

BHG RETAIL REIT

Proposed Acquisition of Hefei Changjiangxilu Mall

30 November 2018





Disclaimer

This presentation may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements and/or financial information as a result of a number of factors, risks, uncertainties and assumptions. These forward-looking statements speak only as at the date of this presentation. No assurance can be given that future events will occur, that projections will be achieved, or that assumptions are correct. Representative examples of these factors include (without limitation) general industry and economic conditions, the present and future business strategies, the environment in which BHG Retail REIT will operate in the future, interest rate trends, cost of capital and capital availability, competition from similar developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), property expenses, governmental and public policy changes, and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements and/or financial information, as these statements and/or financial information reflect the Manager's current views concerning future events and necessarily involve risks, uncertainties and assumptions.

The information contained in this presentation has not been independently verified. No representation or warranty, expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. None of BHG Retail Trust Management Pte. Ltd., the manager of BHG Retail Real Estate Investment Trust ("BHG Retail REIT", and the manager of BHG Retail REIT, the "Manager"), DBS Trustee Limited (as trustee of BHG Retail REIT) (the "Trustee"), or any of their respective advisors, representatives or agents shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this presentation or its contents or otherwise arising in connection with this presentation.

The value of units in BHG Retail REIT ("Units") and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, the Trustee, or any of their respective affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of BHG Retail REIT is not necessarily indicative of the future performance of BHG Retail REIT. Similarly, the past performance of the Manager is not indicative of the future performance of the Manager.

Investors have no right to request the Manager to redeem or purchase their Units while the Units are listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). It is intended that Unitholders of BHG Retail REIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This presentation is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of BHG Retail REIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contractor commitment whatsoever.

The presentation is qualified in its entirety by, and should be read in conjunction with, the full text of the circular to unitholders of BHG Retail REIT dated 30 November 2018 (the "Circular"). Meanings of defined terms may be found in the Glossary of the Circular.



Contents

- 1 Property Highlights
- 2 Investment Merits
- 3 Independent Financial Adviser
- 4 EGM Resolution and Key Timeline



Photo of Hefei Changjiangxilu Mall 合肥长江西路



Property Highlights





Property Highlights

A Heartland Mall That Serves Neighbouring Residential Communities

As at 31 August 2018

Location	639 Changjiangxilu Road, Shushan District, Hefei, Anhui Province
Year of Completion	2010
Expiry of Land Use Right	30 April 2043
Gross Floor Area	48,003 sq m
Net Lettable Area	27,222 sq m
Number of Storeys	Five-storeys (four-storeys and one underground storey)
Occupancy Rate	99.4%
Weighted Average Lease to Expiry ("WALE")	Based on gross rental income: 2.6 years Based on committed lettable area: 5.0 years
Trade Names of Major Tenants	BHG Supermarket, KFC, Pizza Hut, Watsons, La Chapelle, Golden Harvest Cinema
Valuation by Knight Frank ¹	RMB 481.5 million (S\$ 96.3 million)
Valuation by Cushman ¹	RMB 490.0 million (S\$ 98.0 million)
Agreed Changjiangxilu Value ¹	RMB 334.0 million (S\$ 66.8 million)
Acquisition Cost	RMB 348.4 million (S\$ 69.7 million)
Method of Financing	Intended to be wholly funded through borrowings



Footnote:
 1. The S\$ equivalent of the RMB figures has been arrived at based on an assumed exchange rate of RMB5.00: S\$1.00.

Hefei City, Anhui Province

Hefei Is The Provincial Capital and Largest City of Anhui Province



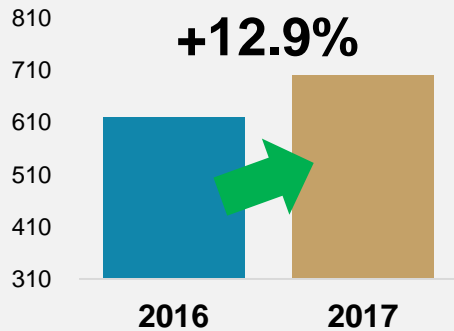
- Hefei is the provincial capital and largest city of Anhui Province in China.
- Hefei covers a total area of approximately 11,434.25 sq km, and consists of 4 districts and 4 counties.
- Hefei Changjiangxilu Mall is situated approximately 32.6km away from Hefei Xinqiao International Airport.
- At the end of 2017, the resident population in Hefei was approximately 8 million.



