



POISED FOR  
G R O W T H

**BHG RETAIL REIT**

Hong Kong Non-Deal Roadshow  
27-30 November 2017



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**DBS Bank Ltd. was the Financial Adviser, Issue Manager, Bookrunner and Underwriter for the initial public offering of BHG Retail REIT.**

Issuer

## **BHG RETAIL REIT**

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

Listing Date

11 December 2015

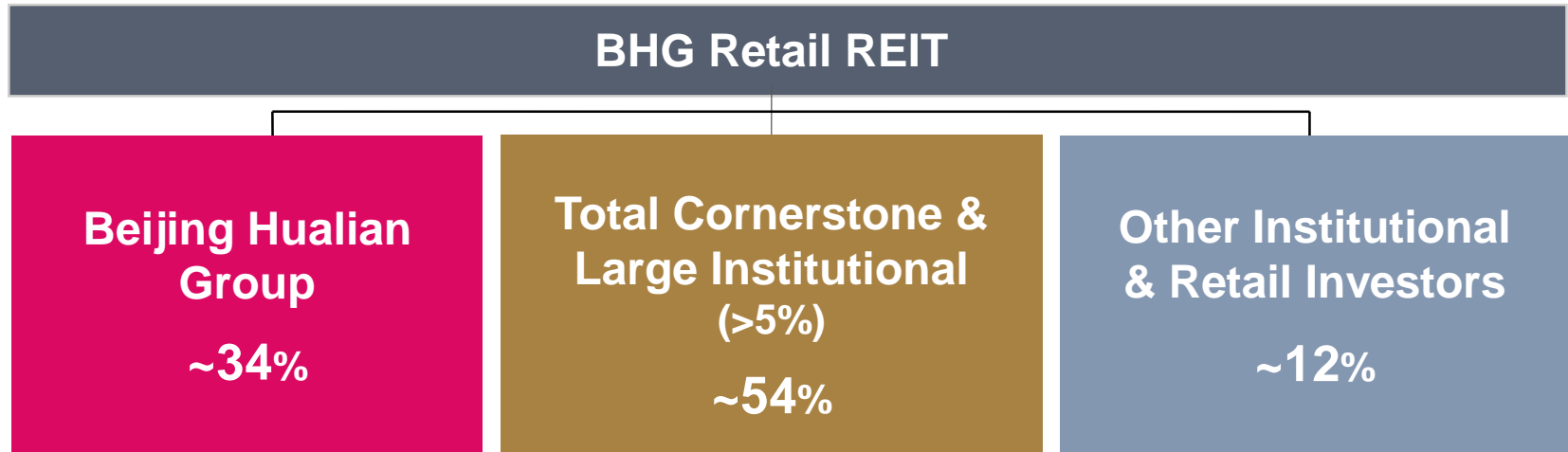
Investment  
Mandate

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

Manager

BHG Retail Trust Management Pte Ltd

# Unitholding Structure



## Total Cornerstone & Large Institutional (>5%)

- 1 China Merchants Bank Asset Management
- 2 Dr Chanchai Ruayrungruang
- 3 China Citic Bank Asset Management
- 4 Bank of Communications

As at 30 September 2017

- 1** Overview of Beijing Hualian Group
- 2** Overview of BHG Retail REIT
- 3** Engaging the Community
- 4** Looking Forward



# Overview of Beijing Hualian Group

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



# Beijing Hualian Group's Core Businesses



## Retail Malls

*38 Retail Malls owned and/or under management*

*Beijing Hualian Department Store Co., Ltd.*

- Listed on Shenzhen Stock Exchange in 1998
- Market cap of RMB 9.55b<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 4.07b<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





# ROFR Properties & Sponsor Mall Footprint



**5** BHG Retail REIT Portfolio Properties<sup>^</sup>

**15** ROFR Properties in Pipeline<sup>^#\*</sup>

**18** Malls Managed by Sponsor<sup>^</sup>



<sup>^</sup> As at 30 September 2017

<sup>#</sup> 3 out of the 15 ROFR Properties (namely Tongchengjie, Libao, and Changying) were granted by a private fund, managed by a fund manager 50% owned by Beijing Hualian Group Investment Holding Co., Ltd.

<sup>\*</sup> 1 out of the 15 ROFR Properties, Anzhen Mall, is held by Beijing Hualian Group Investment Holding Co., Ltd. jointly with other third parties and the consent of such third parties is required for Anzhen Mall to be offered to BHG Retail REIT.





**Philosophy  
To Learn  
From  
The Best**

**Strong  
Management  
Platform**

**Strategy to  
Focus On  
Community  
Malls**

**Broad  
Tenant  
Network**



# Overview of BHG Retail REIT



Photo of Chengdu Konggang 成都空港



# 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

# Healthy & Resilient Portfolio

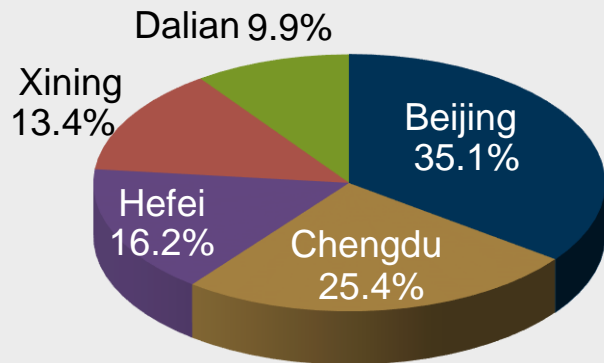


- One-stop destination malls that serve surrounding communities
- Surrounded by densely populated residential properties
- Strong focus on experiential and lifestyle segment
- Well-positioned to capitalise on the rising middle income population

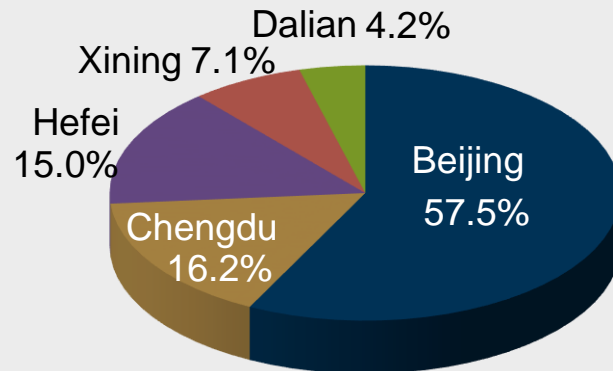




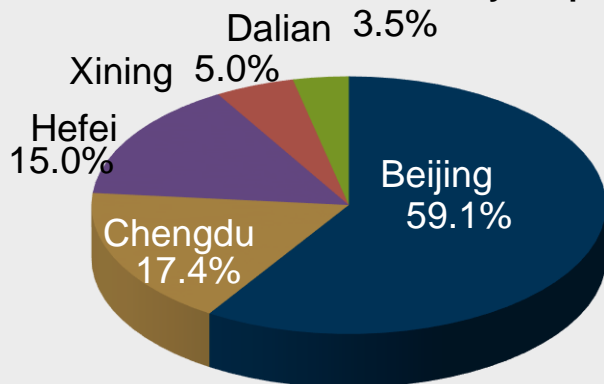
**Breakdown of NLA<sup>1</sup> by Property**



