



BUILDING ON OUR STRENGTHS



BHG RETAIL REIT
FINANCIAL RESULTS FOR THE
FINANCIAL YEAR ENDED
31 DECEMBER 2018
26 FEBRUARY 2019





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

“4Q 2017”: For the 3-month period from 1 October 2017 to 31 December 2017;

“4Q 2018”: For the 3-month period from 1 October 2018 to 31 December 2018.

“FY 2017”: For the 12-month period from 1 January 2017 to 31 December 2017; and

“FY 2018”: For the 12-month period from 1 January 2018 to 31 December 2018.



Key Highlights FY 2018



Photo of Hefei Mengchenglu 合肥蒙城路



Key Highlights FY 2018

+8.0%
Gross Revenue
FY 2018
(SGD)¹

+6.3%
Net Property
Income
FY 2018
(SGD)¹

5.16
Distribution
Per Unit
FY 2018¹
(cents)

7.2%
Annualised
Distribution
Yield²

98.7%
Portfolio
Occupancy³

Healthy
FY 2018
Rental
Reversion

Hefei
Mengchenglu
Asset
Enhancement

30.7%
Gearing^{3,4}

+6.6%
China GDP
Growth
in 2018⁵
(y-o-y)

+9.0%
China Retail
Sales Growth
in 2018⁵
(y-o-y)

+7.8%
Disposable
income

+6.8%
Consumption
Expenditure

per capita for urban residents
in 2018⁵ (y-o-y)

- ¹ The results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.898 for FY 2018.
- ² Based on closing price of S\$0.715 as at 31 December 2018, and FY 2018 Distribution per Unit.
- ³ As at 31 December 2018.
- ⁴ MAS leverage limit is 45% with effect from 1 January 2016.
- ⁵ Source: National Bureau of Statistics of China.



Key Highlights FY 2018

- **FY 2018 Financial Performance**
 - Gross revenue and Net property income up **+8.0%¹** and **+6.3%¹** year-on-year
- **Annual Distribution Yield of 7.2%²**
 - Remains an attractive long-term yield-play investment
- **Healthy Operational Fundamentals**
 - High portfolio occupancy rate of **98.7%³**, and healthy rental uplift
 - Hefei Mengchenglu supermarket resizing & asset enhancement
- **Low Gearing of 30.7%^{3,4}**
- **Chinese Economy Remained Broadly Stable⁵**
 - 2018 China GDP & retail sales up 6.6% and 9.0% y-o-y, respectively
 - Disposable income and consumption expenditure per capita for urban residents increased 7.8% and 6.8%, respectively in 2018.

1 The results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.898 for FY 2018.

2 Based on closing price of S\$0.715 as at 31 December 2018, and FY 2018 Distribution per Unit.

3 As at 31 December 2018.

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

5 Source: National Bureau of Statistics of China.



Financial Highlights





FY 2018 Financial Performance

Portfolio	FY 2018 ¹	FY 2017 ¹	% Change
RMB'000			
Gross revenue	341,216	315,760	8.1
Net property income	223,565	210,172	6.4
SGD'000			
Gross revenue	69,669	64,519	8.0
Net property income	45,647	42,944	6.3
Amount available for distribution	19,706	20,001	(1.5)
Distribution per Unit (DPU) (cents)	5.16	5.47	(5.7)