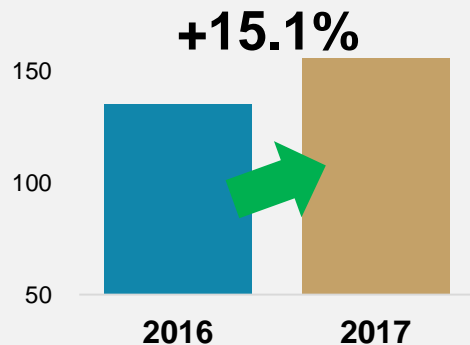
A Growing City

Hefei GDP Grew At A CAGR of 10.6% between 2013-2017

Hefei's Gross Domestic Product (RMB Billion)



Hefei's Real Estate Investment (RMB Billion)



Source: Knight Frank Petty Limited

- According to Knight Frank, from 2015 to 2017, the real estate investment of Hefei experienced a rapid growth. For the year 2017, the city's real estate investment amounted to RMB 156 billion, representing an increase of 15.1% year-on-year.

Source: Knight Frank Petty Limited

- Hefei was the third most attractive Chinese city in the eyes of foreign talent, placing the city just behind Shanghai and Beijing. (Survey titled '2017 Charming China')

Source: State Administration of Foreign Experts Affairs (China)

- Hefei was selected as a pilot city under the Made in China 2025 initiative.

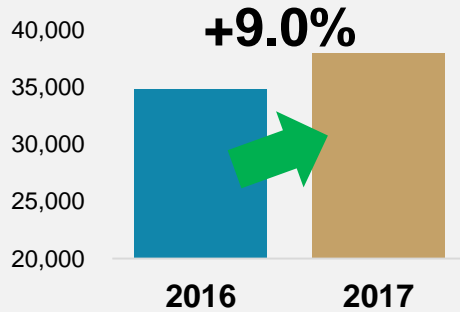
Source: State Council of the People's Republic of China



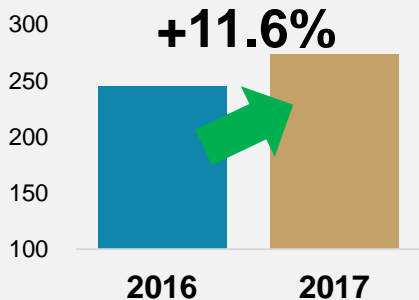
A Growing City

Hefei's Retail Sales Growing In Tandem With Rising Residents' Disposable Income

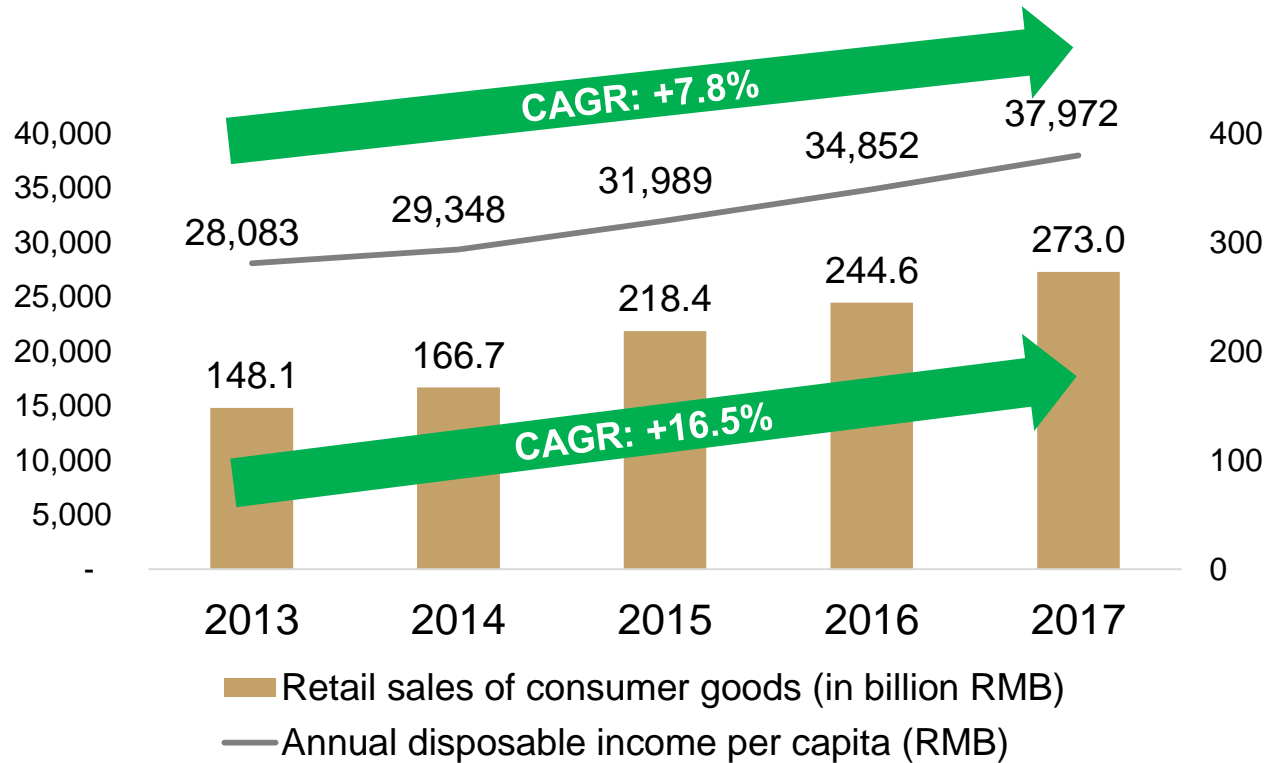
Hefei's Annual Disposable Income per Capita (RMB)



