



POISED FOR GROWTH

BHG RETAIL REIT

FINANCIAL RESULTS FOR 4TH QUARTER 2017
ENDED 31 DECEMBER 2017

23 FEBRUARY 2018



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- 1** Key Highlights 4Q 2017 & 12M 2017
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*For ease of reference, the following abbreviations are used in this document:
“4Q 2016”: For the 3-month period from 1 October 2016 to 31 December 2016;
“4Q 2017”: For the 3-month period from 1 October 2017 to 31 December 2017;
“12M 2016”: For the 12-month period from 1 January 2016 to 31 December 2016; and
“12M 2017”: For the 12-month period from 1 January 2017 to 31 December 2017.*

Key Highlights 4Q 2017 & 12M 2017



Photo of Beijing Wanliu 北京万柳

Key Highlights: 4Q 2017 & 12M 2017



+5.8%

Gross Revenue
4Q 2017
(SGD)¹

+8.1%

Net Property Income
4Q 2017
(SGD)¹

+2.8%

Distribution Per Unit
12M 2017
("DPU")¹

7.39%

2017
Distribution Yield²

99.7%
Portfolio Occupancy³

**Strong 2017
Rental Reversion**

32.2%
Gearing^{3,4}

+6.9%
China GDP Growth
2017⁵
(y-o-y)

+10.2%
China Retail Sales Growth
in 2017⁵
(y-o-y)

+6.5%
Disposable income per capita
for urban residents in 2017
(Real growth)⁵
(y-o-y)

- 1 The actual results were translated using the average SGD: CNY rate of 1:4.884 and 1:4.894 for 4Q 2017 and 12M 2017, respectively.
- 2 Based on closing price of S\$0.740 as at 31 December 2017 and 12M 2017 Distribution per Unit.
- 3 As at 31 December 2017.
- 4 MAS leverage limit is 45% with effect from 1 January 2016.
- 5 Source: National Bureau of Statistics of China.

Key Highlights: 4Q 2017 & 12M 2017



- **2017 Annual Distribution Yield of 7.39%²**
 - Full year Distribution per Unit of 5.47, up 2.8% year-on-year (y-o-y)
- **Delivered Strong Financial Results from Pure Organic Growth**
 - 4Q 2017 Gross revenue (SGD) & Net property income (SGD) outperformed y-o-y by 5.8% and 8.1%, respectively
- **Anchored by Consistently Robust Operational Performance**
 - High portfolio occupancy rate of 99.7%³
 - Strong rental reversion
- **Low Gearing of 32.2%^{3,4}**
- **Capitalising on the Positive China Retail Outlook⁵**
 - China GDP grew 6.9% y-o-y in 2017
 - Retail sales up 10.2% y-o-y in 2017
 - Disposable income and consumption expenditure per capita for urban residents increased 6.5% and 5.4%, respectively in 2017.

¹ The actual results were translated using the average SGD: CNY rate of 1:4.884 and 1:4.894 for 4Q 2017 and 12M 2017, respectively.

² Based on closing price of S\$0.740 as at 31 December 2017 and 12M 2017 Distribution per Unit.

³ As at 31 December 2017.

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

⁵ Source: National Bureau of Statistics of China.



Financial Highlights



Delivered Strong 4Q 2017 Financial Performance



Portfolio	4Q 2017 ¹	4Q 2016 ¹	% Change
RMB'000			
Gross revenue	81,604	76,441	6.8
Net property income	54,399	49,841	9.1

SGD'000			
Gross revenue	16,707	15,791	5.8
Net property income	11,137	10,300	8.1
Amount available for distribution	4,879	4,629	5.4
Distribution per Unit (DPU) (cents)	1.32	1.31	0.8

1. The actual results were translated using the average SGD: CNY rate of 1:4.884 and 1:4.844 for 4Q 2017 and 4Q 2016, respectively.

