



BHG RETAIL REIT

Financial Results for 3Q 2016
from 1 July to 30 September 2016

11 November 2016

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The past performance of BHG Retail REIT is not necessarily indicative of its future performance. This presentation shall be read in conjunction with BHG Retail REIT's financial results for the quarter ended 30 September 2016 in the SGXNET announcement.

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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.



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Beijing Wanliu 北京万柳

亚惠·美食广场

Key Highlights



3Q 2016 Key Highlights



7.49%
Annualised
Distribution
Yield¹

+4.9%
Distribution
per Unit
(DPU)²

+5.1%
Amount
Available for
Distribution²

97.4%
Portfolio
Occupancy

13 ROFRs
Increase GFA
by 4 times

**Strong
Rental Uplift**

30.5%
Low
Gearing³

**Strong Sponsor
and Group**

**Healthy
Shopper Traffic &
Tenant Sales**

+6.7%
China GDP
Growth in
3Q 2016 &
YTD 3Q 2016
(y-o-y)

+10.4%
China Retail
Sales
Growth in
YTD 3Q 2016
(y-o-y)

+5.7%
Urban residents per
capita
disposable income
real growth in
YTD 3Q 2016 (y-o-y)

Urban
residents to
increase
from 56.1% in
2015 to
60.0% over
next 5 years

Two
child
Policy
from
2016

¹ Based on annualised 3Q 2016 DPU, and closing price of S\$0.685 as at 30 September 2016

² For 3Q 2016, compared to forecast

³ MAS leverage limit is 45% with effect from 1 January 2016

3Q 2016 Key Highlights

- **3Q 2016 Distribution per Unit exceeds forecast by 4.9%**
 - Annualised Distribution Yield of 7.49%¹ for 3Q 2016
 - 3Q 2016 amount available for distribution up 5.1% against forecast
- **Resilient strategy with community focus**
 - High portfolio occupancy rate of 97.4%
 - Strong rental reversion
 - Healthy shopper traffic and tenant sales
- **Low gearing of 30.5%²**

¹ Based on 3Q 2016 closing price of S\$0.685 as at 30 September 2016

² MAS leverage limit is 45% with effect from 1 January 2016



Overview of Beijing Hualian Group

First China Retail REIT Sponsored by a China Based Group



Beijing Hualian Group's 4 Core Businesses

Retail Malls

40 Retail Malls owned and/or under management

- Listed on Shenzhen Stock Exchange in 1998, with market cap of RMB 9.1b¹
- 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

Over 170 Supermarkets across entire China

- Listed on Shanghai Stock Exchange in 2001, market cap of RMB 4.2b¹
- Anchor / master-lease tenants at every IPO portfolio property
- 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

