



BUILDING ON OUR STRENGTHS



# BHG RETAIL REIT

FINANCIAL RESULTS FOR THE  
1<sup>ST</sup> QUARTER ENDED 31 MARCH 2018

11 MAY 2018





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

“1Q 2017”: For the 3-month period from 1 January 2017 to 31 March 2017; and

“1Q 2018”: For the 3-month period from 1 January 2018 to 31 March 2018.





# Key Highlights 1Q 2018



Photo of Hefei Mengchenglu 合肥蒙城路





# Key Highlights 1Q 2018

**+12.5%**

Gross Revenue  
1Q 2018  
(SGD)<sup>1</sup>

**+12.2%**

Net Property Income  
1Q 2018  
(SGD)<sup>1</sup>

**1.39**

Distribution  
Per Unit  
1Q 2018<sup>1</sup>  
(cents)

**7.3%**

Annualised  
Distribution  
Yield<sup>2</sup>

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

**Strong 1Q 2018  
Rental Reversion**

**33.0%**  
Gearing<sup>3,4</sup>

**+6.8%**  
China GDP  
Growth  
In 1Q 2018<sup>5</sup>  
(y-o-y)

**+9.8%**  
China Retail  
Sales Growth  
in 1Q 2018<sup>5</sup>  
(y-o-y)

**+8.0%**  
Disposable  
income

**+5.7%**  
Consumption  
Expenditure

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per capita for urban residents  
in 1Q 2018<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 1:4.819 for 1Q 2018.

2 Based on closing price of S\$0.77 as at 31 March 2018, and 1Q 2018 Distribution per Unit.

3 As at 31 March 2018.

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

5 Source: National Bureau of Statistics of China.



# Key Highlights 1Q 2018

- **Strong 1Q 2018<sup>1</sup> Financial Results From Organic Growth**
  - Gross revenue (SGD) up **+12.5%** year-on-year (y-o-y)
  - Net property income (SGD) up **+12.2%** y-o-y
- **Attractive Annualised Distribution Yield of 7.3%<sup>2</sup>**
  - 1Q 2018 Distribution per Unit (“DPU”) of 1.39 cents continues to deliver stable & attractive distribution yield.
- **Underpinned by Consistently Robust Operational Performance**
  - High portfolio occupancy rate of **99.0%**<sup>3</sup>, and Strong Rental Reversion
- **Low Gearing of 33.0%<sup>3,4</sup>**
- **Riding the Positive China Retail Outlook<sup>5</sup>**
  - 1Q 2018 China GDP & retail sales up 6.8% and 9.8% y-o-y, respectively
  - Disposable income and consumption expenditure per capita for urban residents increased 8.0% and 5.7%, respectively in 1Q 2018.

1 The actual results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.819 for 1Q 2018.

2 Based on closing price of S\$0.77 as at 31 March 2018, and 1Q 2018 Distribution per Unit.

3 As at 31 March 2018.

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

5 Source: National Bureau of Statistics of China.



# Financial Highlights

**BHG**  
MALL REIT



# 1Q 2018 Financial Performance

Portfolio	1Q 2018 <sup>1</sup>	1Q 2017 <sup>1</sup>	% Change
<b>RMB'000</b>			
Gross revenue	83,995	75,348	11.5
Net property income	56,077	50,441	11.2
<b>SGD'000</b>			
Gross revenue	17,429	15,492	12.5
Net property income	11,636	10,371	12.2
Amount available for distribution	5,287	5,056	4.6
Distribution per Unit (DPU) (cents)	1.39	1.39	-

1. The actual results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.819 and 1:4.864 for 1Q 2018 and 1Q 2017, respectively.