Delivered Strong 12M 2017 Financial Performance

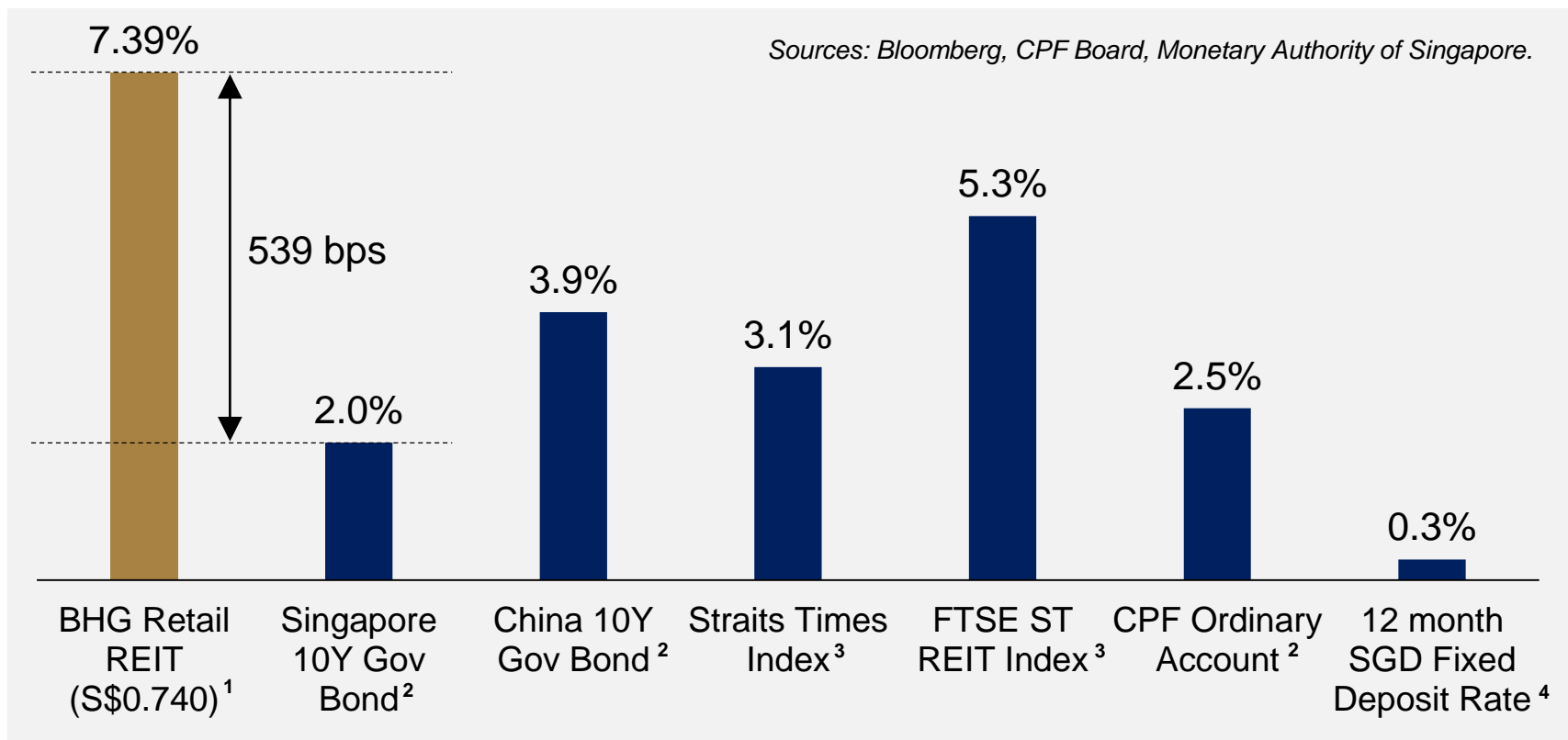


Portfolio	12M 2017 ¹	12M 2016 ^{1,2}	% Change
RMB'000			
Gross revenue	315,760	300,607	5.0 ³
Net property income	210,172	193,407	8.7 ^{3,4}

