



BUILDING ON OUR STRENGTHS



BHG RETAIL REIT

FINANCIAL RESULTS FOR THE 2ND QUARTER
AND HALF YEAR ENDED 30 JUNE 2018

8 AUGUST 2018





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

“2Q 2017”: For the 3-month period from 1 April 2017 to 30 June 2017;

“2Q 2018”: For the 3-month period from 1 April 2018 to 30 June 2018.

“1H 2017”: For the 6-month period from 1 January 2017 to 30 June 2017; and

“1H 2018”: For the 6-month period from 1 January 2018 to 30 June 2018.



Key Highlights 2Q 2018



Photo of Hefei Mengchenglu 合肥蒙城路



Key Highlights 2Q 2018

+11.9%

Gross Revenue
2Q 2018
(SGD)¹

+9.9%

Net Property Income
2Q 2018
(SGD)¹

1.35

Distribution Per Unit
2Q 2018¹
(cents)

7.6%

Annualised Distribution Yield²

99.3%
Portfolio Occupancy³

Healthy 2Q 2018 Rental Reversion

31.8%
Gearing^{3,4}

+6.8%
China GDP Growth
In 1H 2018⁵
(y-o-y)

+9.4%
China Retail Sales Growth
in 1H 2018⁵
(y-o-y)

+7.9%
Disposable income

+6.8%
Consumption Expenditure

per capita for urban residents
in 1H 2018⁵ (y-o-y)

- 1 The results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.778 for 2Q 2018.
- 2 Based on closing price of S\$0.73 as at 30 June 2018, and 1H 2018 Distribution per Unit.
- 3 As at 30 June 2018.
- 4 MAS leverage limit is 45% with effect from 1 January 2016.
- 5 Source: National Bureau of Statistics of China.



Key Highlights 2Q 2018

- **Outstanding Financial Results Driven By Robust Fundamentals**
 - Gross revenue (SGD) up **+11.9%** year-on-year (y-o-y)
 - Net property income (SGD) up **+9.9%** y-o-y
- **Attractive Annualised Distribution Yield of 7.6%²**
 - 2Q 2018 Distribution per Unit (“DPU”) of 1.35 cents continues to deliver stable & attractive distribution yield.
- **Track Record of Healthy Operational Performance**
 - High portfolio occupancy rate of **99.3%³**, and healthy rental reversion
- **Low Gearing of 31.8%^{3,4}**
- **Positive China Retail Outlook⁵**
 - 1H 2018 China GDP & retail sales up 6.8% and 9.4% y-o-y, respectively
 - Disposable income and consumption expenditure per capita for urban residents increased 7.9% and 6.8%, respectively in 1H 2018.

1 The results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.778 for 2Q 2018.

2 Based on closing price of S\$0.73 as at 30 June 2018, and 1H 2018 Distribution per Unit.

3 As at 30 June 2018.

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

5 Source: National Bureau of Statistics of China.



Financial Highlights





2Q 2018 Financial Performance

Portfolio	2Q 2018 ¹	2Q 2017 ¹	% Change
RMB'000			
Gross revenue	84,760	78,151	8.5
Net property income	57,249	53,711	6.6
SGD'000			
Gross revenue	17,738	15,858	11.9
Net property income	11,980	10,900	9.9
Amount available for distribution	5,117	4,918	4.0
Distribution per Unit (DPU) (cents)	1.35	1.35	-

1. The results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.778 and 1:4.929 for 2Q 2018 and 2Q 2017, respectively.



1H 2018 Financial Performance

Portfolio	1H 2018 ¹	1H 2017 ¹	% Change
RMB'000			
Gross revenue	168,755	153,499	9.9
Net property income	113,325	104,151	8.8
SGD'000			
Gross revenue	35,167	31,350	12.2
Net property income	23,616	21,271	11.0
Amount available for distribution	10,404	9,974	4.3
Distribution per Unit (DPU) (cents)	2.74	2.74	-

