



# POISED FOR GROWTH

## BHG RETAIL REIT

FINANCIAL RESULTS FOR 3<sup>RD</sup> QUARTER 2017  
ENDED 30 SEPTEMBER 2017

7 NOVEMBER 2017



Certain statements made in this presentation may not be based on historical information or facts and may constitute “forward-looking” statements (including forward-looking financial information). Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements and/or financial information as a result of a number of factors, risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, the present and future business strategies, the environment in which BHG Retail REIT will operate in the future, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes, and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements and/or financial information, as these statements and/or financial information reflect the Manager’s current views concerning future events and necessarily involve risks, uncertainties and assumptions.

The information contained in this presentation has not been independently verified. No representation or warranty, expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained in this presentation. Neither BHG Retail Trust Management Pte. Ltd. (the “Manager”) or any of its affiliates, advisors, representatives or agents shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this presentation or its contents or otherwise arising in connection with this presentation.

The value of units in BHG Retail REIT (“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 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 BHG Retail REIT and the Manager is not necessarily indicative of the future performance of BHG Retail REIT and the Manager.

Investors have no right to request the Manager to redeem or purchase their Units while the Units are listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

This presentation is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units.

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

- 1** 3Q 2017 Key Highlights
- 2** Financial Highlights
- 3** Portfolio Review
- 4** Beijing Hualian Group
- 5** Growth Strategy
- 6** Market Outlook

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

*“3Q 2016”: For the 3-month period from 1 July 2016 to 30 September 2016;*

*“3Q 2017”: For the 3-month period from 1 July 2017 to 30 September 2017;*

*“9M 2016”: For the 9-month period from 1 January 2016 to 30 September 2016; and*

*“9M 2017”: For the 9-month period from 1 January 2017 to 30 September 2017.*

# 3Q 2017 Key Highlights



Photo of Chengdu Konggang 成都空港

# 3Q 2017 Key Highlights



**+7.0%**  
Gross  
Revenue  
(SGD)<sup>1</sup>

**+10.5%**  
Net Property  
Income  
(SGD)<sup>1</sup>

**+9.3%**  
Distribution  
Per Unit  
("DPU")

**7.45%**  
Annualised  
Distribution  
Yield<sup>2</sup>

**99.0%**  
Portfolio  
Occupancy<sup>3</sup>

**Healthy  
Rental Reversion**

**32.5%**  
Gearing<sup>3,4</sup>

**+6.8%**  
China GDP  
Growth in  
3Q 2017<sup>5</sup>  
(y-o-y)

**+10.4%**  
China Retail  
Sales Growth  
in 9M 2017<sup>5</sup>  
(y-o-y)

**+6.6%**  
Disposable income per capita  
for urban residents in 9M 2017  
(Real growth)<sup>5</sup>  
(y-o-y)

1 The actual results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.900 and 1:4.929 for 3Q 2017 and 3Q 2016, respectively.

2 Based on closing price of S\$0.745 as at 30 September 2017 and annualised 9M 2017 Distribution per Unit.

3 As at 30 September 2017.

4 MAS leverage limit is 45% with effect from 1 January 2016.

5 Source: National Bureau of Statistics of China.

- **Strong Fundamentals, Distribution per Unit up 9.3% y-o-y**
  - Gross revenue & Net property income in SGD increased 7.0%<sup>1</sup> and 10.5%<sup>1</sup> year-on-year (y-o-y) for the quarter, respectively.
  - Annualised distribution yield of 7.45%<sup>2</sup>
- **Robust Community Focused Strategy**
  - High portfolio occupancy rate of 99.0%<sup>3</sup>
  - Healthy rental reversion
- **Healthy Gearing of 32.5%<sup>3,4</sup>**
- **Positive China Retail Outlook<sup>5</sup>**
  - China GDP grew 6.8% y-o-y in 3Q 2017
  - Retail sales up 10.4% y-o-y in 9M 2017
  - Disposable income and consumption expenditure per capita for urban residents increased 6.6% and 5.9%, respectively in 9M 2017.

<sup>1</sup> The actual results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.900 and 1:4.929 for 3Q 2017 and 3Q 2016, respectively.

<sup>2</sup> Based on closing price of S\$0.745 as at 30 September 2017 and annualised 9M 2017 Distribution per Unit.

