2016 respectively, in accordance with the Distribution Waiver provided by our strategic investor.

7 Net Asset Value ("NAV") per Unit

	Group		REIT	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
Number of Units in issue and to be issued at end of period ('000)	497,849	496,877	497,849	496,877
Net asset value per Unit (S\$) ^(a)	0.82	0.85	0.72	0.74

Footnote:

- (a) The NAV per unit is computed based on the Units in issue and to be issued of 497,849,000 and 496,877,000 as at 31 Mar 2017 and 31 Dec 2016, respectively.

8 Review of the Performance

Gross revenue in 1Q 2017 was S\$0.5 million (3.4%) lower than 1Q 2016. This was due to the China nation-wide VAT reform which came into effect from 1 May 2016 where 5% VAT was netted off against gross revenue reported for 1Q 2017.

Property Operating Expenses in 1Q 2017 was S\$0.8 million (13.2%) lower than 1Q 2016. This was due mainly to the VAT reform where Business Tax (which was previously parked under Property Operating Expenses) was replaced with VAT with effect from 1 May 2016, and the VAT is netted off against gross revenue.

With effect from 1 July 2016, the Beijing State Government aligned its tax policy with the national practice of charging property tax based on revenue. This resulted in higher property-related tax expenses for Beijing Wanliu Mall for 1Q 2017, as compared to 1Q 2016. The change in Beijing's property tax policy is in line with the other 4 properties in the portfolio.

Despite the higher property-related tax expenses (which are included in the property operating expenses) in Beijing Wanliu Mall, net property income was S\$0.2 million (2.3%) higher than 1Q 2016. This was due mainly to the increase in rental revenue.

Finance cost in 1Q 2017 was S\$0.3 million (13.7%) lower than 1Q 2016. This was largely due to the repayment of the loan in one of the subsidiaries in PRC in 1Q 2016 but partially offset by the higher loan borrowings in other entities in the Group. The loan that was repaid had a higher interest rate compared to the new borrowings which have lower interest rates.

9. Variance from previous forecast or prospect statement

The Group has not disclosed any forecast to the market.

10 Commentary on the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

China registered a gross domestic product of 6.7% year-on-year growth in 2016. Based on preliminary estimate, the China economy grew 6.9% year-on-year to RMB18.1 trillion in the first quarter 2017. The latest results laid a solid foundation for the China economy to realising the full year growth target of 6.5%. The Chinese government reiterated their underlying principle of making progress while maintaining stability. (Source: National Bureau of Statistics of China)

Disposable income per capita for urban residents increased 6.3% year-on-year in the first quarter 2017. Unemployment remained stable at 3.97%. Total retail sales increased 10.0% year-on-year to RMB 8.6 trillion for the first quarter 2017. (Source: National Bureau of Statistics of China)

Based on the 'Report on the Work of the Government 2017' delivered at the annual National People's Congress & Chinese People's Political Consultative Conference meeting in March 2017, the Chinese government identified several key targets for developments in the year ahead. They include achieving a GDP growth of 6.5% for the full year, increasing personal income reasonably in line with economic growth, increasing 11 million new urban jobs, and keeping unemployment rate within 4.5%. The Chinese government also emphasised their commitment to drive domestic consumption and to target a retail sales growth of 10.0% for the full year 2017. (Source: National Development and Reform Commission)

According to CBRE, the February 2017 Consumer Confidence Index rose to 112.6, a 10-year record high. For the first two months of 2017, solid growth was registered for the sales of sporting goods, office supplies, and books, as well as the food and beverage sector. Experiential retail continued to perform well in the first quarter 2017. (CBRE Marketview China Q1 2017)

Looking forward, BHG Retail REIT's portfolio of five resilient community retail properties with strong experiential-focused trade mix and robust surrounding catchment, will continue to benefit from China's economic transformation driven by rising disposable income, domestic consumption and urbanization.

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11 Distribution

(a) Current financial period

(a) Current financial period

Any distribution declared for the current financial period?

No.

(b) Corresponding period of the immediately preceding financial year

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

Not Applicable.

(c) Date payable: Not applicable

(d) Book closure date: Not applicable

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

No interim distribution has been declared or recommended in the current financial period.

13 If the Group has obtained a general mandate from Unitholders for interested person transactions (“IPT”), the aggregate value of such transactions are required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from Unitholders for IPT.

14 Confirmation pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the unaudited interim financial results of the Group and the REIT (comprising the statement of financial position as at 31 Mar 2017, statement of total return and distribution statement, statement of cash flow and statement of movements in Unitholders’ funds for the quarter ended on that date), together with their accompanying notes, to be false or misleading, in any material respect.

15 Confirmation pursuant to Rule 720(1) of the Listing Manual

The Manager confirms that it has procured undertakings from all Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual.

**BHG RETAIL REIT
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
FIRST QUARTER ENDED 31 MARCH 2017**

On behalf of the Board of the Manager

Francis Siu Wai Keung
Chairman

Chan Iz-Lynn
Chief Executive Officer

This release may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental, public policy changes, and the continued availability of financing. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

The value of units in the REIT ("Units") and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of the Group is not necessarily indicative of the future performance of the Group.

Investors should note that they have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

By Order of the Board

Tan Wee Sin
Company Secretary

BHG Retail Trust Management Pte. Ltd.

(Company registration no. 201504222D)
(as Manager of BHG Retail REIT)

12 May 2017