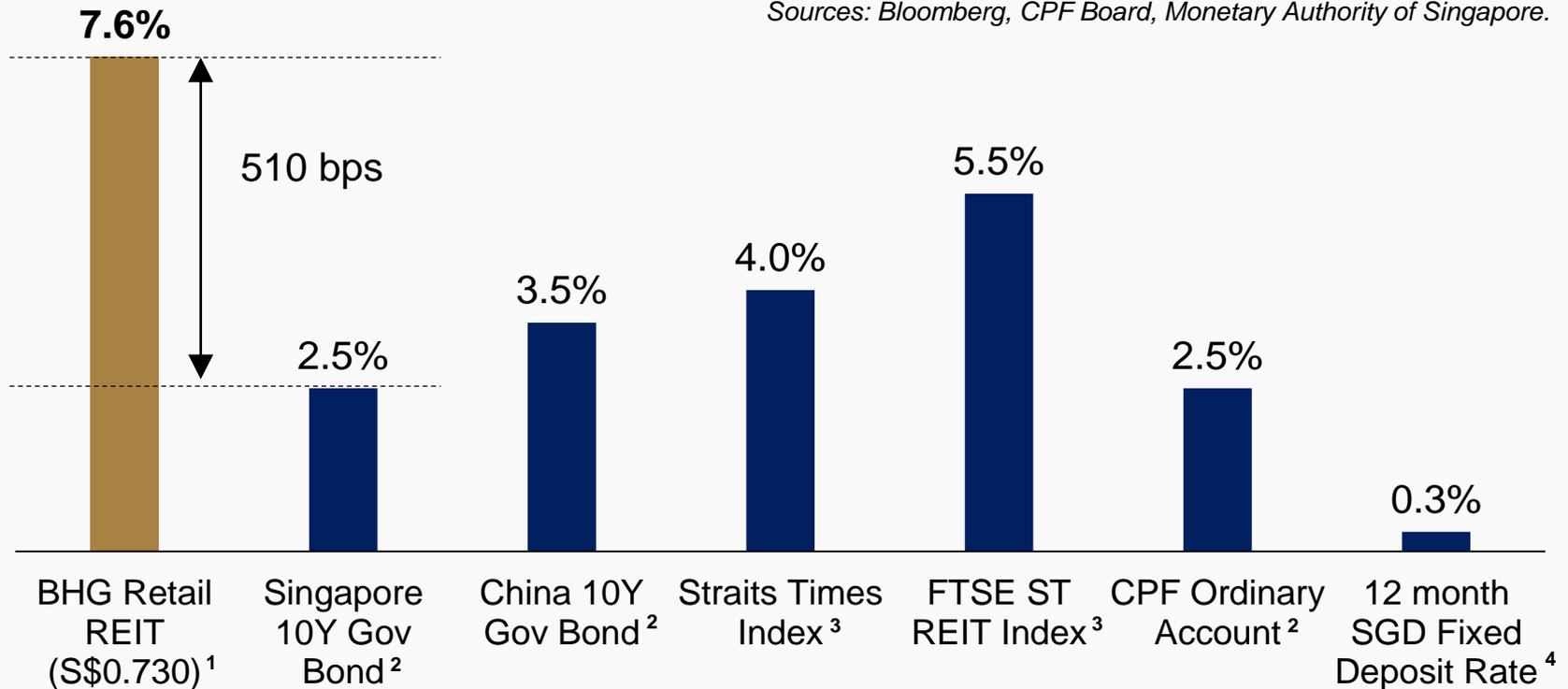
1. The results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.799 and 1:4.896 for 1H 2018 and 1H 2017, respectively.



Attractive Yield

BHG Retail REIT trading at 510 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\$0.73 as at 30 June 2018, and 1H 2018 Distribution per Unit.
2. As at 30 June 2018.
3. Based on the average gross dividend yield for the 12 months ended 30 June 2018.
4. Based on the average SGD fixed deposit rate for the 12 months ended 30 June 2018.



1H 2018 Distribution Payment

Distribution Details

Distribution Period	1 January 2018 to 30 June 2018
Distribution Per Unit (SGD)	2.74 cents per unit

Distribution Timetable

Ex-Date	6 September 2018
Books Closure Date	10 September 2018
Payment Date	27 September 2018





Stable Financial Position

As at 30 June 2018¹	S\$'000
Total Assets	888,720
Total Liabilities	300,150
Net Assets Attributable to Unitholders	419,489
Net Asset Value per unit	S\$0.83

1. The results of the Group's foreign subsidiaries were translated using the closing SGD: CNY rate of 1:4.857 as at 30 June 2018.