<sup>3</sup> As at 30 September 2017.

<sup>4</sup> MAS leverage limit is 45% with effect from 1 January 2016.

<sup>5</sup> Source: National Bureau of Statistics of China.



# Financial Highlights



# Healthy & Resilient 3Q 2017 Performance



Portfolio	3Q 2017 <sup>2</sup>	3Q 2016 <sup>1,2</sup>	% Change
<b>RMB'000</b>			
Gross revenue	80,656	75,661	6.6
Net property income	51,622	46,955	9.9

<b>SGD'000</b>			
Gross revenue	16,462	15,383	7.0
Net property income	10,536	9,538	10.5
Amount available for distribution	5,148	4,521	13.9
Distribution per Unit (DPU) (cents)	1.41	1.29	9.3

1. The comparative figures were for the quarter from 1 July 2016 to 30 September 2016. These figures were extracted from BHG Retail REIT's results for the third quarter ended 30 September 2016.
2. The actual results of the Group's foreign subsidiaries were translated using the average SGD:CNY rate of 1:4.900 and 1:4.929 for 3Q 2017 and 3Q 2016, respectively.



# Healthy & Resilient 9M 2017 Performance

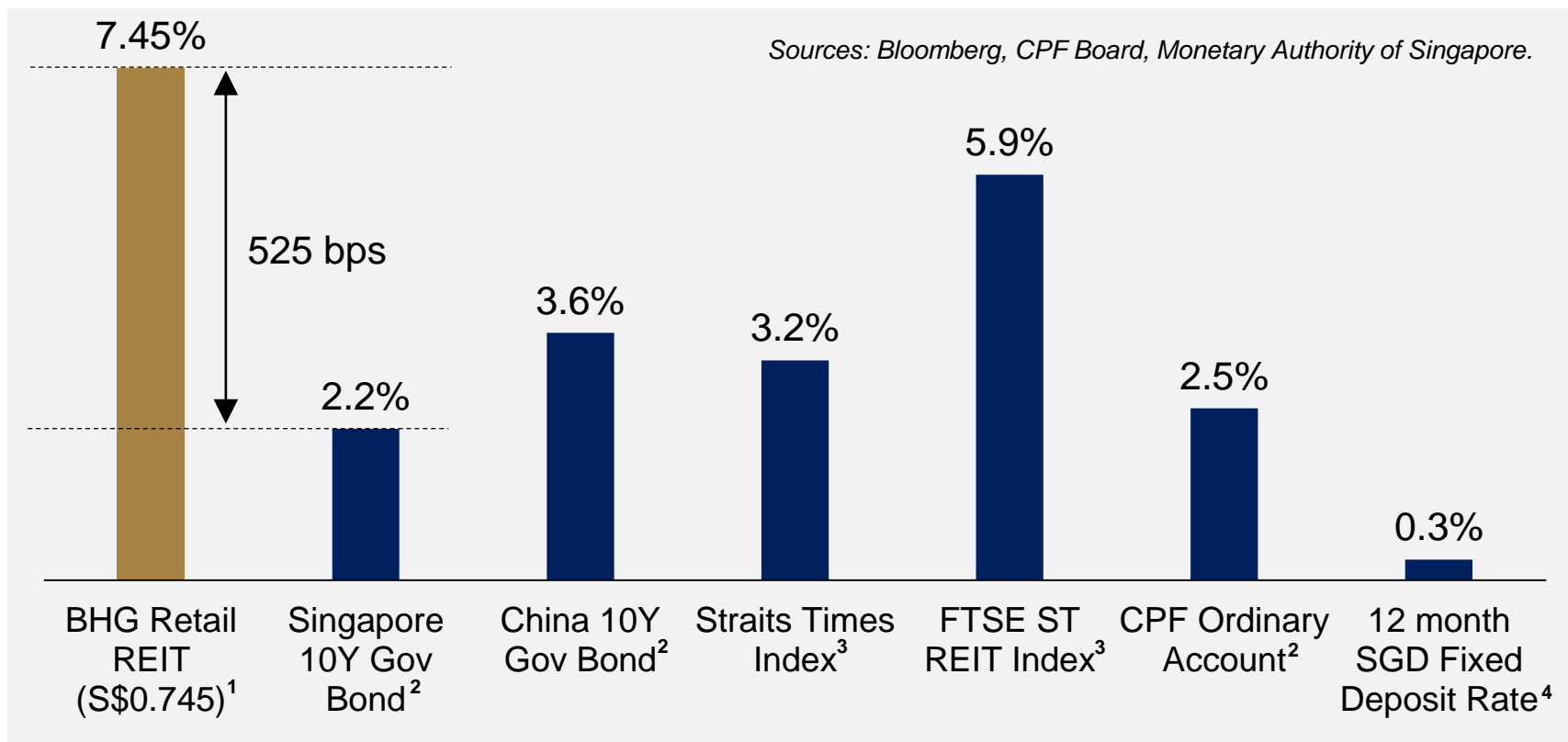


Portfolio	9M 2017 <sup>2</sup>	9M 2016 <sup>1,2</sup>	% Change
<b>RMB'000</b>			
Gross revenue	234,155	224,166	4.5 <sup>3</sup>
Net property income	155,773	143,567	8.5 <sup>3,4</sup>

<b>SGD'000</b>			