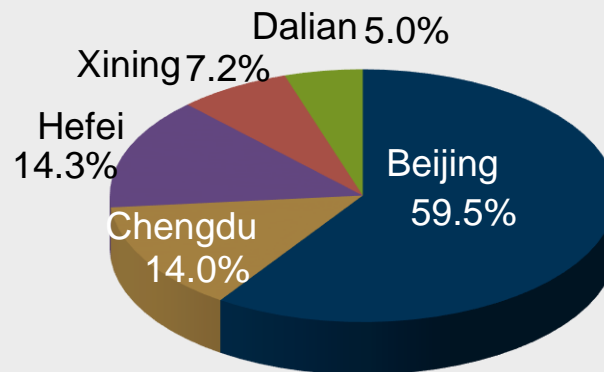
**Breakdown of Valuation<sup>2</sup> by Property**



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



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



1 As at 30 September 2017

2 Based on independent valuation from Knight Frank Petty Limited as at 31 December 2016.

3 Based on 3Q 2017 results

# High Portfolio Occupancy of 99.0%

Occupancy Rate	30 Sep 2017
Beijing Wanliu	100.0%
Chengdu Konggang	96.1%
Hefei Mengchenglu	100.0%
Xining Huayuan	100.0%
Dalian Jinsanjiao	100.0%
Portfolio (NLA Weighted)	99.0%



# Beijing Wanliu Mall



*Premium Community Mall in Beijing's High Income Residential District*

*Haidian District's residents have one of the highest per-capita disposable income in Beijing*



Location	Haidian District, Beijing
Gross Floor Area	105,920 sqm
Net Lettable Area <sup>1</sup>	54,519 sqm
Leasable Floors	6
Car Park Lots	618
Occupancy <sup>1</sup>	100.0%
Valuation <sup>2</sup>	RMB 2,235 million

1. As at 30 September 2017.
2. Based on independent valuation from Knight Frank Petty Limited as at 31 December 2016.

## Tenants include:

BHG Supermarket. Golden Harvest Cinema.

H&M. Muji. Uniqlo. Tommy Hilfiger. Charles & Keith. Adidas Originals. The Face Shop. Innisfree.

Pizza Hut. KFC. Burger King. Macdonalds. BreadTalk. Costa Coffee. Hai Di Lao Hot Pot.

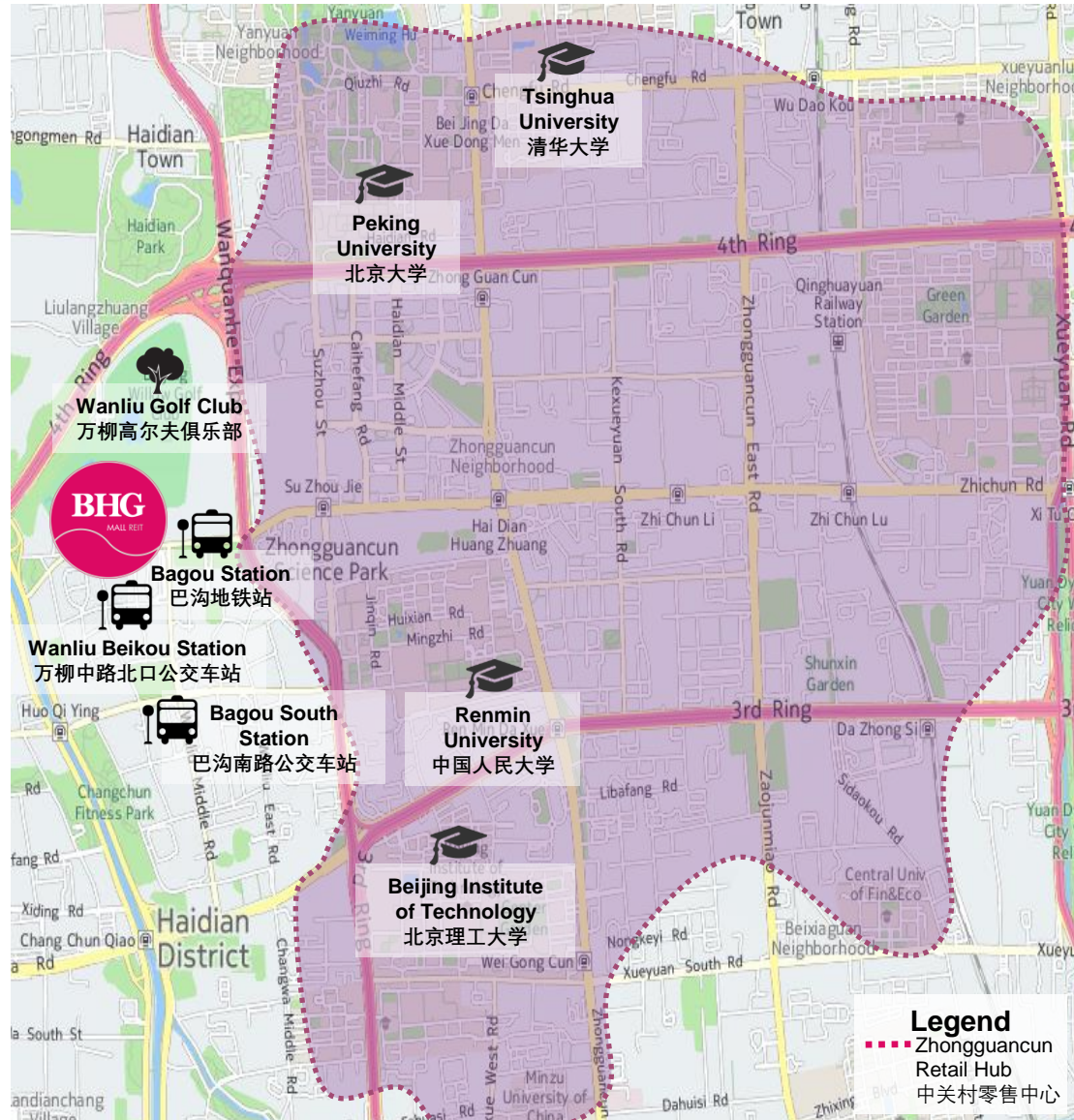


# Beijing Wanliu Mall



## Location & Amenities

- Great accessibility to main roads - Wanliu Zhonglu, Bagou Road, etc.
- Direct access to subway line 10, with the mall connected to Exit C of the subway station
- Close proximity to key educational institutions - Peking University, Tsinghua University, etc.
- Located adjacent to Summer Palace - China's largest imperial garden
- Close proximity to Zhong Guan Cun technology hub
- Situated close to Wanliu Golf Club – only 18-hole golf course within the Fifth Ring Road of Beijing