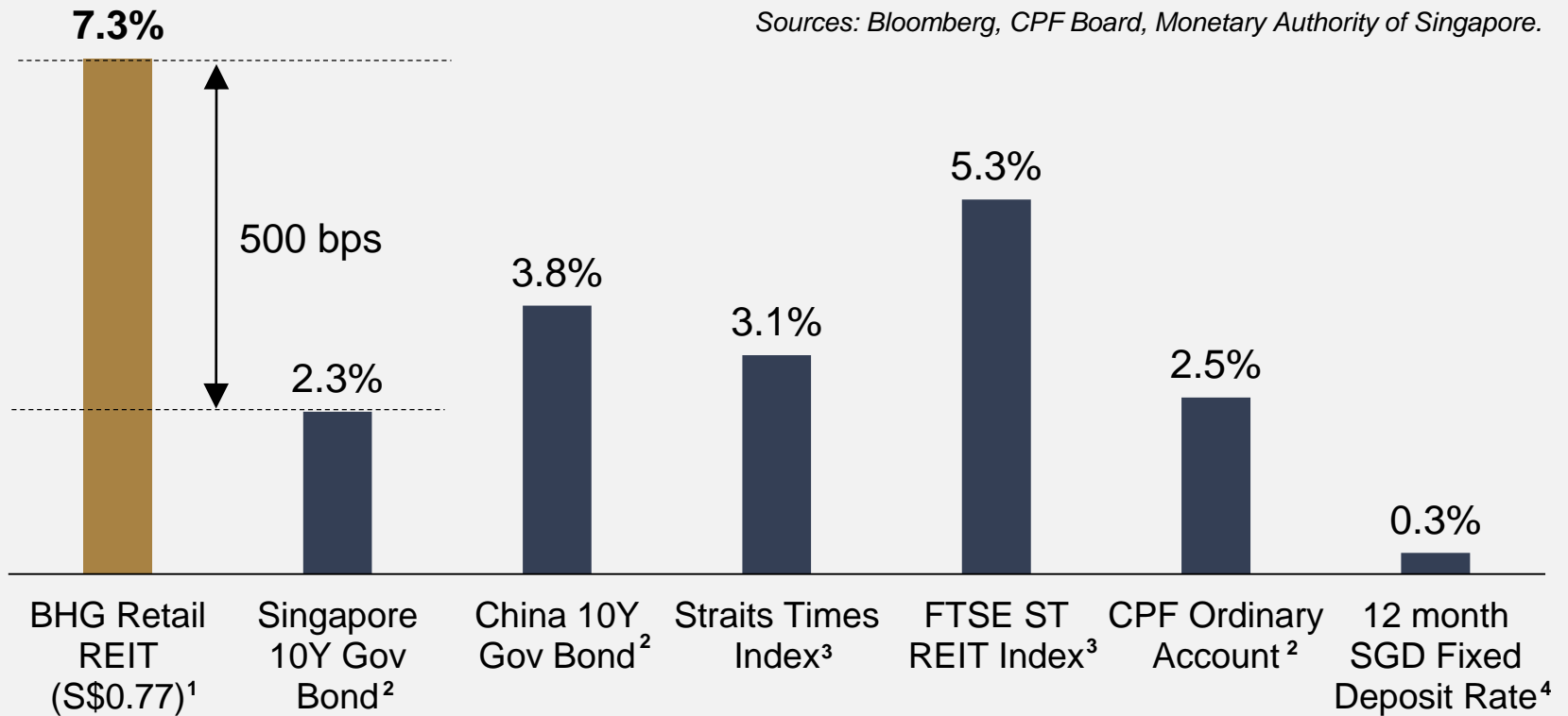




# Attractive Yield

**BHG Retail REIT trading at 500 bps risk premium above Singapore 10-year government bond yield**

Sources: Bloomberg, CPF Board, Monetary Authority of Singapore.



1. Based on closing price of S\$0.77 as at 31 March 2018, and 1Q 2018 Distribution per Unit.
2. As at 31 March 2018.
3. Based on the average gross dividend yield for the 12 months ended 31 March 2018.
4. Based on the average SGD fixed deposit rate for the 12 months ended 31 March 2018.