Capital Management

Low Gearing
Ratio

31.8¹%

30 Jun 2018

Average
Cost of Debt

4.1%

30 Jun 2018

Weighted Average
Term To Maturity

1.2 years

30 Jun 2018

- Aggregate borrowings drawn down as at 30 June 2018 was S\$ 237.3 million.
- Low gearing of 31.8%¹ allows a comfortable debt headroom for potential acquisition 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.

Portfolio Review



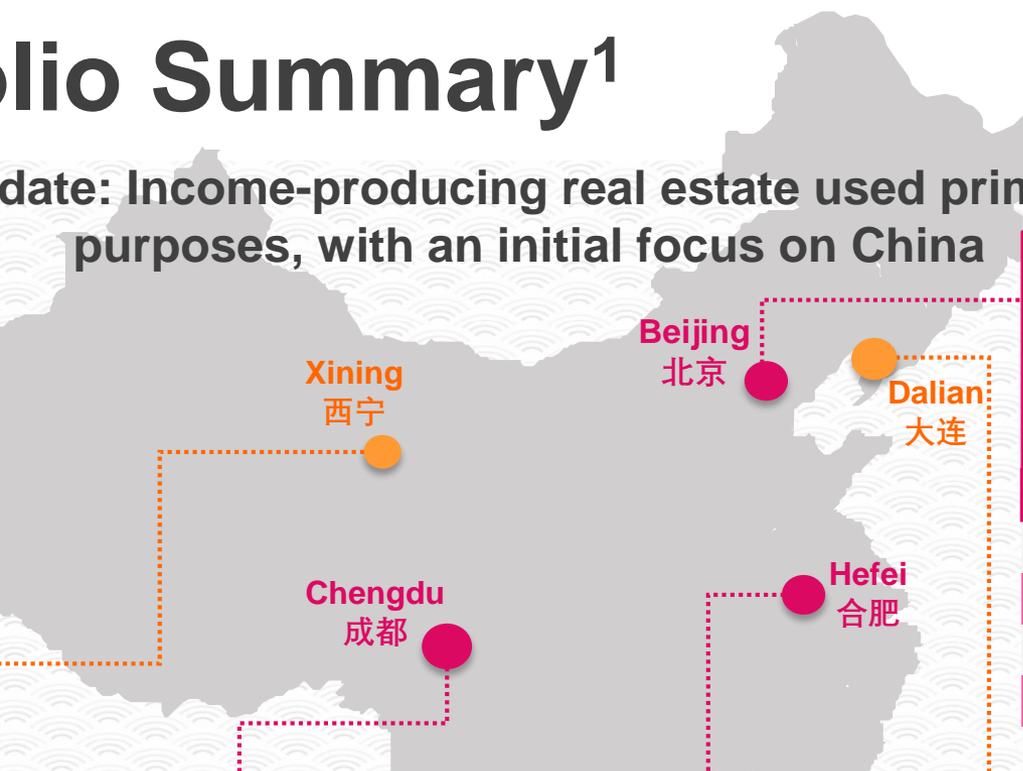
Photo of Chengdu Konggang 成都空港



Portfolio Summary¹

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

Portfolio
Valuation : RMB 3,946 mil²
NLA : 155,367 sqm
WALE (NLA) : 8.2 years
Occupancy : 99.3 %



Beijing Mall
Valuation : RMB 2,287 mil²
NLA : 54,745 sqm
WALE (NLA) : 3.1 years
Occupancy : 100.0 %



Xining Mall
Valuation : RMB 280 mil²
NLA : 20,807 sqm
WALE (NLA) 16.5 years
Occupancy : 100.0 %



Chengdu Mall
Valuation : RMB 633 mil²
NLA : 39,097 sqm
WALE (NLA) : 4.5 years
Occupancy : 97.4 %