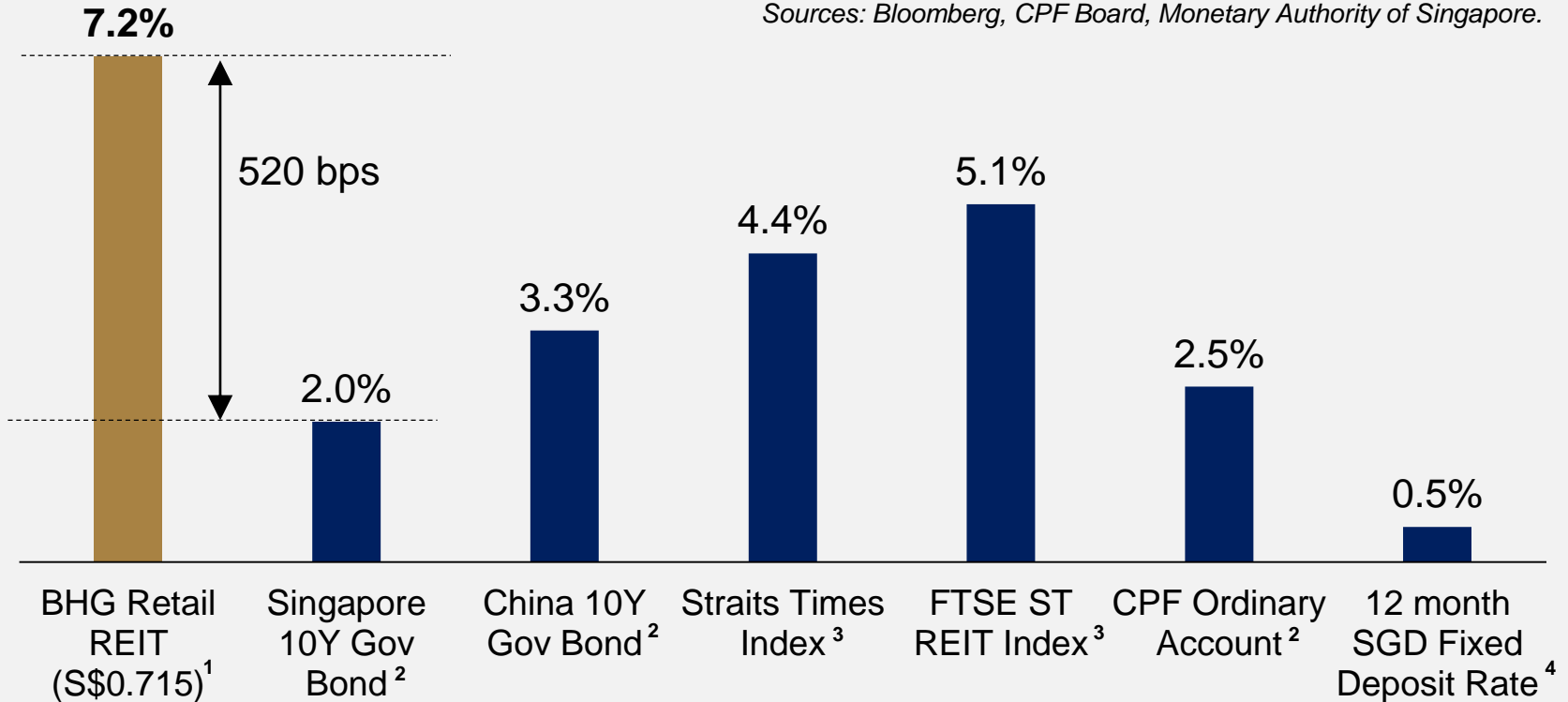
1. The results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.898 and 1:4.894 for FY 2018 and FY 2017, respectively.



Continues to Deliver Attractive Annual Yield of 7.2%

BHG Retail REIT trading at 520 bps risk premium above Singapore 10-year government bond yield

Sources: Bloomberg, CPF Board, Monetary Authority of Singapore.



1. Based on closing price of S\$0.715 as at 31 December 2018, and FY 2018 Distribution per Unit.
2. As at 31 December 2018.
3. Based on the average gross dividend yield for the 12 months ended 31 December 2018.
4. Based on the average SGD fixed deposit rate for the 12 months ended 31 December 2018.



2H 2018 Distribution Payment

Distribution Details

Distribution Period	1 July 2018 to 31 December 2018
Distribution Per Unit (SGD)	2.42 cents per unit

Distribution Timetable

Ex-Date	7 March 2019
Books Closure Date	8 March 2019
Payment Date	29 March 2019





Capital Management

Low Gearing
Ratio

30.7¹%

31 Dec 2018

Average
Cost of Debt

4.3%

31 Dec 2018

As at 31 December 2018

- Aggregate borrowings drawn down was S\$ 222.5 million.
- Low gearing of 30.7%¹ allows a comfortable debt headroom for potential acquisition growth.
- About 70% of debt denominated in functional currency of the REIT (SGD).
- 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 Summary¹

