



BHG Retail REIT 2Q 2019

Gross Revenue up 13.9%¹ year-on-year

Net Property Income up 11.8%¹ year-on-year

Annualised Distribution Yield of 6.0%^{2,3}

- *High & Stable Occupancy Rate, Strong Rental Reversion*
- *New Container-Style F&B Concept @ Chengdu Konggang Mall*
- *Completion of Hefei Mengchenglu Mall's Supermarket Resizing & AEI*
- *Attractive Yield Underpinned by Organic Growth of Existing Malls and Contribution by Newly Acquired Hefei Changjiangxilu Mall.*

SINGAPORE, August 8, 2019 – BHG Retail Trust Management Pte. Ltd., the Manager of BHG Retail REIT, is pleased to report the financial results of BHG Retail REIT for the second quarter ("2Q 2019") and half year ("1H 2019") ended 30 June 2019.

Gross revenue and net property income ("NPI") grew 13.9%¹ and 11.8%¹ respectively year-on-year during the quarter. Amount available for distribution for 2Q 2019 of S\$5.3 million increased 2.9% year-on-year. In line with BHG Retail REIT's distribution policy to payout at least 90% of its amount available for distribution on a semi-annual basis, Unitholders will be entitled to the 1H 2019 distribution per unit ("DPU") of 2.08³ Singapore cents. This translated to an annualised distribution yield of 6.0%^{2,3}. Unitholders can expect to receive the 1H 2019 distribution on 27 September 2019.

Ms Chan Iz-Lynn, Chief Executive Officer of BHG Retail Trust Management Pte. Ltd., said, "2Q 2019 marked the maiden contribution from the newly acquired Changjiangxilu Mall, situated in Hefei city, one of the fastest growing cities in China. The heartland mall which serves the neighboring residential communities, and is supported by the new Hefei Metro Line 2, is expected to provide robust growth going forward. BHG Retail REIT's enlarged portfolio continued to demonstrate resilience. Portfolio occupancy rate remained stable at 97.9% as at 30 June 2019. Through proactive leasing strategies, our

Footnotes:

1. In Singapore Dollars terms.
2. Based on closing price of S\$0.70 as at 30 June 2019, and annualised 1H 2019 Distribution per Unit.
3. In 1H 2019, approximately S\$1.0 million of the amount available for distribution has been retained in anticipation of higher operational expenses and working capital requirements of the REIT's enlarged portfolio.

multi-tenanted malls observed strong demand for space, as well as rental uplifts from new and existing tenants.

Post completion of the successful inaugural acquisition, we endeavor to continue efforts in our pursuit of accretive growth opportunities, thereby continue to deliver regular and attractive yield to our unitholders.”

Chengdu Konggang New Concept: Container-Style Food Lane

In order to continually engage and captivate its audience, Chengdu Konggang mall introduced “Food Lane 食来巷”, a stretch of 10 container-style F&B stores along its exterior walkway. The new concept which commenced operations in April 2019, injected additional vibrancy along the exterior walkway, enhanced the overall visibility and appeal of the mall’s offerings.

Capital Management

As at 30 June 2019, borrowings drawn down of S\$300.9 million represented a gearing of 37.0%. About 80% of borrowings are denominated in Singapore dollars and US dollars, and of which, close to 50% are hedged via interest rate swaps. In view of the recent Federal Open Market Committee’s pre-emptive rate cut, and its anticipatory approach to sustain economic trajectory, we expect the offshore interest rate environment to be somewhat stable in the near to mid-term.

Macroeconomic Outlook⁴

The China economy grew 6.3% year-on-year to RMB 45.1 trillion in 1H 2019, in line with the government's annual target of 6.0% to 6.5%. Disposable income and consumption expenditure per capita for urban residents increased 8.0% and 6.4%, respectively in 1H 2019. Retail sales rose 8.4% year-on-year to RMB 19.5 trillion in 1H 2019. During a symposium with economists and entrepreneurs in July 2019, the government shared that downward pressure on the economy will remain for the foreseeable future. In view of the protracted period of market uncertainty, China should press on with its economic reform and opening-up policies to optimize and upgrade its economic structure. Accordingly, China should continue to implement a positive fiscal policy, a steady monetary policy and an employment-first policy. These macro policies and actions will stimulate market vitality and encourage businesses to grow sustainably, thereby driving employment and consumption.

Footnote:

4. Source: National Bureau of Statistics of China, The State Council of PRC

Overall retail environment remains cautiously positive. Against a backdrop of stable employment, rising residents' income and spending, and multiple stimulus policies, BHG Retail REIT's properties situated in densely populated residential communities are expected to remain resilient.

ABOUT BHG RETAIL REIT (<http://www.bhgreit.com>)

BHG Retail REIT is the first pure-play China Retail REIT sponsored by a leading China integrated retail group. The REIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 11 December 2015. 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.

As at 30 June 2019, the REIT's portfolio comprises six retail properties, Beijing Wanliu (60%), Chengdu Konggang, Hefei Mengchenglu, Hefei Changjiangxilu, Xining Huayuan, Dalian Jinsanjiao located in Tier 1, Tier 2 and other cities of significant economic potential in China. The portfolio gross floor area of about 311,691 sqm, has a committed occupancy of 97.9% as at 30 June 2019.

As at the latest date of valuation, total appraised value was approximately RMB 4,566.9 million. Under voluntary right of first refusal agreements, properties may potentially be offered to BHG Retail REIT as future pipeline assets.

ABOUT THE REIT MANAGER

BHG Retail REIT is managed by BHG Retail Trust Management Pte. Ltd., an indirect wholly owned subsidiary of the Sponsor, Beijing Hualian Department Store Co., Ltd. The Manager's key financial objectives are to provide Unitholders of BHG Retail REIT with an attractive rate of return on their investment through regular and stable distributions to Unitholders and to achieve long-term sustainable growth in distribution per unit and net asset value per Unit, while maintaining an appropriate capital structure for BHG Retail REIT.

ABOUT THE SPONSOR

BHG Retail REIT is the first retail REIT sponsored by an established PRC home-grown retail property operator, Beijing Hualian Department Store Co., Ltd. (the "Sponsor"). Established in May 1998, the Sponsor is a listed company on the Shenzhen Stock Exchange (stock code: 000882). The Sponsor is one of the first companies to be engaged in retail property management in China whose focus is mainly on the ownership and management of community retail properties. These properties are positioned as one-stop family-oriented destinations for the community in its locality, with shopping, dining, recreational and entertainment facilities to cater to an extensive variety of communal needs.

For further information and enquiries:

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IMPORTANT NOTICE

The value of units in BHG Retail REIT (“Units”) and the income derived from them, if any, may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, BHG Retail Trust Management Pte. Ltd., as manager of BHG Retail REIT (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 is not necessarily indicative of its future performance.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of BHG Retail REIT (“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 press release may contain forward-looking statements that involve risks and uncertainties. Such forward-looking statements and/or financial information involve 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 similar developments, shifts in expected levels of property rental income, changes in operating expenses, property expenses and governmental and public policy changes, and the continued availability of financing. The actual results, performance or achievements of BHG Retail REIT or the Manager, or industry results, may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and/or financial information, as these statements and financial information reflect the Manager’s current views concerning future events and necessarily involve risks, uncertainties and assumptions. Prospective investors and Unitholders are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the Manager on future events.