

# BHG RETAIL REIT

## Extraordinary General Meeting

### Proposed Acquisition of Changjiangxilu Mall

18 December 2018





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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.



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# 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 <sup>1</sup>	RMB 481.5 million (S\$ 96.3 million)
Valuation by Cushman <sup>1</sup>	RMB 490.0 million (S\$ 98.0 million)
Agreed Changjiangxilu Value <sup>1</sup>	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



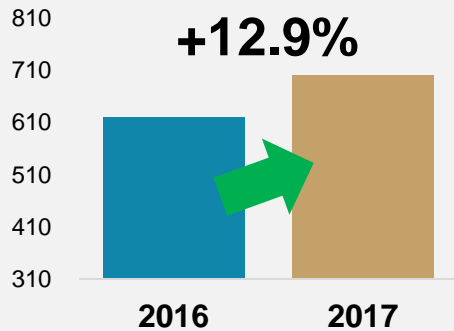
- Hefei is the provincial capital and largest city of Anhui Province in China.
- Hefei covers a total area of approximately 11,434.25 sq km, and consists of 4 districts and 4 counties.
- Hefei Changjiangxilu Mall is situated approximately 32.6km away from Hefei Xinqiao International Airport.
- At the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



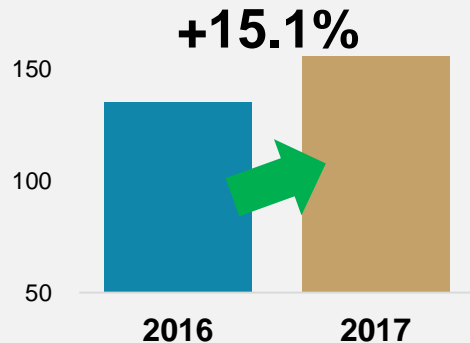
# A Growing City

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.

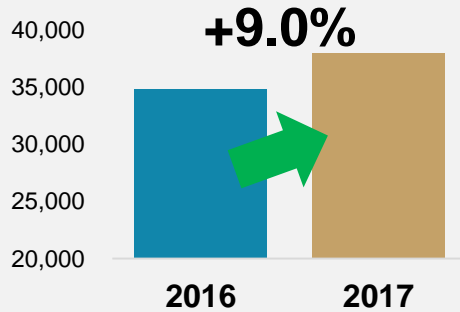
Source: State Council of the People's Republic of China



