



POISED FOR GROWTH

BHG RETAIL REIT

FINANCIAL RESULTS FOR 1st QUARTER 2017
ENDED 31 MARCH 2017

12 May 2017



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DBS Bank Ltd. was the Financial Adviser, Issue Manager, Bookrunner and Underwriter for the initial public offering of BHG Retail REIT.

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- 2** Financial Highlights
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1 For the three-month period from 1 January 2017 to 31 March 2017

1Q 2017 Key Highlights



Chengdu Konggang 成都空港

1Q 2017 Key Highlights



+7.0%
Net Property
Income
(RMB)¹

+2.3%
Net Property
Income
(SGD)¹

+1.5%
Distribution
per Unit
("DPU")

7.62%
Annualised
Distribution
Yield²

98.6%
Portfolio
Occupancy³

32.5%
Gearing^{3,4}

**Healthy
Rental Reversion**

+6.9%
China GDP
Growth in
1Q 2017⁵
(y-o-y)

+10.0%
China Retail
Sales Growth
in 1Q 2017⁵
(y-o-y)

+6.3%
Disposable income per capita
for urban residents in 1Q 2017
(Real growth)⁵
(y-o-y)

1 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.

2 Based on Closing price of S\$0.74 as at 31 March 2017.

3 As at 31 March 2017.

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

5 Source: National Bureau of Statistics of China.

- **Distribution per Unit of 1.39 cents up 1.5%¹ year-on-year for 1Q 2017**
 - Net Property Income (SGD) and (RMB) increased 2.3%¹ and 7.0%¹ year-on-year for the quarter, respectively
 - Annualised Distribution Yield of 7.62%²
- **Resilient strategy with community focus**
 - High portfolio occupancy rate of 98.6%³
 - Positive rental reversion
- **Healthy gearing of 32.5%^{3,4}**
- **2017 Chengdu Konggang AEI & Tenancy Rejuvenation**

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2 Based on Closing price of S\$0.74 as at 31 March 2017.