Hefei Mall
Valuation : RMB 584 mil²
NLA : 25,373 sqm
WALE (NLA) : 5.7 years
Occupancy : 99.8 %



Dalian Property
Valuation : RMB 162 mil²
NLA : 15,345 sqm
WALE (NLA) : 16.5 years
Occupancy: 100.0 %

- Multi-tenanted
- Master-leased

1 As at 30 June 2018.
 2 Based on independent valuation from Cushman & Wakefield Limited as at 31 December 2017.

Resilient Portfolio & Stable Catchment

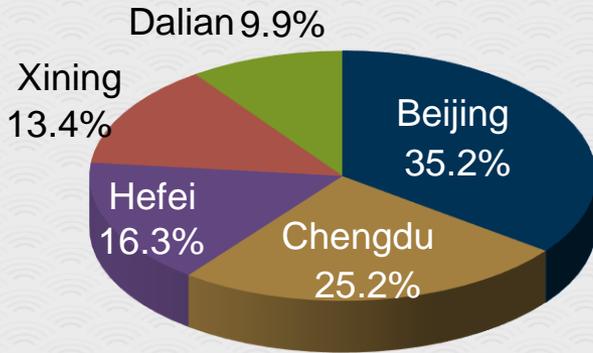
- One-stop destination malls that serve adjacent communities
- Surrounded by densely populated residential properties
- Strong focus on experiential and lifestyle segment
- Underpinned by rising resident income and domestic consumption



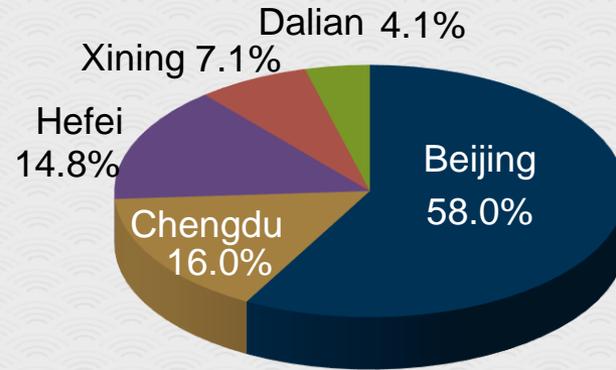


Portfolio Summary

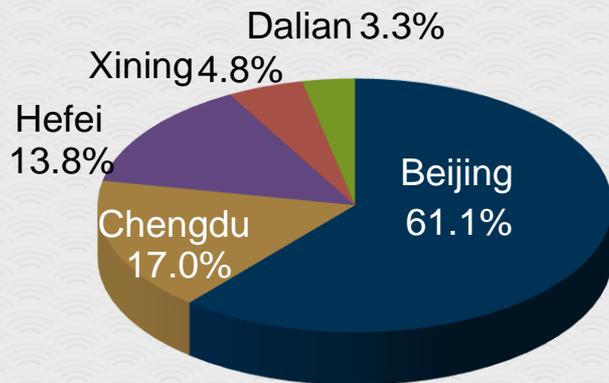
Breakdown of NLA¹ by Property



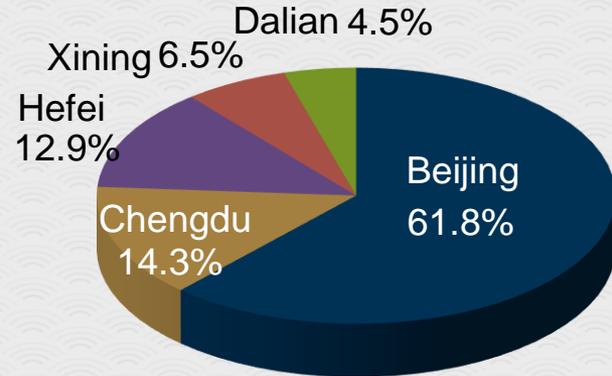
Breakdown of Valuation² by Property



Breakdown of Gross Revenue³ by Property



Breakdown of Net Property Income³ by Property



1 As at 30 June 2018

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

3 Based on 2Q 2018 results



High Occupancy Rate

Occupancy Rate	30 Jun 2018
Beijing Wanliu	100.0%
Chengdu Konggang	97.4%
Hefei Mengchenglu	99.8%
Xining Huayuan	100.0%
Dalian Jinsanjiao	100.0%
Portfolio (NLA Weighted)	99.3%