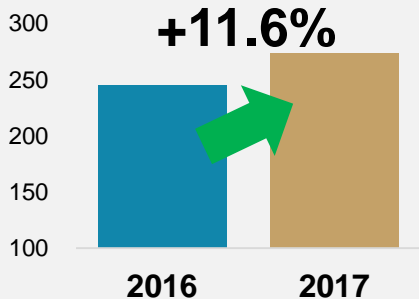
# A Growing City

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

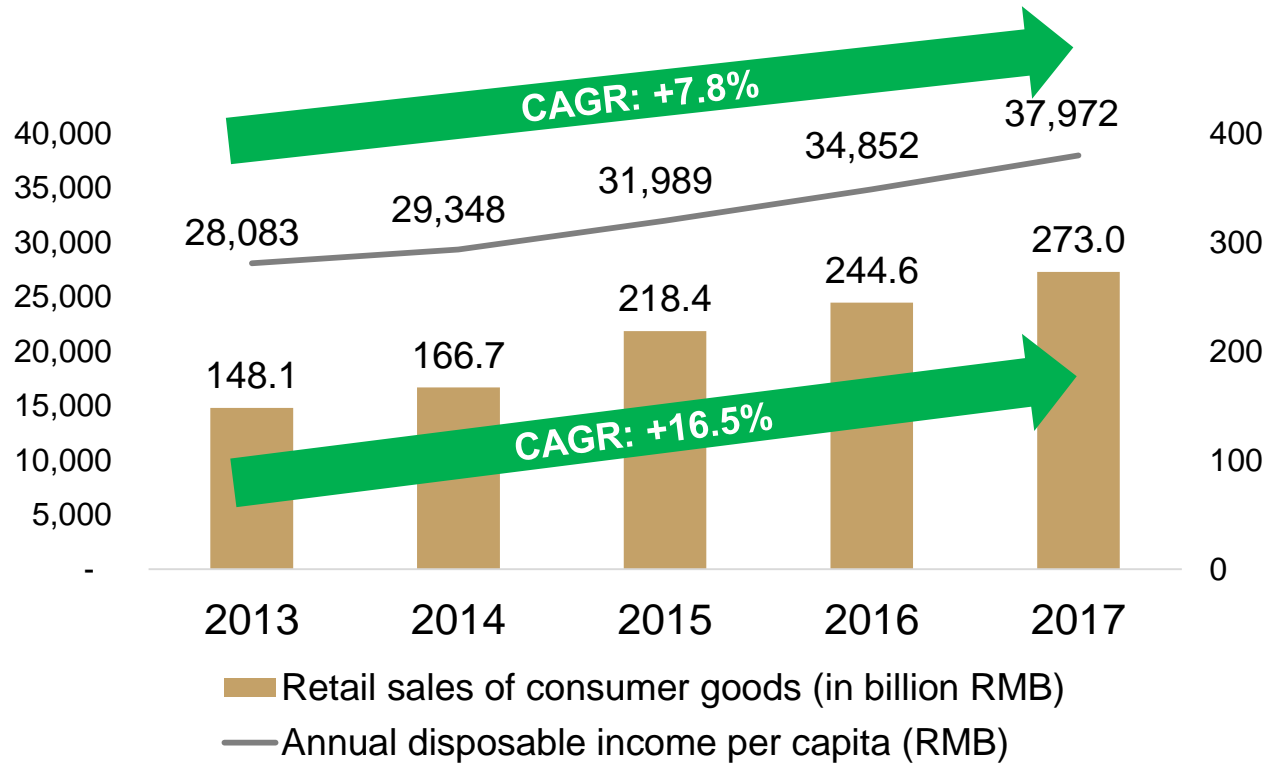
### Hefei's Annual Disposable Income per Capita (RMB)



### 