



BUILDING ON OUR STRENGTHS



BHG RETAIL REIT ANNUAL GENERAL MEETING

20 April 2018





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2 Property Updates

3 Engaging the Community

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Financial Highlights



Photo of Hefei Mengchenglu 合肥蒙城路



Financial Highlights

Annual Report Section

FY 2017

FY 2016

Financial Statement
(Disclosure in accordance to financial reporting standards)

2017 Full Calendar Year

2016 Full Calendar Year
+
Additional 21 days from 11 December 2015 (Listing date) to 31 December 2015

Annual Report Section

12M 2017

12M 2016

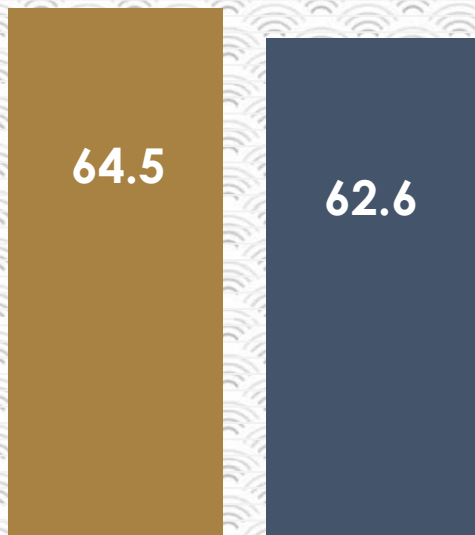
Financial Review
(For purpose of comparable analysis)

