



CREATING VALUE. PURSUING GROWTH.



# BHG RETAIL REIT

FINANCIAL RESULTS FOR THE 2ND QUARTER  
AND HALF YEAR ENDED 30 JUNE 2019

8 AUGUST 2019





# Contents

- 1 Key Highlights 2Q 2019**
- 2 Financial Highlights**
- 3 Portfolio Review**
- 4 Beijing Hualian Group**
- 5 Looking Forward**

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

“2Q 2018”: For the 3-month period from 1 April 2018 to 30 June 2018;

“2Q 2019”: For the 3-month period from 1 April 2019 to 30 June 2019;

“1H 2018”: For the 6-month period from 1 January 2018 to 30 June 2018; and

“1H 2019”: For the 6-month period from 1 January 2019 to 30 June 2019.





# Key Highlights 2Q 2019

Photo of Hefei Mengchenglu 合肥蒙城路





# Key Highlights 2Q 2019

**+13.9%**

Gross Revenue  
2Q 2019  
SGD (y-o-y)

**+11.8%**

Net Property  
Income  
2Q 2019  
SGD (y-o-y)

**2.08**

Distribution  
Per Unit  
1H 2019<sup>1</sup>  
(cents)

**6.0%**

Annualised  
1H 2019  
Distribution  
Yield<sup>2</sup>

**97.9%**  
Portfolio  
Occupancy<sup>3</sup>

Healthy  
2Q 2019  
Rental  
Reversion

New Concepts  
& Tenants at  
Chengdu  
Konggang

**37.0%**  
Gearing<sup>3,4</sup>

**+6.3%**  
China GDP  
Growth  
in 1H 2019<sup>5</sup>  
(y-o-y)

**+8.4%**  
China Retail  
Sales Growth  
in 1H 2019<sup>5</sup>  
(y-o-y)

**+8.0%**  
Disposable  
income

**+6.4%**  
Consumption  
Expenditure

---

per capita for urban residents  
in 1H 2019<sup>4</sup> (y-o-y)

- <sup>1</sup> 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.
- <sup>2</sup> Based on closing price of S\$0.70 as at 30 June 2019, and annualised 1H 2019 Distribution per Unit.
- <sup>3</sup> As at 30 June 2019.
- <sup>4</sup> MAS leverage limit is 45% with effect from 1 January 2016.
- <sup>5</sup> Source: National Bureau of Statistics of China.