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





# Supported By Large Residential Catchment

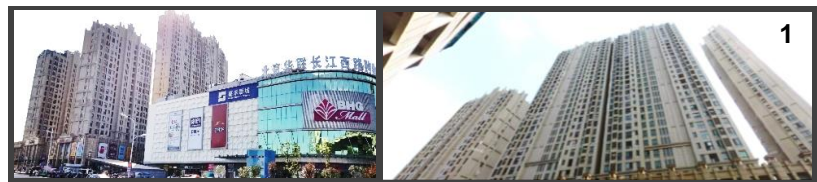
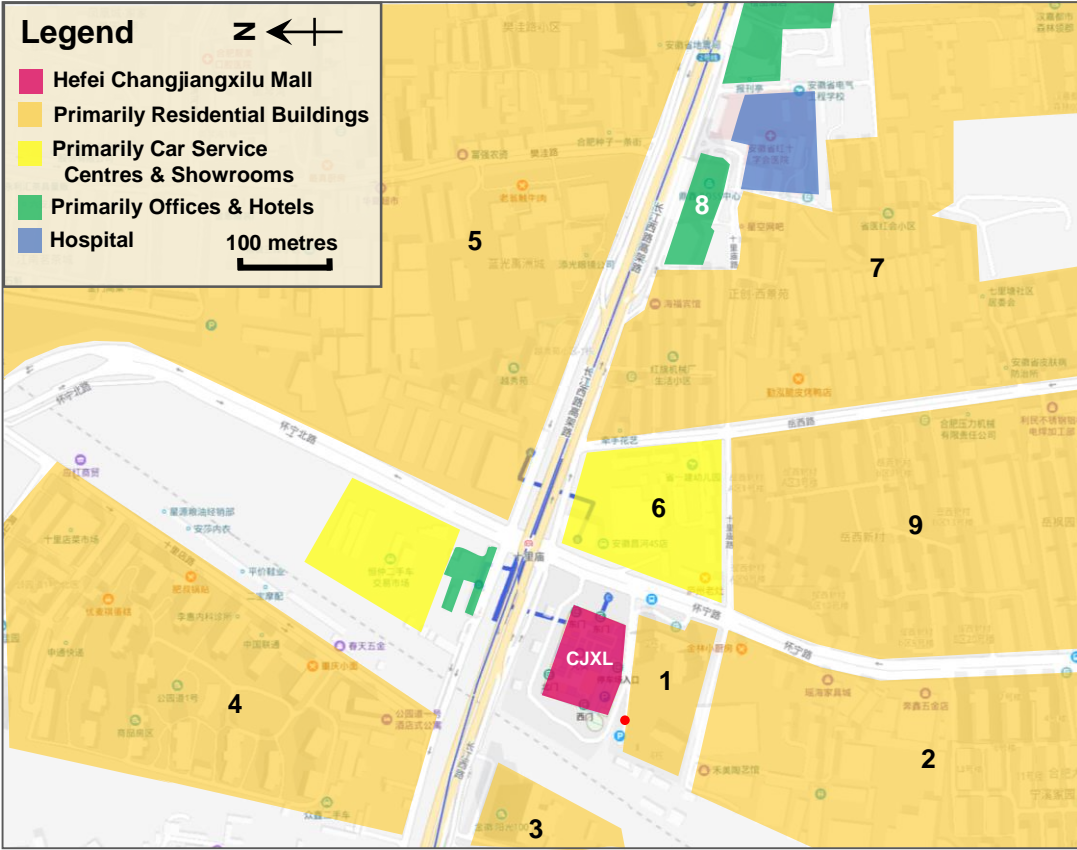
Well Supported By Visitorship Within The Shilimiao Community, Shushan District