# Stable Financial Position

**As at 31 March 2018**

**S\$'000**

**Total Assets**

**911,345**

**Total Liabilities**

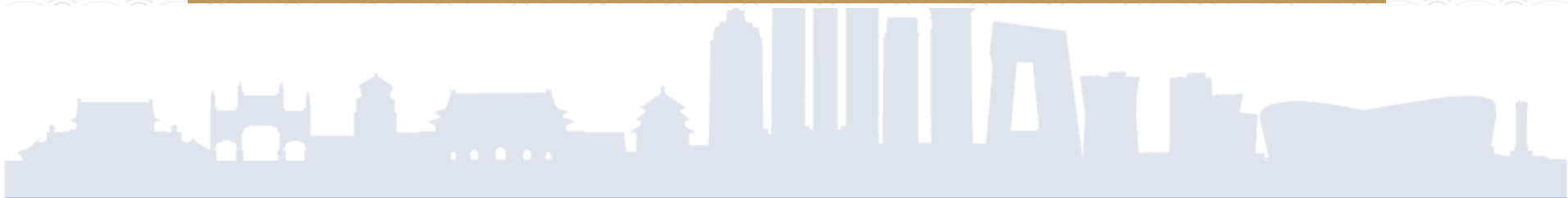
**318,585**

**Net Assets Attributable to  
Unitholders**

**423,248**

**Net Asset Value per unit**

**S\$0.84**







# Capital Management

**Low Gearing  
Ratio**

**33.0<sup>1</sup>%**

31 Mar 2018

**Average  
Cost of Debt**

**3.6 %**

31 Mar 2018

**Weighted Average  
Term To Maturity**

**1.4 years**

31 Mar 2018

- Aggregate borrowings drawn down as at 31 March 2018 was S\$ 254.1 million.
- Low gearing of 33.0%<sup>1</sup> allows a comfortable debt headroom for potential acquisition growth.
- About 70% of debt denominated in functional currency of the REIT (SGD).

1. Based on total loans and borrowings principal attributable to Unitholders divided by total assets attributable to Unitholders. MAS leverage limit is 45% with effect from 1 January 2016.