SGD'000			
Gross revenue	64,519	62,585	3.1 ³
Net property income	42,944	40,286	6.6 ^{3,4}
Amount available for distribution	20,001	18,604	7.5
Distribution per Unit (DPU) (cents)	5.47	5.32	2.8

1. The actual results were translated using the average SGD: CNY rate of 1:4.894 and 1:4.791 for 12M 2017 and 12M 2016, respectively.
2. The comparative figures were for the twelve months from 1 January 2016 to 31 December 2016. These figures were extracted from BHG Retail REIT's results for the fourth quarter and twelve months ended 31 December 2016.
3. Prior to 1 May 2016, Business Tax was reflected under property operating expenses. With effect from 1 May 2016, Value Added Tax ("VAT") replaced Business Tax in China and this is netted off against revenue instead of being reflected in property operating expenses.
4. With effect from 1 July 2016, the Beijing State Government aligned its tax policy with the national practice of charging Property Tax based on rental income. This resulted in higher property-related tax expenses for Beijing Wanliu Mall. The change in Beijing's Property Tax is in-line with current property tax for the other four properties in the portfolio.

BHG Retail REIT trading at 539 bps risk premium above Singapore 10-year government bond yield



1. Based on closing price of S\$0.740 as at 31 December 2017 and 12M 2017 Distribution per Unit.
2. As at 31 December 2017.
3. Based on the average gross dividend yield for the 12 months ended 31 December 2017.
4. Based on the average SGD fixed deposit rate for the 12 months ended 31 December 2017.

Distribution Details

Distribution Period	1 July 2017 to 31 December 2017
Distribution Per Unit (SGD)	2.73 cents per unit

Distribution Timetable

Ex-Date	8 March 2018
Books Closure Date	12 March 2018
Payment Date	28 March 2018

Stable Financial Position



As at 31 December 2017	S\$'000
Total Assets	888,192
Total Liabilities	305,143
Net Assets Attributable to Unitholders	416,454
Net Asset Value per unit	S\$0.83

Low Gearing
Ratio

32.2¹%

31 Dec 2017

Average
Cost of Debt

3.70%

31 Dec 2017

Weighted Average
Term To Maturity

1.7 years

31 Dec 2017

- **Aggregate borrowings drawn down as at 31 December 2017 was S\$ 242.2 million.**
- **Low gearing of 32.2%¹ allows a comfortable debt headroom for potential inorganic 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



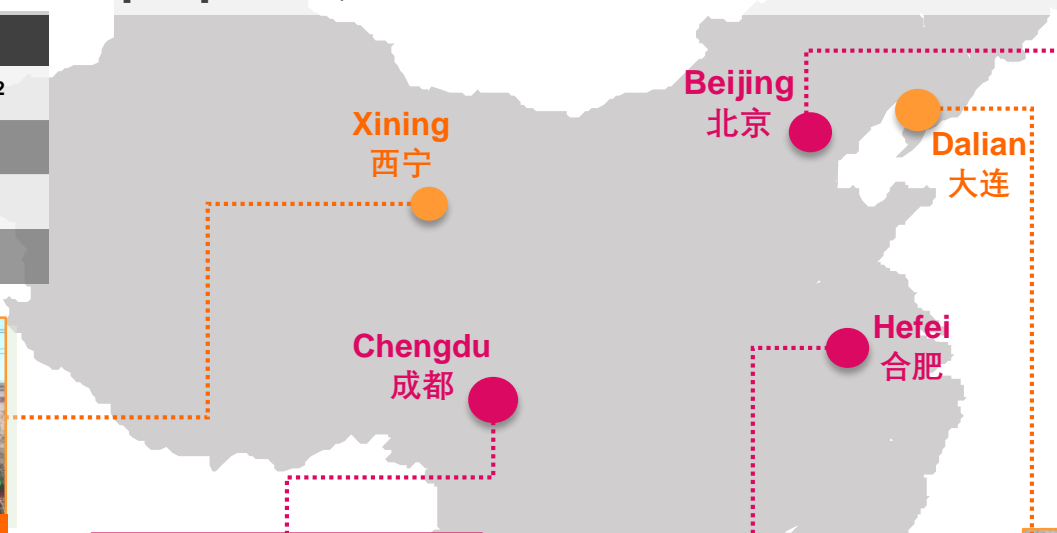
Photo of Hefei Mengchenglu 合肥蒙城路

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 : 155,415 sqm
WALE (NLA) : 7.1 years
Occupancy : 99.7 %