2017 Full Calendar Year

2016 Full Calendar Year

Gross Revenue

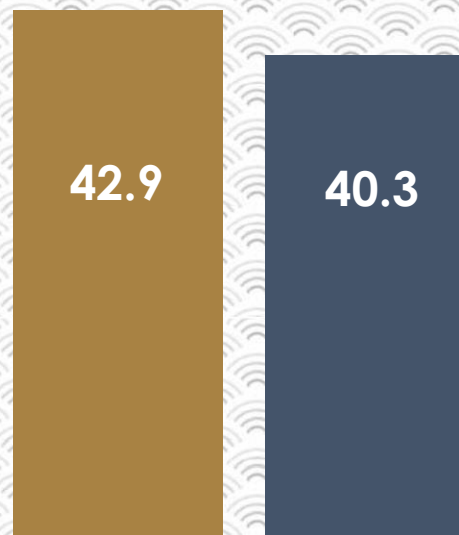
▲ **3.1** %
year on year



\$ million

Net Property Income

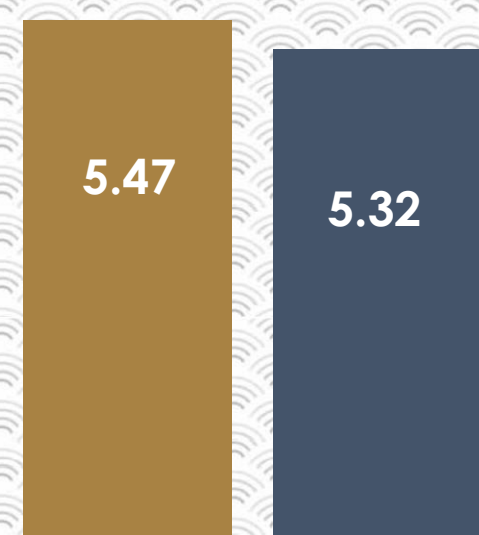
▲ **6.6** %
year on year



\$ million

Distribution Per Unit

▲ **2.8** %
year on year

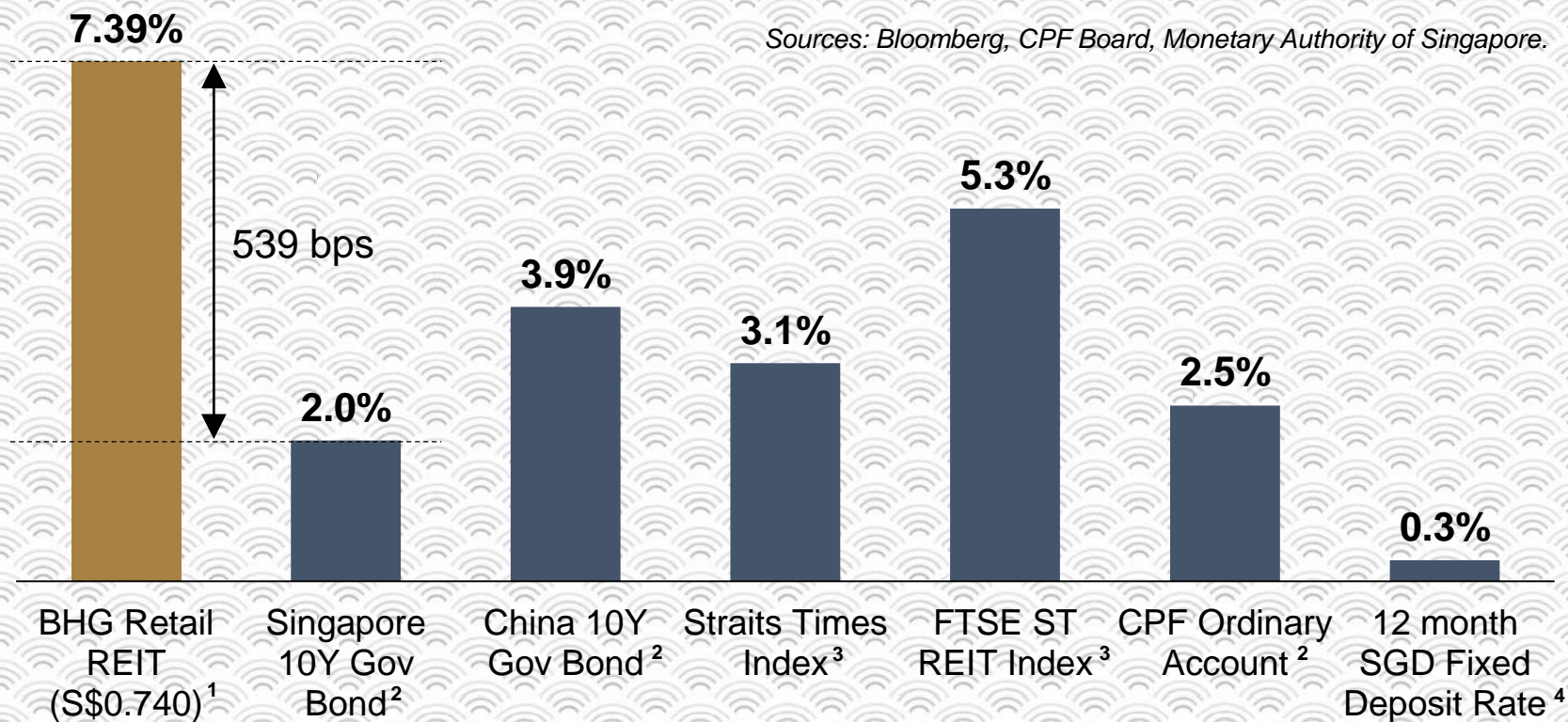


Singapore cents

■ 12M 2017

■ 12M 2016

BHG Retail REIT trading at 539 bps risk premium above Singapore 10-year government bond yield



1. Based on closing price of S\$0.740 as at 31 December 2017 and 12M 2017 Distribution per Unit.
2. As at 31 December 2017.
3. Based on the average gross dividend yield for the 12 months ended 31 December 2017.
4. Based on the average SGD fixed deposit rate for the 12 months ended 31 December 2017.

Low Gearing
Ratio

32.2¹%

31 Dec 2017

Average
Cost of Debt

3.70%

31 Dec 2017

- Aggregated borrowings drawn down as at 31 December 2017 was S\$ 242.2 million.
- Low gearing of 32.2%¹ allows a comfortable debt headroom for potential inorganic 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.



Property Updates



Photo of Beijing Wanliu 北京万柳

Portfolio of 5 Properties in China



Strategically located in high-growth cities



Xining Huayuan Mall



Chengdu Konggang Mall

Xining
西宁

Beijing
北京

Dalian
大连

Chengdu
成都

Hefei
合肥



Beijing Wanliu Mall



Dalian Jinsanjiao Property



Hefei Mengchenglu Mall

● Multi-tenanted

● Master-leased

Resilient Portfolio & Steady Catchment

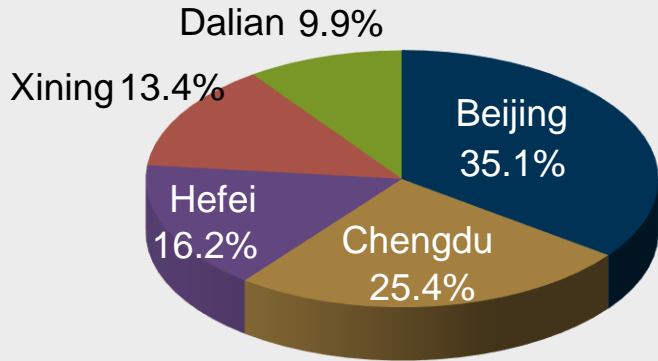
- One-stop destination malls that serve surrounding communities
- Surrounded by densely populated residential properties
- Strong focus on experiential and lifestyle segment
- Well-positioned to capitalise on the rising middle income population



