



BHG Retail REIT 1Q 2017

Net Property Income 2.3% higher year-on-year

Distribution per Unit of 1.39 cents, up 1.5% year-on-year

Annualised Distribution Yield of 7.62%²

- High portfolio occupancy rate of 98.6%
- Healthy rental reversion
- Net Property Income (RMB) increased 7.0% year-on-year

SINGAPORE, May 12, 2017 – BHG Retail Trust Management Pte. Ltd., the Manager of BHG Retail REIT (the “Manager”), announced today that BHG Retail REIT registered a net property income (“NPI”) increase of 2.3% year-on-year from first quarter ended 31 March 2016 (“1Q 2016”) to the first quarter ended 31 March 2017 (“1Q 2017”), despite the additional property tax expenses for Beijing Wanliu Mall due to a revision from cost to revenue basis effective 1 July 2016. The distribution to unitholders was S\$5.1m for 1Q 2017. This translated to a distribution per Unit (“DPU”) of 1.39 cents for 1Q 2017, a 1.5% increase year-on-year. Annualised DPU yield for 1Q 2017 was 7.62%, based on a closing price of S\$0.74 as at 31 March 2017.

Ms Chan Iz-Lynn, Chief Executive Officer of BHG Retail Trust Management Pte. Ltd., said, “we are pleased to announce that BHG Retail REIT’s 1Q 2017 performance has continued to demonstrate strong fundamentals post-inaugural year. Portfolio occupancy rate increased to 98.6% as at 31 March 2017 as a result of proactive asset management and tenancy rejuvenation. The asset enhancement initiative in Chengdu Konggang Mall is progressing on schedule and is expected to complete by the third quarter this year. Leasing activities in the first quarter continued to display encouraging demand from existing and new tenants. Looking ahead, we will continue to proactively manage our tenancies and properties, actively seek yield-accretive acquisitions, and strive to deliver sustainable returns for our unitholders”.

Footnotes:

- 1 DBS Bank Ltd. was the Financial Adviser, Issue Manager, Bookrunner and Underwriter for the initial public offering of BHG Retail REIT.
- 2 Based on Closing price of S\$0.74 as at 31 March 2017.

Ms Chan added: “In the first quarter 2017, China economy registered better than forecast GDP growth of 6.9%^a year-on-year, retail sales increased 10.0%^a year-on-year, disposable income per capita for urban residents continued to grow steadily at 6.3%^a year-on-year, and unemployment remained stable at 3.97%^a. The Chinese government emphasized their commitment to drive domestic consumption, and has targeted a retail sales growth of 10.0%^b for the full year 2017. Against this backdrop, we believe BHG Retail REIT will continue to benefit from China’s economic transformation driven by rising disposable income, domestic consumption and urbanization.”

a Source: National Bureau of Statistics of China.

b Source: National Development and Reform Commission.

Continual Asset Enhancement Initiative

An asset enhancement was initiated in 2016 to elevate Chengdu Konggang Mall’s active lifestyle theme, and revitalize our offering in basement one, in light of rising demand for sports apparels and products in the mall. Occupancy rate in Chengdu Konggang mall increased progressively from 91.3% as at 31 December 2016 to 95.0%, for the three months ended 31 March 2017.

Portfolio	1Q 2017³	1Q 2016^{3,4}	Change%
Gross revenue [RMB’000]	75,348	74,620	1.0 ⁵
Net property income [RMB’000]	50,441	47,125	7.0 ^{5,6}
Gross revenue [SGD’000]	15,492	16,039	(3.4) ^{5,7}
Net property income [SGD’000]	10,371	10,139	2.3 ^{5,6,7}
Amount available for distribution [SGD’000]	5,056	4,743	6.6
Distribution per unit (cents) [SGD cents]	1.39	1.37	1.5
Annualised distribution yield (%) - Based on closing price ²	7.62	6.87	10.9

Footnotes:

- 3 The actual results of the Group’s foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.864 and 1:4.643 for 1Q 2017 and 1Q 2016, respectively.
- 4 The comparative figures were for the quarter from 1 January 2016 to 31 March 2016. These figures were extracted from BHG Retail REIT’s inaugural results for the period from 18 November 2015 (Date of Constitution) to 31 March 2016. There were no operating activities for the period prior to 11 December 2015 (Listing Date).
- 5 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 it is net off the revenue instead of reflecting in the property operating expenses.
- 6 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 4 properties in the portfolio.
- 7 Weaker RMB against SGD.