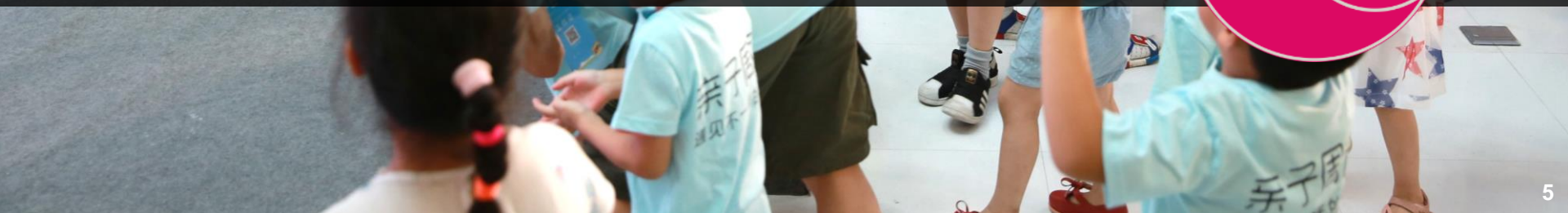


# Photo of Beijing Wanliu 北京万柳

cd1t10



# Financial Highlights







# Financial Performance

In RMB

■ 2Q 2019

■ 2Q 2018

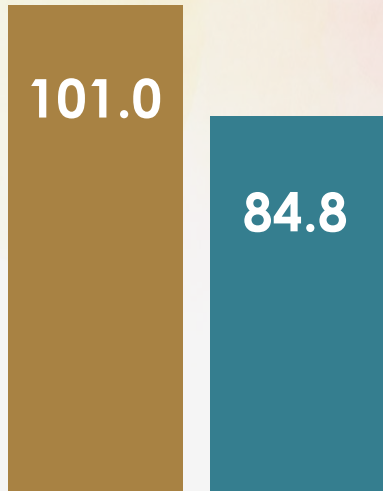
■ 1H 2019

■ 1H 2018

## Gross Revenue

▲ **19.2 %**

Year-on-year

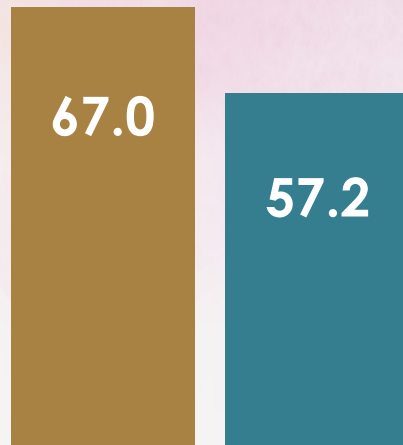


RMB million

## Net Property Income

▲ **17.0 %**

Year-on-year

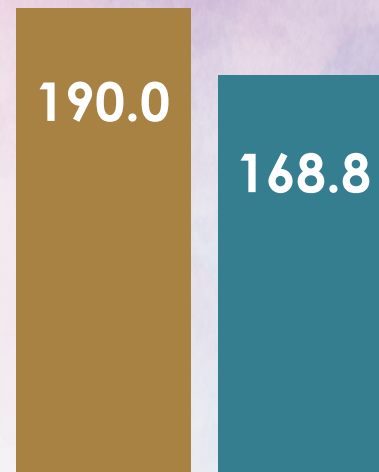


RMB million

## Gross Revenue

▲ **12.6 %**

Year-on-year

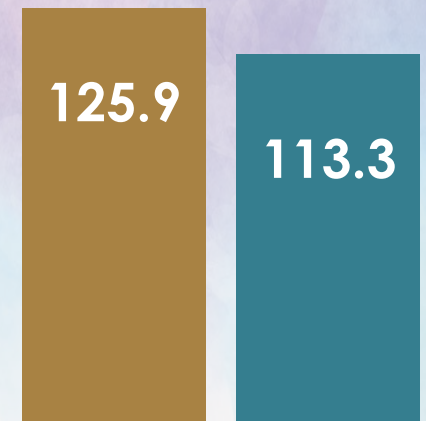


RMB million

## Net Property Income

▲ **11.1 %**

Year-on-year



RMB million



# Financial Performance

In SGD

■ 2Q 2019

■ 2Q 2018

■ 1H 2019

■ 1H 2018

## Gross Revenue

▲ **13.9%**

Year-on-year

## Net Property Income

▲ **11.8%**

Year-on-year

## Gross Revenue

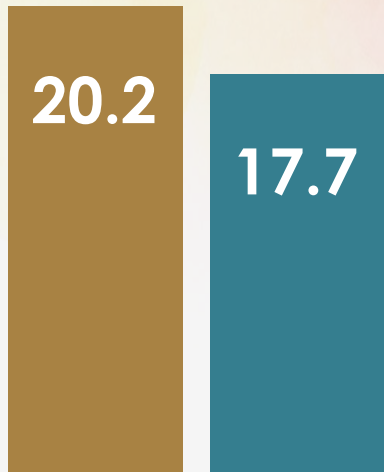
▲ **8.3%**

Year-on-year

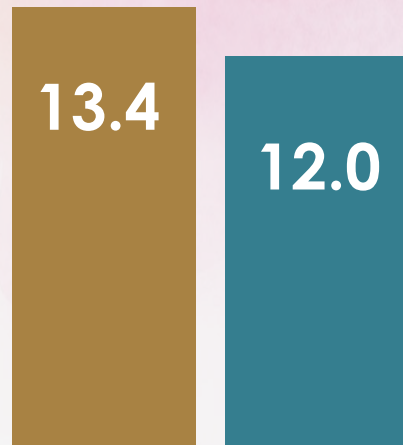
## Net Property Income

▲ **6.8%**

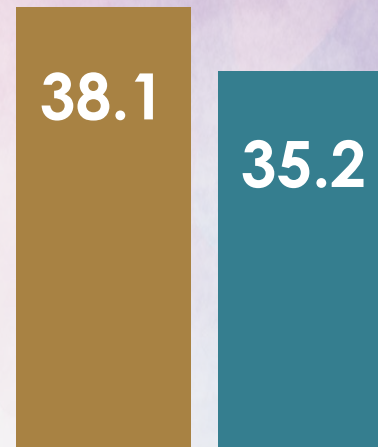
Year-on-year



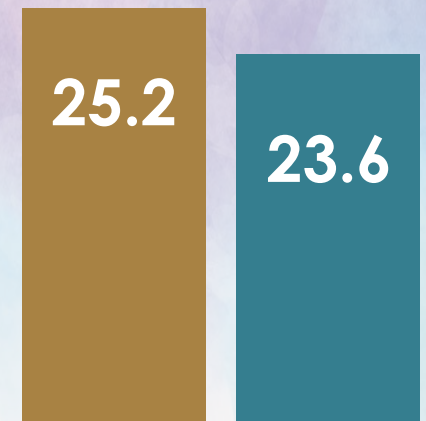
SGD million



SGD million



SGD million



SGD million



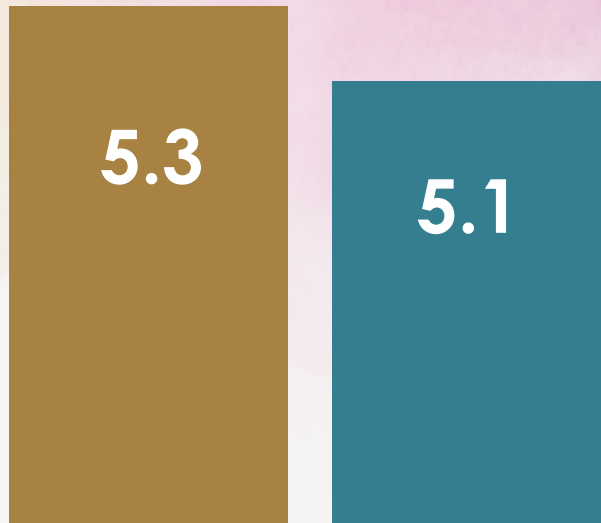
# Financial Performance

■ 2Q 2019 ■ 2Q 2018