Hefei's Retail Sales of Consumer Goods (RMB Billion)



Comparison of Retail Sales of Consumer Goods and Annual Disposable Income Per Capita



Source: Knight Frank Petty Limited

Shushan District

Vibrant City Landscape With Rising Residents' Income and Spending

- Shushan District is one of the four central districts of Hefei City, and it is also the gateway of the western part of the city.
- This district is a new urban area where high-technology firms are based in, and is developing into a new urban centre with high-end communities, cultural and sports centres, five-star hotels and serviced apartments.
- Key district landmarks include Tian'ehu 天鹅湖, Dashushan 大蜀山, and Anhui University 安徽大学.



Tian'ehu 天鹅湖

Hefei Grand Theatre 合肥大剧院



China Anhui Broadcasting Corporation 中国安徽广播电视台



Dashushan 大蜀山



Supported By Large Residential Catchment

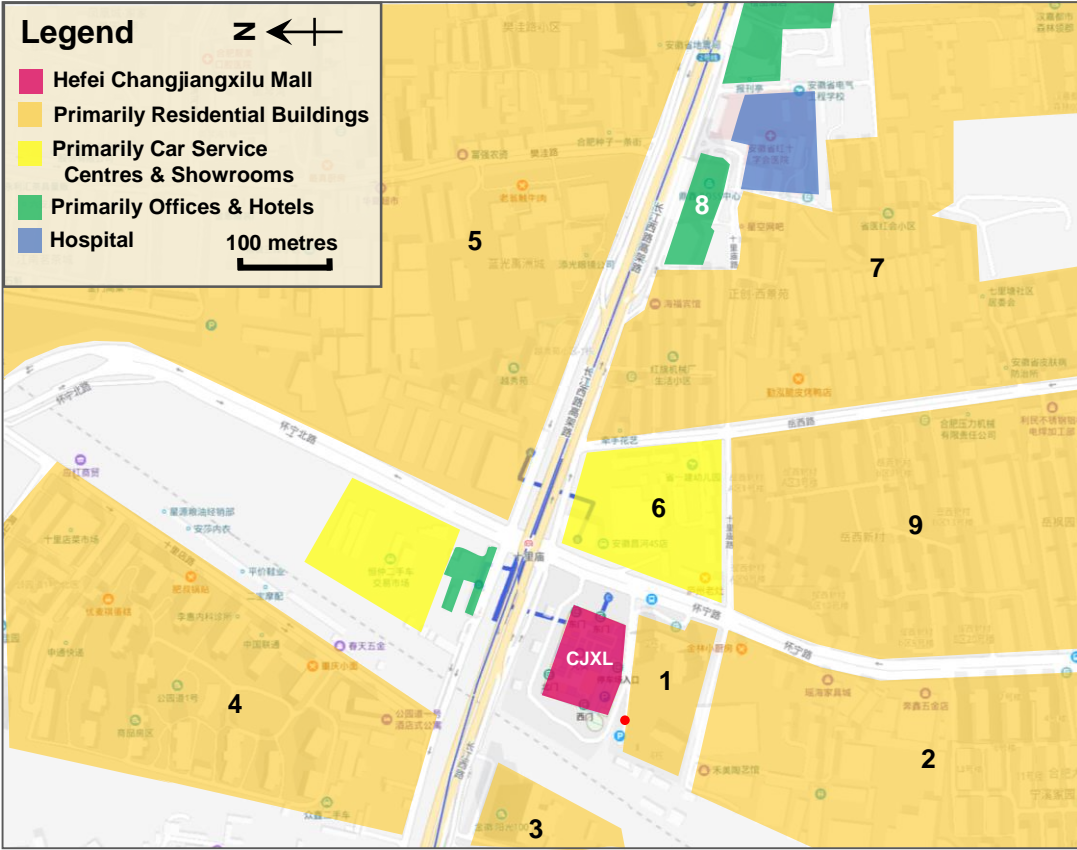
Well Supported By Visitorship Within The Shilimiao Community, Shushan District

