



CREATING VALUE. PURSUING GROWTH.



BHG RETAIL REIT

FINANCIAL RESULTS FOR THE THIRD QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019

8 NOVEMBER 2019





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

“3Q 2018”: For the 3-month period from 1 July 2018 to 30 September 2018;

“3Q 2019”: For the 3-month period from 1 July 2019 to 30 September 2019;

“9M 2018”: For the 9-month period from 1 January 2018 to 30 September 2018; and

“9M 2019”: For the 9-month period from 1 January 2019 to 30 September 2019;



Key Highlights 3Q 2019

Photo of Hefei Mengchenglu 合肥蒙城路



Key Highlights 3Q 2019

+18.9%

Gross Revenue
3Q 2019
SGD (y-o-y)

+17.7%

Net Property
Income
3Q 2019
SGD (y-o-y)

2.94

Distribution
Per Unit
9M 2019¹
(cents)

5.6%

Annualised
9M 2019
Distribution
Yield²

98.6%
Portfolio
Occupancy³

**Healthy 3Q 2019
Rental Reversion**

37.5%
Gearing^{3,4}

+6.2%
China GDP
Growth
in 9M 2019⁵
(y-o-y)

+8.2%
China Retail
Sales Growth
in 9M 2019⁵
(y-o-y)

+7.9%
Disposable
income

+7.2%
Consumption
Expenditure

per capita for urban residents
in 9M 2019⁵ (y-o-y)

- ¹ In 9M 2019, approximately S\$1.4 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 September 2019, and annualised 9M 2019 Distribution per Unit.
- ³ As at 30 September 2019.
- ⁴ MAS leverage limit is 45% with effect from 1 January 2016.
- ⁵ Source: National Bureau of Statistics of China.