# Beijing Wanliu Mall New Concepts and Brands

## Proactive Asset Management Replaced Department Store with 25 new brands

25 new brands were introduced, much to the delight of residents in the surrounding neighbourhoods. These brands included renowned jeweller Chow Tai Fook (周大福), popular Japanese lifestyle brand Muji, America's iconic Calvin Klein Jeans, South Korea's cosmetic brand Etude House, one of China's rising culinary stars Element Fresh, and one of Taiwan's most popular restaurant chains Bellagio (鹿港小镇).



Muji 无印良品



周大福 Chow Tai Fook



TISSOT 天梭

### Other tenants include:

Calvin Klein Jeans.

Etude House.

The Face Shop.

Innisfree. etc



Element Fresh 新元素



Bellagio 鹿港小镇



Musangking 猫山王



唱吧麦颂量贩式KTV

# Chengdu Konggang Mall



*Destination Mall for The Growing Middle and Upper-Middle Income Families In The Area*

*Surrounded by Densely Populated Residential Community*



<b>Location</b>	Shuangliu County, Chengdu
<b>Gross Floor Area</b>	71,917 sqm
<b>Net Lettable Area<sup>1</sup></b>	39,451 sqm
<b>Leasable Floors</b>	6
<b>Car Park Lots</b>	400
<b>Occupancy<sup>1</sup></b>	96.1%
<b>Valuation<sup>2</sup></b>	RMB 631 million

1. As at 30 September 2017.
2. Based on independent valuation from Knight Frank Petty Limited as at 31 December 2016.

## Tenants include:

BHG Supermarket. BHG Cinema. Watsons. Starbucks. Burger King. 美航国际健身Gym. La Chapelle. TOPFEELING. ONLY. VERO MODA.



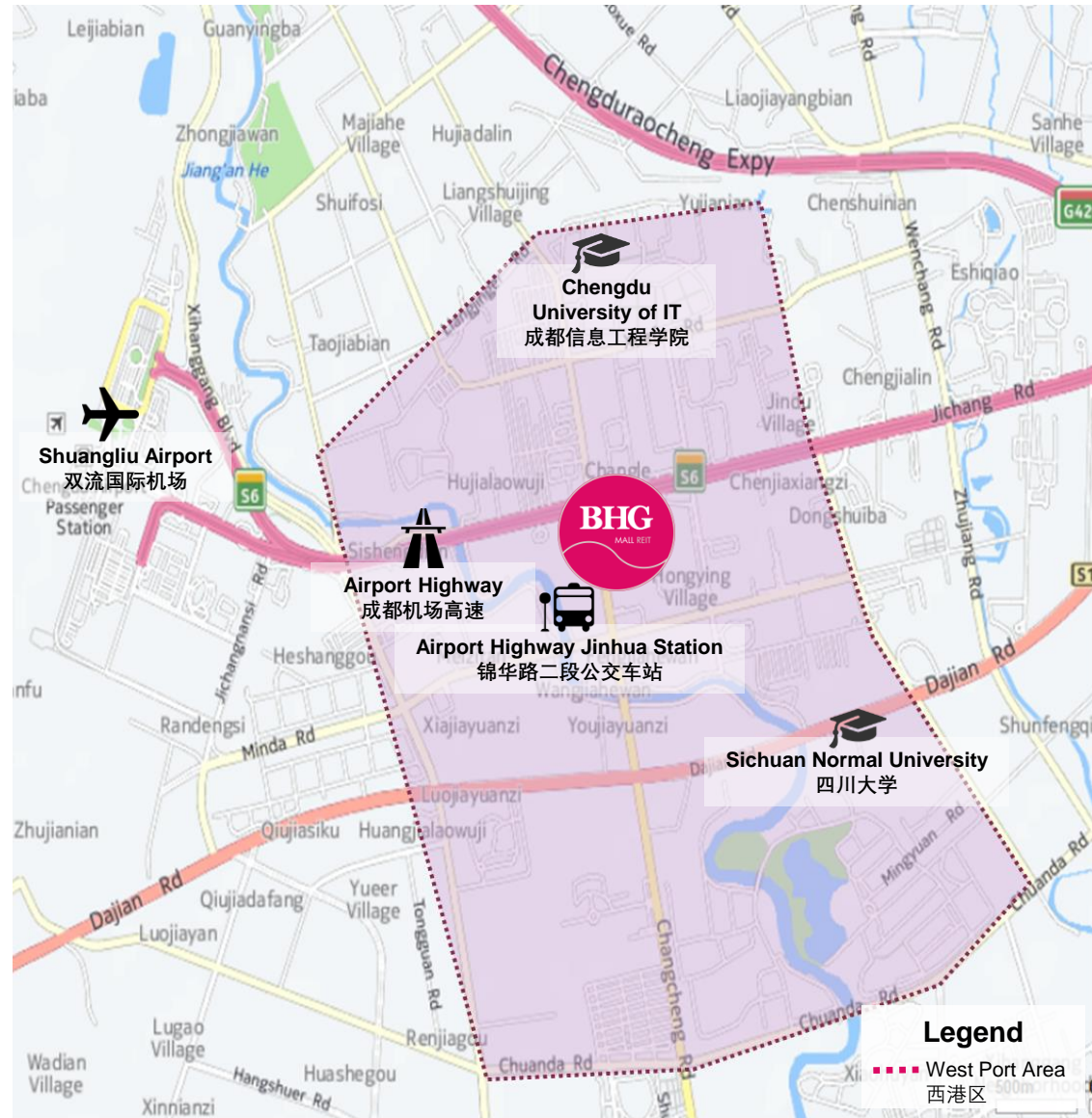


# Chengdu Konggang Mall



## Location & Amenities

- 5 mins drive to Shuangliu International Airport
- Well connected to key highways - Chengya Highway, Airport Highway
- Short drive to downtown Chengdu
- Supported by Airport, Airline, and Neighbouring residential catchment
- Close proximity to educational institutions - Sichuan Normal University, Jiangnan Campus of Sichuan University, etc.