Catchment population within a 3-kilometre radius of approximately 200,000, comprising about 50 local communities

Legend z ← +

- Hefei Changjiangxilu Mall
- Primarily Residential Buildings
- Primarily Car Service Centres & Showrooms
- Primarily Offices & Hotels
- Hospital

100 metres

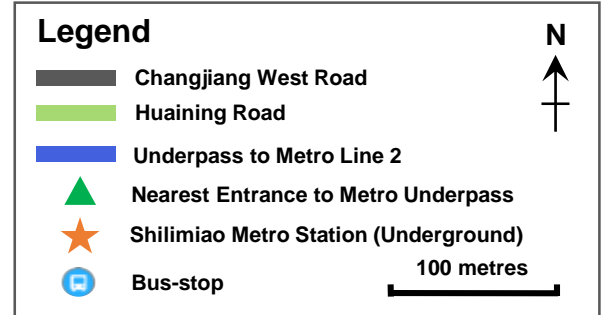




Strategic Location & Good Connectivity

Underpass to Shilimiao Station, Metro Line 2, Located Within 20 meters, at Mall's Doorsteps.

- Strategically located at the intersection of two main roads of Hefei city, Changjiang West Road and Huaining Road. Close to several public bus stations in the vicinity.
- Hefei Metro Line 2, which only commenced operations on 26 December 2017, connects Shushan District with other major districts in Hefei. Hefei Metro Line 2 has brought about greater shopper traffic to the area and has increased the footfall of Hefei Changjiangxilu Mall by approximately 20%.