Gross revenue	47,812	46,794	2.2 <sup>3,5</sup>
Net property income	31,807	29,986	6.1 <sup>3,4,5</sup>
Amount available for distribution	15,122	13,975	8.2
Distribution per Unit (DPU) (cents)	4.15	4.01	3.5

1. The comparative figures were for the half year from 1 January 2016 to 30 September 2016. These figures were extracted from BHG Retail REIT's results for the half year ended 30 September 2016.
2. The actual results of the Group's foreign subsidiaries were translated using the average SGD:CNY rate of 1:4.897 and 1:4.776 for 9M 2017 and 9M 2016, respectively.
3. 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.
4. 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.
5. Weaker RMB against SGD.

## BHG Retail REIT trading at 525 bps risk premium above Singapore 10-year government bond yield



1. Based on closing price of S\$0.745 as at 30 September 2017 and annualised 9M 2017 Distribution per Unit.
2. As at 30 September 2017.
3. Based on the average gross dividend yield for the 12 months ended 30 September 2017.
4. Based on the average SGD fixed deposit rate for the 12 months ended 30 September 2017.

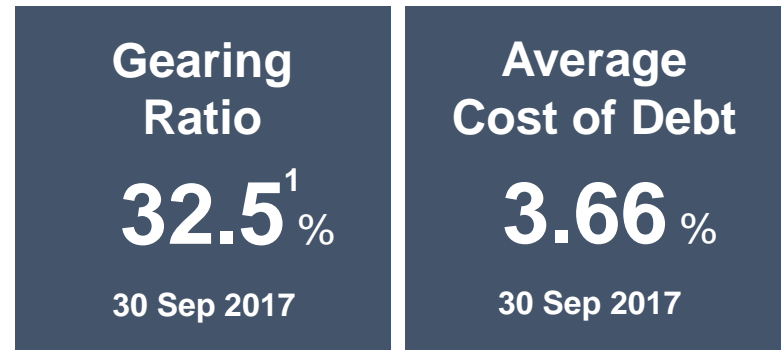
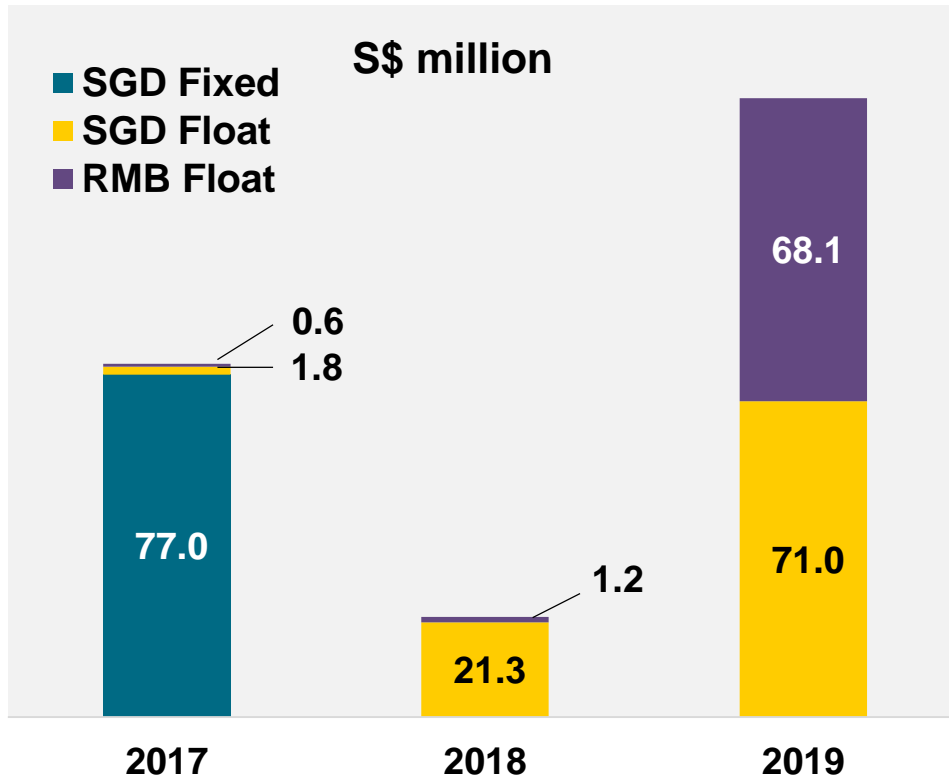
# Stable Financial Position