# Chengdu Konggang Basement One New Concepts and Brands



## *Asset Enhancement on Basement One To Elevate The Mall's Active Lifestyle Offering Completed in 3Q 2017*

- In line with rising demand for sports merchandise and services
- New and existing active lifestyle brands in the cluster includes Nike, Adidas, Skechers, Jordan, and Li-Ning (李宁)
- Enhanced long-term quality and sustainability of the mall
- Strong growth in shopper traffic





# Hefei Mengchenglu Mall



Winner of 2016 Hefei's Most Popular Shopping Centre of the Year



Location	Luyang District, Hefei
Gross Floor Area	49,699 sqm
Net Lettable Area <sup>1</sup>	25,230 sqm
Leasable Floors	6
Car Park Lots	268
Occupancy <sup>1</sup>	100.0%
Valuation <sup>2</sup>	RMB 584 million

1. As at 30 September 2017.
2. Based on independent valuation from Knight Frank Petty Limited as at 31 December 2016.

## Tenants include:

BHG Supermarket. BHG Cinema.

Starbucks. Pizza Hut. Hai Di Lao Hot Pot.

Bioliving 百武西. Miniso. Gymboree. ONLY. VERO MODA.

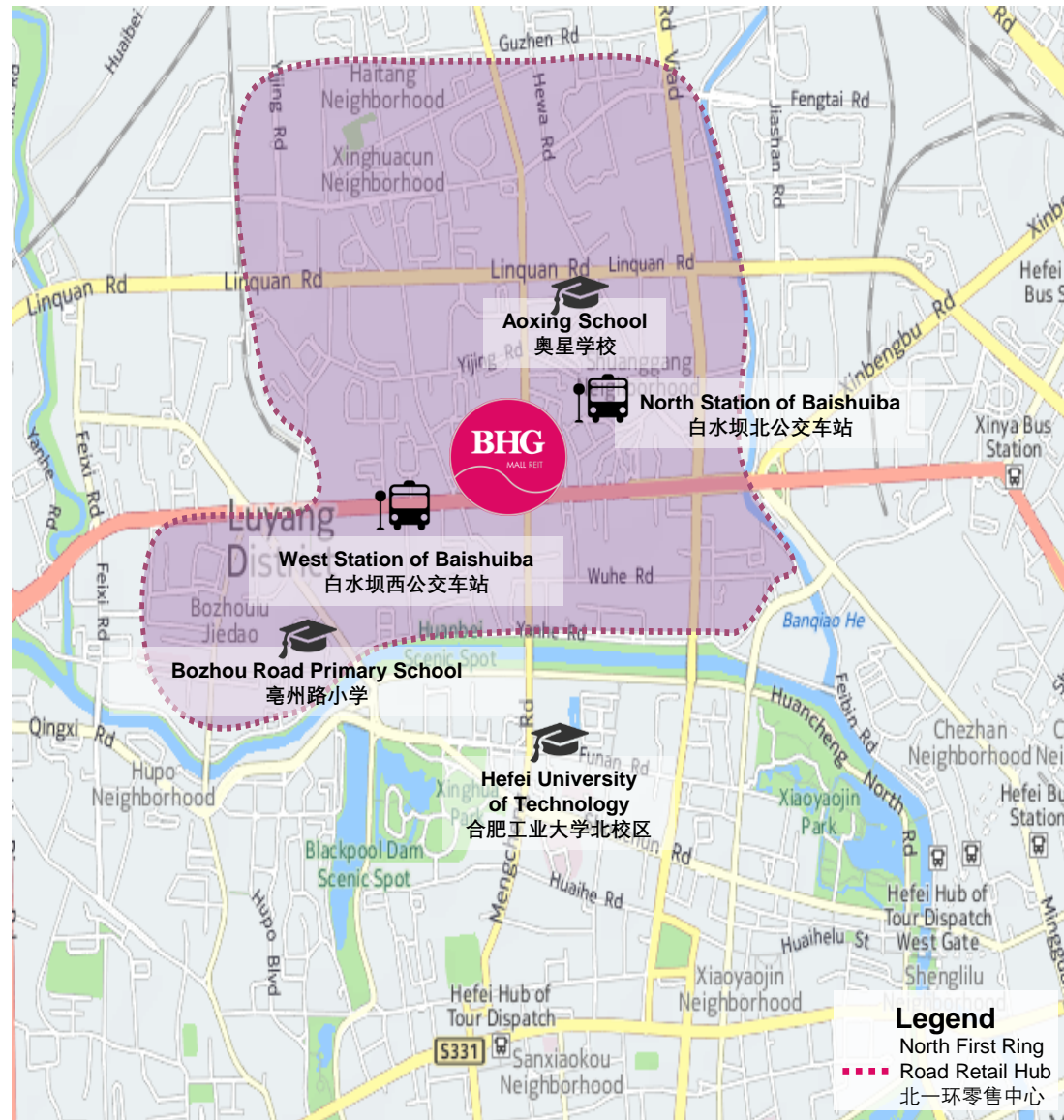


# Hefei Mengchenglu Mall



## Location & Amenities

- High accessibility with proximity to several main roads - North First Ring Road, Mengcheng Road, etc.
- 5 minutes' walk from two bus stations - North Station of Baishuiba, West Station of Baishuiba
- Surrounded by government organizations and high quality office projects
- Close proximity to educational institutions – language and arts training schools, etc.





# Hefei Mengchenglu Mall New Concepts and Brands



Yadao Tea 雅岛英皇茶



Bioliving 百武西



Shi Qi Le Seafood Buffet 食其乐海鲜自助餐



MINISO 名创优品



# Xining Huayuan Mall



*Popular Retail Hub in Xining, Tibetan Plateau's Largest City*



<b>Location</b>	Ximen-Dashizi Retail Hub, Xining
<b>Gross Floor Area</b>	20,807 sqm
<b>Net Lettable Area<sup>1</sup></b>	20,807 sqm
<b>Leasable Floors</b>	4
<b>Occupancy<sup>1</sup></b>	100.0%
<b>Valuation<sup>2</sup></b>	RMB 278 million

1. As at 30 September 2017.
2. Based on independent valuation from Knight Frank Petty Limited as at 31 December 2016.



## A Key Destination for Daily Essentials



Location	Jinsanjiao Area, Dalian
Gross Floor Area	15,345 sqm
Net Lettable Area <sup>1</sup>	15,345 sqm
Leasable Floors	2
Occupancy <sup>1</sup>	100.0%
Valuation <sup>2</sup>	RMB 162 million