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

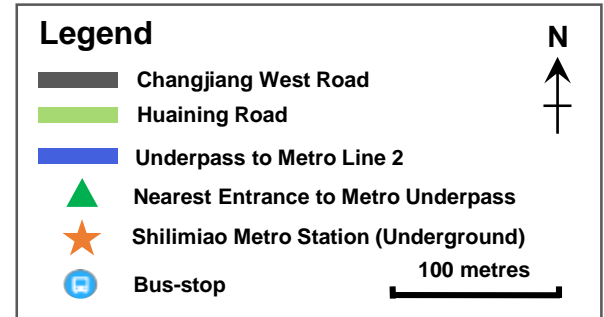
100 metres



# Strategic Location & Good Connectivity

## Underpass to Shilimiao (十里庙) 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.
- Construction of Hefei Metro Line 2 has been ongoing since February 2013. The newly built line has since been completed and has commenced operations in December 2017.
  - Connects Shushan District with other major districts in Hefei.
  - 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 Residents' Rising Consumption

Strong  
Occupancy<sup>1</sup>  
Rate  
**99.4%**



WALE  
by Gross  
Rental Income<sup>1</sup>  
**2.6** years



WALE  
by Committed  
Lettable Area<sup>1</sup>  
**5.0** years

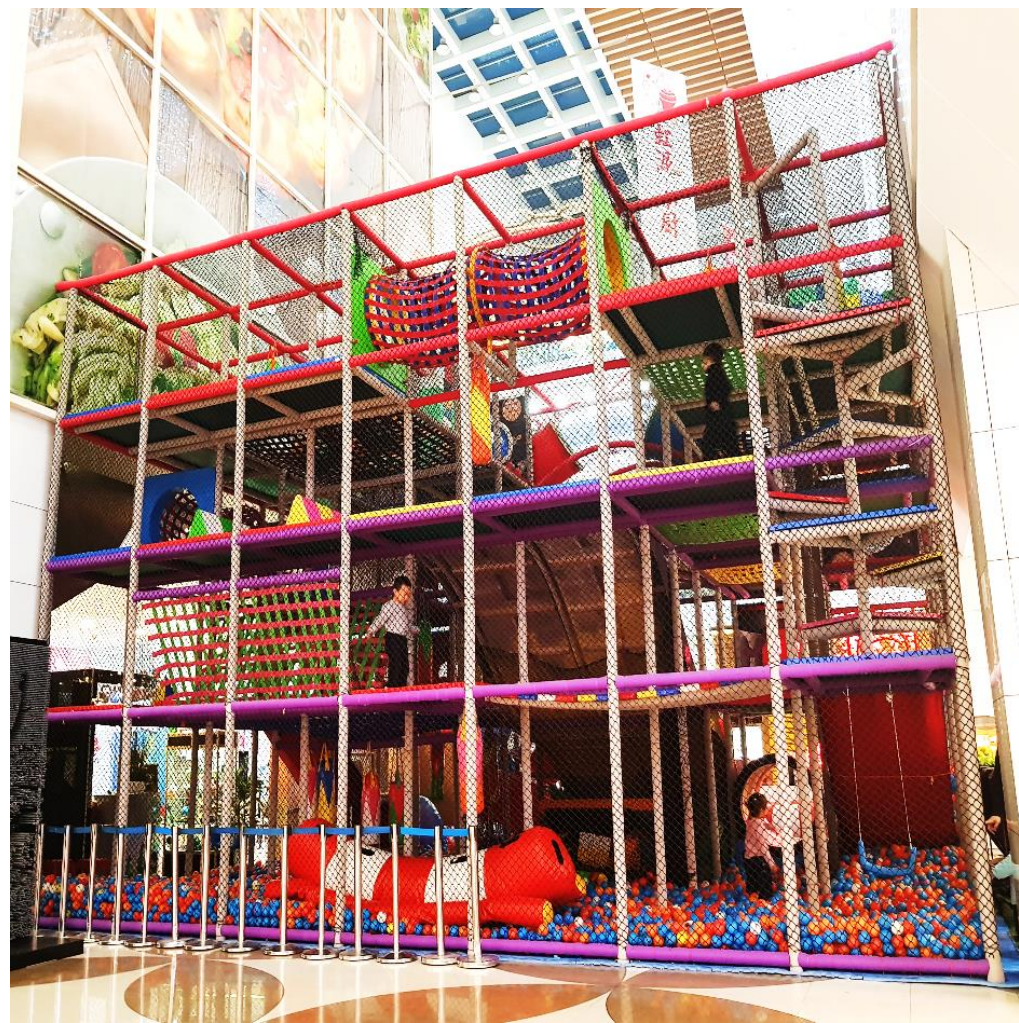


<sup>1</sup> As at 31 August 2018.



# One-Stop Destination Community Lifestyle Mall

Positioned To Tap On The Residents' Rising Consumption





# One-Stop Destination Community Lifestyle Mall

## Marketing Activities





# Investment Merits



# Investment Merits

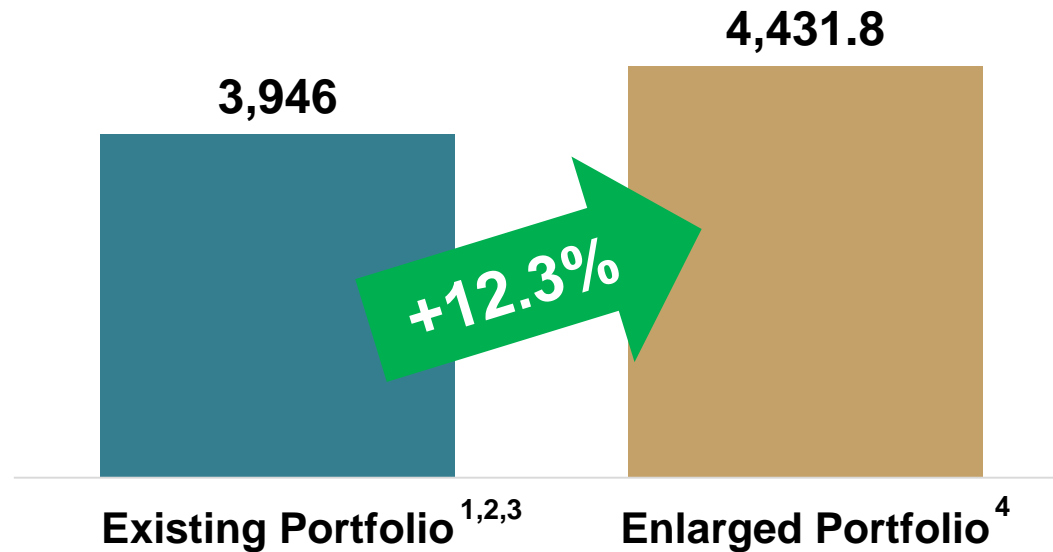
- 1 Valuable Addition
- 2 Positive Contribution to Portfolio  
*NAV per Unit and DPU Accretion*
- 3 Opportunity for Rental Growth
- 4 Enhances Portfolio Diversification