## Amount Available for Distribution

▲ **2.9%**

Year-on-year



SGD million

Distributable Income to Unitholder 1H 2019

**9.0**

SGD million

Distribution per Unit<sup>1</sup>  
1H 2019

**2.08**

Singapore cents

Annualised  
Distribution Yield<sup>2</sup>  
1H 2019

**6.0%**

1. 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.
2. Based on closing price of S\$0.70 as at 30 June 2019, and annualised 1H 2019 Distribution per Unit.





# 1H 2019 Distribution Payment

## Distribution Details

Distribution Period	1 January 2019 to 30 June 2019
Distribution Per Unit (SGD)	2.08 cents per unit <sup>1</sup>

## Distribution Timetable

Ex-Date	6 September 2019
Books Closure Date	9 September 2019
Payment Date	27 September 2019

1. 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.



# Capital Management

Aggregated  
borrowings  
drawn down

**S\$ 300.9 mil**

30 Jun 2019

Low Gearing  
Ratio <sup>1</sup>

**37.0 %**

30 Jun 2019

Average  
Cost of Debt

**4.4%**

30 Jun 2019

As at 30 June 2019

- Above 80% of borrowings are denominated in Singapore dollars and US dollars (“Offshore”).
- Close to 50% of offshore loans hedged via interest rate swaps.