<b>As at 30 September 2017</b>	<b>S\$'000</b>
<b>Total Assets</b>	<b>871,929</b>
<b>Total Liabilities</b>	<b>298,310</b>
<b>Net Assets Attributable to Unitholders</b>	<b>412,564</b>
<b>Net Asset Value per unit</b>	<b>S\$0.83</b>
<b>Gearing<sup>1</sup></b>	<b>32.5%</b>

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

## Aggregate borrowings drawn down as at 30 September 2017: S\$ 241.0 million



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

- About 70% of debt denominated in functional currency of the REIT (SGD).
- Apart from the natural hedge from RMB denominated borrowings, about 45% of the SGD-denominated borrowing are on a fixed interest rate basis.

# Portfolio Review



# Portfolio Summary<sup>1</sup>



**Investment Mandate: Income-producing real estate used primarily for retail purposes, with an initial focus on China**

<b>Portfolio</b>
<b>Valuation : RMB 3,890 mil<sup>2</sup></b>
<b>NLA : 155,352 sqm</b>
<b>WALE (NLA) : 8.2 years</b>
<b>Occupancy : 99.0 %</b>



<b>Beijing Mall</b>
<b>Valuation : RMB 2,235 mil<sup>2</sup></b>
<b>NLA : 54,519 sqm</b>
<b>WALE (NLA) : 3.4 years</b>
<b>Occupancy : 100.0 %</b>



<b>Xining Mall</b>
<b>Valuation : RMB 278 mil<sup>2</sup></b>
<b>NLA : 20,807 sqm</b>
<b>WALE (NLA) 17.3 years</b>
<b>Occupancy : 100.0 %</b>



<b>Chengdu Mall</b>
<b>Valuation : RMB 631 mil<sup>2</sup></b>
<b>NLA : 39,451 sqm</b>
<b>WALE (NLA) : 4.9 years</b>
<b>Occupancy : 96.1 %</b>



<b>Hefei Mall</b>
<b>Valuation : RMB 584 mil<sup>2</sup></b>
<b>NLA : 25,230 sqm</b>
<b>WALE (NLA) : 6.1 years</b>
<b>Occupancy : 100.0 %</b>



<b>Dalian Property</b>
<b>Valuation : RMB 162 mil<sup>2</sup></b>
<b>NLA : 15,345 sqm</b>
<b>WALE (NLA) : 17.3 years</b>
<b>Occupancy: 100.0 %</b>

- Multi-tenanted
- Master-leased

1 As at 30 September 2017.  
 2 Based on independent valuation from Knight Frank Petty Limited as at 31 December 2016.

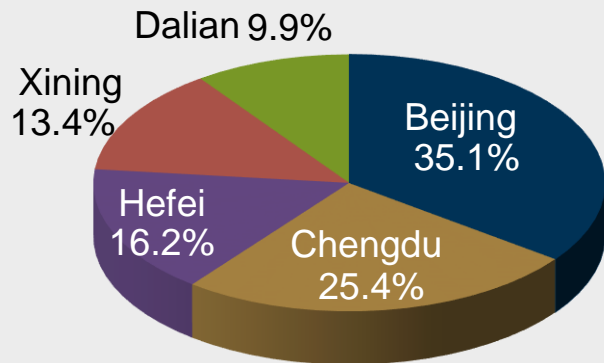
# Resilient Portfolio & Steady Catchment



