



BUILDING ON OUR STRENGTHS



BHG RETAIL REIT REIT SYMPOSIUM 2018

19 MAY 2018





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Brief Introduction

BHG RETAIL REIT

Issuer

Singapore's First Pure-Play China Retail REIT
Sponsored By A China-Based Group

Listing Date

11 December 2015

Investment
Mandate

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

Manager

BHG Retail Trust Management Pte Ltd





Contents

- 1 Overview of Beijing Hualian Group**
- 2 Overview of BHG Retail REIT**
- 3 E-Commerce**
- 4 China's Consumer Trends & Millennials**
- 5 Future of Retail**
- 6 Engaging the Community**
- 7 Looking Forward**



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 7.86b¹
- 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 3.23b¹
- 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





Overview of BHG Retail REIT



Photo of Beijing Wanliu 北京万柳



Portfolio of 5 Properties in China

Strategically located in high-growth cities



Xining Huayuan Mall

Xining
西宁



Beijing Wanliu Mall

Beijing
北京

Dalian
大连



Chengdu Konggang Mall

Chengdu
成都

Hefei
合肥



Dalian Jinsanjiao Property

- Multi-tenanted
- Master-leased



Hefei Mengchenglu Mall

Resilient Portfolio & Steady Catchment

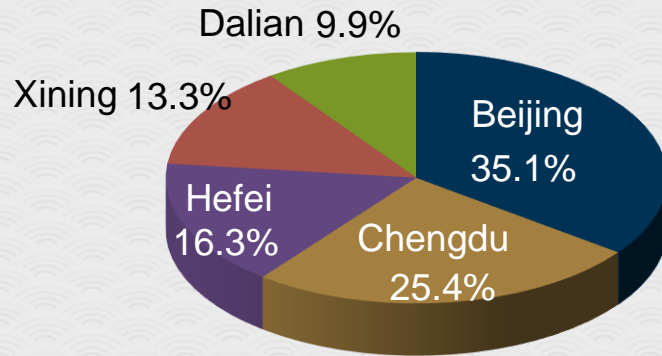
- One-stop destination malls that serve surrounding communities
- Surrounded by densely populated residential properties
- Strong focus on experiential and lifestyle segment
- Well-positioned to capitalise on the rising middle income population