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

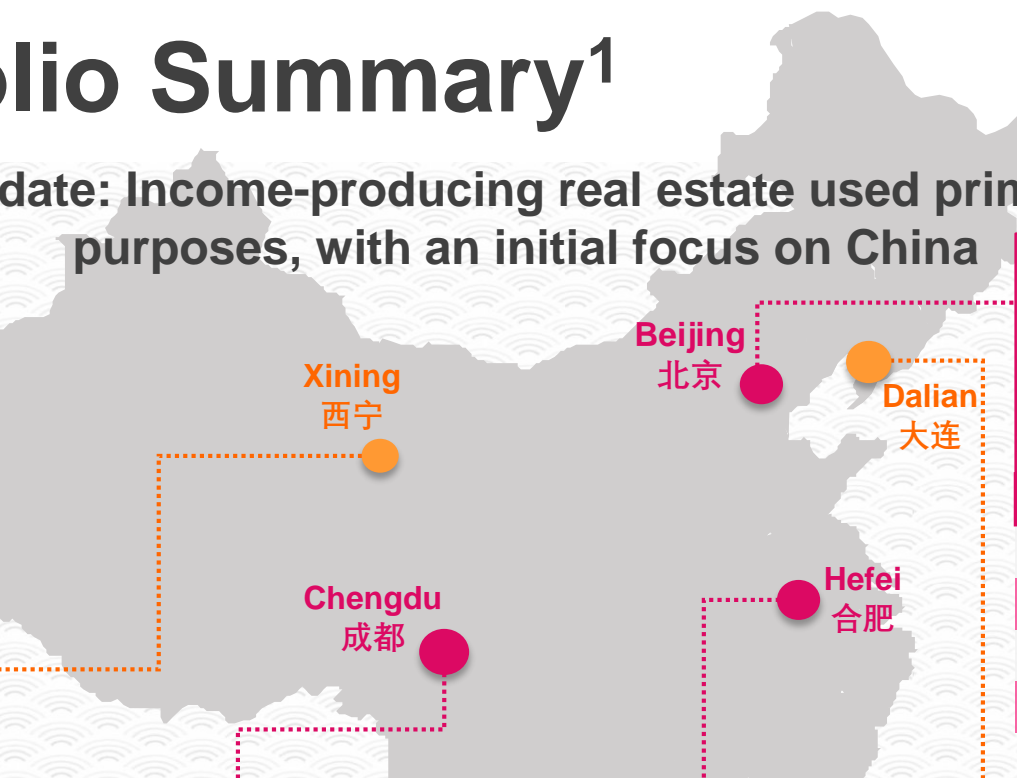
Portfolio

Valuation : RMB 4,081.1 mil²

NLA : 153,394 sqm

WALE (NLA) : 7.5 years

Occupancy : 98.7 %



Beijing Mall

Valuation : RMB 2,394 mil²

NLA : 55,007 sqm

WALE (NLA) : 3.4 years

Occupancy : 100.0 %



Xining Mall

Valuation : RMB 280 mil²

NLA : 20,807 sqm

WALE (NLA) 16.0 years

Occupancy : 100.0 %



Chengdu Mall

Valuation : RMB 640.1 mil²

NLA : 38,870 sqm

WALE (NLA) : 4.6 years

Occupancy : 97.0 %



Hefei Mall

Valuation : RMB 605 mil²

NLA : 23,365 sqm

WALE (NLA) : 4.7 years

Occupancy : 96.2 %



Dalian Property

Valuation : RMB 162 mil²

NLA : 15,345 sqm

WALE (NLA) : 16.0 years

Occupancy: 100.0 %

- Multi-tenanted
- Master-leased

¹ As at 31 December 2018.
² Based on independent valuation from Cushman & Wakefield Limited as at 31 December 2018.