1. As at 30 September 2017.
2. Based on independent valuation from Knight Frank Petty Limited as at 31 December 2016.

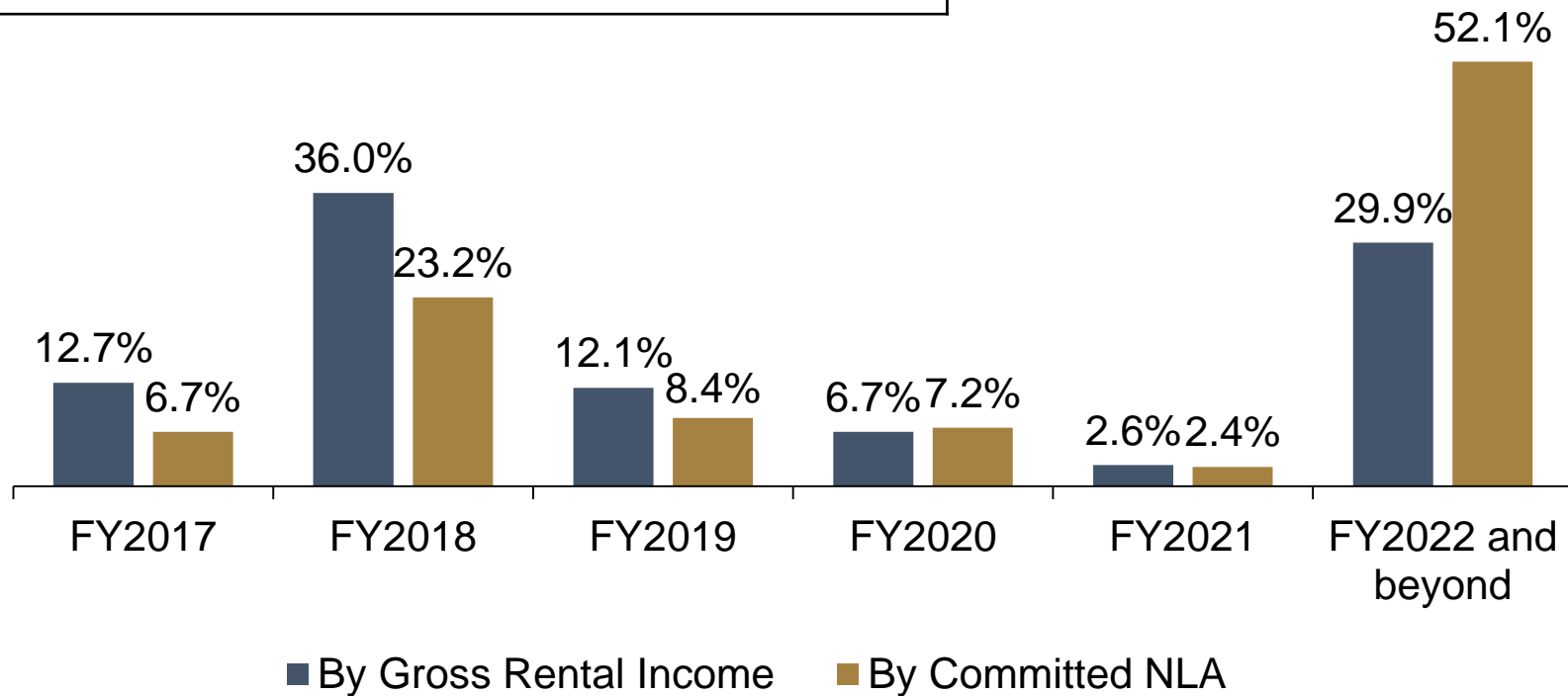


# Well-Staggered Lease Expiry Profile



As at 30 September 2017

Weighted average lease expiry (WALE) (No. of years)	
By Gross Rental Income	4.8
By Committed NLA	8.2