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

Financial Highlights

Stable and Resilient Performance

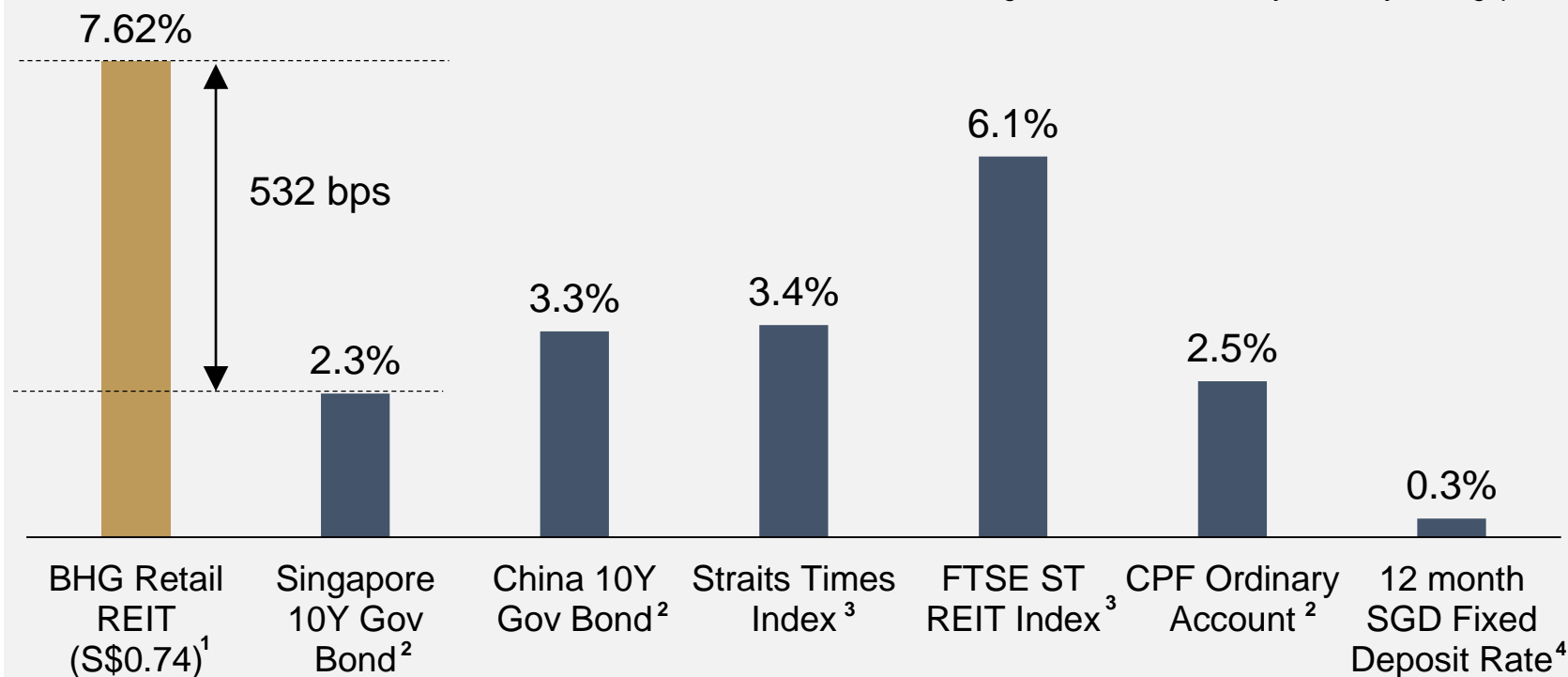


Portfolio	1Q 2017 ²	1Q 2016 ^{1,2}	Change (%)
Gross revenue (RMB'000)	75,348	74,620	1.0 ⁴
Net property income (RMB'000)	50,441	47,125	7.0 ^{4,5}
Gross revenue (SGD'000)	15,492	16,039	(3.4) ^{4,6}
Net property income (SGD'000)	10,371	10,139	2.3 ^{4,5,6}
Amount available for distribution (SGD'000)	5,056	4,743	6.6
Distribution per Unit (DPU) (cents)	1.39	1.37	1.5
Annualised Distribution Yield (%)			
- Based on closing price ³	7.62	6.87	10.9

1. 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).
2. 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.
3. Based on Closing price of S\$0.74 and S\$0.80 as at 31 March 2017 and 31 March 2016, respectively.
4. 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.
5. 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.
6. Weaker RMB against SGD.

BHG Retail REIT trading at 532 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\$0.74 as at 31 March 2017.
2. As at 31 March 2017.
3. Based on the average gross dividend yield for the 12 months ended 31 March 2017.
4. Based on the average SGD fixed deposit rate for the 12 months ended 31 March 2017.

Healthy Financial Position



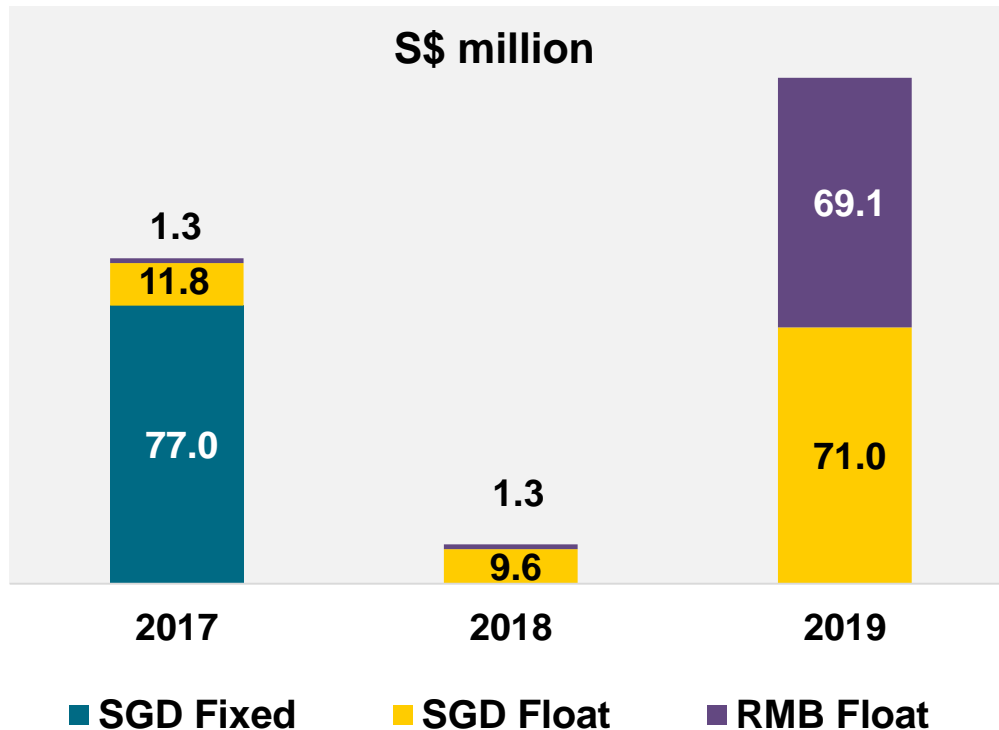
As at 31 March 2017	S\$'000
Total Assets	865,280
Total Liabilities	296,709
Net Assets Attributable to Unitholders	408,357
Net Asset Value per unit	S\$0.82
Gearing¹	32.5%