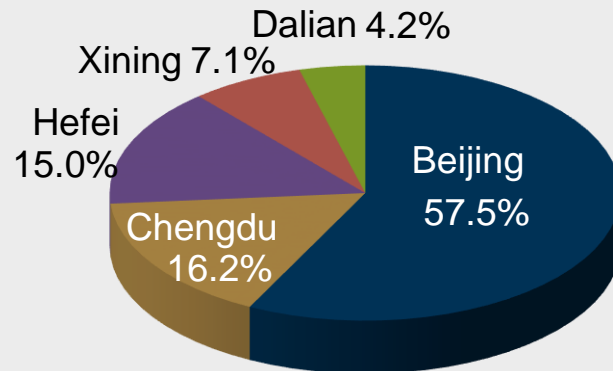
- One-stop destination malls that serve surrounding communities
- Surrounded by densely populated residential properties
- Strong focus on experiential and lifestyle segment
- Well-positioned to capitalise on the rising middle income population



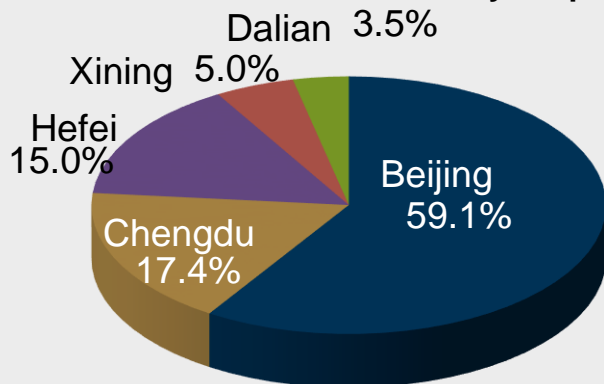
**Breakdown of NLA<sup>1</sup> by Property**



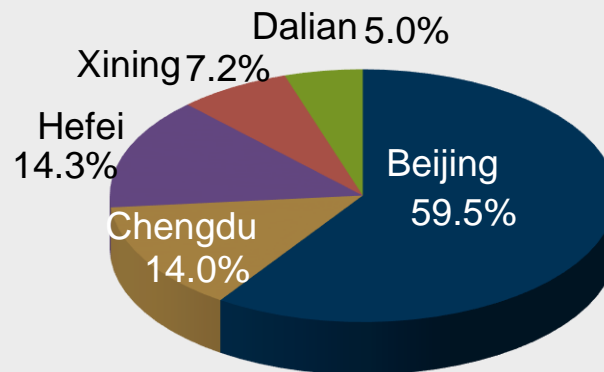
**Breakdown of Valuation<sup>2</sup> by Property**



**Breakdown of Gross Revenue<sup>3</sup> by Property**



**Breakdown of Net Property Income<sup>3</sup> by Property**



1 As at 30 September 2017

2 Based on independent valuation from Knight Frank Petty Limited as at 31 December 2016.

3 Based on 3Q 2017 results



# High Portfolio Occupancy of 99.0%



Occupancy Rate	30 Sep 2017
Beijing Wanliu	100.0%
Chengdu Konggang	96.1%
Hefei Mengchenglu	100.0%
Xining Huayuan	100.0%
Dalian Jinsanjiao	100.0%
Portfolio (NLA Weighted)	99.0%