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



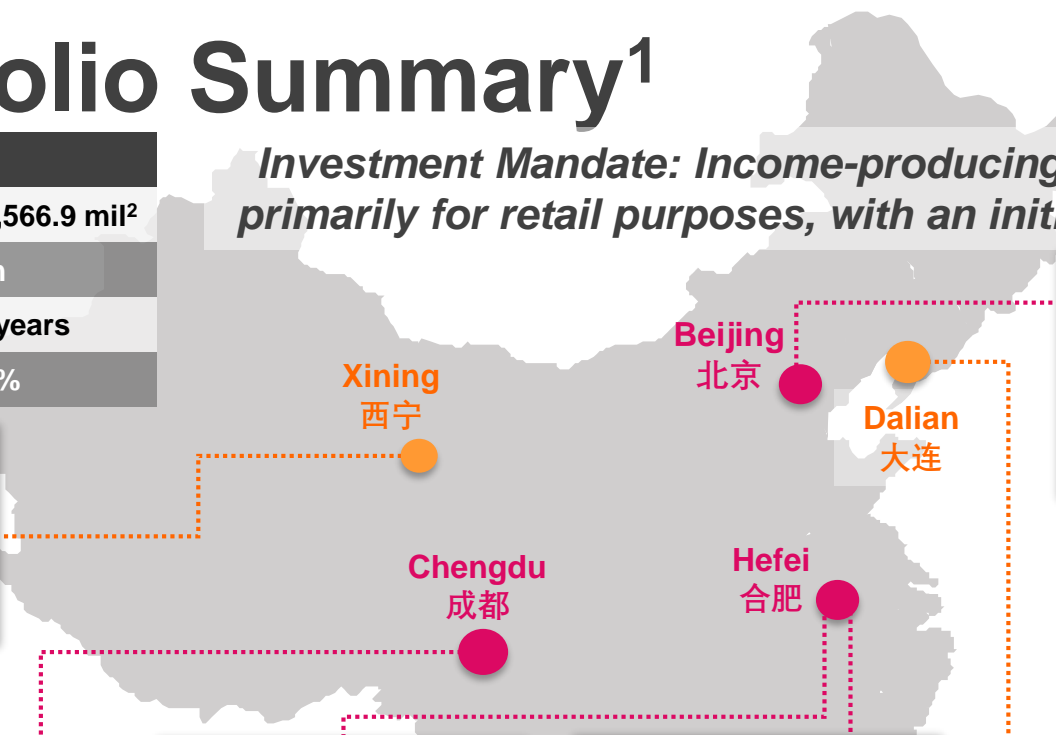
Photo of Chengdu Konggang 成都空港



# 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 4,566.9 mil<sup>2</sup></b>
<b>NLA : 180,544 sqm</b>
<b>WALE (NLA) : 6.8 years</b>
<b>Occupancy : 97.9 %</b>



**Xining Huayuan**

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

NLA : 20,807 sqm

WALE (NLA) 15.5 years

Occupancy : 100.0 %



**Chengdu Konggang**

Valuation : RMB 640.1 mil<sup>2</sup>

NLA : 39,071 sqm

WALE (NLA) : 4.2 years

Occupancy : 97.0 %



**Hefei Mengchenglu**

Valuation : RMB 605 mil<sup>2</sup>

NLA : 23,225 sqm

WALE (NLA) : 5.0 years

Occupancy : 98.8 %



**Hefei Changjiangxilu**

Valuation : RMB 485.8 mil<sup>2</sup>

NLA : 27,074 sqm

WALE (NLA) : 4.7 years

Occupancy : 99.4 %



**Dalian Jinsanjiao**

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

NLA : 15,345 sqm

WALE (NLA) : 15.5 years

Occupancy: 100.0 %



**Beijing Wanliu**

Valuation : RMB 2,394 mil<sup>2</sup>

NLA : 55,022 sqm

WALE (NLA) : 3.1 years

Occupancy : 96.0 %

- Multi-tenanted
- Master-leased

1 As at 30 June 2019.  
 2 Based on independent valuation from Cushman & Wakefield Limited as at 31 December 2018.  
 3 Based on the average of the two independent valuations from Knight Frank Petty Limited and Cushman & Wakefield Limited as at 31 August 2018.





# Resilient Portfolio & Steady Catchment

One-stop destination malls that serve its communities

Surrounded by high density residential area

Strong focus on experiential and lifestyle segments

Underpinned by rising resident income and domestic consumption







# High Occupancy Rate

Occupancy Rate	30 Jun 2019
Beijing Wanliu	96.0%
Chengdu Konggang	97.0%
Hefei Mengchenglu	98.8%
Hefei Changjiangxilu	99.4%
Xining Huayuan	100.0%
Dalian Jinsanjiao	100.0%
<b>Portfolio (NLA Weighted)</b>	<b>97.9%</b>