1. Based on total loans and borrowings principal attributable to Unitholders divided by total assets attributable to Unitholders.

Debt Maturity Profile



Aggregate borrowings drawn down as at 31 March 2017: S\$ 241.1 million



Gearing Ratio

32.5¹ %

31 Mar 2017

Average Cost of Debt

3.63 %

31 Mar 2017

Weighted Average Term To Maturity

1.7 years

31 Mar 2017

1. Based on total loans and borrowings principal attributable to Unitholders divided by total assets attributable to Unitholders.

- About 70% of debt denominated in functional currency of the REIT (SGD).
- Apart from the natural hedge from RMB denominated borrowings, close to 50% of the SGD denominated borrowing are on a fixed interest rate basis.

Portfolio Review



Portfolio Summary¹



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

Portfolio	
Valuation	S\$810.7m ²
NLA sqm	155,438
WALE (NLA)	8.6 years
Occupancy	98.6%



Xining Mall

Valuation	S\$57.9m ²
NLA sqm	20,807
WALE (NLA)	17.8 years
Occupancy	100.0%

● Multi-tenanted

● Master-leased



Chengdu Mall

Valuation	S\$131.5m ²
NLA sqm	39,295
WALE (NLA)	5.2 years
Occupancy	95.0%



Hefei Mall

Valuation	S\$121.7m ²
NLA sqm	25,230
WALE (NLA)	6.5 years
Occupancy	100.0%



Beijing Mall

Valuation	S\$465.8m ²
NLA sqm	54,761
WALE (NLA)	3.7 years
Occupancy	99.5%



Dalian Property

Valuation	S\$33.8m ²
NLA sqm	15,345
WALE (NLA)	17.8 years
Occupancy	100.0%

1 As at 31 March 2017.

2 Based on independent valuation from Knight Frank Petty Limited as at 31 December 2016.

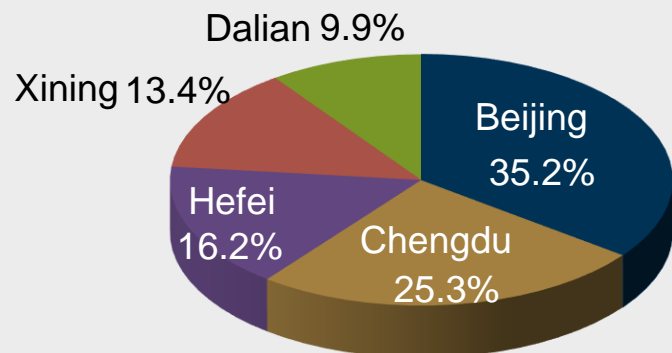
Resilient Portfolio & Steady Catchment



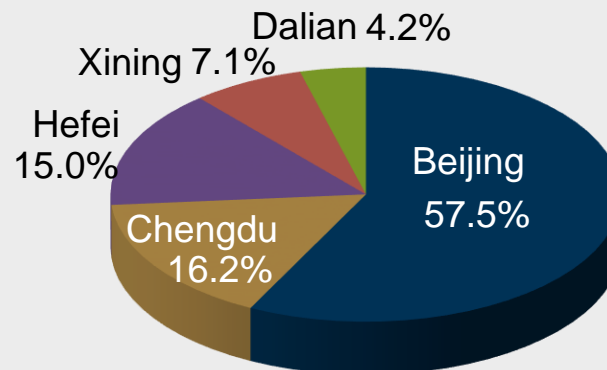
- One-stop destination malls that serve surrounding communities
- Surrounded by densely populated residential properties
- Strong focus on experiential and lifestyle segment
- Well-positioned to capitalise on the rising middle income population