# Portfolio Review



Photo of Hefei Mengchenglu 合肥蒙城路





# Portfolio Summary<sup>1</sup>

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

## Portfolio

Valuation : RMB 3,946 mil<sup>2</sup>

NLA : 155,538 sqm

WALE (NLA) : 7.8 years

Occupancy : 99.0 %



### Xining Mall

Valuation : RMB 280 mil<sup>2</sup>

NLA : 20,807 sqm

WALE (NLA) 16.8 years

Occupancy : 100.0 %

● Multi-tenanted

● Master-leased



### Chengdu Mall

Valuation : RMB 633 mil<sup>2</sup>

NLA : 39,469 sqm

WALE (NLA) : 4.6 years

Occupancy : 96.2 %



### Hefei Mall

Valuation : RMB 584 mil<sup>2</sup>

NLA : 25,290 sqm

WALE (NLA) : 5.9 years

Occupancy : 100.0 %



### Beijing Mall

Valuation : RMB 2,287 mil<sup>2</sup>

NLA : 54,627 sqm

WALE (NLA) : 3.2 years

Occupancy : 100.0 %



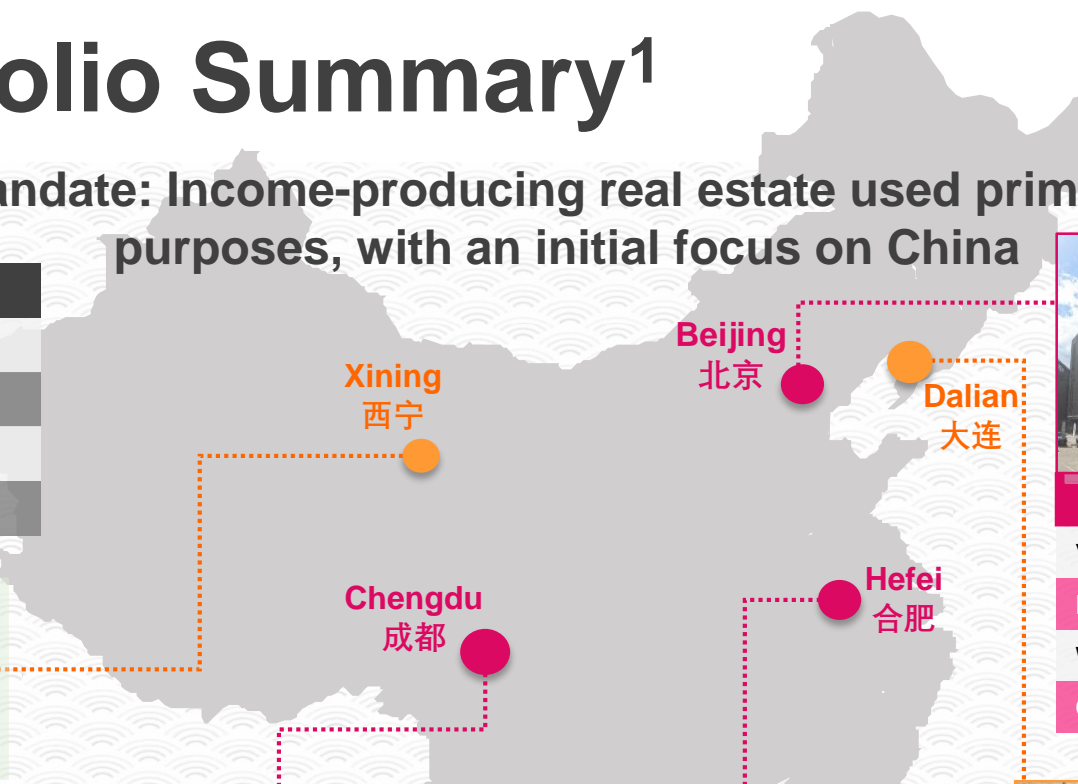
### Dalian Property

Valuation : RMB 162 mil<sup>2</sup>

NLA : 15,345 sqm

WALE (NLA) : 16.8 years

Occupancy: 100.0 %



<sup>1</sup> As at 31 March 2018.

<sup>2</sup> Based on independent valuation from Cushman & Wakefield Limited as at 31 December 2017.



# 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

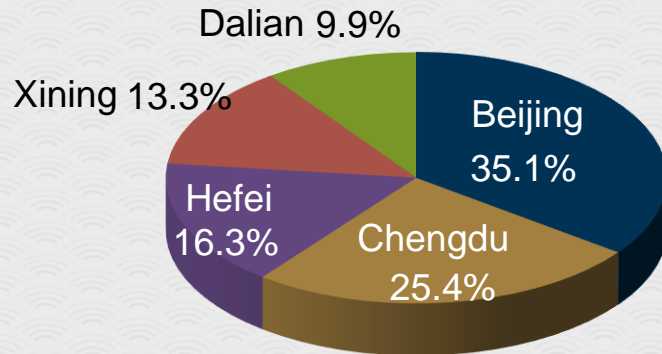




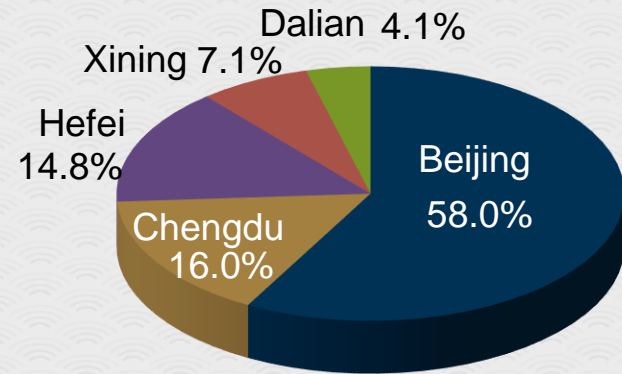


# Portfolio Summary

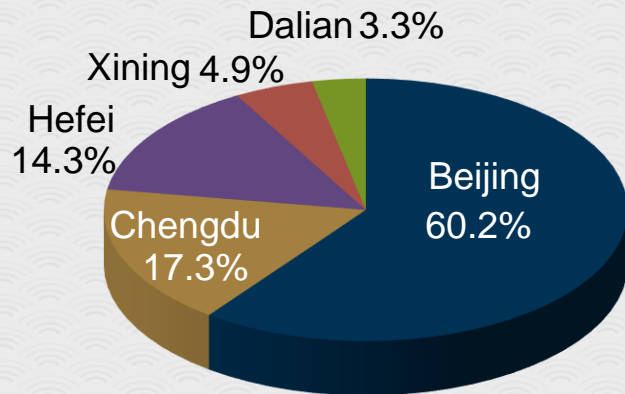
**Breakdown of NLA<sup>1</sup> by Property**



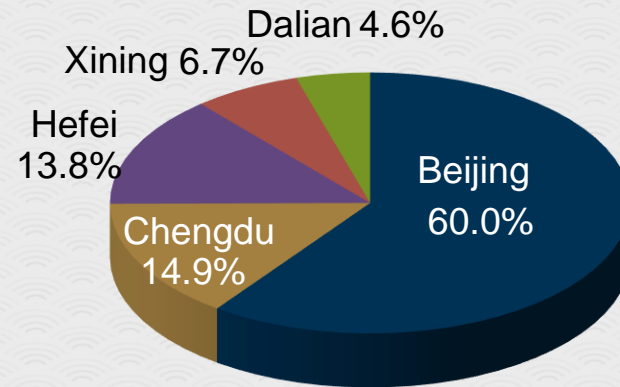
**Breakdown of Valuation<sup>2</sup> by Property**