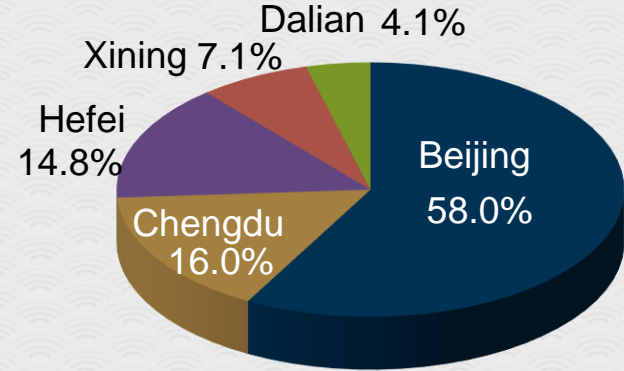


Portfolio Breakdown

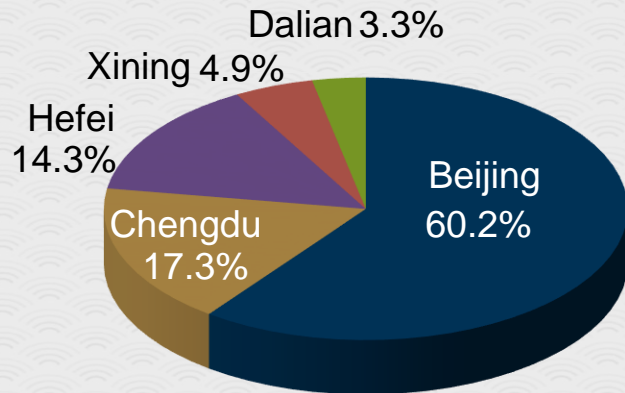
Breakdown of NLA¹ by Property



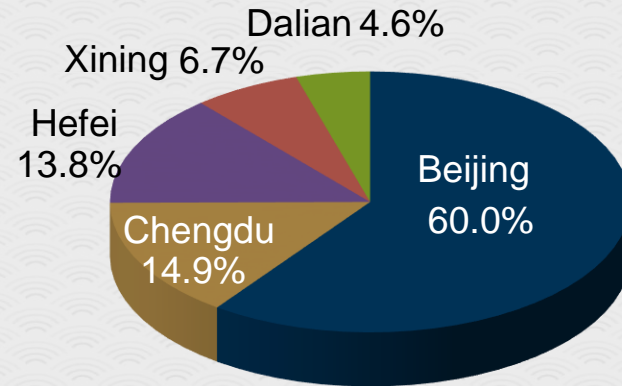
Breakdown of Valuation² by Property



Breakdown of Gross Revenue³ by Property



Breakdown of Net Property Income³ by Property



1 As at 31 March 2018

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

3 Based on 1Q 2018 results



High Occupancy Rate

Occupancy Rate	31 Mar 2018
Beijing Wanliu	100.0%
Chengdu Konggang	96.2%
Hefei Mengchenglu	100.0%
Xining Huayuan	100.0%
Dalian Jinsanjiao	100.0%
Portfolio (NLA Weighted)	99.0%





Beijing Wanliu

Premium Community Mall in Beijing's High Income Residential District

Haidian District's residents have one of the highest per-capita disposable income in Beijing



Location	Haidian District, Beijing
Gross Floor Area	105,920 sqm
Net Lettable Area ¹	54,627 sqm
Leasable Floors	6
Car Park Lots	618
Occupancy ¹	100.0%
Valuation ²	RMB 2,287 million

1. As at 31 March 2018.
2. Based on independent valuation from Cushman & Wakefield Limited as at 31 December 2017.

Tenants include:

BHG Supermarket. Golden Harvest Cinema. Happy Pony 快乐小马.
 H&M. Muji. Uniqlo. Tommy Hilfiger. Lacoste. Adidas Originals. Nike Kids. Innisfree.
 Pizza Hut. KFC. Burger King. Macdonalds. Paris Baguette. Costa Coffee. Hai Di Lao Hot Pot.

Proactive Asset Management Replaced Department Store with 25 new brands

25 new brands were introduced, much to the delight of residents in the surrounding neighbourhoods. These brands included renowned jeweller Chow Tai Fook (周大福), popular Japanese lifestyle brand Muji, America's iconic Calvin Klein Jeans, South Korea's cosmetic brand Etude House, one of China's rising culinary stars Element Fresh, and one of Taiwan's most popular restaurant chains Bellagio (鹿港小镇).



Muji 无印良品



周大福 Chow Tai Fook



TISSOT 天梭

Other tenants include:

Calvin Klein Jeans.

Etude House.

The Face Shop.

Innisfree. etc



Element Fresh 新元素



Bellagio 鹿港小镇



Musangking 猫山王



唱吧麦颂量贩式KTV



Beijing Wanliu: New Concepts

Children Dental Clinic: YOUR DENTAL 优尔齿科

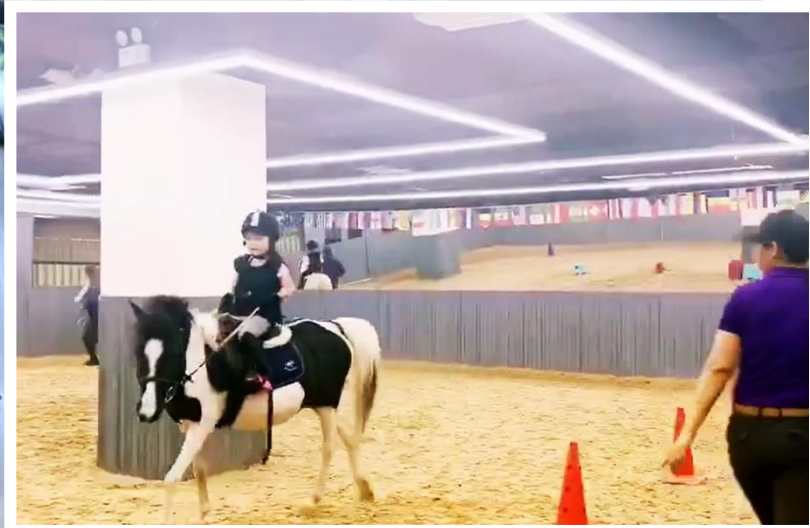




Beijing Wanliu: New Concepts

Happy Pony 快乐小马: Children Horseriding Stable & Training School (Level 3)

- Brought in Happy Pony 快乐小马, a 508 square metre (approximately 5,400 square feet) children horseriding stable & training school, which drew overwhelming response in 2H 2017.
- With growing aspirational demographics in Beijing, shoppers often desire better quality products and experiences.