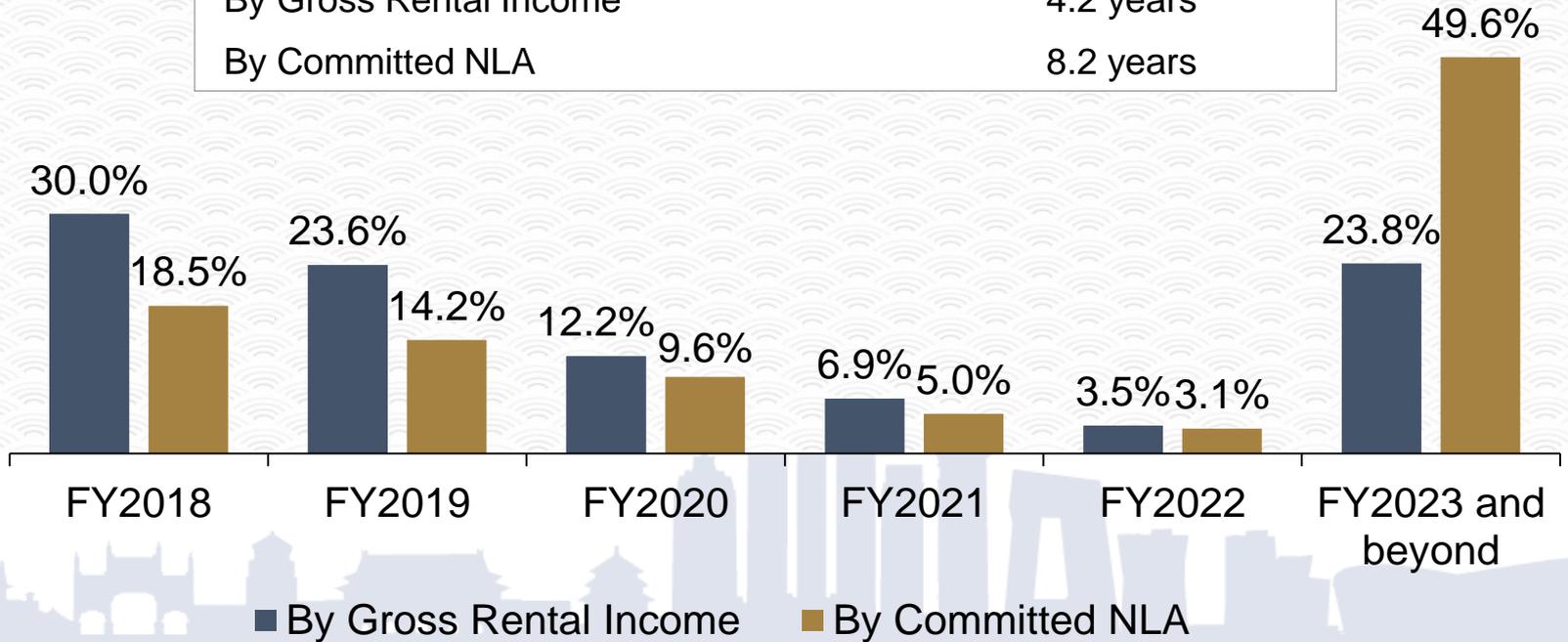
Optimal Leasing Strategy

Healthy Retention Rate

Healthy Rental Reversion

Weighted average lease expiry (years)
4.2
By GRI

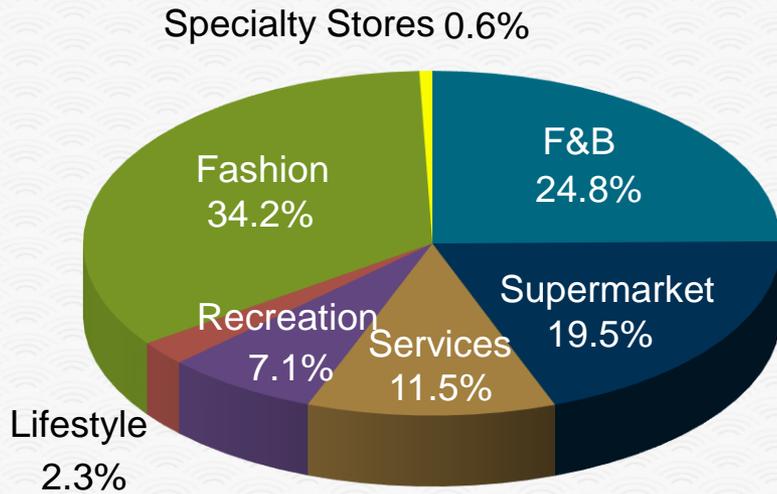
Weighted average lease expiry (WALE) as at 30 June 2018	
By Gross Rental Income	4.2 years
By Committed NLA	8.2 years



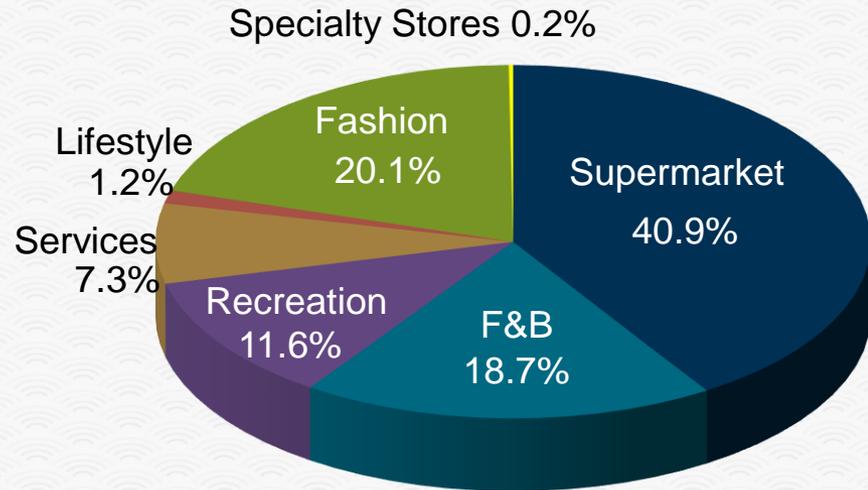


Well Diversified Portfolio Tenant Mix

Breakdown of Gross Rental Income¹ by Trade Sector



Breakdown of NLA² 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 June 2018.
- 2 As percentage of the portfolio's net lettable area as at 30 June 2018.



Photo of Beijing Wanliu 北京万柳



Engaging The Community & Tenants

Engaging The Community & Tenants

Beijing Wanliu 北京万柳

Pets Exhibition



Food Festival



Children Flea Market





Engaging The Community & Tenants

Chengdu Konggang 成都空港

Summer Singing Performance



Nike Sports Event



Super Dancer Contest





Engaging The Community & Tenants

Hefei Mengchenglu 合肥蒙城路

Little Red Riding Hood Play



Community Singing Get-together



Singles Outing



Overview of Beijing Hualian Group

First China Retail REIT Sponsored by a China Based Group





Beijing Hualian Group's Core Businesses

Retail Malls

37 Retail Malls owned and/or under management

Beijing Hualian Department Store Co., Ltd.

- Listed on Shenzhen Stock Exchange in 1998
- Market cap of RMB 7.34b¹
- 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 2.84b¹
- 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 6.8% year-on-year (y-o-y) in 1H 2018¹.*
- *Retail sales rose 9.4% y-o-y to RMB 18.0 trillion in 1H 2018¹.*
- *Residents' income and spending continue to rise steadily.*
 - Disposable income and consumption expenditure per capita of urban residents increased 7.9% and 6.8% y-o-y respectively in 1H 2018¹.
- *According to CBRE², new supply slowed after the supply peak in end 2017. National average vacancy rate fell slightly.*
 - Aside from continued expansion by food and beverage retailers in shopping malls, much of the activity involved retailers expanding their online sales channels.

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



Thank you

For further information and enquiries:

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