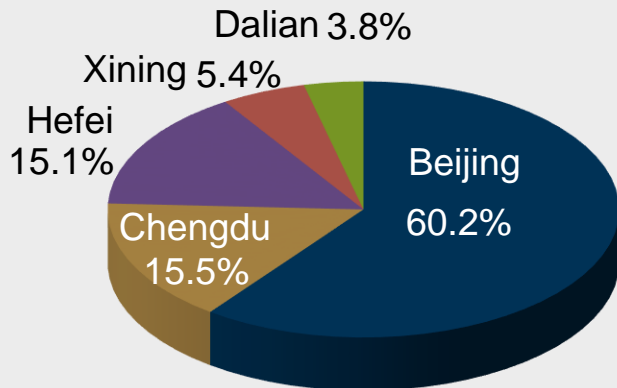
Breakdown of NLA¹ by Property



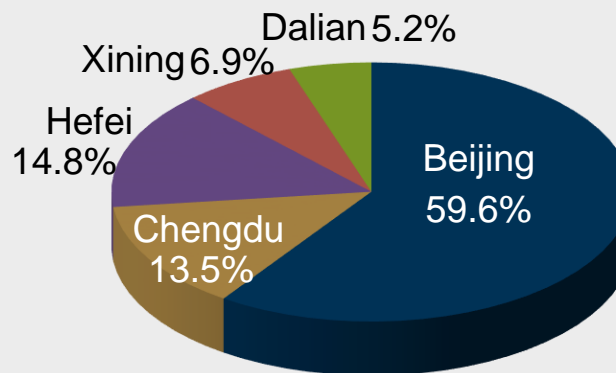
Breakdown of Valuation² by Property



Breakdown of Gross Revenue³ by Property



Breakdown of Net Property Income³ by Property



1 As at 31 March 2017

2 Based on independent valuation from Knight Frank Petty Limited as at 31 December 2016.

3 Based on 1Q 2017 results

High Portfolio Occupancy of 98.6%

Occupancy Rate	31 March 2017
Beijing Wanliu	99.5%
Chengdu Konggang ¹	95.0%
Hefei Mengchenglu	100.0%
Xining Huayuan	100.0%
Dalian Jinsanjiao	100.0%
Portfolio (NLA Weighted)	98.6%