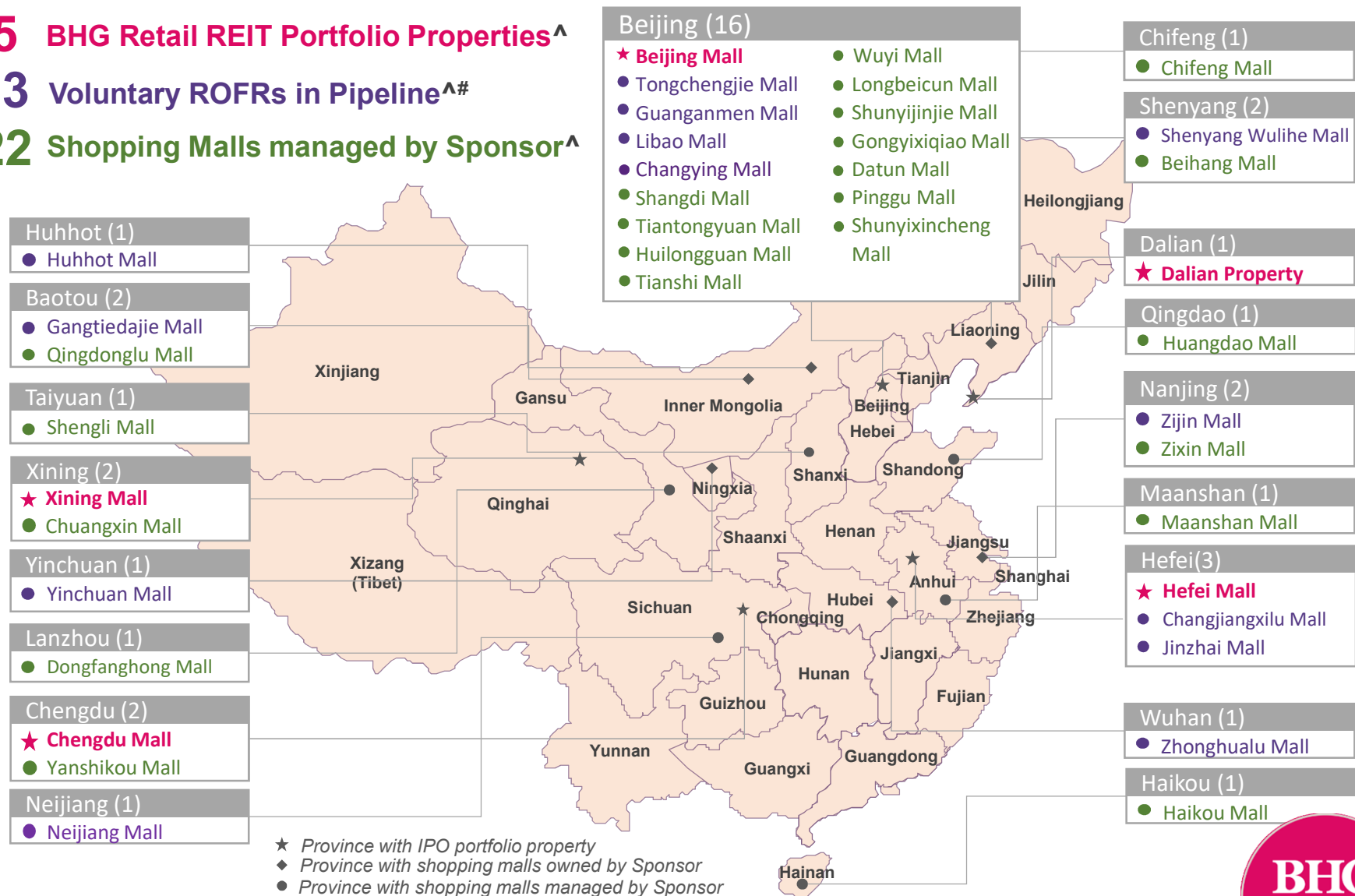
International Retail Partnerships

- Secure distributorships for international renowned brands
- Partnering brands are featured in the IPO portfolio properties
- Joint venture with Costa Coffee for the entire Northern China



Sponsor: Strong Retail Malls Management Experience

- 5** BHG Retail REIT Portfolio Properties[^]
- 13** Voluntary ROFRs in Pipeline^{^#}
- 22** Shopping Malls managed by Sponsor[^]



Beijing Wanliu 北京万柳

About BHG Retail REIT



About BHG Retail REIT



| | |
|--------------------|---|
| Sponsor | ■ Beijing Hualian Department Store Co. Ltd. (the “Sponsor”) |
| REIT Manager | ■ BHG Retail Trust Management Pte Ltd. (the “Manager”) (100% indirectly owned subsidiary of the Sponsor) |
| Investment Mandate | ■ Income-producing real estate used primarily for retail purposes, with an initial focus on China |
| IPO Portfolio | ■ 5 properties with total valuation of S\$774.0m ¹ |



Beijing Wanliu

Only community mall with a premium positioning in Wanliu



Chengdu Konggang

Community retail mall located in an emerging residential area with a large number of mature and high-density residential projects



Hefei Mengchenglu

One of the first comprehensive multi-tenanted retail malls in Hefei



Xining Huayuan

Located in Xining, the largest city on the Tibetan Plateau



Dalian Jinsanjiao

Only Supermarket in the area and is popular among residents in its catchment area