Capital Management

BHG Retail REIT's gearing remained healthy at 32.5%. It has a staggered debt maturity profile with weighted average term to maturity of 1.7 years. About 70% of debt are denominated in Singapore dollars. Interest rates for Singapore dollar denominated debts are balanced between fixed and variable.

ABOUT BHG RETAIL REIT (<http://www.bhgreit.com>)

BHG Retail REIT is the first pure-play China Retail REIT sponsored by a leading China integrated retail group. The REIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 11 December 2015. The principal investment strategy of BHG Retail REIT is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate which is used primarily for retail purposes (whether either wholly or partially), as well as real estate-related assets in relation to the foregoing, with an initial focus on China.

Its portfolio comprises five retail properties, Beijing Wanliu (60%), Chengdu Konggang, Hefei Mengchenglu, Xining Huayuan, Dalian Jinsanjiao located in Tier 1, Tier 2 and other cities of significant economic potential in China. As at 31 March 2017, the portfolio gross floor area ("GFA") of about 264,000 sqm, has a committed occupancy of 98.6%. As at 31 December 2016 (date of latest valuation), total appraised value of approximately S\$810.7 million.

ABOUT THE REIT MANAGER

BHG Retail REIT is managed by BHG Retail Trust Management Pte. Ltd., an indirect wholly owned subsidiary of the Sponsor, Beijing Hualian Department Store Co., Ltd. The Manager's key financial objectives are to provide Unitholders of BHG Retail REIT with an attractive rate of return on their investment through regular and stable distributions to Unitholders and to achieve long-term sustainable growth in distribution per unit ("DPU") and net asset value ("NAV") per Unit, while maintaining an appropriate capital structure for BHG Retail REIT.

ABOUT THE SPONSOR

BHG Retail REIT is the first retail REIT sponsored by an established PRC home-grown retail property operator, Beijing Hualian Department Store Co., Ltd. (the "Sponsor"). Established in May 1998, the Sponsor is a listed company on the Shenzhen Stock Exchange (stock code: 000882). The Sponsor is one of the first companies to be engaged in retail property management in China whose focus is mainly on the ownership and management of community retail properties. These properties are positioned as one-stop family-oriented destinations for the community in its locality, with shopping, dining, recreational and entertainment facilities to cater to an extensive variety of communal needs.

14 properties were identified under the voluntary right of first refusal ("ROFR") and will potentially be offered to BHG Retail REIT as future pipeline assets. 11 of those ROFRs were granted by the Sponsor, and the remaining 3 properties were from a private fund, managed by a fund manager which is 50.0% owned by Beijing Hualian Group Investment Holding Co., Ltd and another third party. If these 14 properties are acquired, the resulting enlarged portfolio GFA of approximately 1,292,000 sqm will be close to five times of BHG Retail REIT's IPO Portfolio, and will increase the REIT's presence to 13 cities in China.

For further information and enquiries:

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IMPORTANT NOTICE

The value of units in BHG Retail REIT (“Units”) and the income derived from them, if any, may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, BHG Retail Trust Management Pte. Ltd., as manager of BHG Retail REIT (the “Manager”) or any of its 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 its future performance.

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

This press release may contain forward-looking statements that involve risks and uncertainties. Such forward-looking statements and/or financial information involve a number of factors, risks, uncertainties and assumptions. 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, shifts in expected levels of property rental income, changes in operating expenses, property expenses and governmental and public policy changes, and the continued availability of financing. The actual results, performance or achievements of BHG Retail REIT or the Manager, or industry results, may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and/or financial information, as these statements and financial information reflect the Manager’s current views concerning future events and necessarily involve risks, uncertainties and assumptions. Prospective investors and Unitholders are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the Manager on future events.