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



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



1 As at 31 March 2018

2 Based on independent valuation from Cushman & Wakefield Limited as at 31 December 2017.

3 Based on 1Q 2018 results

# High Occupancy Rate

Occupancy Rate	31 Mar 2018
Beijing Wanliu	100.0%
Chengdu Konggang	96.2%
Hefei Mengchenglu	100.0%
Xining Huayuan	100.0%
Dalian Jinsanjiao	100.0%
Portfolio (NLA Weighted)	99.0%







# Optimal Leasing Strategy

**Healthy  
Retention  
Rate**

**Strong  
Rental  
Reversion**

**Weighted  
average lease  
expiry (years)**

**4.3**

**By GRI**

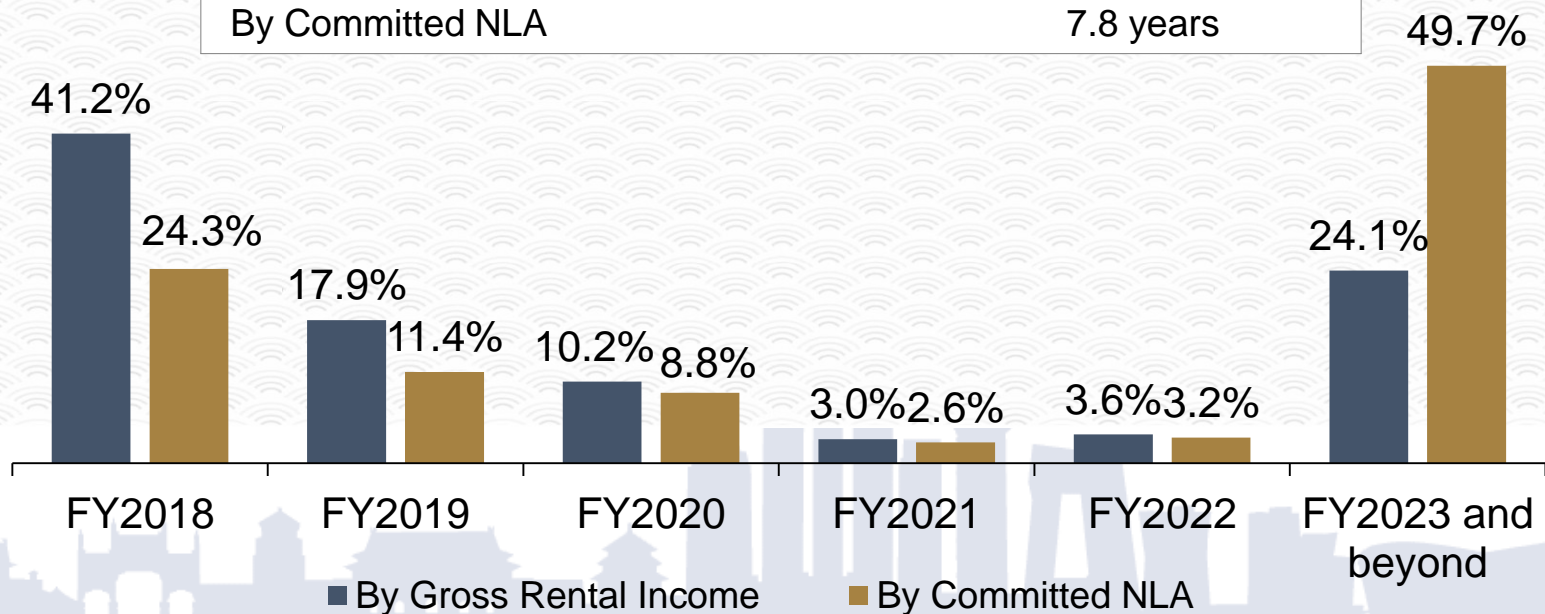
## Weighted average lease expiry (WALE) as at 31 March 2018