Beijing Mall
Valuation : RMB 2,287 mil²
NLA : 54,611 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 633 mil²
NLA : 39,413 sqm
WALE (NLA) : 4.6 years
Occupancy : 96.8 %



Hefei Mall
Valuation : RMB 584 mil²
NLA : 25,239 sqm
WALE (NLA) : 6.0 years
Occupancy : 100.0 %



Dalian Property
Valuation : RMB 162 mil²
NLA : 15,345 sqm
WALE (NLA) : 16.0 years
Occupancy: 100.0 %

- Multi-tenanted
- Master-leased

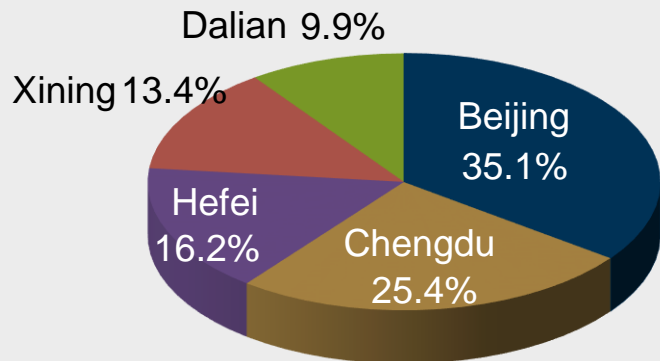
1 As at 31 December 2017.
 2 Based on independent valuation from Cushman & Wakefield Limited as at 31 December 2017.

Resilient Portfolio & Steady Catchment

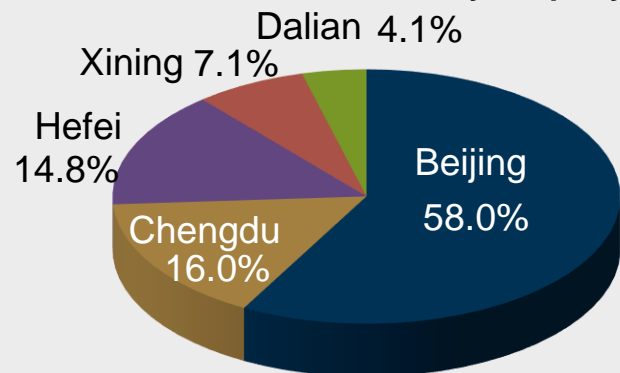
- One-stop destination malls that serve surrounding communities
- Surrounded by densely populated residential properties
- Strong focus on experiential and lifestyle segment
- Well-positioned to capitalise on the rising middle income population