# 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.

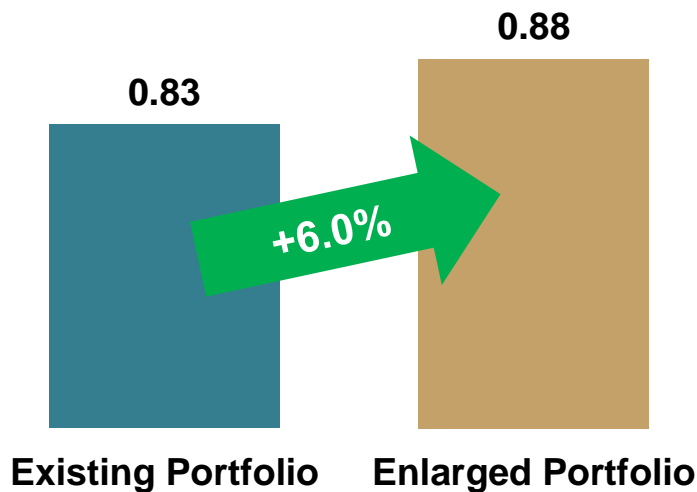
3 Based on 100% interest in Beijing Wanliu Mall.

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.

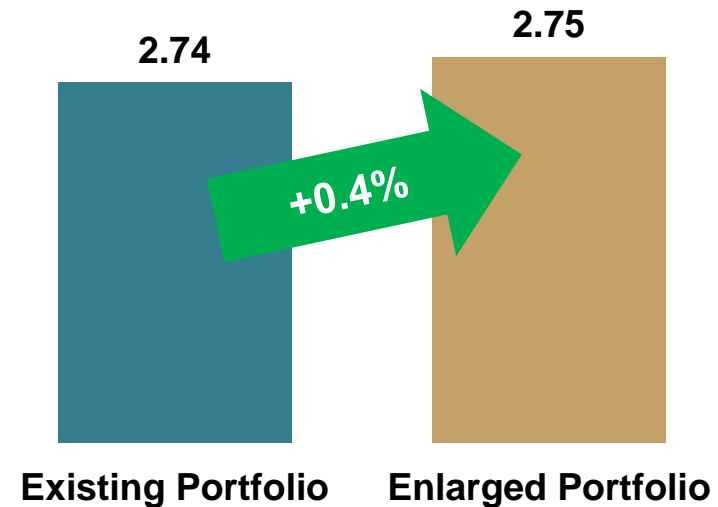


## Proposed Acquisition Expected To Deliver NAV per Unit and DPU Accretion

**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

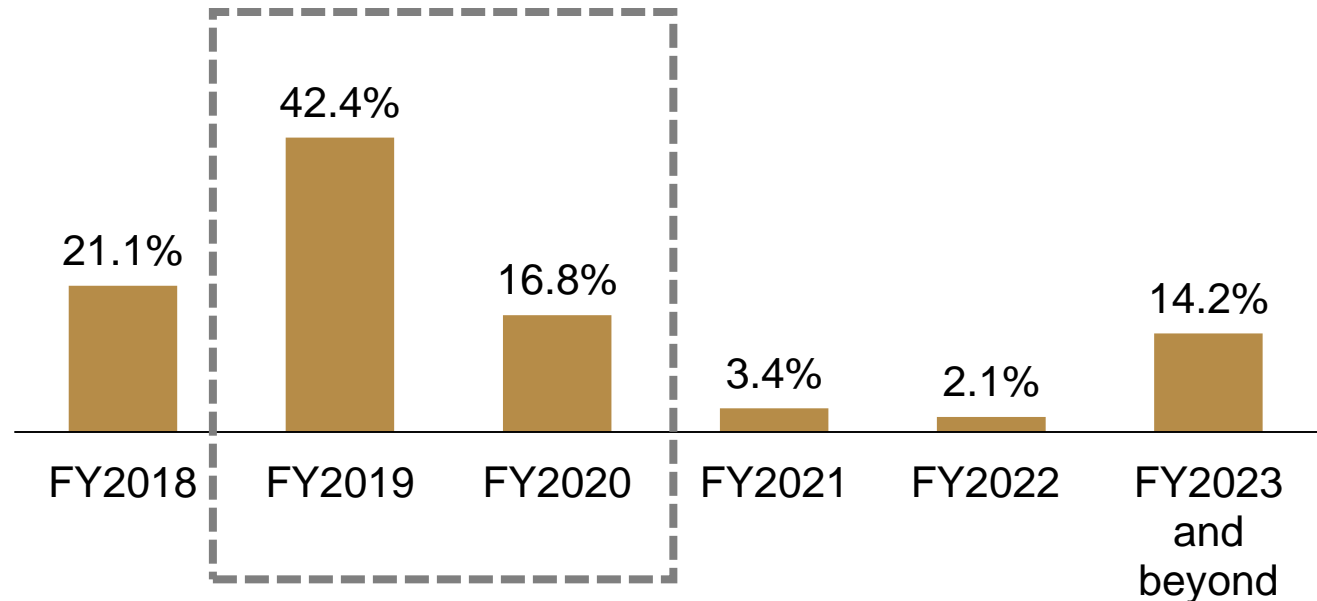
**WALE**  
by Gross  
Rental Income<sup>1</sup>

**2.6** years

**WALE**  
by Committed  
Lettable Area<sup>1</sup>

**5.0** years

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



<sup>1</sup> As at 31 August 2018.

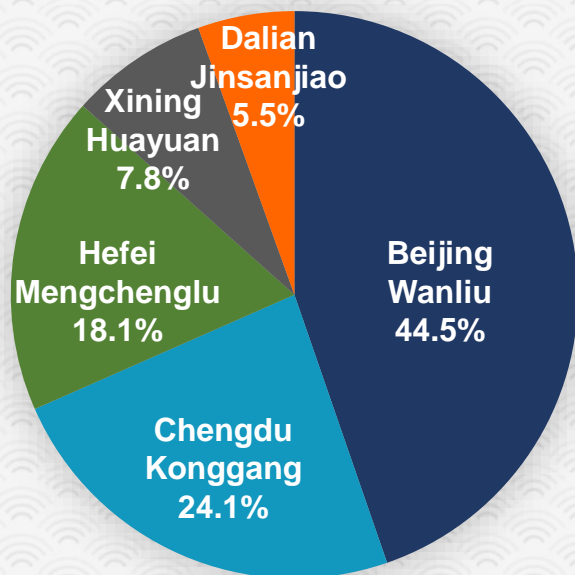
- Upcoming lease renewal windows provide flexibility for future rental growth.
- Headroom for further rental uplift, against the back of strong occupancy rate and rental reversion.