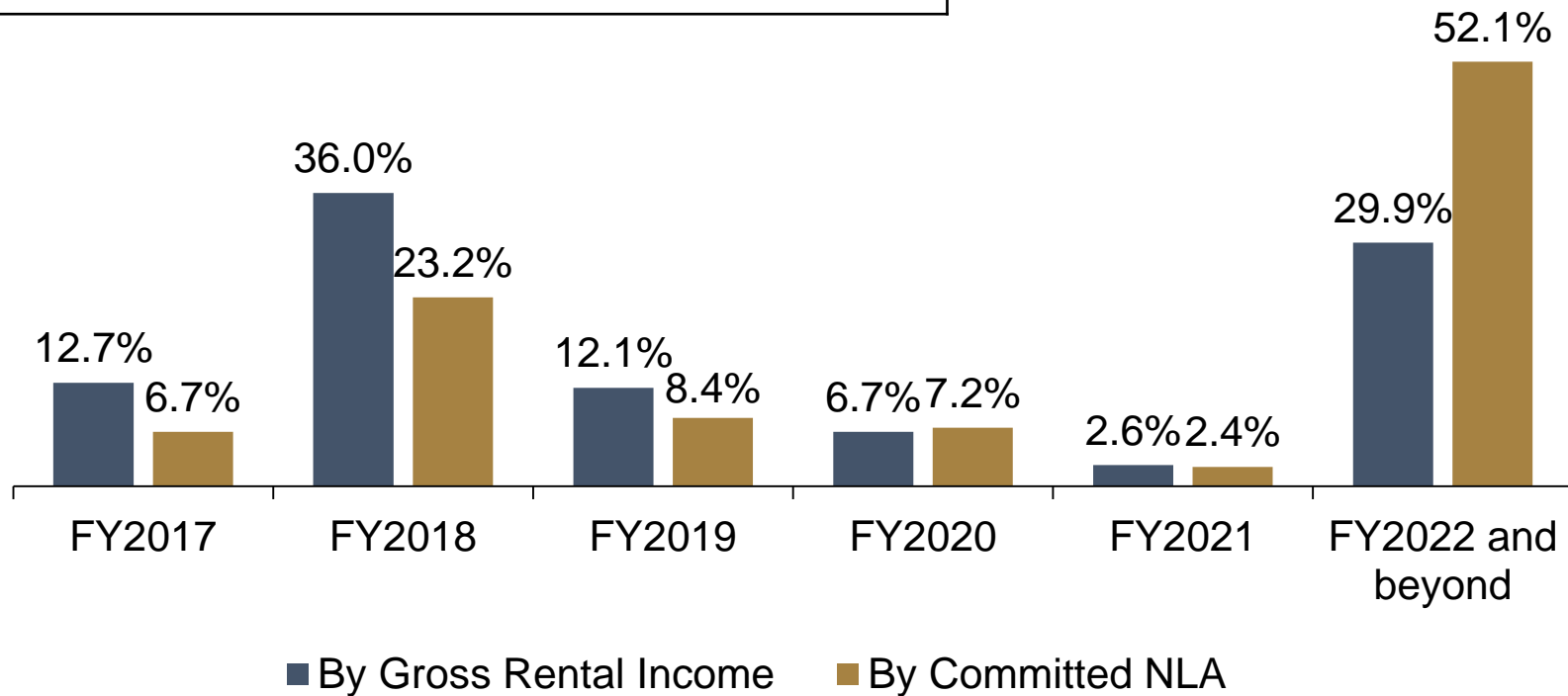


# Well-Staggered Lease Expiry Profile



As at 30 September 2017

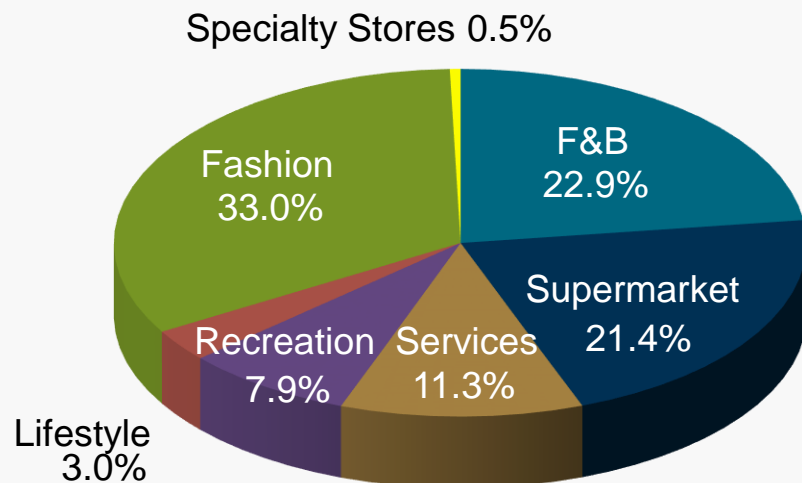
Weighted average lease expiry (WALE) (No. of years)	
By Gross Rental Income	4.8
By Committed NLA	8.2