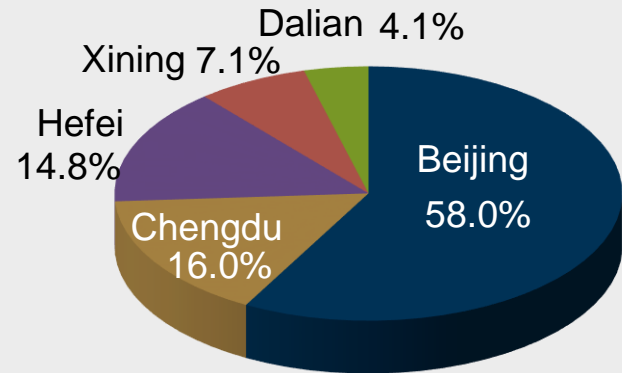
Portfolio Breakdown



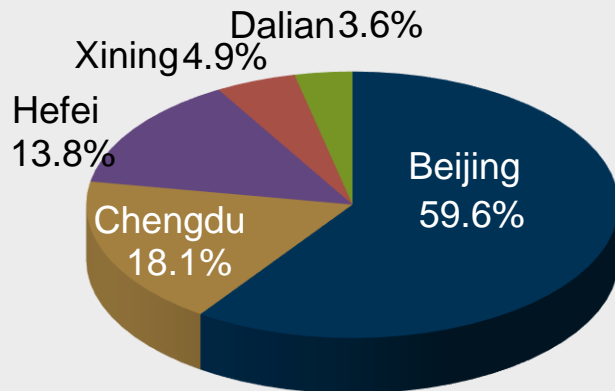
Breakdown of NLA¹ by Property



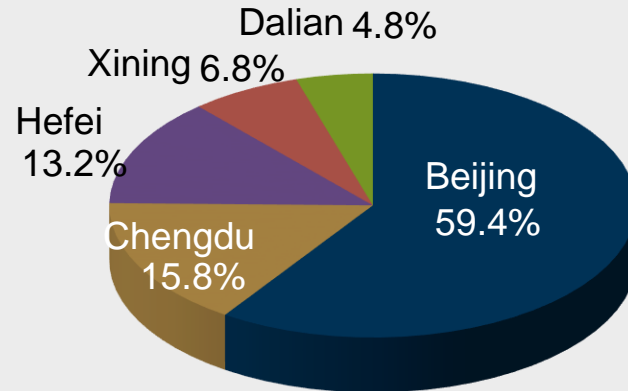
Breakdown of Valuation² by Property



Breakdown of Gross Revenue³ by Property



Breakdown of Net Property Income³ by Property



1 As at 31 December 2017

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

3 Based on 4Q 2017 results

Key Operational Performance



**Portfolio
Committed
Occupancy**

99.7%

31 Dec 2017

**Strong 2017
Rental Reversion**

2017 Occupancy Rate	31 Mar	30 Jun	30 Sep	31 Dec
Beijing Wanliu	99.5%	100.0%	100.0%	100.0%
Chengdu Konggang	95.0%	95.8%	96.1%	96.8%
Hefei Mengchenglu	100.0%	100.0%	100.0%	100.0%
Xining Huayuan	100.0%	100.0%	100.0%	100.0%
Dalian Jinsanjiao	100.0%	100.0%	100.0%	100.0%
Portfolio (NLA Weighted)	98.6%	98.9%	99.0%	99.7%



Beijing Wanliu Mall



Beijing Wanliu: New Concepts

Orange Sky Golden Harvest's Cinema + Bookstore



Beijing Wanliu: New Concepts

Happy Pony 快乐小马: Children Horseriding Stable & Training school (Level 3)

- Brought in Happy Pony 快乐小马, a 508 square metre (approximately 5,400 square feet) children horseriding stable & training school, which drew overwhelming response in 2H 2017.
- With growing aspirational demographics in Beijing, shoppers often desire better quality products and experiences.