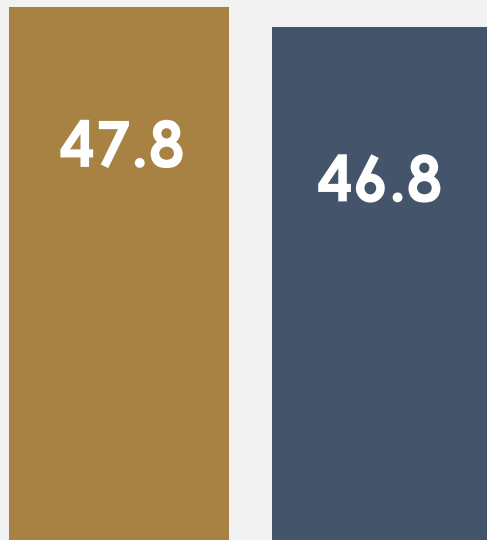




■ 9M 2017 ■ 9M 2016

## Gross Revenue

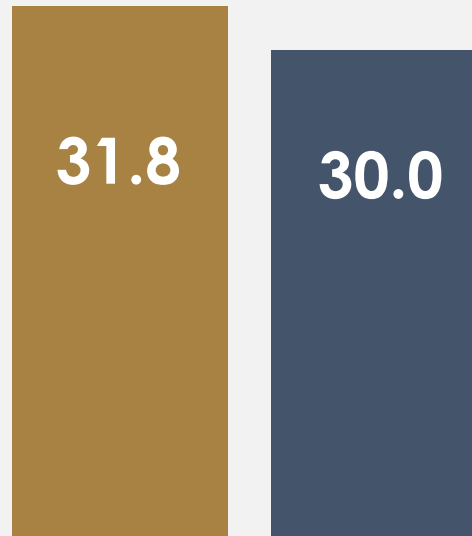
▲ 2.2 %



\$ million

## Net Property Income

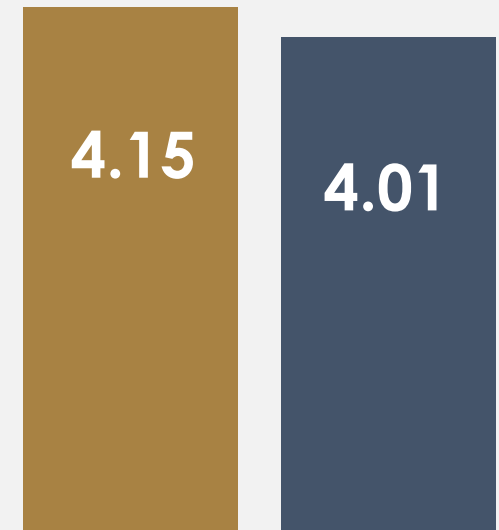
▲ 6.1 %



\$ million

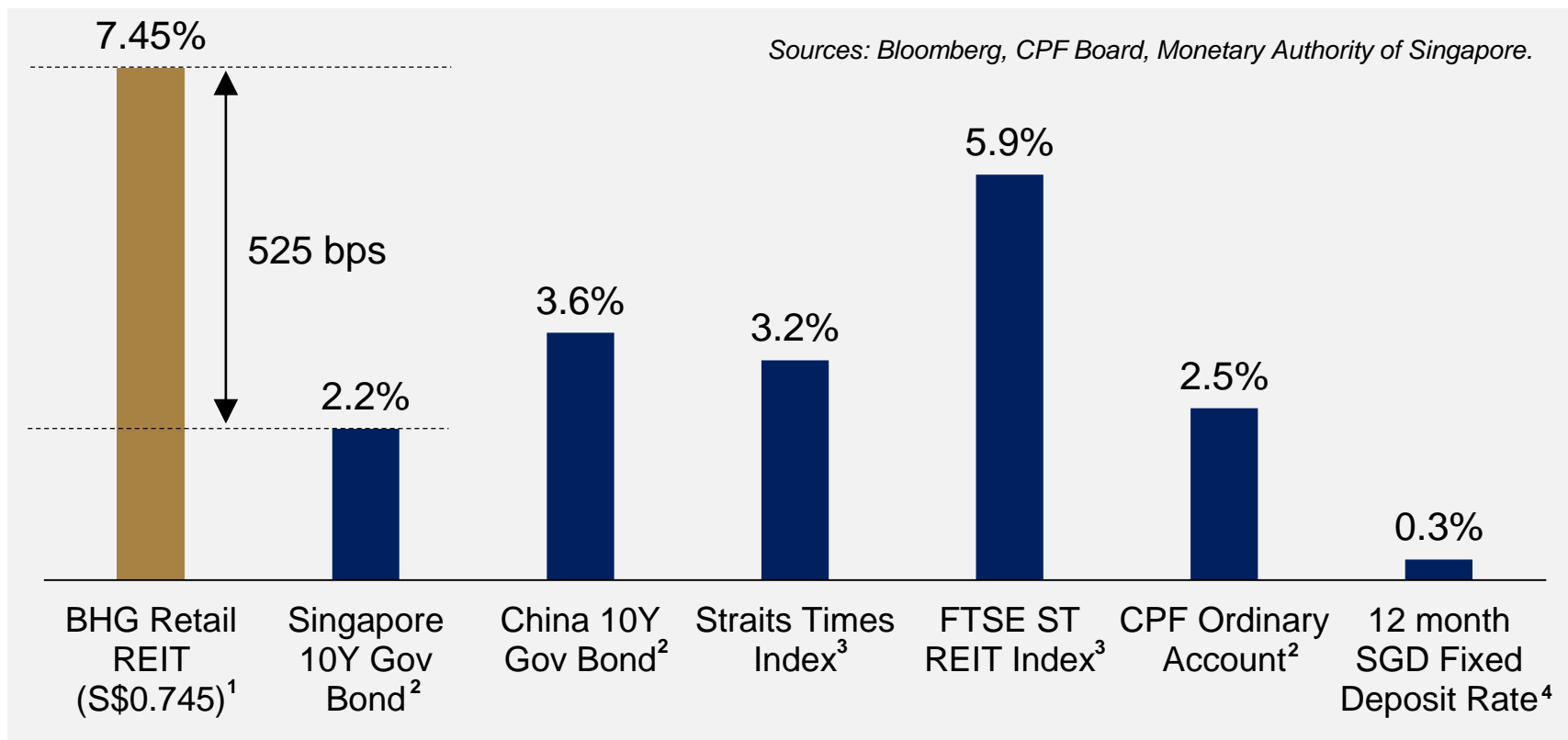
## Distribution Per Unit

▲ 3.5 %



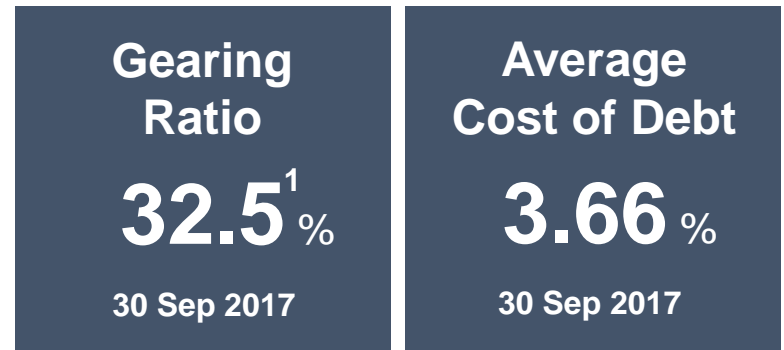
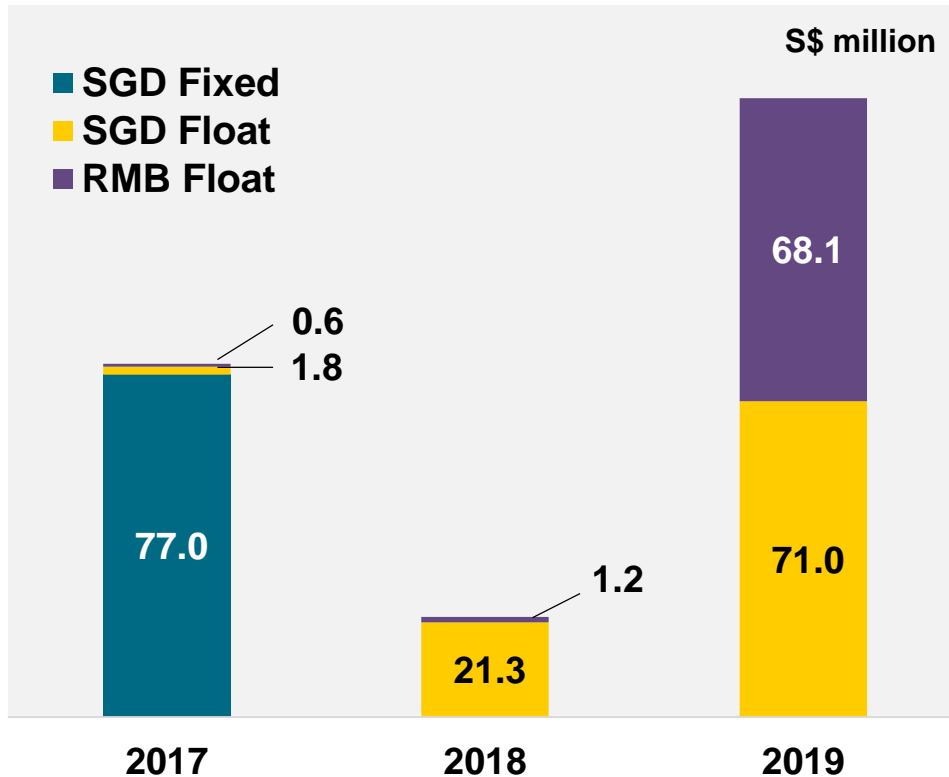
Singapore cents

## BHG Retail REIT trading at 525 bps risk premium above Singapore 10-year government bond yield



1. Based on closing price of S\$0.745 as at 30 September 2017 and annualised 9M 2017 Distribution per Unit.
2. As at 30 September 2017.
3. Based on the average gross dividend yield for the 12 months ended 30 September 2017.
4. Based on the average SGD fixed deposit rate for the 12 months ended 30 September 2017.