One-Stop Destination Community Lifestyle Mall

Positioned To Tap On The Middle-High Income Residents' Rising Consumption

Strong Occupancy¹ Rate
99.4%



WALE by Gross Rental Income¹
2.6 years



WALE by Committed Lettable Area¹
5.0 years

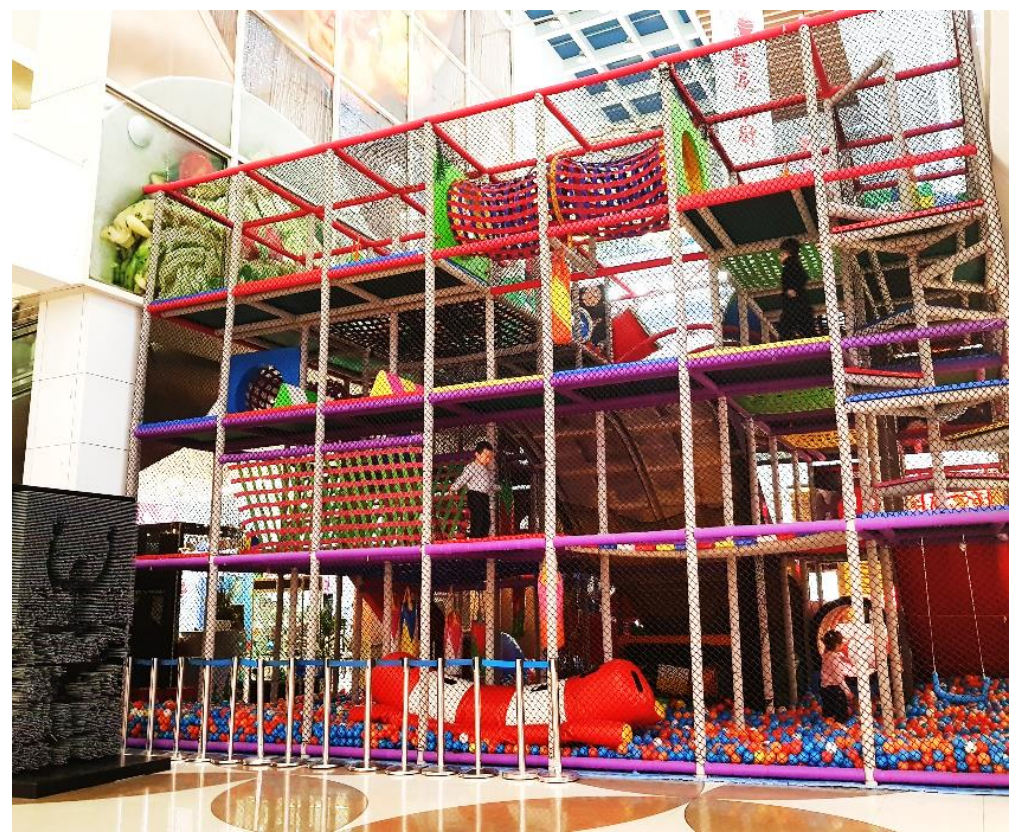


¹ As at 31 August 2018.



One-Stop Destination Community Lifestyle Mall

Positioned To Tap On The Middle-High Income Residents' Rising Consumption





One-Stop Destination Community Lifestyle Mall

Marketing Activities





Investment Merits



Investment Merits

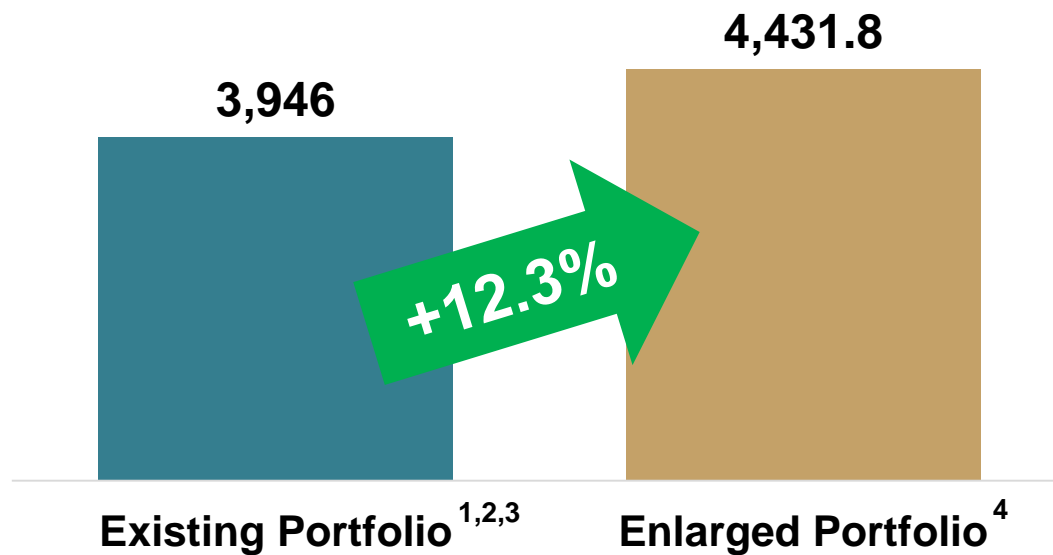
- 1 Valuable Addition
- 2 Positive Contribution to Portfolio
NAV per Unit and DPU Accretion
- 3 Opportunity for Rental Growth
- 4 Enhanced Portfolio Diversification

1 Valuable Addition



Enlarges Portfolio Size By 12.3%

Investment Properties (RMB million)