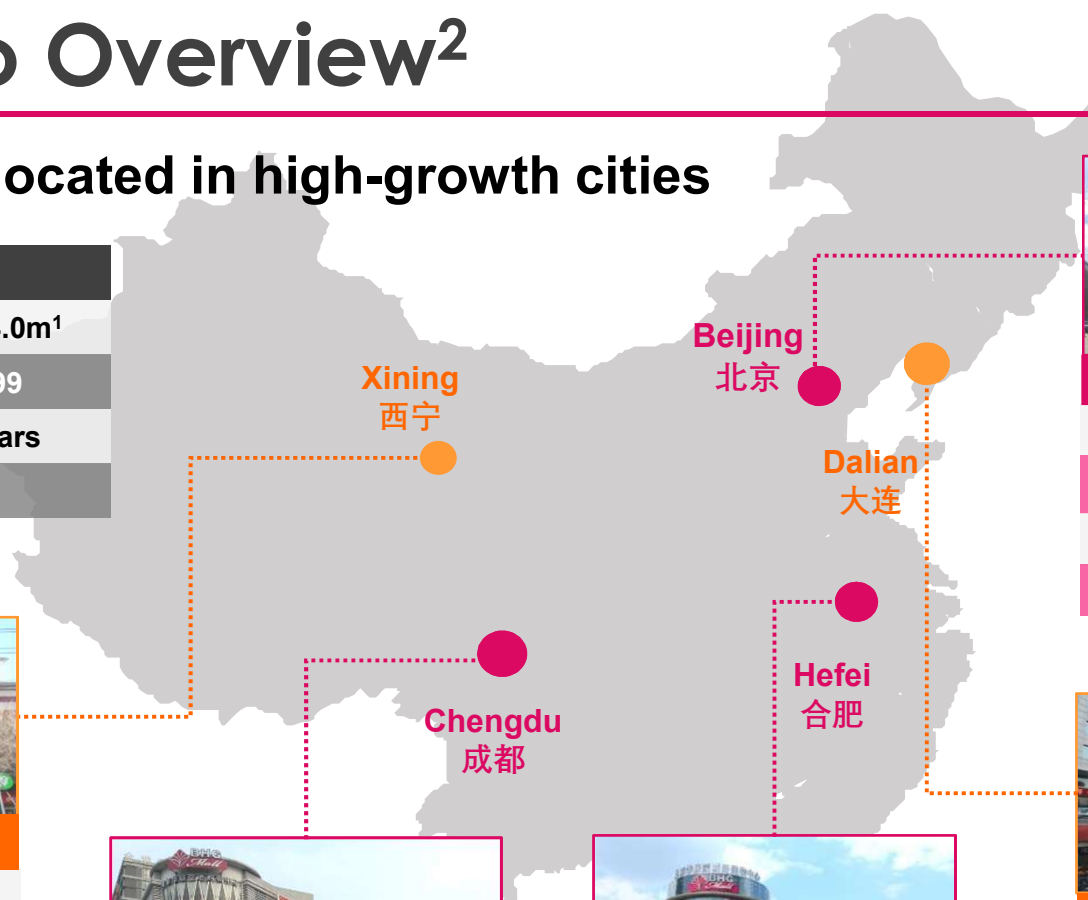
- Multi-tenanted
- Master-leased

¹ Based on independent desktop valuation from Knight Frank as at 30 June 2016.

Portfolio Overview²

Strategically located in high-growth cities

| Portfolio | |
|------------|------------------------|
| Valuation | S\$774.0m ¹ |
| NLA sqm | 156,099 |
| WALE (NLA) | 8.9 years |
| Occupancy | 97.4% |



Beijing Mall

| | |
|------------|------------------------|
| Valuation | S\$440.9m ¹ |
| NLA sqm | 54,617 |
| WALE (NLA) | 4.2 years |
| Occupancy | 99.0% |



Dalian Property

| | |
|------------|-----------------------|
| Valuation | S\$32.8m ¹ |
| NLA sqm | 15,345 |
| WALE (NLA) | 18.3 years |
| Occupancy | 100.0% |



Xining Mall

| | |
|------------|-----------------------|
| Valuation | S\$56.4m ¹ |
| NLA sqm | 20,807 |
| WALE (NLA) | 18.3 years |
| Occupancy | 100.0% |



Chengdu Mall

| | |
|------------|------------------------|
| Valuation | S\$127.1m ¹ |
| NLA sqm | 40,102 |
| WALE (NLA) | 5.1 years |
| Occupancy | 91.4% |



Hefei Mall

| | |
|------------|------------------------|
| Valuation | S\$116.8m ¹ |
| NLA sqm | 25,228 |
| WALE (NLA) | 6.9 years |
| Occupancy | 100.0% |

- Multi-tenanted
- Master-leased



Investment Proposition



- **Community-focused malls**
 - BHG Retail REIT strategy is to focus on highly populated, community catchments.
- **Strong local retail knowledge and network**
 - Capitalise on Beijing Hualian Group's local expertise, knowledge, and network spanning the entire retail value chain.
- **China's macroeconomic environment**
 - Ride on rising middle-class income, high retail sales growth, increasing urban residents, and implementation of two child policy.
 - We believe our portfolio of five community-focused retail properties is resilient, and well positioned to benefit from China's economic transformation to a model with increasing emphasis on domestic demand.
- **Organic and Inorganic growth**
 - Continue to deliver positive results
 - Continue to pursue DPU yield-accretive growth opportunities for unitholders.