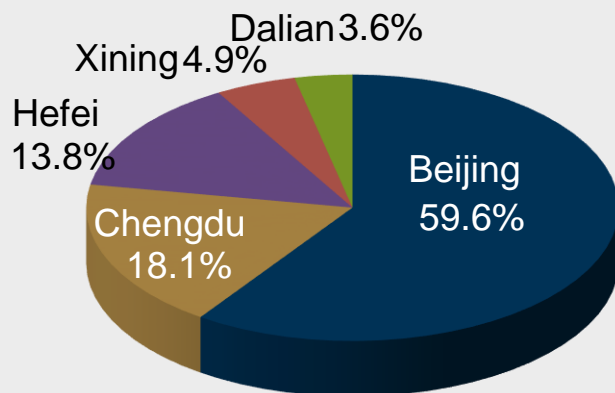
Breakdown of NLA¹ by Property



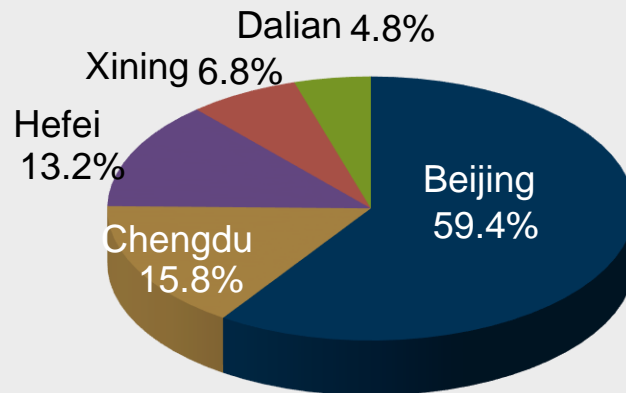
Breakdown of Valuation² by Property



Breakdown of Gross Revenue³ by Property



Breakdown of Net Property Income³ by Property



1 As at 31 December 2017

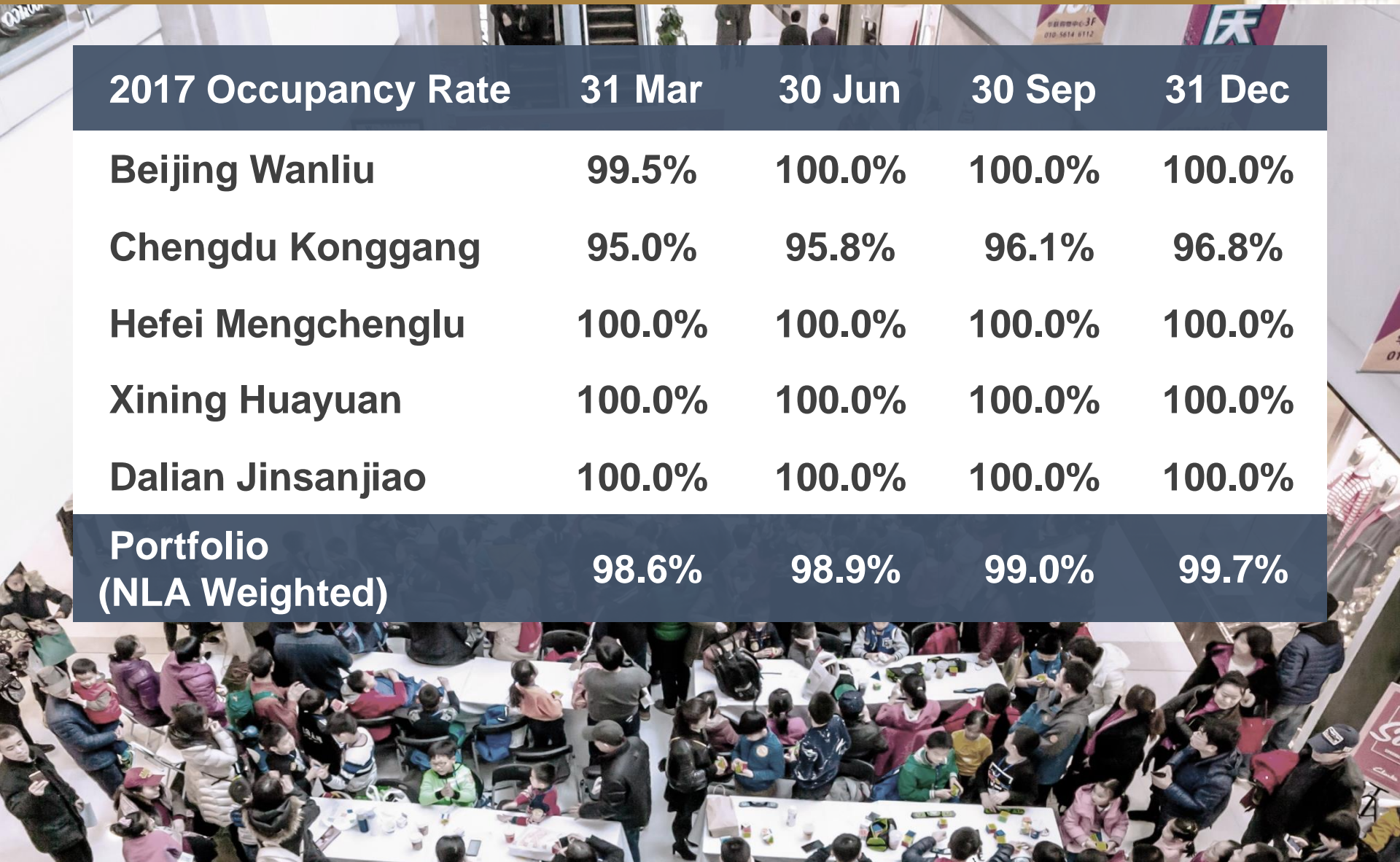
2 Based on independent valuation from Cushman & Wakefield Limited as at 31 December 2017.