Chengdu Konggang

Destination Mall for The Growing Middle and Upper-Middle Income Families In The Area

Surrounded by Densely Populated Residential Community



Location	Shuangliu County, Chengdu
Gross Floor Area	71,917 sqm
Net Lettable Area¹	39,469 sqm
Leasable Floors	6
Car Park Lots	400
Occupancy¹	96.2%
Valuation²	RMB 633 million

1. As at 31 March 2018.
2. Based on independent valuation from Cushman & Wakefield Limited as at 31 December 2017.

Tenants include:

BHG Supermarket. BHG Cinema. Watsons. Starbucks. Burger King. 美航国际健身Gym. La Chapelle. TOPFEELING. ONLY. VERO MODA.





Completed Chengdu Konggang Mall's Asset Enhancement in July 2017

New and existing active lifestyle brands in the cluster includes Nike, Adidas, Skechers, Jordan, and Li-Ning.





Completed Chengdu Konggang Mall's Asset Enhancement in July 2017

To Elevate Mall's Active Lifestyle Offering

- Rising demand for sports merchandise and services
- Enhanced long-term quality and sustainability of the mall
- Strong growth in shopper traffic





Hefei Mengchenglu

One of Hefei City's Most Popular Shopping Centre



Location	Luyang District, Hefei
Gross Floor Area	49,699 sqm
Net Lettable Area ¹	25,290 sqm
Leasable Floors	6
Car Park Lots	268
Occupancy ¹	100.0%
Valuation ²	RMB 584 million

1. As at 31 March 2018.
2. Based on independent valuation from Cushman & Wakefield Limited as at 31 December 2017.

Tenants include:

BHG Supermarket. BHG Cinema.

Starbucks. Pizza Hut. Hai Di Lao Hot Pot.

Biowoosoo 百武西. Miniso. Gymboree. ONLY. VERO MODA.