Hefei Mengchenglu 合肥蒙城路

Financial Highlights



3Q 2016 Annualised Distribution Yield of 7.49%

| Portfolio 3Q 2016 | Actual ¹ | Forecast ² | Change (%) |
|---|---------------------|-----------------------|------------------------|
| Gross revenue (RMB'000) | 75,661 | 75,284 | 0.5 ^{6,7} |
| Net property income (RMB'000) | 46,955 | 45,469 | 3.3 ^{6,7} |
| Gross revenue (SGD'000) | 15,383 | 16,366 | (6.0) ^{6,7,8} |
| Net property income (SGD'000) | 9,538 | 9,884 | (3.5) ^{6,7,8} |
| Amount available for distribution (SGD'000) | 4,521 | 4,301 | 5.1 |
| Distribution per Unit (DPU) (cents) | 1.29 | 1.23 | 4.9 |
| Annualised Distribution Yield (%) | | | |
| - Based on IPO price ³ | 6.42 | 6.11 ⁵ | 5.1 |
| - Based on 3Q 2016 closing price ⁴ | 7.49 | 7.14 ⁵ | 4.9 |

1. The actual results were translated using the average SGD: CNY rate of 1: 4.929.
2. The forecast results were translated using the average SGD: CNY rate of 1: 4.60.
3. Based on IPO price of S\$0.80 as at 11 December 2015.
4. Based on Closing price of S\$0.685 as at 30 September 2016.
5. The forecast annualised distribution yield for 3Q 2016 was prorated based on forecast 2015 of 5.7% and projection 2016 of 6.3% as shown in the Prospectus.
6. With effect from 1 May 2016, China implemented a nation-wide VAT reform.
7. With effect from 1 July 2016, Beijing State Government aligned its tax policy with the national practice of charging Property Tax based on revenue. The change has resulted in an additional 7.0% in property operating expenses for 3Q 2016.
8. Weaker RMB against SGD.



9M 2016 Annualised Distribution Yield of 7.48%

| Portfolio 9M 2016 ¹ | Actual ² | Forecast ³ | Change (%) |
|---|---------------------|-----------------------|------------------------|
| Gross revenue (RMB'000) | 240,893 | 239,118 | 0.7 ^{7,8} |
| Net property income (RMB'000) | 152,328 | 147,093 | 3.6 ^{7,8} |
| Gross revenue (SGD'000) | 50,443 | 51,982 | (3.0) ^{7,8,9} |
| Net property income (SGD'000) | 31,897 | 31,976 | (0.2) ^{7,8,9} |
| Amount available for distribution (SGD'000) | 14,409 | 13,954 | 3.3 |
| Distribution per Unit (DPU) (cents) | 4.14 | 4.02 | 3.0 |
| Annualised Distribution Yield (%) | | | |
| - Based on IPO price ⁴ | 6.41 | 6.22 ⁶ | 3.1 |
| - Based on 9M 2016 closing price ⁵ | 7.48 | 7.26 ⁶ | 3.0 |

1. Refers to the period from 11 December 2015 (Listing date) to 30 September 2016.

2. The actual results were translated using the average SGD: CNY rate of 1: 4.776.

3. The forecast results were translated using the average SGD: CNY rate of 1: 4.60.

4. Based on IPO price of S\$0.80 as at 11 December 2015.

5. Based on Closing price of S\$0.685 as at 30 September 2016.

6. The forecast annualised distribution yield for 9M 2016 were prorated based on forecast 2015 of 5.7% and projection 2016 of 6.3% as shown in the Prospectus.

7. With effect from 1 May 2016, China implemented a nation-wide VAT reform.

8. With effect from 1 July 2016, Beijing State Government aligned its tax policy with the national practice of charging Property Tax based on revenue. The change has resulted in an additional 2.1% in property operating expenses for 9M 2016.