Photo of Beijing Wanliu 北京万柳



Financial Highlights





Financial Performance

In SGD

■ 3Q 2019¹

■ 3Q 2018

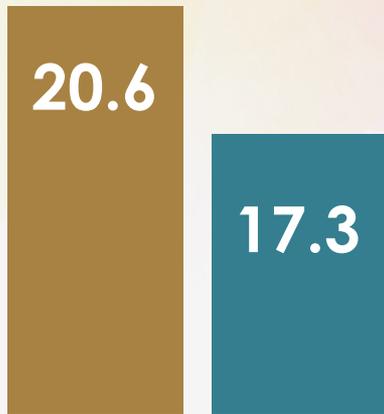
■ 9M 2019¹

■ 9M 2018

Gross Revenue

▲ **18.9%**

Year-on-year

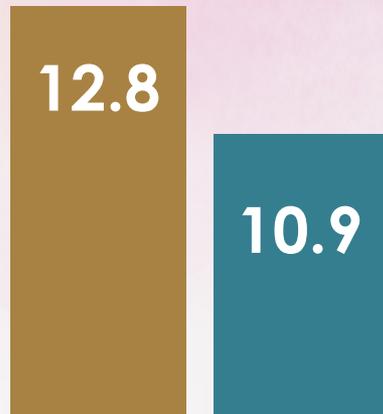


SGD million

Net Property Income

▲ **17.7%**

Year-on-year

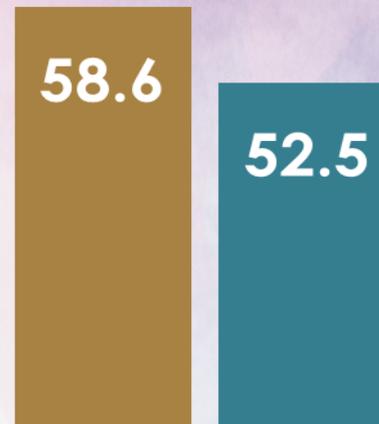


SGD million

Gross Revenue

▲ **11.8%**

Year-on-year

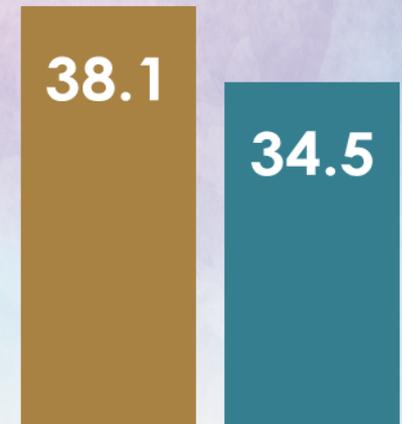


SGD million

Net Property Income

▲ **10.2%**

Year-on-year



SGD million

1. Includes contribution from Hefei Changjiangxilu Mall which was acquired on 2 April 2019.



Financial Performance

Amount to be Distributed
to Unitholder 9M 2019^{1,2}

12.8
SGD million

Distribution per Unit
9M 2019^{1,2}

2.94
Singapore cents

Annualised
Distribution Yield
9M 2019^{2,3}

5.6%

1. In 9M 2019, approximately S\$1.4 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. Includes contribution from Hefei Changjiangxilu Mall which was acquired on 2 April 2019.
3. Based on closing price of S\$0.70 as at 30 September 2019, and annualised 9M 2019 Distribution per Unit.





Capital Management

Aggregated
borrowings
drawn down

S\$ 290.7 mil

30 Sep 2019

Low Gearing
Ratio ¹

37.5 %

30 Sep 2019

Average
Cost of Debt

4.88%

30 Sep 2019

As at 30 September 2019

- Above 80% of borrowings are denominated in Singapore dollars and US dollars (“Offshore”).
- About 60% 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



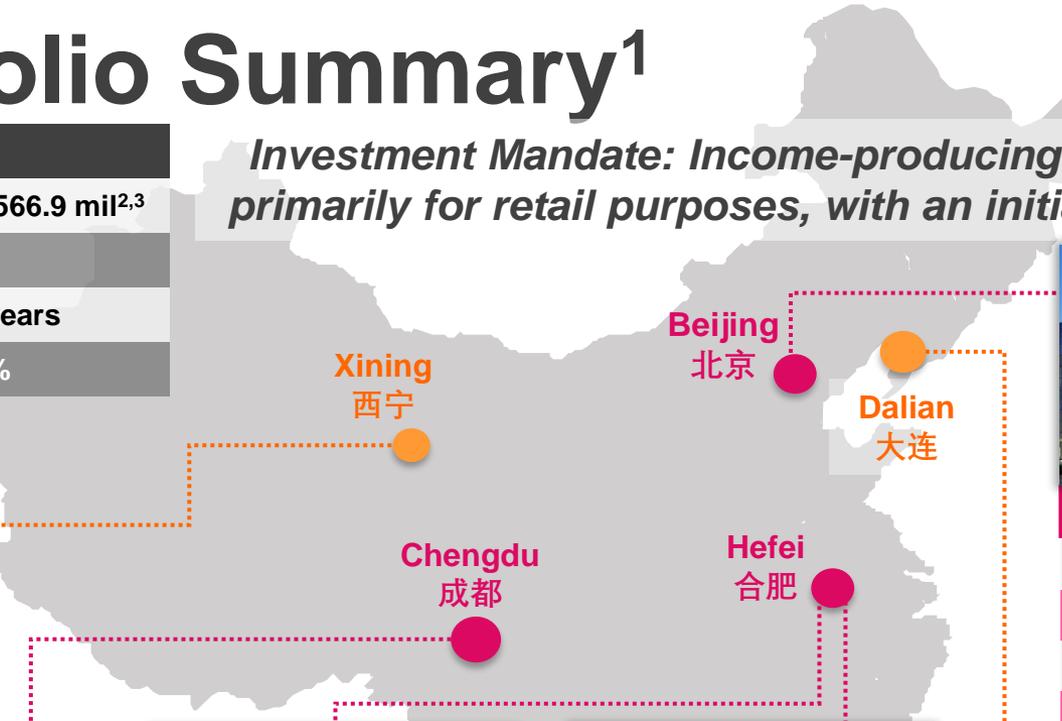
Photo of Chengdu Konggang 成都空港



Portfolio Summary¹

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

Portfolio
Valuation : RMB 4,566.9 mil^{2,3}
NLA : 180,801 sqm
WALE (NLA) : 6.7 years
Occupancy : 98.6 %



Xining Huayuan
Valuation : RMB 280 mil²
NLA : 20,807 sqm
WALE (NLA) 15.3 years
Occupancy : 100.0 %



Chengdu Konggang
Valuation : RMB 640.1 mil²
NLA : 39,401 sqm
WALE (NLA) : 4.3 years
Occupancy : 96.2 %



Hefei Mengchenglu
Valuation : RMB 605 mil²
NLA : 23,136 sqm
WALE (NLA) : 4.7 years
Occupancy : 99.6 %