By Gross Rental Income

4.3 years

By Committed NLA

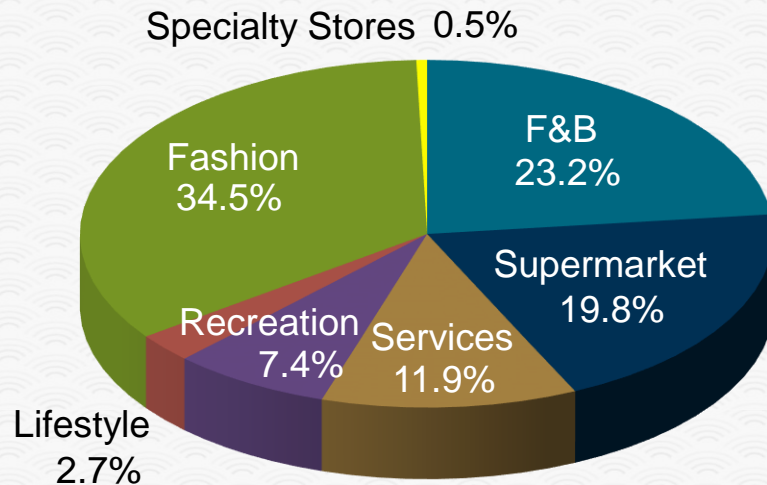
7.8 years



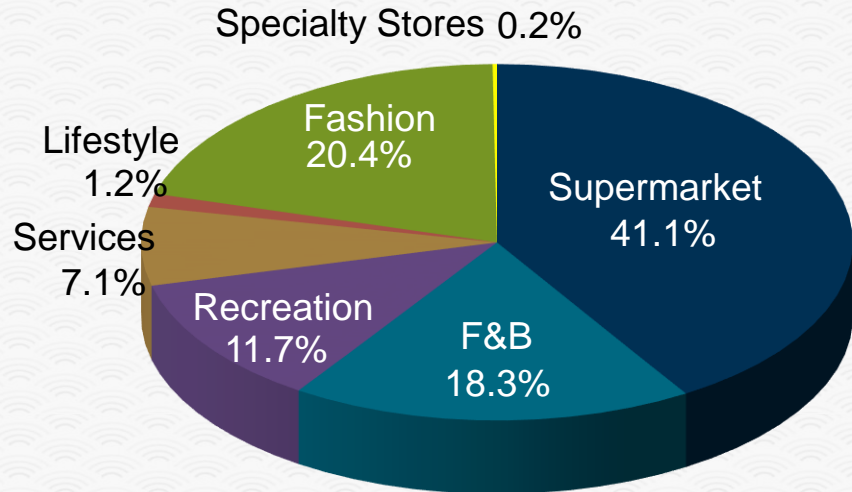


# Well Diversified Portfolio Tenant Mix

**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 March 2018.

2 As percentage of the portfolio's net lettable area as at 31 March 2018.





# Engaging The Community & Tenants



# Engaging The Community & Tenants

Beijing Wanliu 北京万柳

Kite Drawing Activity



Catch A Teddy Game



BHG Mall Members "GO" Run





# Engaging The Community & Tenants

Chengdu Konggang 成都空港

## BHG Mall Members' Family Activity: Visit to Confucius International School



### Street Dance Performance



### Horticulture Class





# Engaging The Community & Tenants

Hefei Mengchenglu 合肥蒙城路

## Festive Couplet Writing



## Little Craftsman Class



## Community KTV





# Overview of Beijing Hualian Group

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







# Beijing Hualian Group's Core Businesses

## Retail Malls

*37 Retail Malls owned and/or under management*

*Beijing Hualian Department Store Co., Ltd.*

- Listed on Shenzhen Stock Exchange in 1998
- Market cap of RMB 7.86b<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 3.23b<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







Photo of Beijing Wanliu 北京万柳

# Looking Forward





# Looking Forward

## 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

### Explore Acquisition Opportunities In Both Right of First Refusal (“ROFR”) and Third Party Quality Income-Producing Retail Properties

#### Key criteria

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





# Market Outlook

- *China economy grew 6.8% year-on-year (y-o-y) in 1Q 2018<sup>1</sup>.*
- *2018 GDP growth target remained same as 2017, at 6.5% y-o-y.*
- *Retail sales rose 9.8% y-o-y to RMB 9.0 trillion in 1Q 2018<sup>1</sup>.*
- *Residents' income and spending continue to rise steadily.*
  - Disposable income and consumption expenditure per capita of urban residents increased 8.0% and 5.7% y-o-y respectively in 1Q 2018<sup>1</sup>.
- *According to CBRE<sup>2</sup>, China's consumption upgrading continued, reflected by higher growth of apparel, cosmetics, sports and entertainment related goods.*
  - Cosmetics, food and beverage, and entertainment trades remained active towards expansion.
  - Supply of retail space is forecast to ease in 2018.
  - Demand for brick-and-mortar stores will continue, mainly driven by domestic fashion brands.

1. Source: National Bureau of Statistics of China

2. Source: CBRE Marketview



# Thank you

For further information and enquiries:

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