9. Weaker RMB against SGD.



Healthy Financial Position

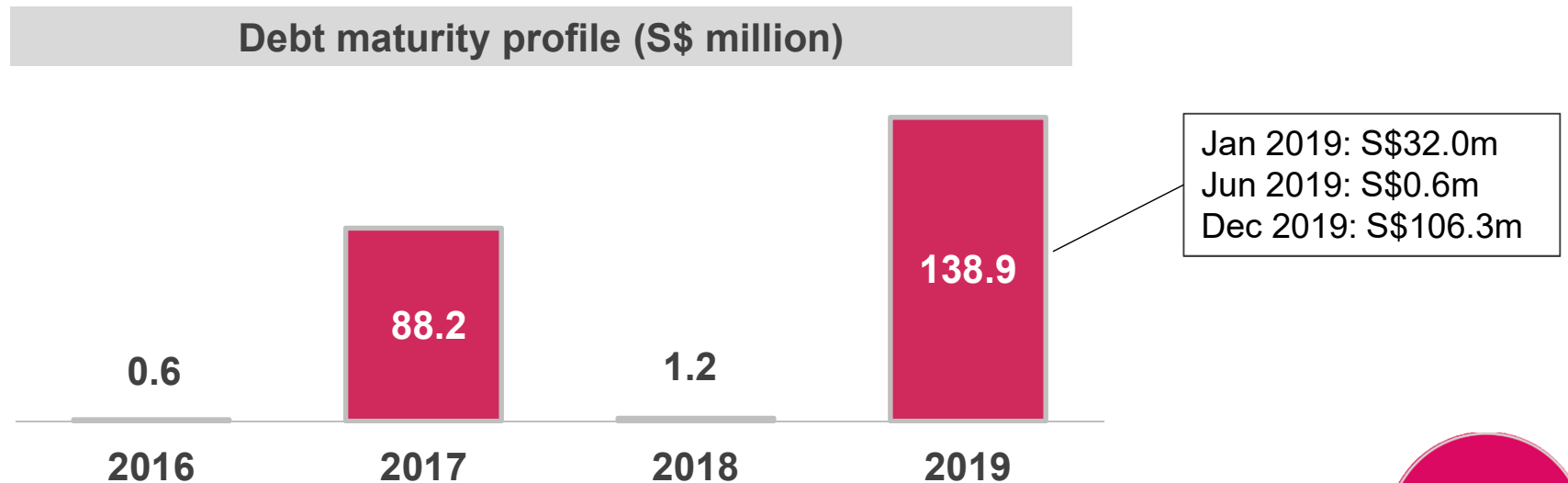
| Portfolio Group Level | Actual As at 30 September 2016 (S\$'000) |
|---|--|
| Investment Properties | 777,412 |
| Cash and cash equivalents | 42,433 |
| Other assets | 9,389 |
| Total assets | 829,234 |
| Loans and borrowings | 227,802 |
| Other liabilities | 52,228 |
| Total liabilities | 280,030 |
| Net assets | 549,204 |
| | |
| Net assets attributable to unitholders | 395,287 |
| Non-controlling interest | 153,917 |
| | |
| No. of issued and issuable units ('000) | 495,560 |
| Net asset value per unit (S\$) | 0.80 |
| Gearing¹ (%) | 30.5 |

- 1 Based on Total Loans and borrowings principal attributable to unitholders divided by Total assets attributable to unitholders.



Low Gearing of 30.5%

- Low gearing of 30.5%
(compared with MAS leverage limit of 45% with effect from 1 January 2016)
- Weighted average term to maturity of 2.2 years
- About 70% of debt denominated in functional currency of the REIT (SGD)
- Interest rates for SGD denominated debts balanced between fixed and variable
- Average cost of debt of 3.82%



Portfolio Highlights



Chengdu Konggang 成都空港

BHG
MALL REIT

Portfolio Summary



Beijing Wanliu



Chengdu Konggang



Hefei Mengchenglu



Xining Huayuan



Dalian Jinsanjiao

| | Beijing | Chengdu | Hefei | Xining | Dalian | Portfolio |
|--------------------------------|----------------|----------------|----------------|-----------------------|---------------|------------------|
| Valuation¹ | S\$440.9m | S\$127.1m | S\$116.8m | S\$56.4m | S\$32.8m | S\$774.0m |
| NLA² (sqm) | 54,617 | 40,102 | 25,228 | 20,807 | 15,345 | 156,099 |
| Commence Operations | Aug 2010 | Dec 2013 | Feb 2013 | Aug 2000 ³ | Jul 2000 | - |
| Lease Type | Multi-tenanted | Multi-tenanted | Multi-tenanted | Master-leased | Master-leased | - |
| Leasable floors | 6 | 6 | 6 | 4 | 2 | - |
| WALE by NLA² | 4.2 | 5.1 | 6.9 | 18.3 | 18.3 | 8.9 |