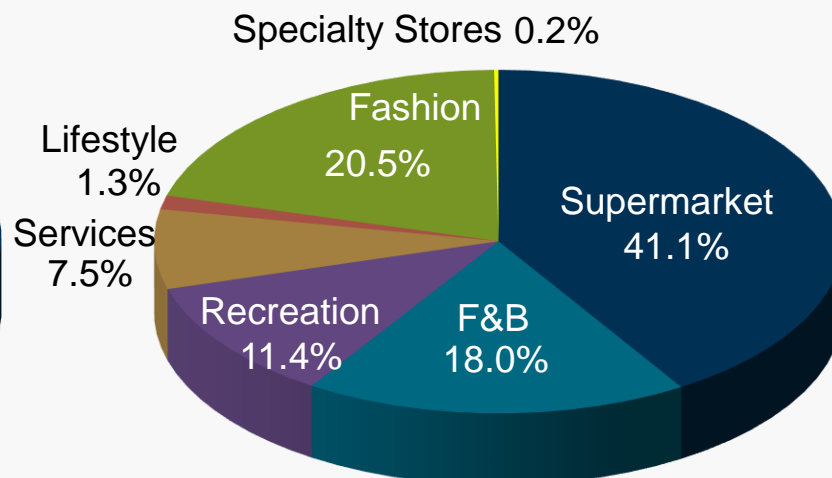
# Well Diversified Portfolio Tenant Mix



## Breakdown of Gross Rental Income<sup>1</sup> by Trade Sector



## Breakdown of NLA<sup>2</sup> by Trade Sector



***Above 65% of Gross Rental Income and close to 80% of NLA from experiential segment (exclude fashion and specialty stores)***

- 1 As percentage of the portfolio's gross rental income for the month of September 2017.
- 2 As percentage of the portfolio's net lettable area as at 30 September 2017.

# Engaging The Community & Tenants

## Beijing Wanliu 北京万柳

### Happy Pony Family Activity



### Meet With Cast of Movie Wukong 悟空传



### International Food Festival



# Engaging The Community & Tenants



## Chengdu Konggang 成都空港

### Let's Love – Dating Event



### Standup Comedy Show



### Little Workers Experience



# Engaging The Community & Tenants



Hefei Mengchenglu 合肥蒙城路

Annual BHG Day's Community Event



Food Tasting Event



Children Cultural Dance Performance



# Overview of Beijing Hualian Group

*First China Retail REIT Sponsored by a China Based Group*



# Beijing Hualian Group's Core Businesses



## Retail Malls

*38 Retail Malls owned and/or under management*

*Beijing Hualian Department Store Co., Ltd.*

- Listed on Shenzhen Stock Exchange in 1998
- Market cap of RMB 9.55b<sup>1</sup>
- Wide network of retail malls across China
- With focus on community retail malls well located in areas of high population density
- <http://www.bhgmall.com.cn/>



“Sponsor”

## Supermarkets

*More than 150 Supermarkets across entire China*  
*Beijing Hualian Hypermarket Co., Ltd.*

- Listed on Shanghai Stock Exchange in 2001
- Market cap of RMB 4.07b<sup>1</sup>
- Anchor / master-lease tenants at every property in the REIT's portfolio
- Attracts recurring footfall while providing stable income and step-up.



## Beijing SKP Luxury Department Store

*One of the Largest  
Luxury Department Stores in China*

- Operates Beijing SKP, located at Beijing's prime Central Business District
- Offers high-end retail goods and services
- One of Beijing's landmark shopping places
- <http://www.skp-beijing.com/>



北京SKP

## International Retail Partnerships

- Secure distributorships for international renowned brands
- Partnering brands are featured in the REIT's portfolio
- Joint venture with Costa Coffee for the entire Northern China







# Growth Strategy



## Organic Growth

### Proactive Asset Management

- Reinforce community positioning of our malls
- Improve rents while maintaining high occupancy rates
- Build firm partnerships with tenants, and demonstrate proactive tenant management
- Proactive marketing strategies
- Tap on Sponsor and Group retailer network and experience