Resilient Portfolio & Stable Catchment

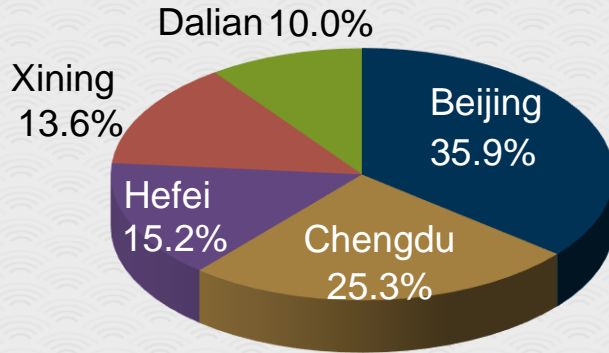
- One-stop destination malls that serve adjacent communities
- Surrounded by densely populated residential properties
- Strong focus on experiential and lifestyle segment
- Underpinned by rising resident income and domestic consumption



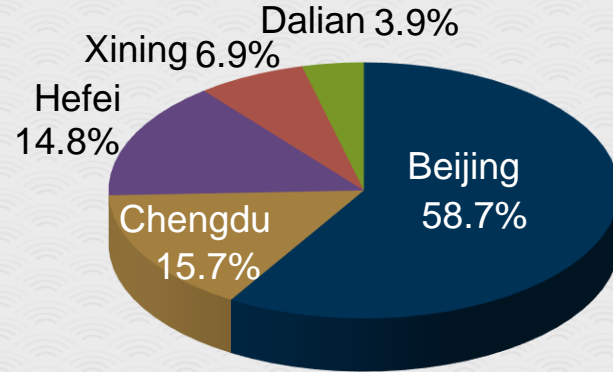


Portfolio Summary

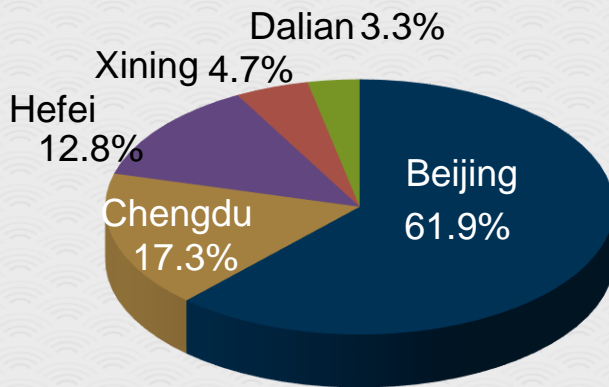
Breakdown of NLA¹ by Property



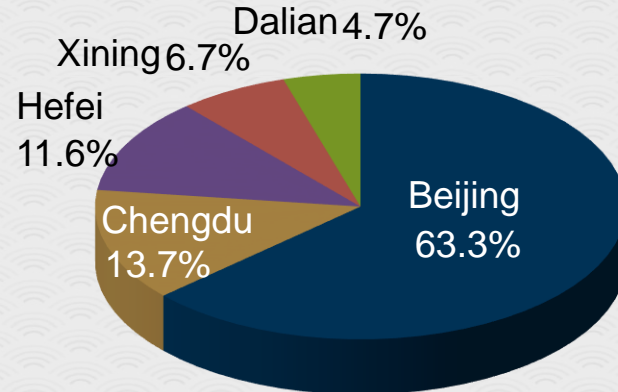
Breakdown of Valuation^{2,4} by Property



Breakdown of Gross Revenue^{3,4} by Property



Breakdown of Net Property Income^{3,4} by Property



1 As at 31 December 2018

2 Based on independent valuation from Cushman & Wakefield Limited as at 31 December 2018.

3 Based on 4Q 2018 results

4 Based on 100% valuation and contribution from Beijing Wanliu Mall



High Occupancy Rate

Occupancy Rate	31 Dec 2018
Beijing Wanliu	100.0%
Chengdu Konggang	97.0%
Hefei Mengchenglu	96.2%^
Xining Huayuan	100.0%
Dalian Jinsanjiao	100.0%
Portfolio (NLA Weighted)	98.7%

^ Total area used to compute occupancy rate in Hefei Mengchenglu excludes area under ongoing asset enhancement initiative. Works expected to complete around mid-2019.