## Aggregate borrowings drawn down as at 30 September 2017: S\$ 241.0 million



1. Based on total loans and borrowings principal attributable to Unitholders divided by total assets attributable to Unitholders.

- About 70% of debt denominated in functional currency of the REIT (SGD).
- Apart from the natural hedge from RMB denominated borrowings, about 45% of the SGD-denominated borrowing are on a fixed interest rate basis.



# Engaging the Community





# Engaging the Community



**Engaging Shoppers  
via Marketing Activities**



**Engaging Tenants  
via Seminars & Trainings**



**Engaging Community  
via CSR Activities**



**Engaging Staff  
via Regular Communication**



# Engaging Shoppers via Marketing Activities



## Beijing Wanliu Mall

## Chengdu Konggang Mall

## Hefei Mengchenglu Mall



### The Wizard of Oz Children Show



### PINK! Street Dance Performance



### Pre-School Joint Event



### Food Festival



### Fashion Runway



### The Voice of China





Beijing Wanliu – Tenants Training

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

# Engaging the Community Corporate Social Responsibility



**Public Auction Charity Event  
Beijing Wanliu Mall**



**Kindness Flea Market  
Hefei Mengchenglu Mall**



**Folk Cultural Festival  
Hefei Mengchenglu Mall**



**Great Workout. Great Health  
Hefei Mengchenglu Mall**



**Blind Date Event  
Beijing Wanliu Mall**

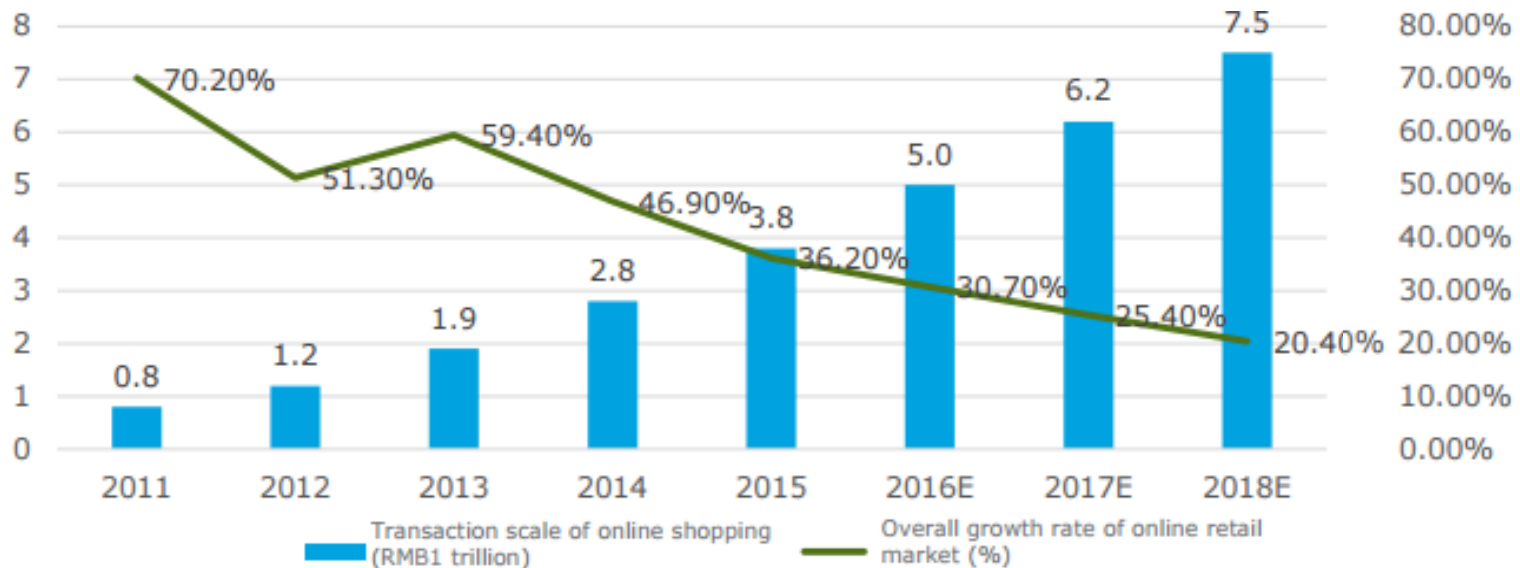


**Students' Entrepreneurship Day  
Chengdu Konggang Mall**

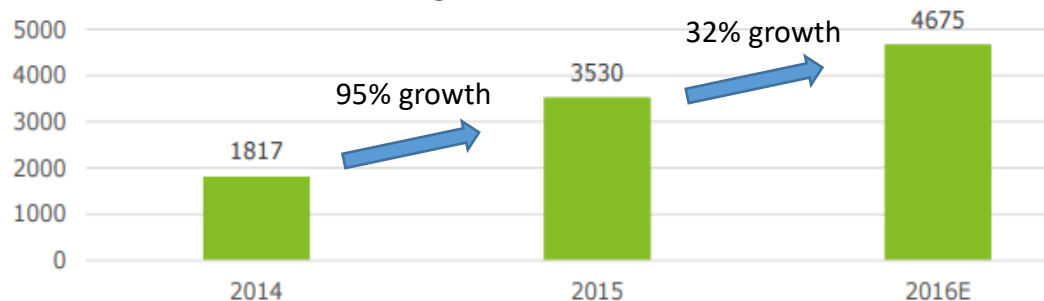


- China's online sales of goods in the first nine months of 2017 amounted to 3.7 trillion yuan<sup>1</sup> and accounted for 14.0%<sup>1</sup> of total retail sales of consumer goods.