1 Chengdu Konggang Mall is undergoing an exercise to rejuvenate the mall's offering to shoppers.

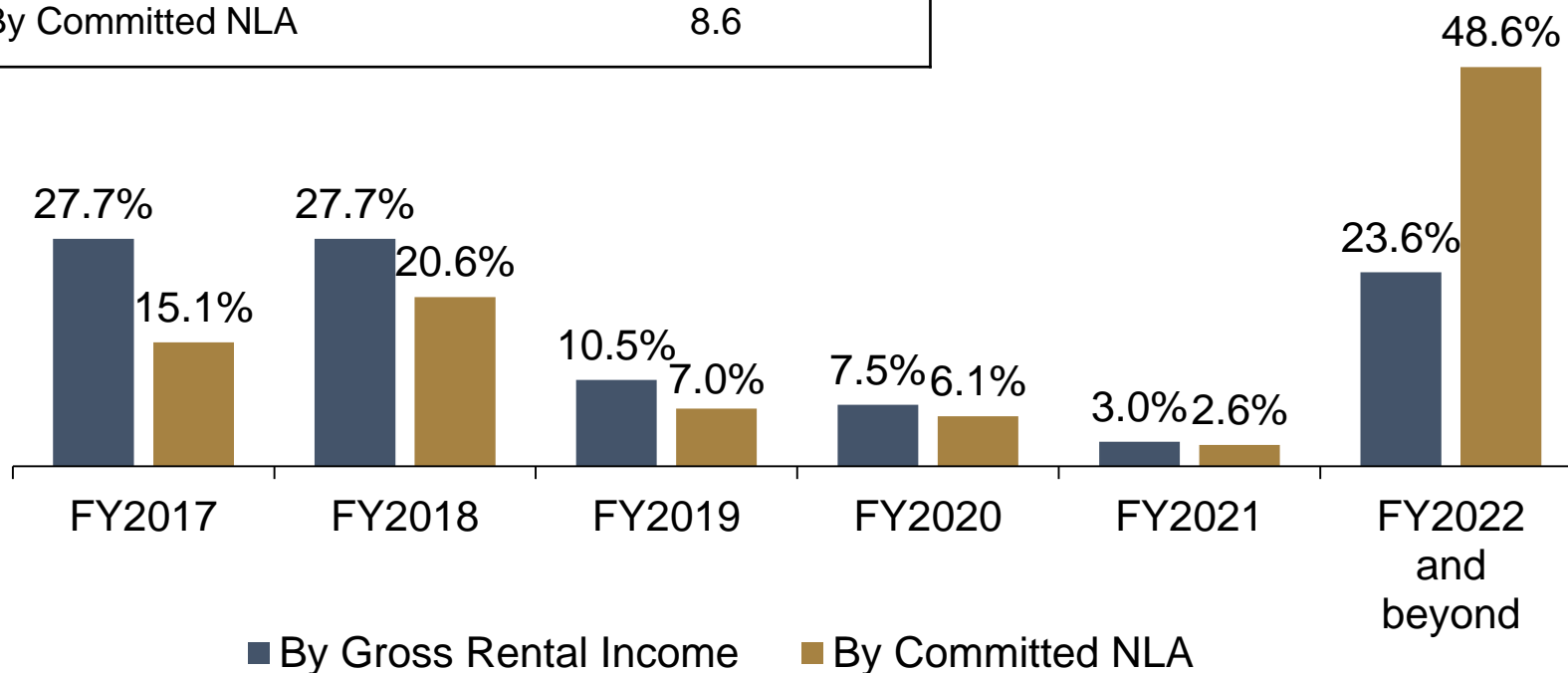


Well-Staggered Lease Expiry Profile

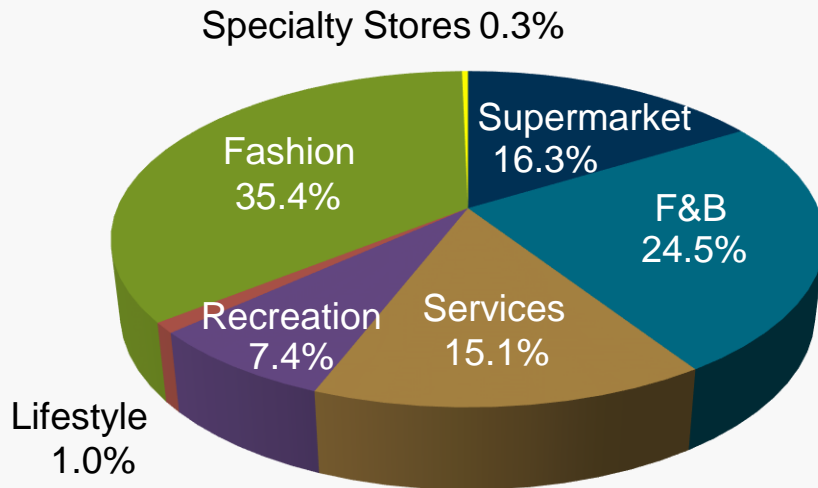


As at 31 March 2017

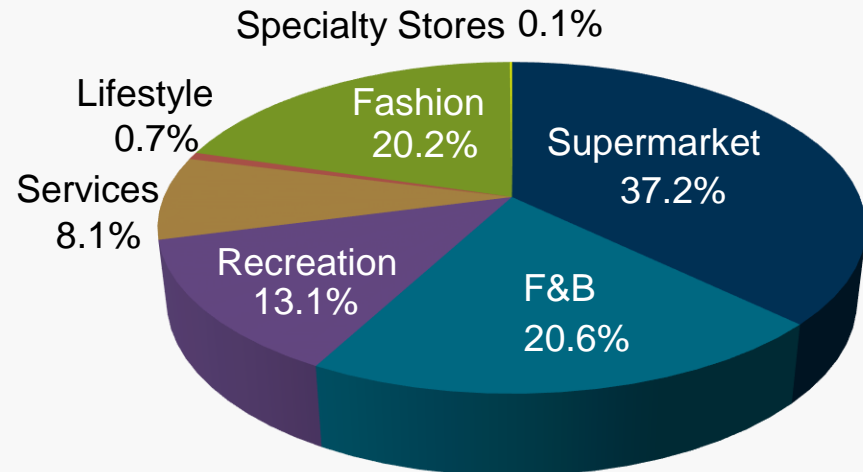
Weighted average lease expiry (WALE) (No. of years)	
By Gross Rental Income	5.0
By Committed NLA	8.6