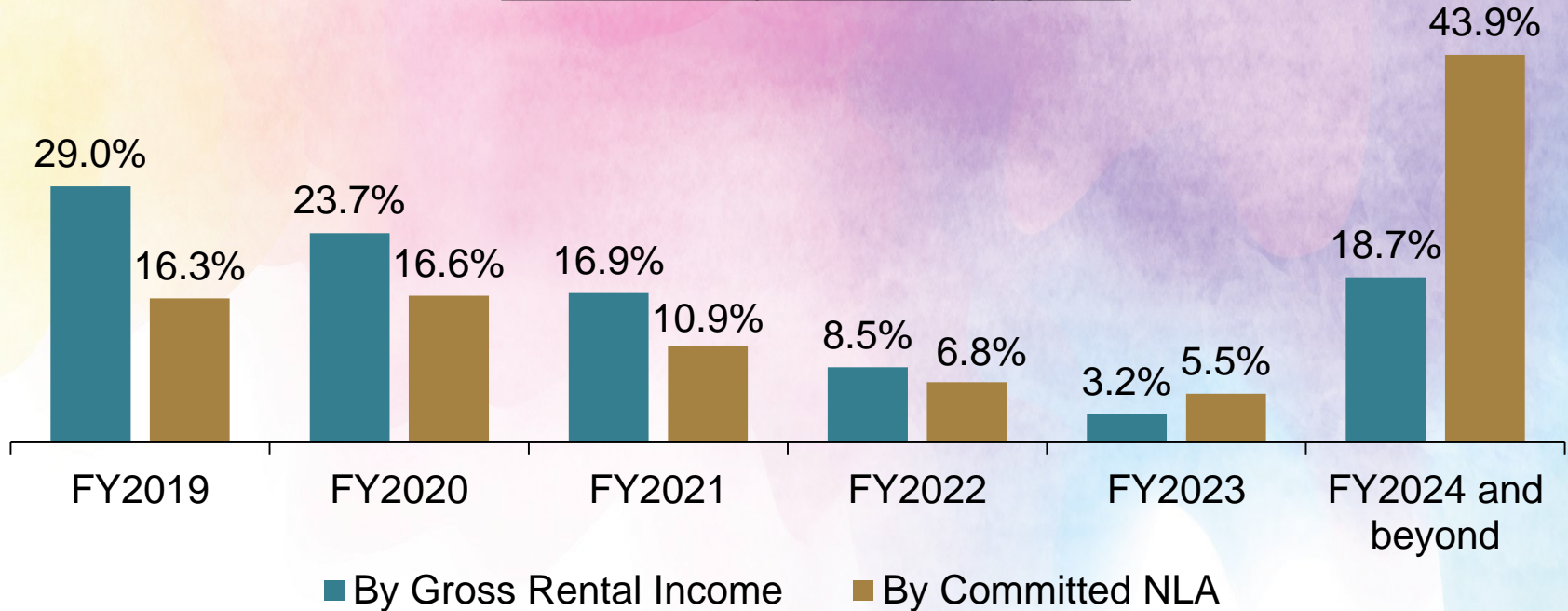
# Optimal Leasing Strategy

**Healthy  
Rental  
Reversion**

**Weighted average lease expiry (WALE)  
as at 30 June 2019**

By Gross Rental Income	3.5 years
By Committed NLA	6.8 years

**Lease Expiry Profile (By year)**

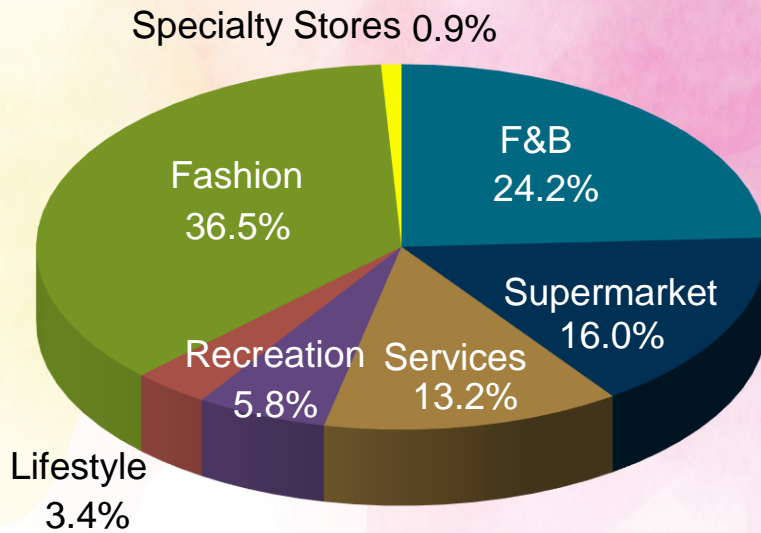




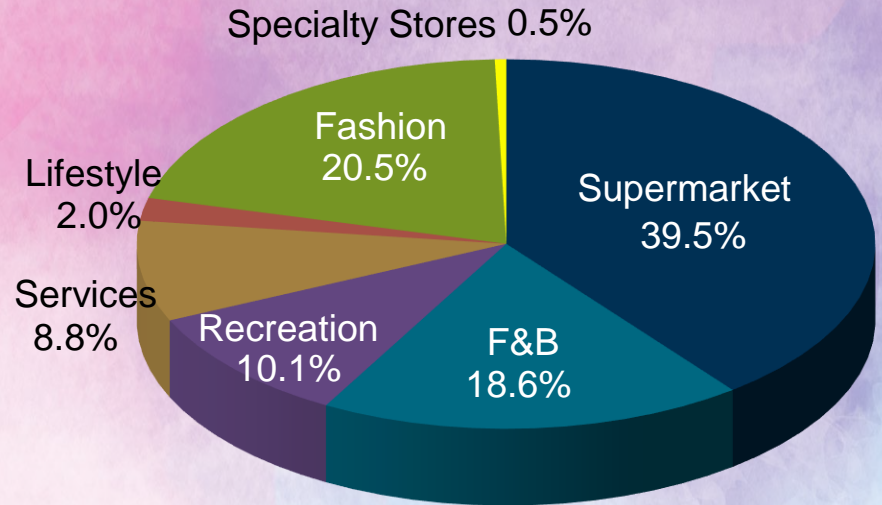
# Well Diversified Portfolio Tenant Mix

*Over 60% of Gross Rental Income and Close to 80% of NLA from experiential segment (exclude fashion and specialty stores)*

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



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



1 As percentage of the portfolio's gross rental income for the month of June 2019.

2 As percentage of the portfolio's net lettable area as at 30 June 2019.



## New Concepts and Tenants: Container-Style Food Lane

### Food Lane 食来巷



- Introduced 10 container-style F&B stores
- Added vibrancy along the mall's exterior
- Enhanced attractiveness and visibility of mall's offerings to nearby community







# Hefei Mengchenglu Mall

## Supermarket Resizing & Asset Enhancement Completed in 2Q 2019

- Unlocked underlying potential of newly released space
- Rejuvenated basement 1 & 2 clusters
- Installed additional set of escalators
- Introduced several new dining selections such as 文章捞面, 韩宫宴, 老商户, 厝内小眷村
- Created synergy between supermarket and adjacent tenants
- Enhanced and increased overall traffic flow







# Engaging The Community & Tenants

Beijing Wanliu 北京万柳

### Health & Workout Festival



### Flea Market



### BHG Mall Outdoor Society: Cherries Picking Activity





# Engaging The Community & Tenants

## Chengdu Konggang 成都空港

### Spin Workout (By 美航国际健身)



### Fire Safety Workshop



### Community Dance Competition







# Engaging The Community & Tenants

Hefei Mengchenglu 合肥蒙城路

## Community Rice Dumpling Making



## MEFIT Family Workout Boot-camp







# Engaging The Community & Tenants

Hefei Changjiangxilu 合肥长江西路

