



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

**RIGHT OF FIRST REFUSAL TO ACQUIRE TONGCHENGJIE MALL AND LIBAO MALL GRANTED
BY BEIJING HUALIAN DEPARTMENT STORE CO., LTD.**

DBS Bank Ltd. is the Financial Adviser, Issue Manager, Bookrunner and Underwriter to the initial public offering of BHG Retail REIT in December 2015.

BHG Retail Trust Management Pte. Ltd., in its capacity as manager of BHG Retail REIT (the **"Manager"**), wishes to announce that BHG Retail REIT has declined an offer from Beijing Hualian Department Store Co., Ltd. (**"BHDS"**) for the acquisition of interests in Tongchengjie Mall and Libao Mall (collectively, the **"Properties"**) at a purchase consideration of RMB 251,754,400 (or approximately SGD 51.0 million¹) and RMB 341,988,400 (or approximately SGD 69.2 million) respectively, representing a 51.0% equity interest in each of the relevant companies (the **"Property Companies"**) holding the Properties (the **"Offer"**). The independent valuation on the 51.0% equity interest in Tongchengjie Mall and Libao Mall was RMB 251,940,000 (or approximately SGD 51.0 million) and RMB 342,210,000 (or approximately SGD 69.3 million) as at 31 December 2015.

The purchase consideration represents a property value of RMB 900,000,000 (or approximately SGD 182.2 million) for Tongchengjie Mall and RMB 1,527,000,000 (or approximately SGD 309.1 million) for Libao Mall (each based on 100% value of the Properties). The purchase consideration was derived after subtracting total liabilities (which consist of long-term borrowings and other liabilities), from total assets (which consist of the value of the Properties, cash and cash equivalents and other miscellaneous assets).

Tongchengjie Mall is located at Building 5, No. 30 East Yuzhi Road, Changping District, Beijing. It has a gross floor area of 60,635 sq m and was completed in 2013, with its land tenure expiring on 13 September 2047 for Tongchengjie Mall and 13 September 2057 for the car park. Libao Mall is located at Building 1, No. 8 Ronghuazhong Road, Beijing. It has a gross floor area of 91,455 sq m and was completed in 2014, with its land tenure expiring on 16 January 2055.

The Offer was made pursuant to the right of first refusal (**"ROFR"**) agreement entered into between DBS Trustee Limited, in its capacity as trustee of BHG Retail REIT (the **"Trustee"**), and BHDS on 23 November 2015 (the **"ROFR Agreement"**). BHDS had made the Offer to the Trustee as it had received an offer from a third party to acquire its 51.0% equity interest in each of the Property Companies.

The Manager has considered the Offer and is of the view that acquiring the equity interests in the Property Companies at this point in time would not be in the best interests of BHG Retail REIT, as the Properties have not achieved the level of performance and earnings that would render them suitable for injection into BHG Retail REIT to achieve the targeted overall yield of BHG Retail REIT.

¹ Based on an exchange rate of 4.940 on 3 August 2016 from Renminbi to Singapore dollars in this announcement.

The Manager understands that the 51.0% equity interest in each of the Property Companies will be transferred to a private fund which will be managed by a fund manager which will be 50.0% owned (directly or indirectly) by Beijing Hualian Group Investment Holding Co., Ltd² and another third party. After the private fund has been established, it is intended that the private fund will provide a right of first refusal over the 51.0% equity interest in each of the Property Companies to BHG Retail REIT. The private fund will also provide a right of first refusal over the 51.0% equity interest in the company which holds Changying Mall³.

In line with BHG Retail REIT's acquisition growth strategy which is supported by leveraging on BHDS's experience and the acquisition opportunities in respect of the properties under the ROFR Agreement provided by BHDS, the Manager will continue pursuing selective acquisition opportunities which meets BHG Retail REIT's investment strategy to enhance returns to Unitholders and improve potential opportunities for future income and capital growth.

By Order of the Board

BHG Retail Trust Management Pte. Ltd.,

(Company Registration No. 201504222D)

in its capacity as manager of **BHG Retail REIT**

3 August 2016

2 As of the date of this announcement, Beijing Hualian Group Investment Holding Co., Ltd directly holds approximately 29.7% of BHDS, which in turn indirectly holds 100.0% of the Manager.

3 Changying Mall was earlier disposed by BHDS.

Important notice:

This announcement is for information only and does not constitute an offer, invitation to purchase or subscribe for or solicitation of units in BHG Retail REIT (“**Units**”) in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of the Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, DBS Trustee Limited, as trustee of BHG Retail REIT or any of its respective affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Following the listing of the Units on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement is not to be distributed or circulated outside of Singapore. Any failure to comply with this restriction may constitute a violation of United States securities laws or the laws of any other jurisdiction.

This announcement 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. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of BHG Retail REIT. The forecast financial performance of BHG Retail REIT is not guaranteed. A potential investor is cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view of future events.