Hefei Changjiangxilu
Valuation : RMB 485.8 mil³
NLA : 27,044 sqm
WALE (NLA) : 4.5 years
Occupancy : 99.4 %



Beijing Wanliu
Valuation : RMB 2,394 mil²
NLA : 55,069 sqm
WALE (NLA) : 3.0 years
Occupancy : 98.6 %



Dalian Jinsanjiao
Valuation : RMB 162 mil²
NLA : 15,345 sqm
WALE (NLA) : 15.3 years
Occupancy: 100.0 %

- Multi-tenanted
- Master-leased

1 As at 30 September 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 Sep 2019
Beijing Wanliu	98.6%
Chengdu Konggang	96.2%
Hefei Mengchenglu	99.6%
Hefei Changjiangxilu	99.4%
Xining Huayuan	100.0%
Dalian Jinsanjiao	100.0%
Portfolio (NLA Weighted)	98.6%





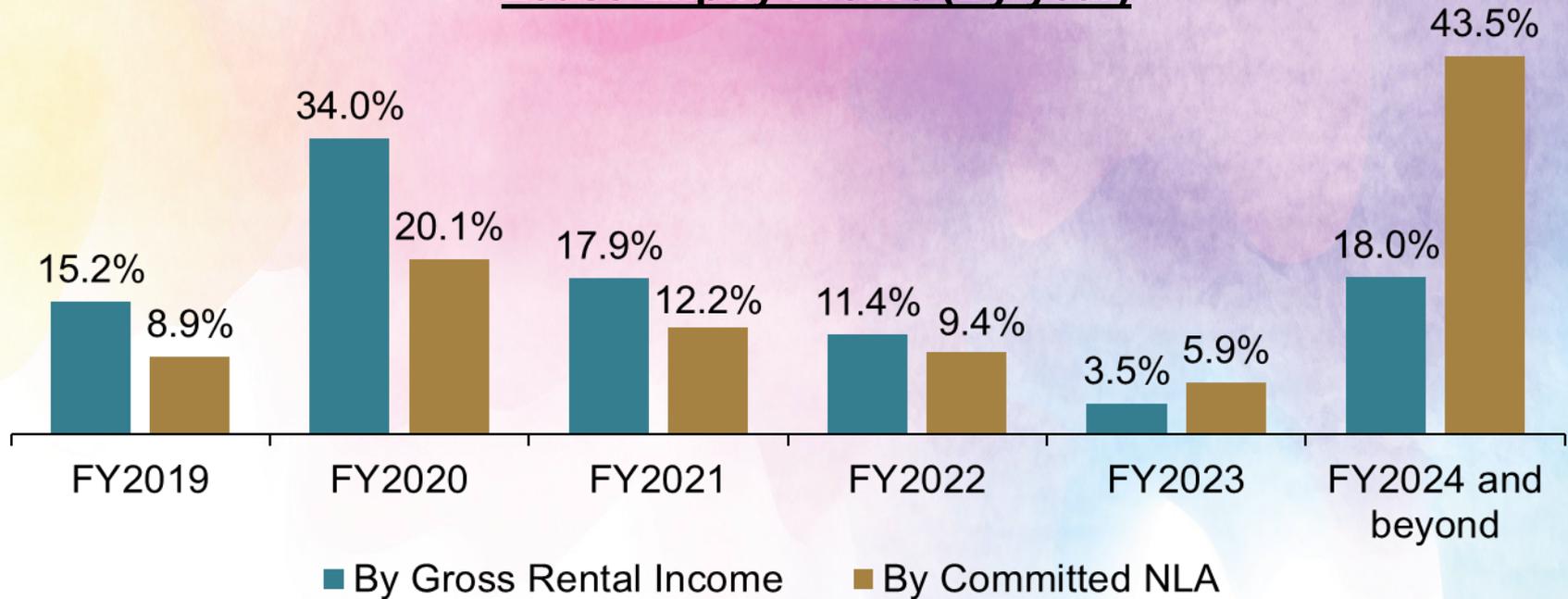
Optimal Leasing Strategy

**Healthy
Rental
Reversion**

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

By Gross Rental Income	3.4 years
By Committed NLA	6.7 years

Lease Expiry Profile (By year)