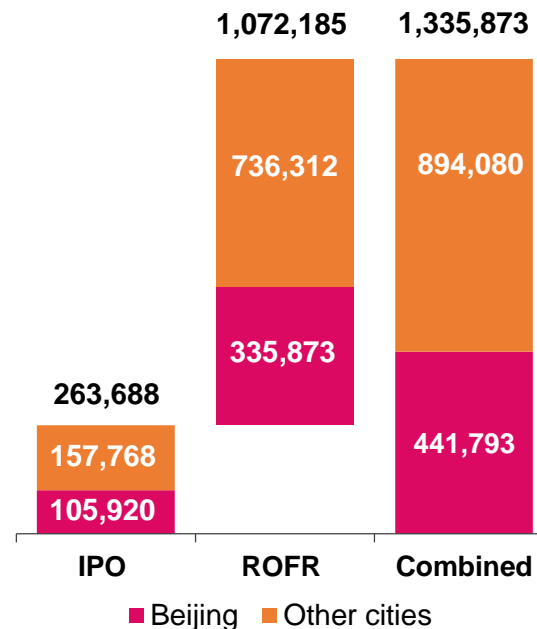
### Proactive Asset Enhancement

- Identify opportunities to improve the malls
- Achieve better efficiency or higher rental potential
- Upgrade existing facilities and reconfigure existing spaces

## Acquisition Growth

### 15 Voluntary ROFRs Properties In The Pipeline <sup>^\*</sup>

**15 ROFR Properties (GFA sqm)**  
(as at 30 September 2017)



### Explore Acquisition Opportunities In Other Quality Income-Producing Retail Properties

#### Key criteria:

- Yield accretive
- Location (Ease of access, connectivity, targeted catchment, concentration of competitors, etc)
- Potential for asset enhancement

<sup>^</sup> 3 out of the 15 ROFR Properties were granted by a private fund, managed by a fund manager 50% owned by Beijing Hualian Group Investment Holding Co., Ltd.

<sup>\*</sup> 1 out of the 15 ROFR Properties, Anzhen Mall, is held by Beijing Hualian Group Investment Holding Co., Ltd. jointly with other third parties and the consent of such third parties is required for Anzhen Mall to be offered to BHG Retail REIT.

# ROFR Properties & Sponsor Mall Footprint



**5** BHG Retail REIT Portfolio Properties<sup>^</sup>

**15** ROFR Properties in Pipeline<sup>^#\*</sup>

**18** Malls Managed by Sponsor<sup>^</sup>



<sup>^</sup> As at 30 September 2017

<sup>#</sup> 3 out of the 15 ROFR Properties (namely Tongchengjie, Libao, and Changying) were granted by a private fund, managed by a fund manager 50% owned by Beijing Hualian Group Investment Holding Co., Ltd.

<sup>\*</sup> 1 out of the 15 ROFR Properties, Anzhen Mall, is held by Beijing Hualian Group Investment Holding Co., Ltd. jointly with other third parties and the consent of such third parties is required for Anzhen Mall to be offered to BHG Retail REIT.

Photo of Beijing Wanliu's 'Bike to Shop' Event



# Market Outlook



- ***China economy grew 6.8% year-on-year in the third quarter 2017.***
- ***Retail sales increased 10.4% year-on-year to RMB 26.3 trillion<sup>1</sup> in the first three quarters of 2017.***
- ***Residents' income and spending continued to increase steadily<sup>1</sup>***
  - Disposable income and expenditure per capita for urban residents increased 6.6% and 5.9%, respectively for the nine months period ended 30 September 2017.
- ***According to CBRE, consumption continues to emerge as a new engine of economic growth in China<sup>2</sup>***
  - Consumer demand is shifting towards a wider range and higher quality of goods.
  - Performance of bricks-and-mortar stores improved, with expansion led by food and beverage retailers and other brands providing an experience-based offering.
  - Consumption contribution amounted to 64.5% of economic growth in first three quarters of 2017.<sup>1</sup>

1. Source: National Bureau of Statistics of China

2. Source: CBRE Market View

# Thank You

For further information and enquiries:

Nigel Nai Zi  
Investor Relations Manager  
BHG Retail Trust Management Pte. Ltd.

Contact: (65) 6805 8283 Email: [ir@bhgreit.com](mailto:ir@bhgreit.com)  
Mailing address: 100 Beach Road, #25-11 Shaw Tower, Singapore 189702  
Website: <http://www.bhgreit.com>