1 Based on independent desktop valuation from Knight Frank as at 30 June 2016.

2 As at 30 September 2016

3 Refurbished in 1H 2015



High Portfolio Occupancy of 97.4%

Occupancy rate as at 30 September 2016

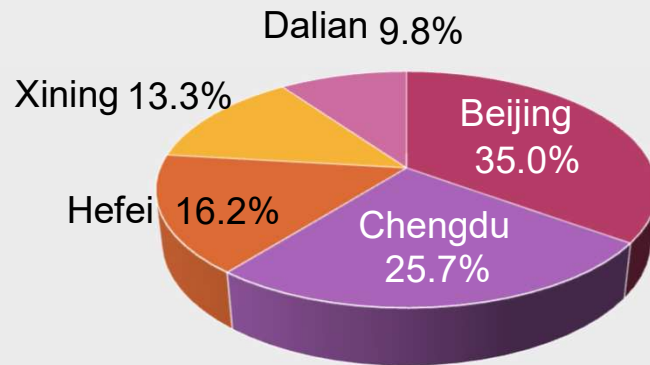
| | |
|-------------------|--------------------|
| Beijing Wanliu | 99.0% |
| Chengdu Konggang | 91.4% ¹ |
| Hefei Mengchenglu | 100.0% |
| Xining Huayuan | 100.0% |
| Dalian Jinsanjiao | 100.0% |
| Portfolio | 97.4% |



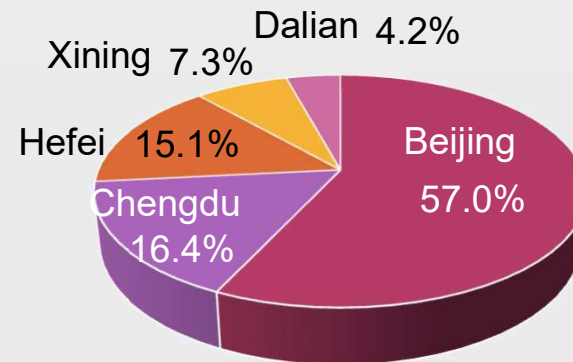
1 Chengdu Konggang Mall is undergoing an exercise to rejuvenate the mall's offering to shoppers.