Chengdu Konggang Mall



Completed Chengdu Konggang Mall's Asset Enhancement in July 2017



New and existing active lifestyle brands in the cluster includes Nike, Adidas, Skechers, Jordan, and Li-Ning.



Completed Chengdu Konggang Mall's Asset Enhancement in July 2017



To Elevate Mall's Active Lifestyle Offering

- Rising demand for sports merchandise and services
- Enhanced long-term quality and sustainability of the mall
- Strong growth in shopper traffic





北京华联蒙城路购物中心
BHG Mall

生·活·超·市
LIFESTYLE MARKET

Hefei Mengchenglu Mall

合肥·四里河·遇见
五星美凯龙
VIP 6293 1188
10月绽放



Hefei Mengchenglu: Refresh Tenancies



赤焰牛排



Bioliving 百武西



Furuisi Skating 福瑞斯轮滑



Engaging The Community



Engaging the Community

Engaging Shoppers
via Marketing Activities



Engaging Tenants
via Seminars & Trainings



Engaging Community
via Sustainability Activities



Engaging Staff
via Regular Communication



Engaging Shoppers via Marketing Activities

Beijing Wanliu 北京万柳

Gymboree Spring Festive Event



Festive Couplet Contest



Food Festivals & Carnivals



Engaging Shoppers via Marketing Activities



Chengdu Konggang 成都空港

Fall Winter Fashion Runway



Chengdu Konggang Mall Anniversary Celebration



Sports Zone Opening Event



Engaging Shoppers via Marketing Activities



Hefei Mengchenglu 合肥蒙城路

RISE (English School)'s Xmas Performance



“SING! CHINA” Audition (Season 2)



古筝 Chinese Zither Performance



Engaging Tenants via Seminars & Trainings



- Orientation
- Fire Safety
- Security
- Improve service quality
- Increase sales



Engaging the Community: Sustainability



Public Service Newspaper Selling Charity
Beijing Wanliu Mall



Kindness Flea Market
Hefei Mengchenglu Mall



Jiuzhaigou's Earthquake Support
Chengdu Konggang Mall



Green Ride
Beijing Wanliu Mall



Little Dentist Event
Hefei Mengchenglu Mall



Willing Hearts Soup Kitchen
REIT Manager

E-commerce



E-commerce



- For the full year 2017, China's online sales of physical goods amounted to 5.5 trillion yuan¹ and accounted for 15.0%¹ of total retail sales of consumer goods.
- According to Mckinsey's survey of China's internet users, two-thirds of Chinese consumers say that shopping is still the best way to spend time with family².
- Today's consumers are no longer pure offline consumers, and neither are they pure online consumers, they are omni-channel consumers.

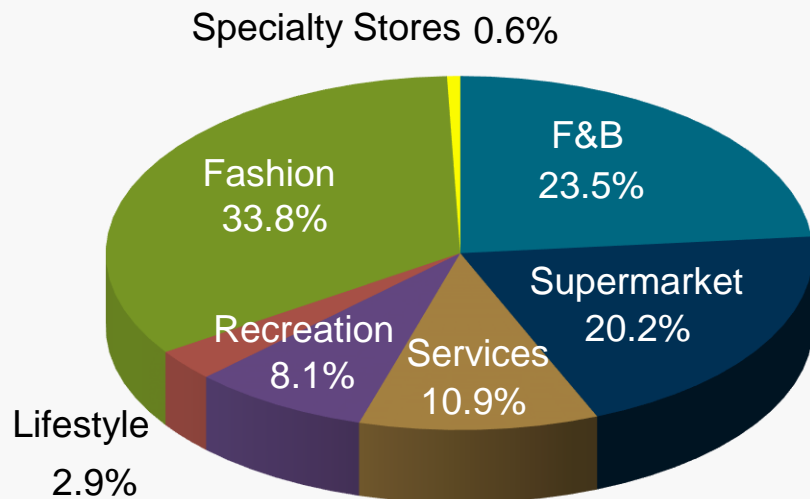
Source:

1. National Bureau of Statistics of People's Republic of China.
2. Mckinsey 2016 China Consumer Report

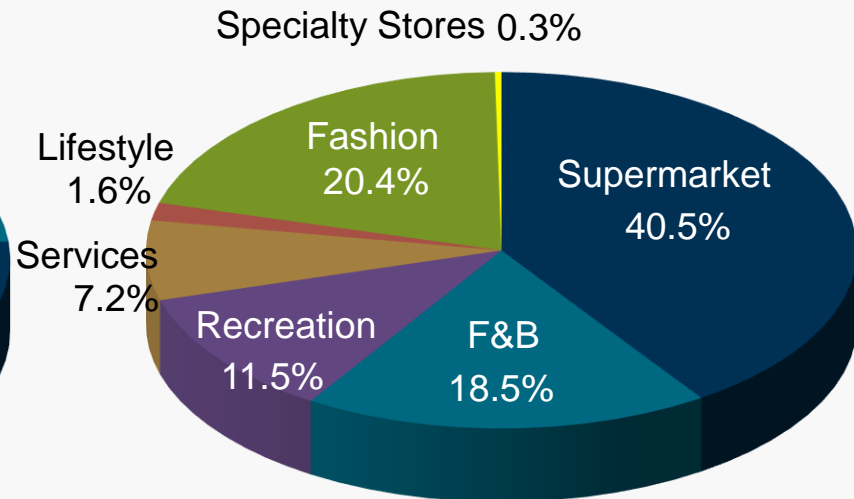
Experiential-Focused Trade Mix

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

Breakdown of Gross Rental Income¹ by Trade Sector



Breakdown of NLA² by Trade Sector



1 As percentage of the portfolio's gross rental income for the month of December 2017.

2 As percentage of the portfolio's net lettable area as at 31 December 2017.

O2O Marketing Activities Online-to-Offline (Physical)



In collaboration with Alibaba and Alipay, tenants are able to attract online customers using vouchers to shop at our physical malls.



Through individual malls' Wechat page, our property managers provides the latest updates of mall activities, and tenant promotional offers.



O+O Tenants Online + Offline (Physical)

Cinemas

Tickets purchased online

F&B Dining vouchers

Redeem Dining Discount Vouchers via Wechat and online platforms

Food Delivery

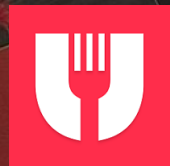
Food delivery apps allow businesses to reach out to a larger pool of customers, while retaining the importance of a physical store



Eleme
饿了么



Meituan
美团外卖
美团外卖 送啥都快



Baidu
百度外卖

o2o Online platforms opening physical stores

Alibaba  **阿里巴巴**
Alibaba.com



- Entered into an online-and-offline physical supermarket 盒马鲜生.
- Customers purchase fresh goods at physical stores, as well as via an online app, and delivering to door steps.
- Has 25 stores, 14 in Shanghai, 5 in Beijing, 2 in Ningbo, 1 each in Hangzhou, Shenzhen, Suzhou, Guiyang. (January 2018)



020 Online platforms opening physical stores

Xiaomi 小米

- One of the largest smartphone makers in the world.
- Founded in 2010 with no physical stores.
- First physical store opened in September 2015.
- Has over 300 physical stores all over China. (October 2017)




020 Online platforms opening physical stores



Jingdong 京东 jd.com

- One of the largest online retailers in China.
- 1st offline retail store opened in 2015.
- Has about 1,700 JD Service Union in rural areas (September 2017)
- Launched 7Fresh in January 2018, a new tech-enabled fresh produce supermarket that focuses on quality and freshness. (2 in Beijing, as at March 2018)
- Plans to expand business relating to physical store operations. (ie. 7Fresh, Convenience store, and unmanned convenience store Xmart)



A person wearing a white shirt and a black watch is looking at a smartphone. The phone screen shows a grid of various small images, likely a social media feed or a gallery. The person is sitting at a table with a dark surface, and there are some items on the table, including a red folder and some papers. The background is a blurred indoor setting.

Recent rise in online players' footprints into physical space underscores the importance of traditional retail, as well as the convergence of e-commerce and shopping malls to cater to omni-channel consumers.



Photo of Chengdu Konggang 成都空港



Looking Forward



Robust Retail Outlook in China¹

+6.9%

China 2017
GDP Growth
(y-o-y)

+6.5%

China 2018
GDP Growth Target
(y-o-y)

+10.2%

China Retail Sales
Growth in 2017
(y-o-y)

+6.5%

Disposable income
per capita for
urban residents
in 2017
(y-o-y)

Urban residents
increase from
57.3% in 2016 to
58.5% in 2017

Source:

1. National Bureau of Statistics of China

Proactive Asset Management

- 
- Reinforce community positioning
 - 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

Looking forward



Proactive Asset Enhancement

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



Looking forward



Explore Acquisition Opportunities In Both Right of First Refusal (“ROFR”) and Third-Party Properties

Key criteria:

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





Thank you

For further information and enquiries:

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