Breakdown of Gross Rental Income¹ by Trade Sector



Breakdown of NLA² by Trade Sector



Close to 65% of Gross Rental Income and 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 March 2017.
- 2 As percentage of the portfolio's net lettable area as at 31 March 2017.

Asset Enhancement & Tenancy Rejuvenation

CHENGDU KONGGANG



- Asset enhancement to elevate the mall's active lifestyle offering and revitalise our offering on basement one, in light of rising demand for sports merchandise and services.
- New and existing active lifestyle brands in the rejuvenated cluster includes Nike, Adidas, New Balance, Jordan, and Li-Ning (李宁).
- Project is progressing on schedule, with occupancy increasing progressively.
- Expected to complete around 3Q 2017 and value-add by enhancing the long-term quality and sustainability of the mall.



Engaging The Community & Tenants

Beijing Wanliu 北京万柳

Gymboree Spring Festive Event



Festive Couplet Contest



Chengdu Konggang 成都空港

Spring Season Fashion Runway



Children Wild Weekend



Flower Arrangement Class



Engaging The Community & Tenants

Hefei Mengchenglu 合肥蒙城路

Children Games Event



Lunar New Year Festive Celebration



Youth Street Dance Competition



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 9.18b¹
- 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 3.70b¹
- 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





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

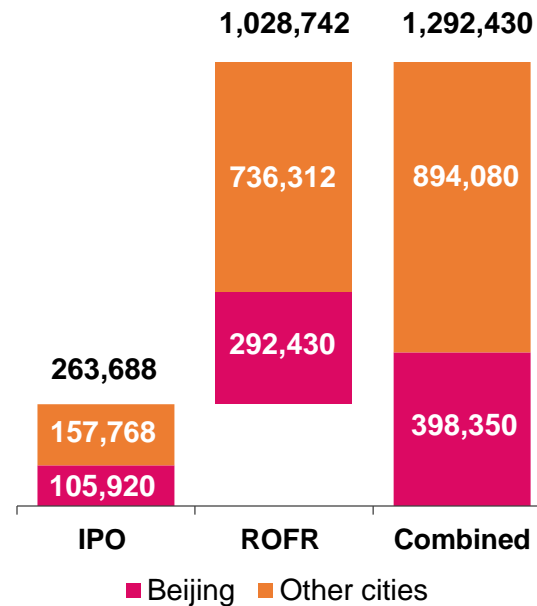
Proactive Asset Enhancement

- 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 March 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

[^] 11 ROFRs from Sponsor, 3 ROFRs from a private fund managed by a fund manager 50% owned by Beijing Hualian Group Investment Holding Co. Ltd.