Portfolio Summary

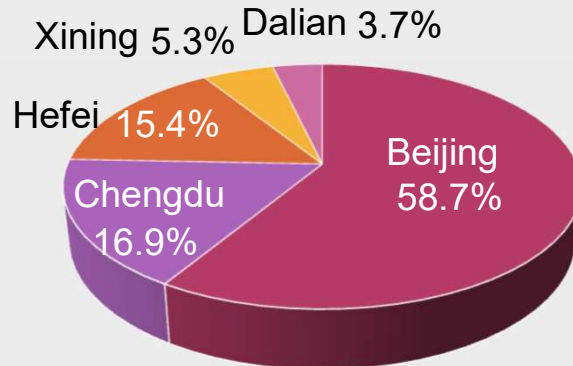
Breakdown of NLA by Property¹



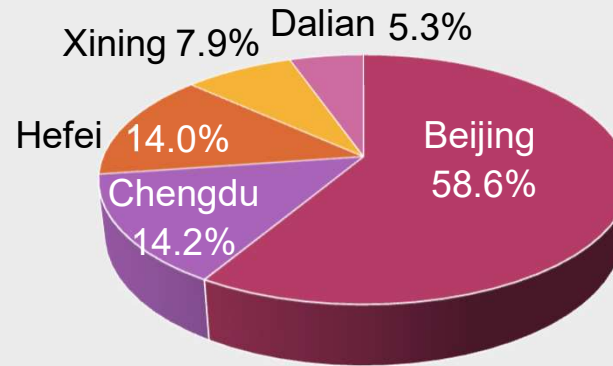
Breakdown of Valuation by Property²



Breakdown of Gross Revenue by Property³



Breakdown of Net Property Income by Property³



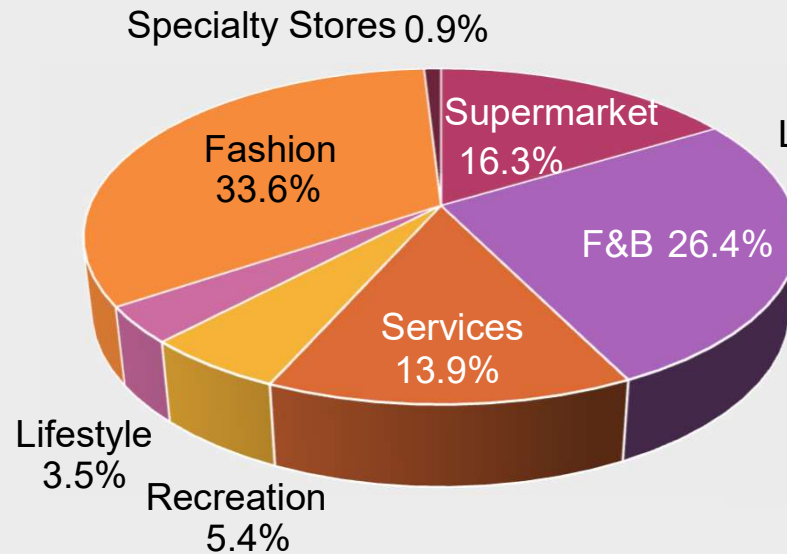
1 As at 30 September 2016

2 Based on independent desktop valuation from Knight Frank as at 30 June 2016

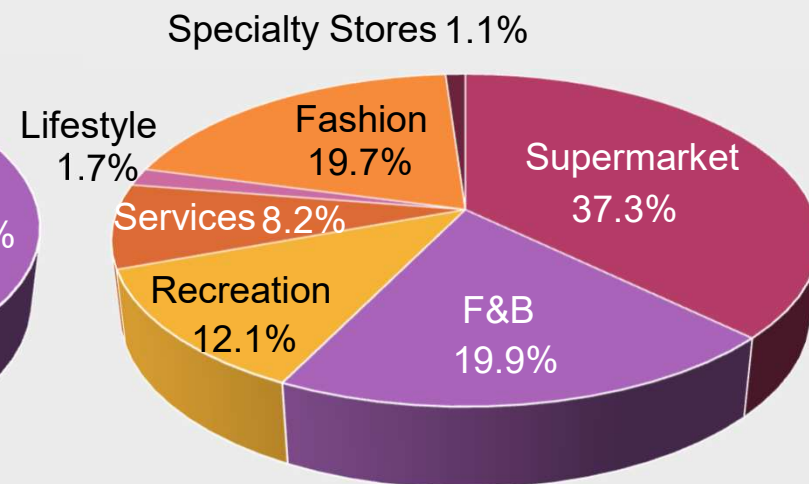
3 Based on 3Q 2016 results

Well Diversified Portfolio Tenant Mix

Breakdown of Gross Rental Income by Trade Sector¹



Breakdown of NLA by Trade Sector¹



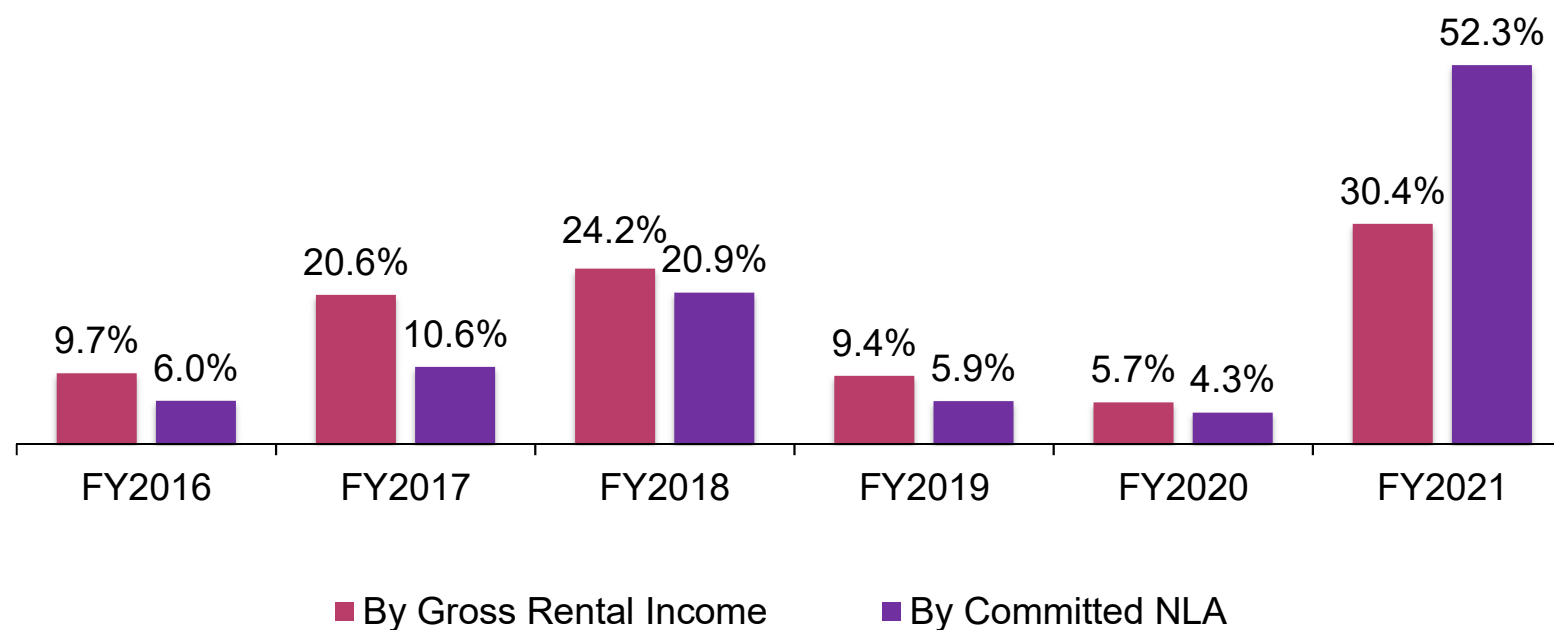
Above 65% of Gross Rental Income, and close to 80% of NLA from experiential segment (exclude fashion and specialty stores).