3 Based on 4Q 2017 results

Track Record of Consistently High Occupancy Rate



2017 Occupancy Rate	31 Mar	30 Jun	30 Sep	31 Dec
Beijing Wanliu	99.5%	100.0%	100.0%	100.0%
Chengdu Konggang	95.0%	95.8%	96.1%	96.8%
Hefei Mengchenglu	100.0%	100.0%	100.0%	100.0%
Xining Huayuan	100.0%	100.0%	100.0%	100.0%
Dalian Jinsanjiao	100.0%	100.0%	100.0%	100.0%
Portfolio (NLA Weighted)	98.6%	98.9%	99.0%	99.7%



Optimal Leasing Strategy

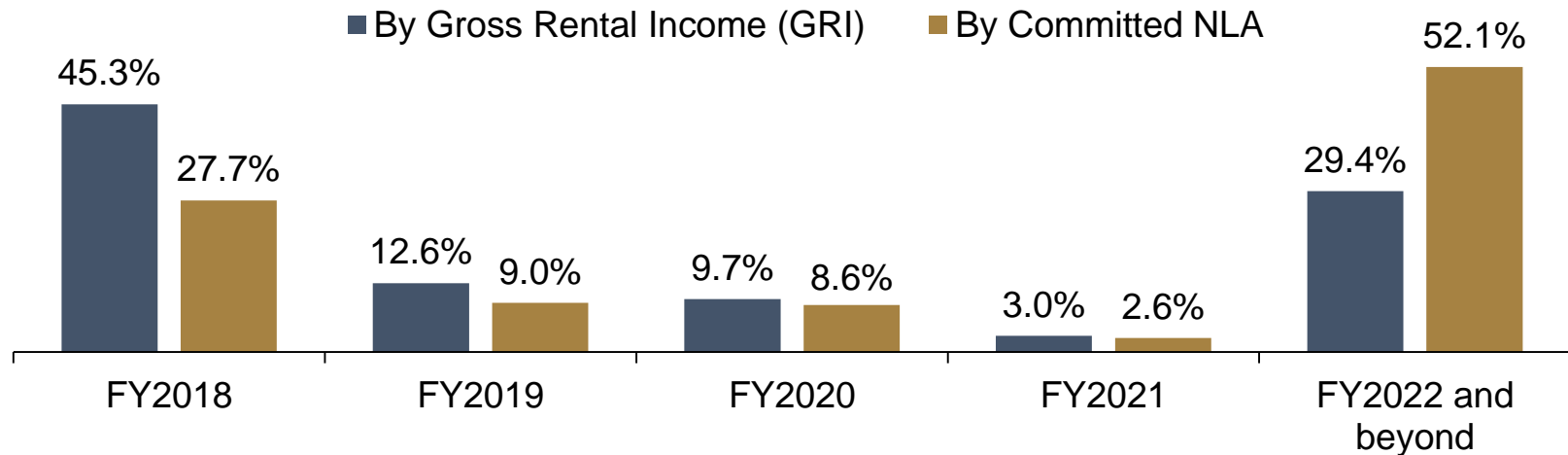


**High
Retention
Rate**

**Strong
Rental
Reversion**

**Weighted
average lease
expiry (years)
4.0
By GRI**

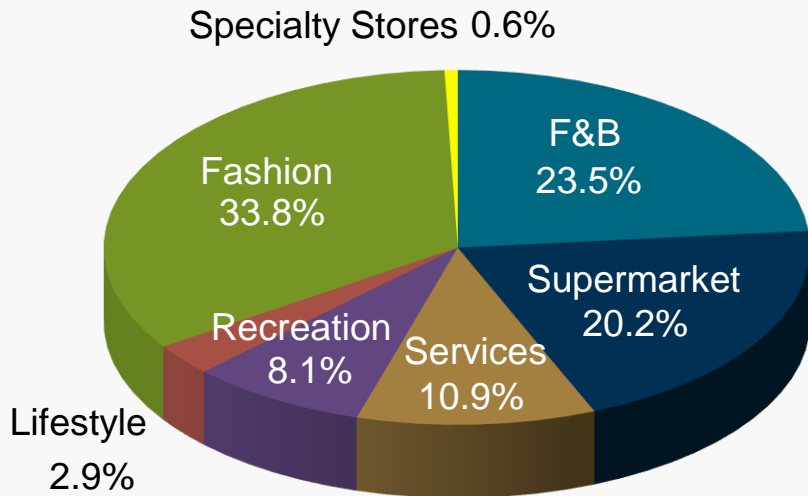
Weighted average lease expiry (WALE) as at 31 December 2017	