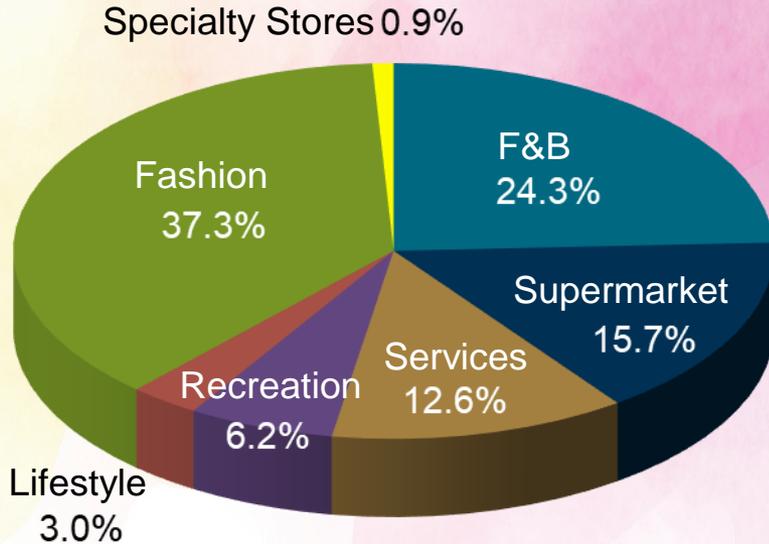




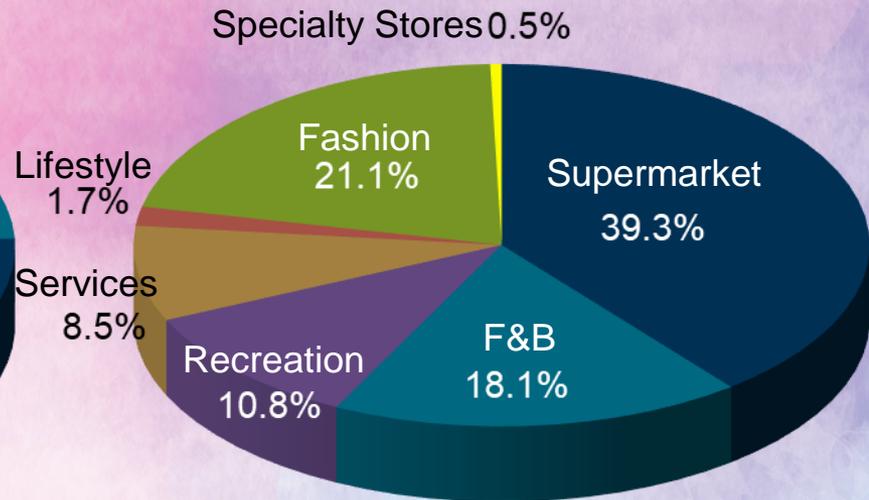
Well Diversified Portfolio Tenant Mix

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

Breakdown of Gross Rental Income¹ by Trade Sector



Breakdown of Net Lettable Area² by Trade Sector



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

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

Chengdu Konggang

New Concept and Tenant Double-Storey Traditional Chinese Architecture Teahouse



- Refreshing ancient Chinese architecture concept located outside Chengdu Konggang Mall.
- Attract surrounding visitors and inject vibrancy.
- Popular for its mastery in blending the best of traditional tea with modern recipes.
- Customers can enjoy both indoor or outdoor garden-like seating.





Engaging The Community & Tenants

Beijing Wanliu 北京万柳

Foam Party Family Fun



Health & Workout Festival



Story-Telling Session





Engaging The Community & Tenants

Chengdu Konggang 成都空港

Children Bubble Activity



Mall Anniversary Performance



Ethnic Minority Cultural Performance





Engaging The Community & Tenants

Hefei Mengchenglu 合肥蒙城路

100 metres Drawing Scroll



Kids Building Blocks Game



Community Food Festival





Engaging The Community & Tenants

Hefei Changjiangxilu 合肥长江西路

Chinese Instrumental Performance



Story-Telling Session



Outdoor Dance Performance





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 6.3b¹
- 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 2.5b¹
- 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



1. Bloomberg data as of 23 October 2019



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 Hefei Changjiangxilu (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



Outlook¹

+6.2%

China GDP
Growth in 9M 2019
(y-o-y)

+8.2%

China Retail Sales
Growth in 9M 2019
(y-o-y)

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

+7.9%

Disposable income
per capita for
urban residents in
9M 2019 (y-o-y)

+7.2%

Expenditure per
capita for urban
residents in
9M 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

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



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