## Increases Diversification of Gross Rental Income

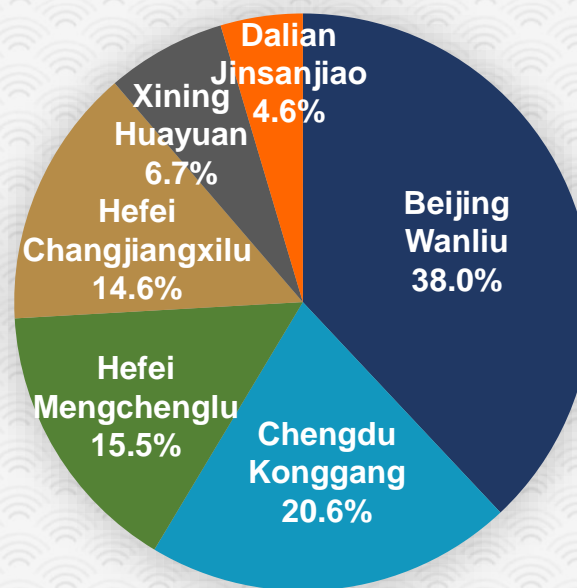
Reduces Reliance of Gross Rental Income Contribution On Any Single Property

### CONTRIBUTION BY GROSS RENTAL INCOME<sup>1,2</sup>

#### Existing Portfolio



#### Enlarged Portfolio



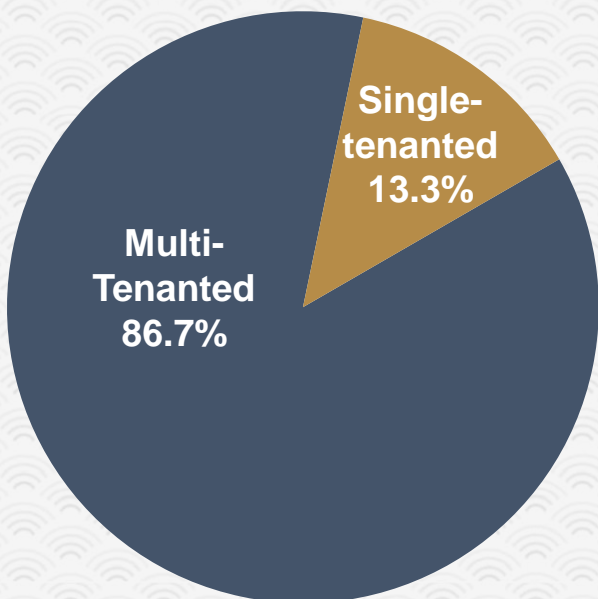
**Footnotes:**

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

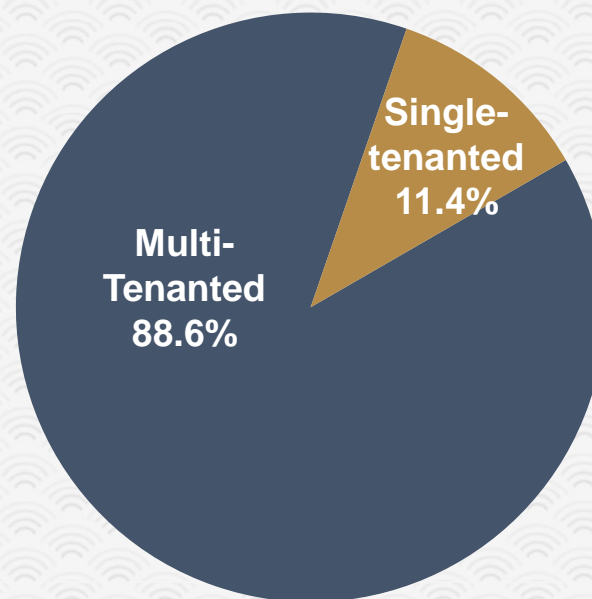
## Increases Gross Rental Income Contribution By Multi-tenanted Malls

### CONTRIBUTION BY GROSS RENTAL INCOME<sup>1,2</sup>

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.
- Accordingly, the Independent Directors and the Audit and Risk Committee recommend that Unitholders vote in favour of the resolution.





# EGM Resolution

No.	Ordinary Resolution
1.	<b>To Approve the Proposed Acquisition of Hefei Changjiangxilu Mall.</b>





# Thank you

For further information and enquiries:

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