By Gross Rental Income	4.0 years
By Committed NLA	7.1 years



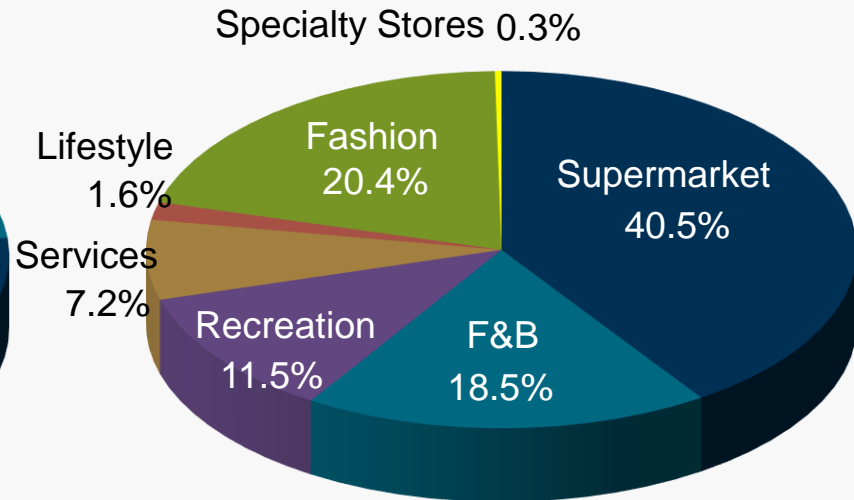
Well Diversified Portfolio Tenant Mix



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 December 2017.
- 2 As percentage of the portfolio's net lettable area as at 31 December 2017.

A photograph of a woman with dark hair smiling warmly at a baby. The baby is wearing a red and white Santa hat with a small white teddy bear on top. The baby is wearing a light blue long-sleeved shirt with red text that is partially visible. The background is softly blurred, showing other people and warm indoor lighting.