- Transaction scale of China's online retail market<sup>2</sup>



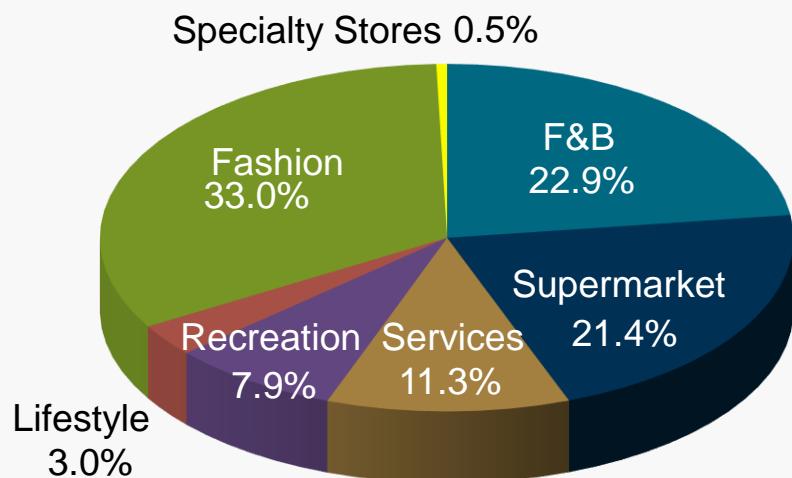
- Rural online shopping market (RMB100 million)<sup>3</sup>



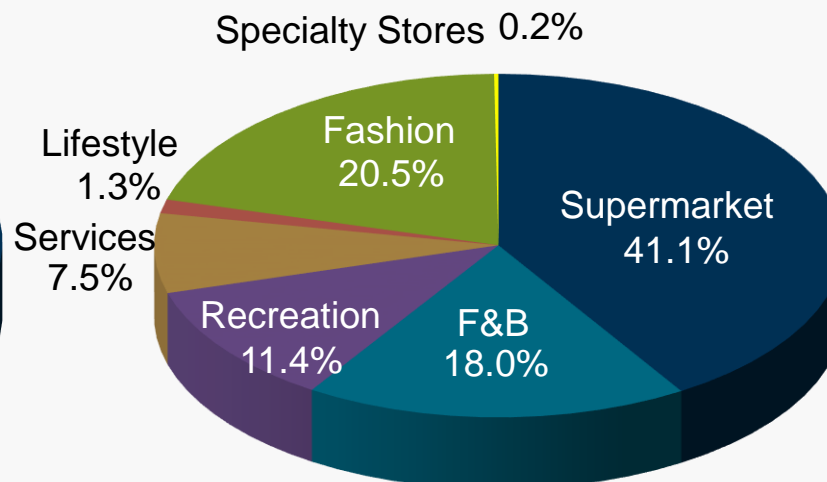
- National Bureau of Statistics of China
- iResearch Consulting Group
- China E-Business Research Center

- According to Mckinsey's latest survey of China's internet users, two-thirds of Chinese consumers say that shopping is still the best way to spend time with family. (Source: Mckinsey 2016 China Consumer Report)
- Experiential-Focused Trade 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 September 2017.  
 2 As percentage of the portfolio's net lettable area as at 30 September 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.
- **Alibaba.com**  
**Alipay.com**

O+O

## Tenants Online + Offline (Physical)

- Cinema 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

## O2O Online platforms opening physical stores

### Alibaba 阿里巴巴

- Entered into an online-and-offline physical supermarket 盒马鲜生.
- Allows customers to purchase fresh goods at physical stores, as well as via an online app and delivering to door steps.
- Has 13 stores, 10 in Shanghai, 2 in Beijing, 1 in Ningbo. (July 2017)

Alibaba.com  
阿里巴巴

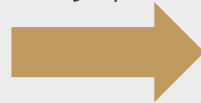


### Xiaomi 小米

- One of the largest smartphone makers in the world.
- Founded in 2010 with no physical stores.
- First physical store opened in September 2015.
- Has 72 physical stores all over China. (April 2017)

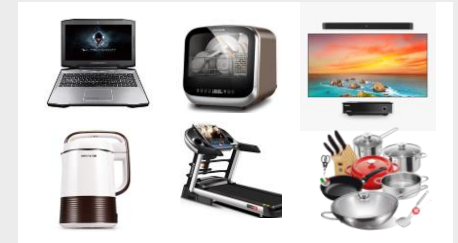


xiaomi.com  
小米



### Jingdong 京东 jd.com

- One of the largest online retailers in China.
- First offline retail store opened in 2015.
- Has about 1,700 physical stores. (December 2016)



Jingdong 京东  
jd.com





Photo of Beijing Wanliu's 'Bike to Shop' Event



Looking **Forward**



# Robust Retail Outlook in China<sup>1</sup>



**+6.8%**

China GDP  
Growth in  
3Q 2017  
(y-o-y)

**+6.8%**

International  
Monetary Fund's  
China GDP Growth  
Forecast 2017<sup>2</sup>  
(y-o-y)

**+10.4%**

China Retail Sales  
Growth  
in 9M 2017  
(y-o-y)

**+6.6%**

Disposable income  
per capita for  
urban residents in  
9M 2017  
(Real growth)  
(y-o-y)

Urban residents  
increase from  
56.1% in 2015 to  
57.3% in 2016

Annual Births  
up 7.9%  
(2016 vs 2015)  
following  
Two-Child Policy

1. Source: National Bureau of Statistics of China

2. Source: International Monetary Fund



## 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

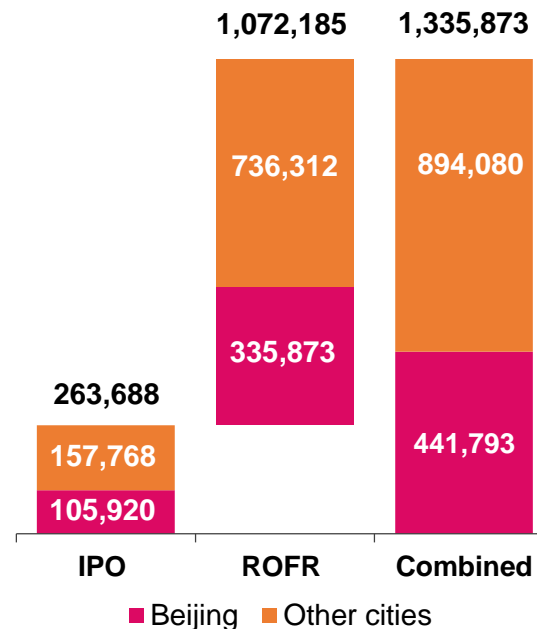
### Proactive Asset Enhancement

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

## Acquisition Growth

### 15 Voluntary ROFRs Properties In The Pipeline <sup>^\*</sup>

**15 ROFR Properties (GFA sqm)**  
(as at 30 September 2017)



### Explore Acquisition Opportunities In Other Quality Income-Producing Retail Properties

#### Key criteria:

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

<sup>^</sup> 3 out of the 15 ROFR Properties were granted by a private fund, managed by a fund manager 50% owned by Beijing Hualian Group Investment Holding Co., Ltd.

<sup>\*</sup> 1 out of the 15 ROFR Properties, Anzhen Mall, is held by Beijing Hualian Group Investment Holding Co., Ltd. jointly with other third parties and the consent of such third parties is required for Anzhen Mall to be offered to BHG Retail REIT.



# Thank you

For further information and enquiries:

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