1 As at 30 September 2016

Well-Staggered Lease Expiry Profile

Weighted average lease expiry (WALE) (No. of years)

| | |
|------------------------|-----|
| By Committed NLA | 8.9 |
| By Gross Rental Income | 5.3 |



Engaging The Community & Tenants

Beijing Wanliu 北京万柳

The Wizard of Oz Children Show



Food Festival 万柳吃货节



Meet & Greet Dating Event



Engaging The Community & Tenants

Chengdu Konggang 成都空港

Fashion Runway



Community Workout (By Gym instructors)



Children Mascot Show



BHG
MALL REIT

Engaging The Community & Tenants

Hefei Mengchenglu 合肥蒙城路

“Ink Dance” – Break dance Competition



Chinese Dance Performance



Children Music Class



Chengdu Konggang 成都空港



Growth Strategy

Organic Growth

Proactive asset management

- Reinforce positioning of our malls
- Improve rents while maintaining high occupancy rates
- Build firm partnerships with tenants, and demonstrate proactive tenant management
- Proactive marketing strategies

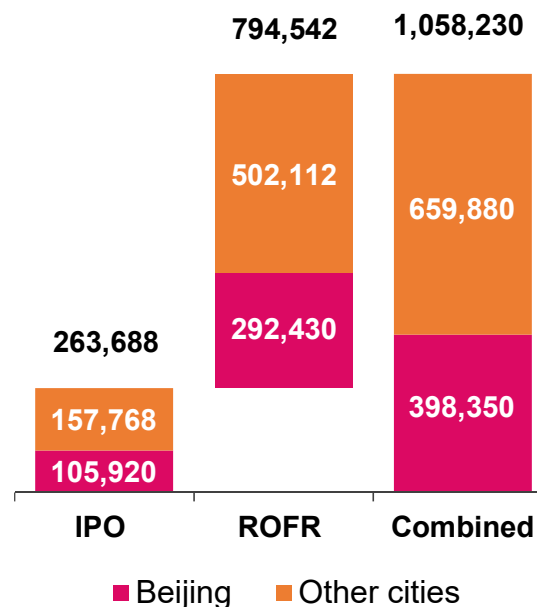
Proactive asset enhancement

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

Inorganic Growth

13 Voluntary ROFRs properties in the pipeline [^]

13 ROFR Properties (GFA sqm) [^]
(as at 30 September 2016)



Explore acquisition opportunities in other quality income-producing retail properties

Key criterias:

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

[^] 10 ROFRs from Sponsor, 3 ROFRs from a private fund managed by a fund manager 50% owned by Beijing Hualian Group Investment Holding Co. Ltd.



Market Outlook

China targets GDP growth of 6.5 to 7.0% year-on-year in 2016

- According to the National Bureau of Statistics of China's preliminary estimate, the China economy grew 6.7% year-on-year in both the third quarter, as well as the first three quarters of 2016. *(National Bureau of Statistics of China)*

Residents' income increased steadily

- Growth in disposable income per capita for urban residents was 5.7% year-on-year for the first three quarters of 2016. *(National Bureau of Statistics of China)*

Retail sales of RMB 23.8 trillion, was 10.4% higher year-on-year in the first three quarters of 2016

- According to CBRE, lifestyle and experience-oriented retailers, particularly F&B groups, continued to drive leasing demand. Retailers were focused on “retailtainment” and incorporating an F&B offering. *(CBRE Asia Pacific Retail Trends Q3 2016)*

Thank you

For further information and enquiries:

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