Engaging The Community & Tenants



Engaging The Community & Tenants

Beijing Wanliu 北京万柳

Halloween Kids Party



Christmas Mascot Parade



Art in the Mall Experience



Engaging The Community & Tenants

Chengdu Konggang 成都空港

Fall Winter Fashion Runway



Creative Fair – Painting Activity



Gourmet Journey Experience



Engaging The Community & Tenants

Hefei Mengchenglu 合肥蒙城路

古筝 Chinese Zither Performance



Temptation of Food Event



RISE (English School)'s Xmas Performance



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 7.55b¹
- 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 3.20b¹
- Anchor / master-lease tenants at every property in the REIT's portfolio
- 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 REIT's portfolio
- Joint venture with Costa Coffee for the entire Northern China





Photo of Chengdu Konggang 成都空港



Growth Strategy

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

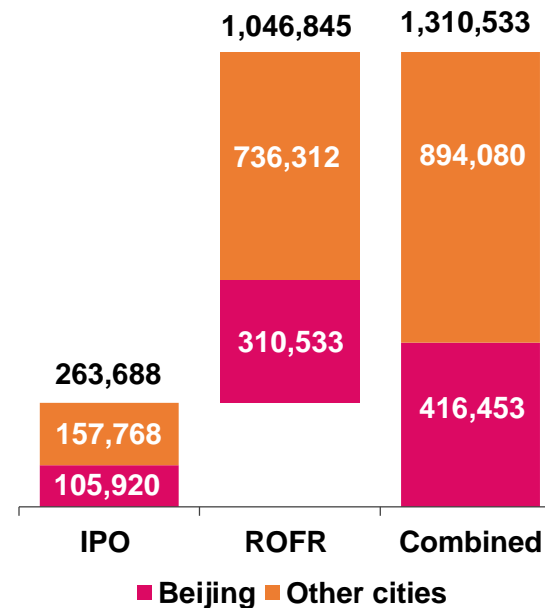
Proactive Asset Enhancement

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

Acquisition Growth

14 Voluntary ROFRs Properties In The Pipeline ^{^*}

14 ROFR Properties (GFA sqm)
(as at 31 December 2017)



Explore Acquisition Opportunities In Other Quality Income-Producing Retail Properties

Key criteria:

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

[^] 3 out of the 14 ROFR Properties were granted by a private fund, managed by a fund manager 50% owned by Beijing Hualian Group Investment Holding Co., Ltd.

^{*} 1 out of the 14 ROFR Properties, Anzhen Mall, is held by Beijing Hualian Group Investment Holding Co., Ltd. jointly with other third parties and the consent of such third parties is required for Anzhen Mall to be offered to BHG Retail REIT.

ROFR Properties & Sponsor Mall Footprint



5 BHG Retail REIT Portfolio Properties[^]

14 ROFR Properties in Pipeline^{^#*}

18 Malls Managed by Sponsor[^]



[^] As at 31 December 2017

[#] 3 out of the 14 ROFR Properties (namely Tongchengjie, Libao, and Changying) were granted by a private fund, managed by a fund manager 50% owned by Beijing Hualian Group Investment Holding Co., Ltd.

^{*} 1 out of the 14 ROFR Properties, Anzhen Mall, is held by Beijing Hualian Group Investment Holding Co., Ltd. jointly with other third parties and the consent of such third parties is required for Anzhen Mall to be offered to BHG Retail REIT.

Market Outlook



Photo of Chengdu Konggang 成都空港

- ***China economy grew 6.9% year-on-year (y-o-y) in 2017¹.***
- ***Retail sales increased 10.2% y-o-y to RMB 36.6 trillion in 2017¹.***
- ***Residents' income continue to rise steadily***
 - Disposable income and expenditure per capita of urban residents increased 6.5% and 5.4% y-o-y respectively in 2017¹.
- ***Urbanisation rate increased from 57.3% in 2016 to 58.5% in 2017¹.***
- ***According to CBRE, China's consumer index rose along with improving expectations among consumers².***
 - China's consumption market recorded improved performance across a number of sub-sectors including apparel, cosmetics, gyms, culture and entertainment.
 - Sportswear retailers continued to open new stores. Non-fashion sectors like F&B and culture remained active and pop-up stores are increasingly popular among both retailers and landlords.
 - Shopping malls remain active in attracting new entrants.

1. Source: National Bureau of Statistics of China

2. Source: CBRE Market View

Thank You

For further information and enquiries:

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