Hefei Mengchenglu: Refresh Tenancies

赤焰牛排



Biwoosoo 百武西



Furuisi Skating 福瑞斯轮滑





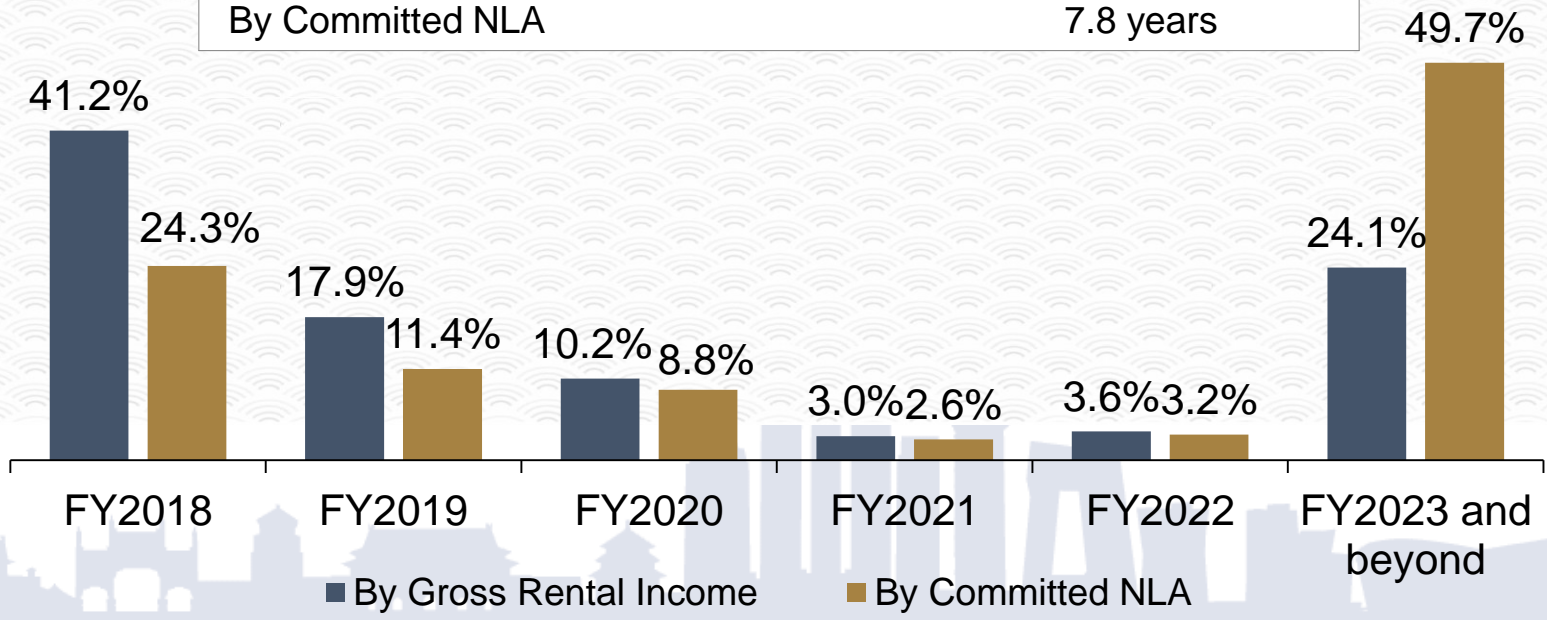
Optimal Leasing Strategy

Healthy Retention Rate

Strong Rental Reversion

Weighted average lease expiry (years)
4.3
By GRI

Weighted average lease expiry (WALE) as at 31 March 2018	
By Gross Rental Income	4.3 years
By Committed NLA	7.8 years