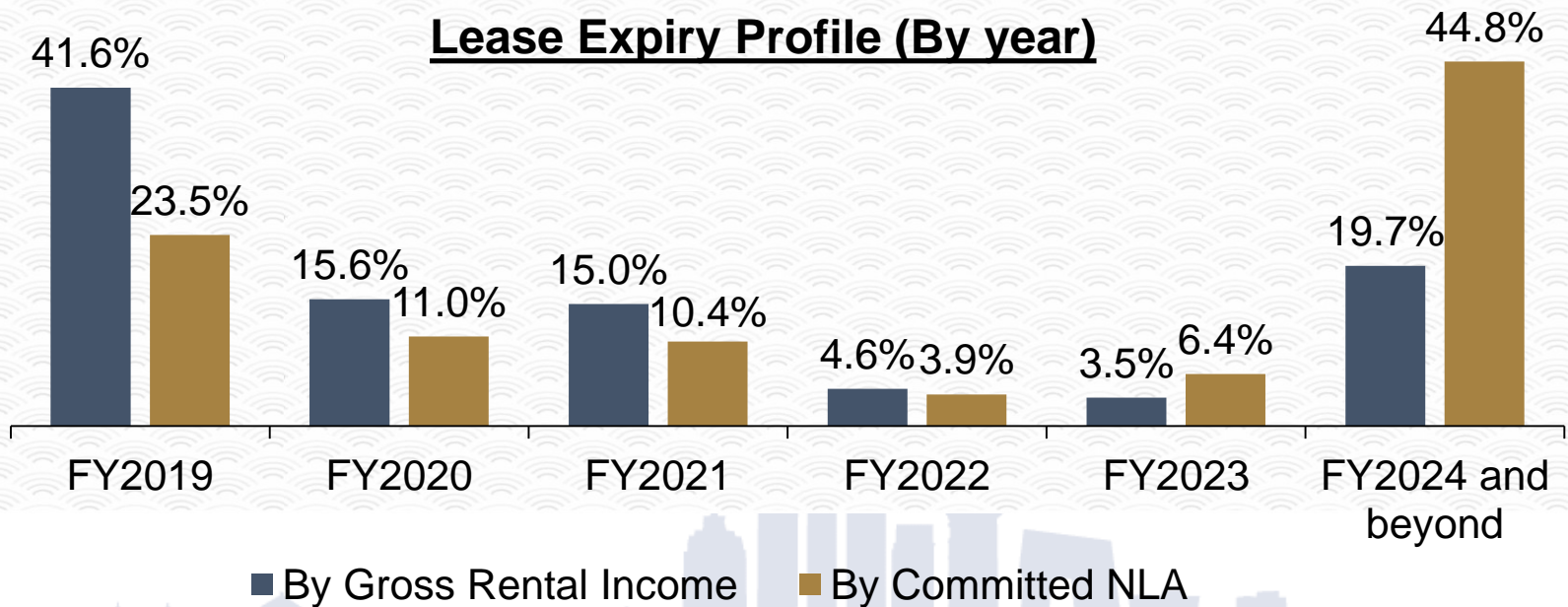
Optimal Leasing Strategy

**Healthy
Rental
Reversion**

**Weighted average lease expiry (WALE)
as at 31 December 2018**

By Gross Rental Income	4.0 years
By Committed NLA	7.5 years

Lease Expiry Profile (By year)