1 Valuation as at 31 December 2017.

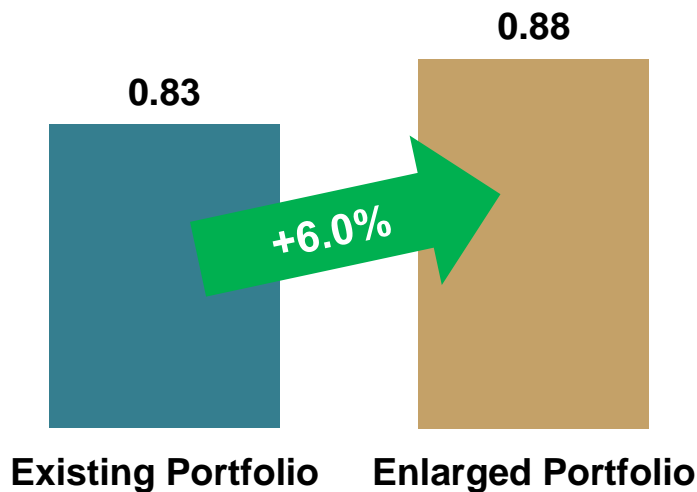
2 "Existing Portfolio" means BHG Retail REIT's existing portfolio comprising five properties in the PRC.

3 Based on 100% interest in Beijing Wanliu Mall.

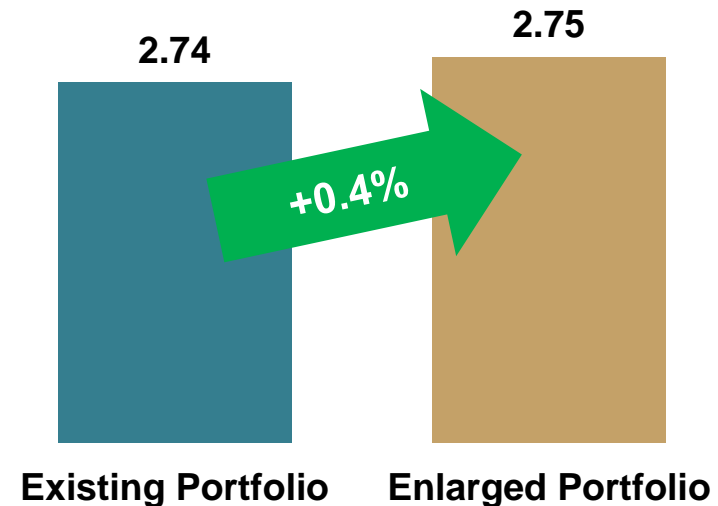
4 Based on the aggregate of the valuation of the Existing Portfolio as at 31 December 2017, and the average of the two independent valuations of Hefei Changjiangxilu Mall.