## Children Superhero Performance



## Sports Club: Bike & Hike



## Kids Extreme Challenge







# Overview of Beijing Hualian Group

## 北京华联集团介绍

Singapore's First Pure-Play China Retail REIT  
Sponsored By A China-Based Group







# Beijing Hualian Group's Core Businesses

## Retail Malls

*More than 30 Retail Malls owned and/or under management*  
*Beijing Hualian Department Store Co., Ltd.*

- Listed on Shenzhen Stock Exchange in 1998
- Market cap of RMB 6.3b<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 China*  
*Beijing Hualian Hypermarket Co., Ltd.*

- Listed on Shanghai Stock Exchange in 2001
- Market cap of RMB 2.6b<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.



**SKP Luxury Department Stores**  
**Operates SKP Beijing & Xi'An**  
*Offers high-end retail goods and services*

- Amongst the Largest Luxury Department Stores in China
- SKP Beijing: Located at Beijing's prime Central Business District, as one of Beijing's landmark shopping places  
<http://www.skp-beijing.com/>
- SKP Xi' An: Opened in May 2018



## 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







# 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

- **Completed Acquisition of Hefei Changjiangxilu in April 2019.**
- **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





# Outlook<sup>1</sup>

**+6.3%**

China GDP  
Growth in 1H 2019  
(y-o-y)

**+8.4%**

China Retail Sales  
Growth in 1H 2019  
(y-o-y)

Urban residents  
increase from  
58.5% in 2017 to  
59.6% in 2018

**+8.0%**

Disposable income  
per capita for  
urban residents in  
1H 2019 (y-o-y)

**+6.4%**

Expenditure per  
capita for urban  
residents in  
1H 2019 (y-o-y)

1. Source: National Bureau of Statistics of China





**BHG**

MALL REIT

# Thank you

For further information and enquiries:

BHG Retail Trust Management Pte. Ltd.

Nigel Nai Zi, Investor Relations,

Contact: (65) 6805 8283 Email: [ir@bhgreit.com](mailto:ir@bhgreit.com)

Website: <http://www.bhgreit.com>





# Disclaimer

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.