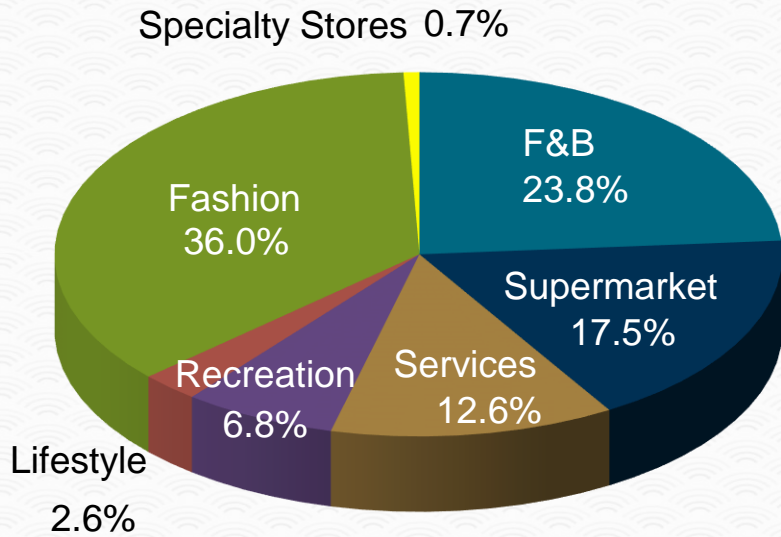




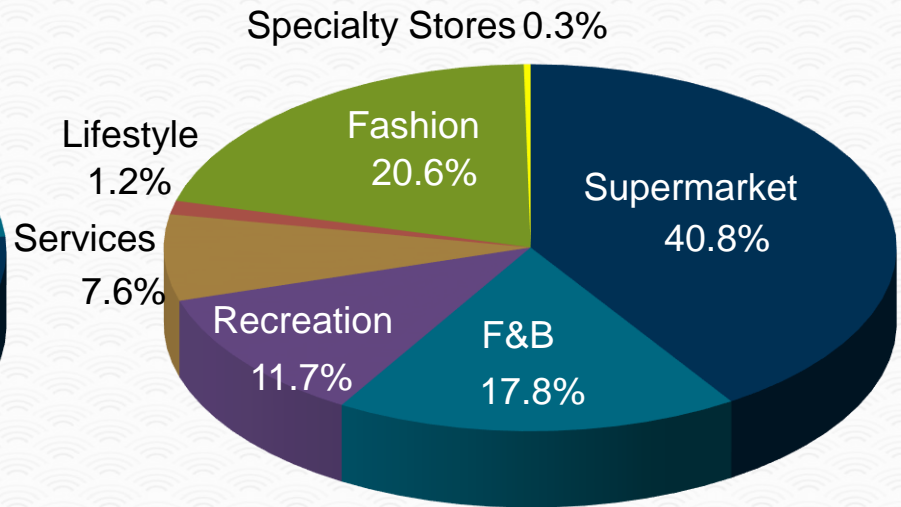
Well Diversified Portfolio Tenant Mix

Close to 65% of Gross Rental Income and 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 2018.

2 As percentage of the portfolio's net lettable area as at 31 December 2018.



Continual Asset Enhancement

Hefei Mengchenglu Mall Supermarket Resizing & Asset Enhancement On Track For Completion Around Mid-2019

▪ Supermarket Resizing Exercise

- Unlock underlying potential of newly released space
- Rejuvenate the cluster
- Widen the range of offerings for its customers
- Retain supermarket's competitive mass to serve its surrounding community residents.

▪ Holistic and Integrated Asset Enhancement

- Installation of additional set of escalators
- Significantly enhance natural traffic circulation
- Improve accessibility to tenants at basement two
- Elevate long-term attractiveness of the anchor tenant and new cluster
- Further reinforce Hefei Mengchenglu's position as the mall of choice for the Luyang district community.



Photo of Beijing Wanliu 北京万柳



Engaging The Community & Tenants

Engaging The Community & Tenants

Beijing Wanliu 北京万柳

Snow White – Story Telling



Food Carnival



Halloween Celebration





Engaging The Community & Tenants

Chengdu Konggang 成都空港

Anniversary Performance



Children Skating Event



Kids Fashion Show



Engaging The Community & Tenants

Hefei Mengchenglu 合肥蒙城路

Flea Market Event



Seniors' Community Performance



Shadow Puppet Show 皮影戏





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 6.43b¹
- 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 2.60b¹
- 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



Photo of Chengdu Konggang 成都空港



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

- **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



Market Outlook

- ***China economy grew 6.6% year-on-year (y-o-y) in 2018¹.***
- ***Retail sales rose 9.0% y-o-y to RMB 38.1 trillion in 2018¹.***
- ***Residents' income and spending continue to rise steadily.***
 - Disposable income and consumption expenditure per capita of urban residents increased 7.8% and 6.8% y-o-y respectively in 2018¹.
- ***According to CBRE, individual income tax reforms are expected to boost the consumer market in 2019, with retail sales expected to maintain a growth rate of 9%.***
 - CBRE expects ground floor shopping centre rents in China's 17 major cities to record steady growth in 2019. Omnichannel supermarkets were a key driver of retail leasing demand in 2018. Coffee shops and tea retailers continued to expand aggressively over the course of 2018.
- ***Amidst uncertainties on the efficacy of the US and China trade consultations, the Chinese authorities have pledged an array of fiscal and monetary measures to boost consumption as part of the efforts to support the economy.***

1. Source: National Bureau of Statistics of China
2. Source: CBRE Marketview



BHG

MALL REIT

Thank you

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