Proposed Acquisition Expected To Deliver NAV per Unit and DPU Accretion

**Pro forma NAV per Unit
as at 30 June 2018
(Singapore dollars)**



**Pro forma 1H 2018 DPU
(Singapore cents)**

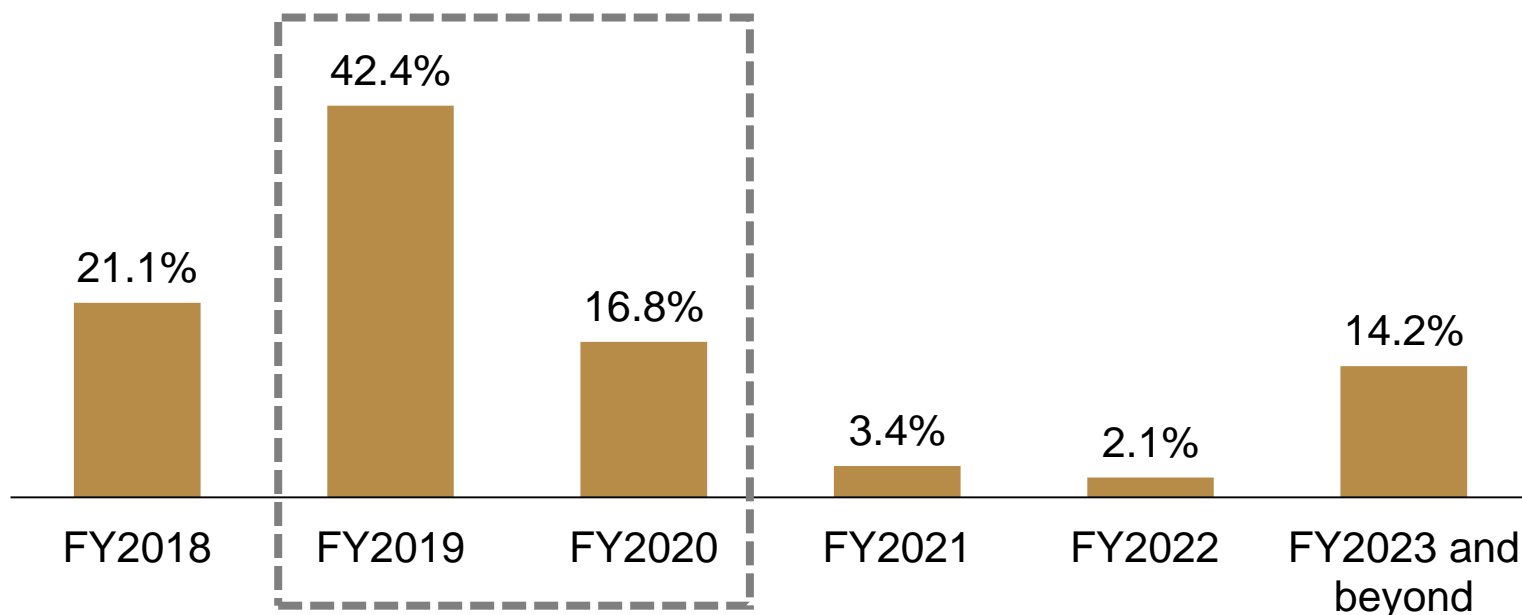


Footnote:

- Existing Portfolio together with Hefei Changjiangxilu Mall (collectively, the "Enlarged Portfolio").

Close to 60% of Gross Rental Income
Up for Renewal in FY 2019 and FY 2020

Lease Expiry Profile By Gross Rental Income (As at 31 August 2018)



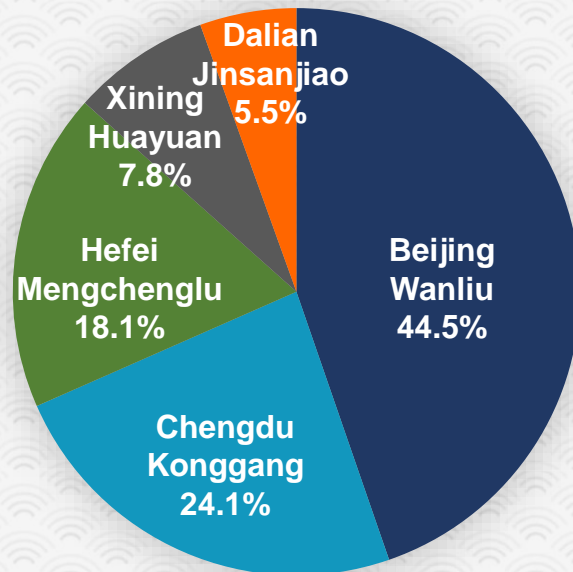
- Upcoming lease renewal windows provide flexibility for future rental growth.
- Headroom for further rental uplift, against the back of strong occupancy rate and rental reversion.

Increased Diversification of Gross Rental Income

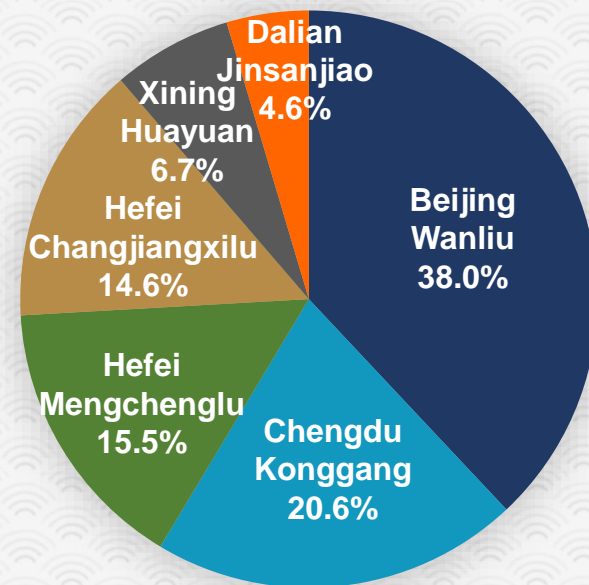
Reduced Reliance of Gross Rental Income Contribution On Any Single Property