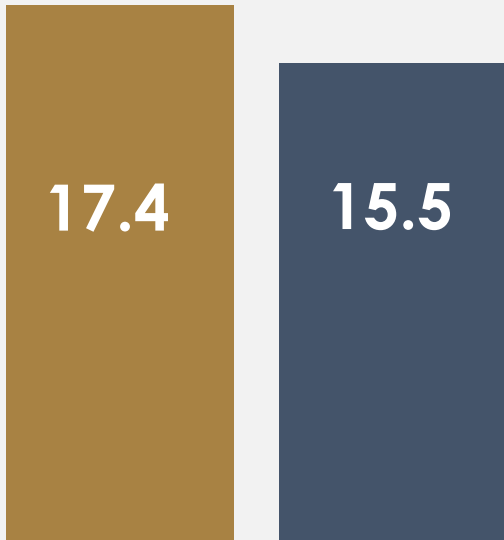
Stable and Resilient Performance

■ 1Q 2018

■ 1Q 2017

Gross Revenue

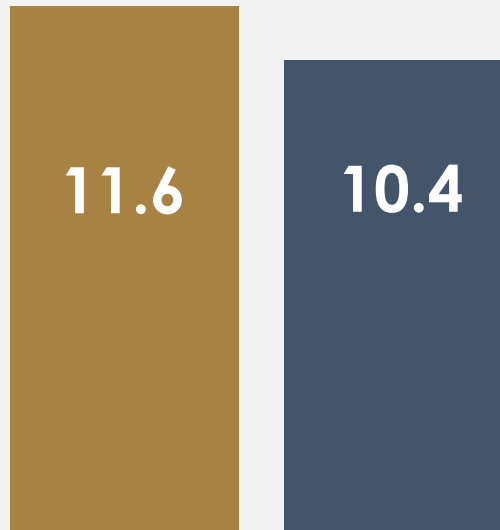
▲ **12.5** %
year on year



\$ million

Net Property Income

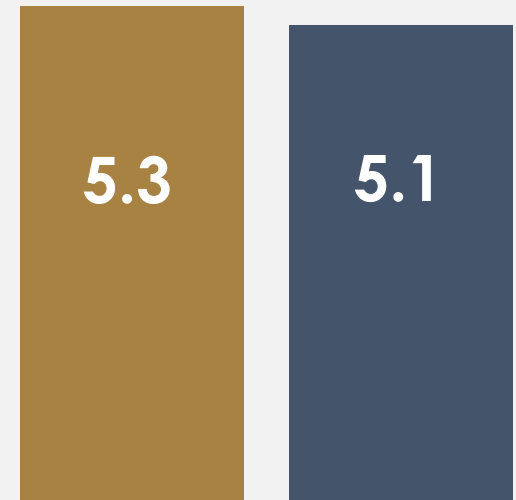
▲ **12.2** %
year on year



\$ million

Amount Available for Distribution

▲ **4.6** %
year on year



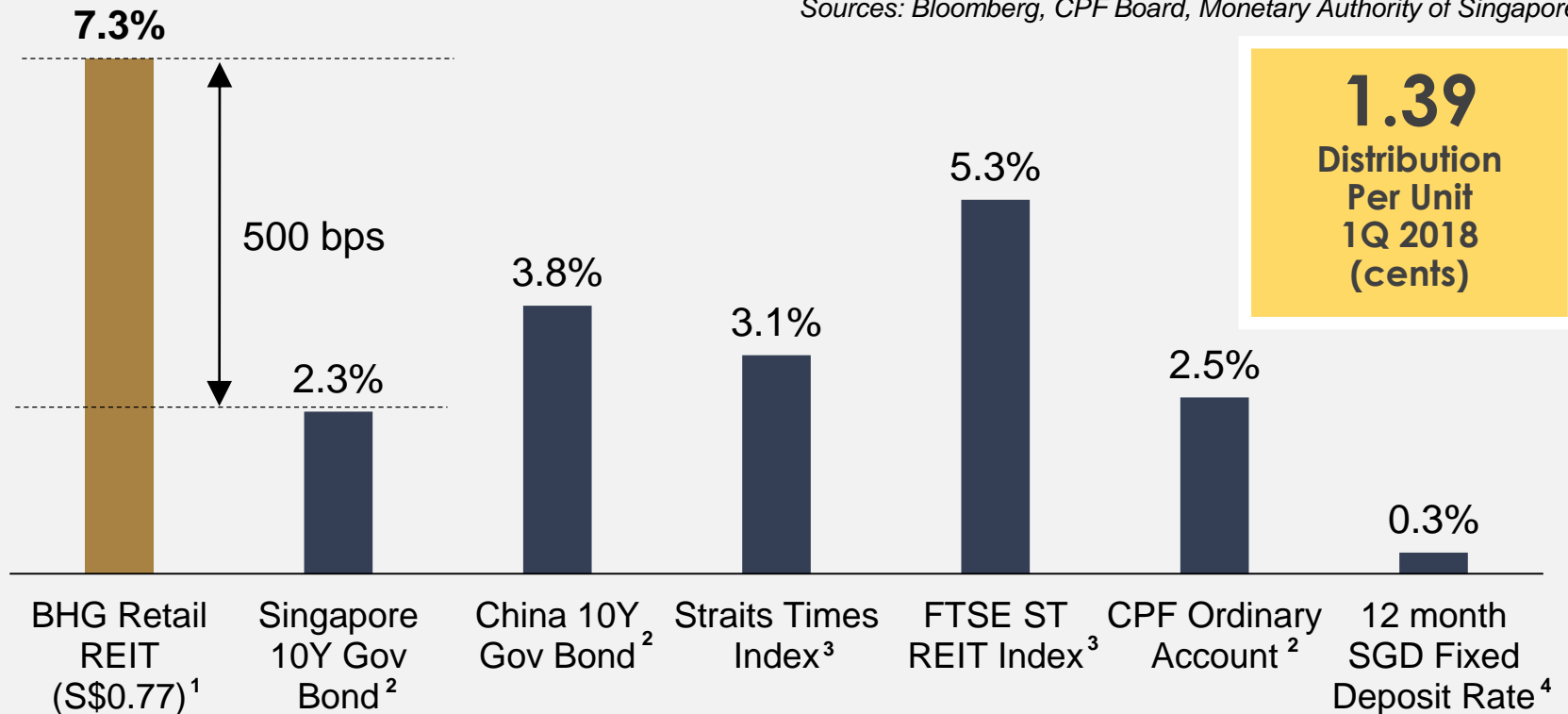
\$ million



Attractive Yield of 7.3%

BHG Retail REIT trading at 500 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\$0.77 as at 31 March 2018, and 1Q 2018 Distribution per Unit.
2. As at 31 March 2018.
3. Based on the average gross dividend yield for the 12 months ended 31 March 2018.
4. Based on the average SGD fixed deposit rate for the 12 months ended 31 March 2018.