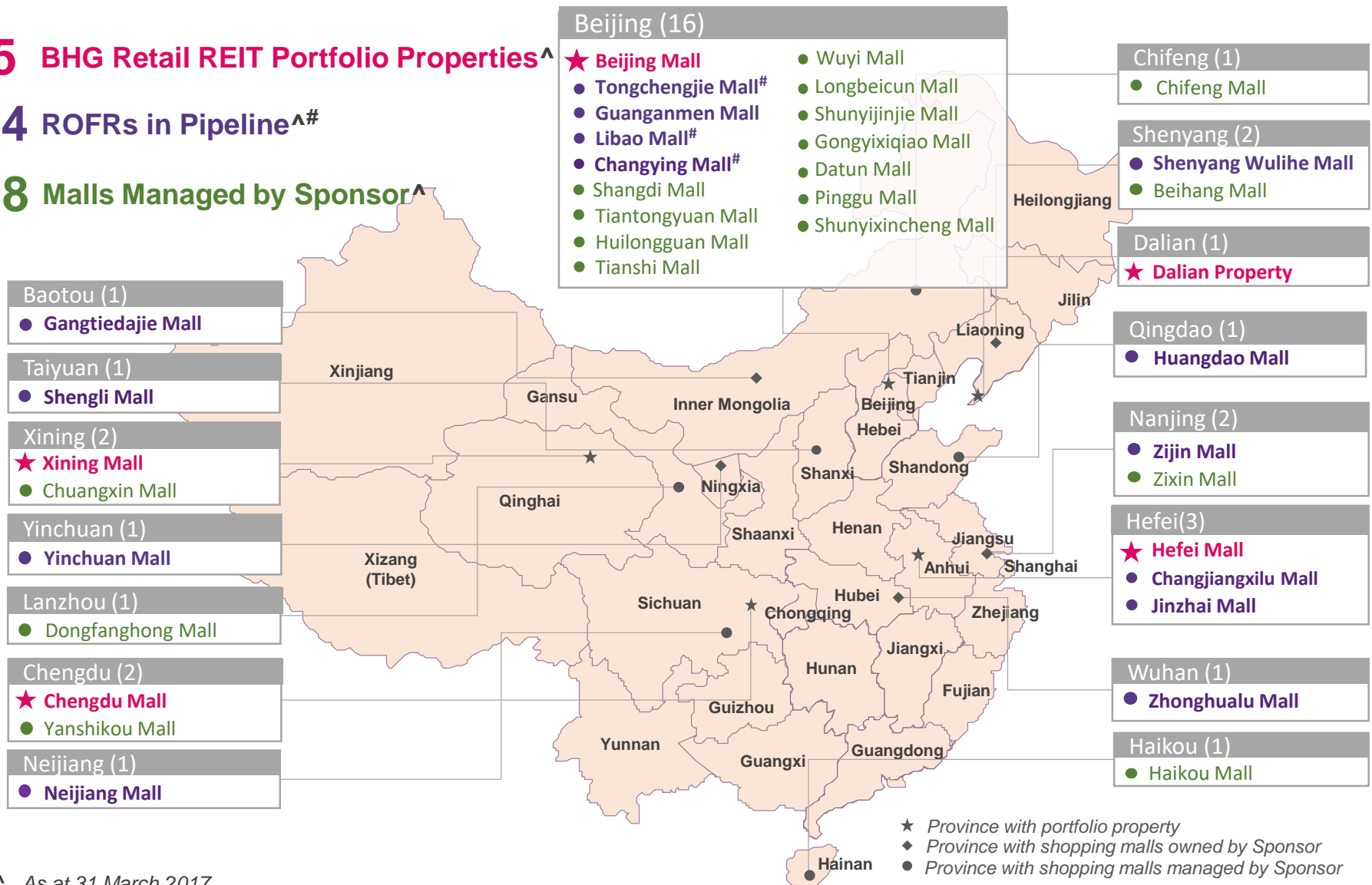
Sponsor: Strong Retail Mall Management Experience



5 BHG Retail REIT Portfolio Properties[^]

14 ROFRs in Pipeline^{^#}

18 Malls Managed by Sponsor[^]



★ Province with portfolio property
 ◆ Province with shopping malls owned by Sponsor
 ● Province with shopping malls managed by Sponsor

[^] As at 31 March 2017

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

我们都是捣蛋鬼
不给糖果就捣乱

瑞德巴学园&北京华联万圣狂欢亲子大聚会

BHG



Market Outlook



GDP grew 6.9% year-on-year in the first quarter 2017, well above growth target of 6.5% year-on-year for full year 2017

- China registered a gross domestic product of 6.7% year-on-year growth in 2016.
- Based on preliminary estimate, the China economy grew 6.9% year-on-year to RMB18.1 trillion in the first quarter 2017. (Source: National Bureau of Statistics of China)

Residents' income continued to increase steadily

- Urban residents' disposable income per capita increased 6.3% year-on-year in first quarter 2017. (Source: National Bureau of Statistics of China)

Retail sales in the first quarter 2017 increased 10.0% year-on-year to RMB 8.6 trillion (Source: National Bureau of Statistics of China)

- According to CBRE, the February 2017 Consumer Confidence Index rose to 112.6, a 10-year record high. For the first two months of 2017, solid growth was registered for the sales of sporting goods, office supplies, and books, as well as the food and beverage sector. (CBRE Marketview China Q1 2017)
- Experiential retail continued to perform well in the first quarter 2017. (CBRE Marketview China Q1 2017)

Thank You

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