CONTRIBUTION BY GROSS RENTAL INCOME^{1,2}

Existing Portfolio



Enlarged Portfolio



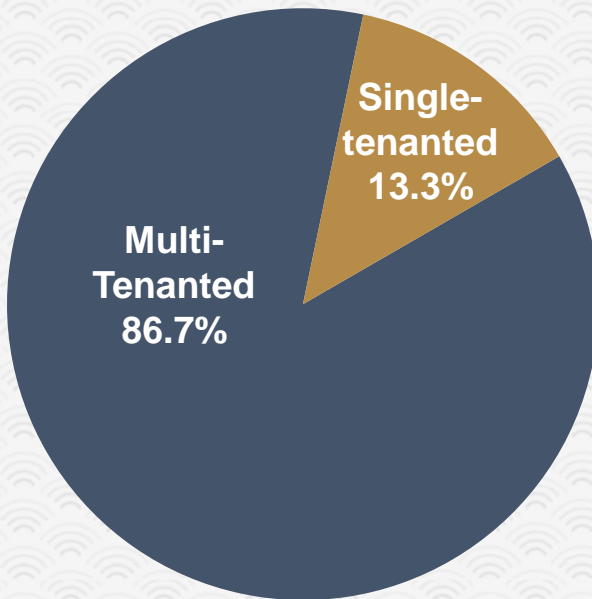
Footnotes:

1. For the month of August 2018
2. Based on 60% of Beijing Wanliu

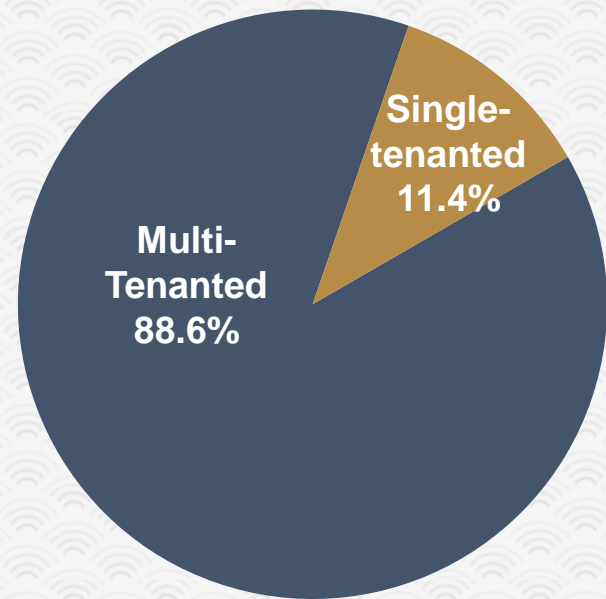
Increased Gross Rental Income Contribution By Multi-tenanted Malls

CONTRIBUTION BY GROSS RENTAL INCOME^{1,2}

Existing Portfolio Tenant Type



Enlarged Portfolio Tenant Type



Footnotes:

- 1. For the month of August 2018*
- 2. Based on 60% of Beijing Wanliu*



Independent Financial Adviser



Photo of Hefei
Changjiangxilu Mall
合肥长江西路



Independent Financial Adviser

- Ernst & Young Corporate Finance Pte. Ltd. (“EYCF”) was appointed as the independent financial adviser (“IFA”) for the proposed Acquisition.
- The IFA is of the opinion that the proposed Acquisition is based on normal commercial terms and is not prejudicial to the interests of BHG Retail REIT and its minority Unitholders.
- The IFA is of the opinion that the independent directors can recommend that Unitholders vote in favour of the resolution in connection with the proposed Acquisition to be proposed at the EGM.





EGM Resolution and Key Timeline

Extraordinary General Meeting on 18th December 2018

No.	Ordinary Resolution
-----	---------------------

1.	To Approve the Proposed Acquisition of Hefei Changjiangxilu Mall.
----	---

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	Sunday, 16 December 2018 at 10.00 a.m.
Date and time of Extraordinary General Meeting	Tuesday, 18 December 2018 at 10.00 a.m.
Place of Extraordinary General Meeting	InterContinental Singapore, Level 2, Ballroom 3, 80 Middle Road, Singapore 188966



Thank you

For further information and enquiries:

BHG Retail Trust Management Pte. Ltd.

Investor Relations

Contact: (65) 6805 8283

Email: ir@bhgreit.com

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