Capital Management

Low Gearing
Ratio

33.0¹%

31 Mar 2018

Average
Cost of Debt

3.6%

31 Mar 2018

Weighted Average
Term To Maturity

1.4 years

31 Mar 2018

- Aggregate borrowings drawn down as at 31 March 2018 was **S\$ 254.1 million.**
- Low gearing of **33.0%¹** allows a comfortable debt headroom for potential acquisition 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.

E-Commerce



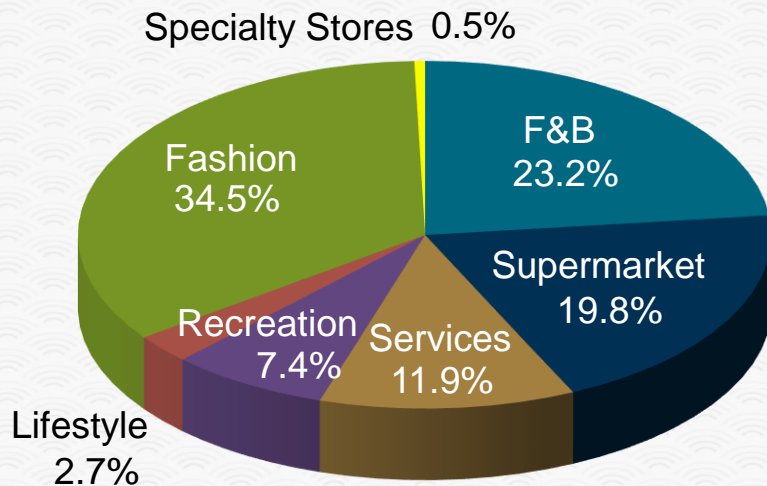


E-Commerce

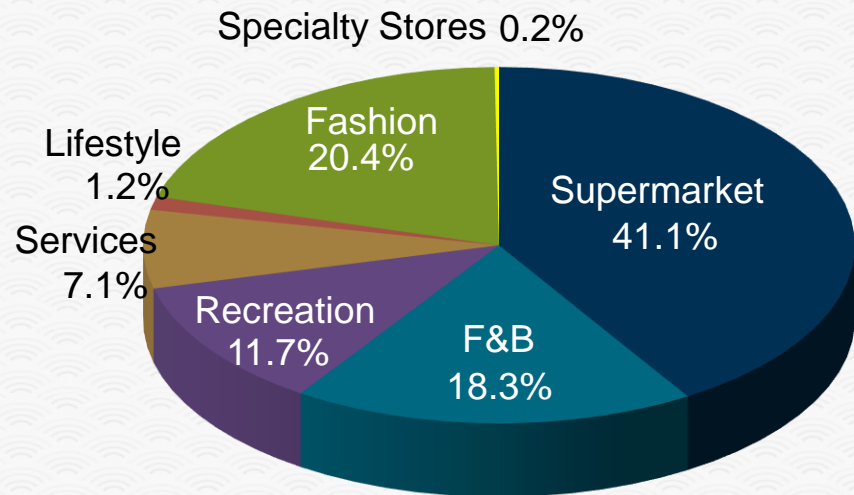
Experiential-Focused Trade Mix

Above 65% of Gross Rental Income & close to 80% of NLA from experiential segment (exclude fashion and specialty stores)

Breakdown of Gross Rental Income¹ by Trade Sector



Breakdown of NLA² by Trade Sector



1 As percentage of the portfolio's gross rental income for the month of March 2018.

2 As percentage of the portfolio's net lettable area as at 31 March 2018.

Cinemas

Tickets purchased
online

F&B Dining vouchers

Redeem Dining
Discount Vouchers via
Wechat and online
platforms

北京潮鸭比萨 (芝心普通装)
单品价:90元
半价45元 立省45元



喷香鸭肉

鸭肉不油腻，京葱不冲鼻，
黄瓜清爽依旧，京酱充分融合！

Food Delivery

Food delivery apps allow businesses to reach out to a larger pool of customers, while retaining the importance of a physical store



Eleme
饿了么



Meituan
美团外卖



Baidu
百度外卖



E-Commerce: Online platforms opening physical stores





E-Commerce: Online platforms opening physical stores





E-Commerce: Online platforms opening physical stores



Jingdong 京东 jd.com

- One of the largest online retailers in China.

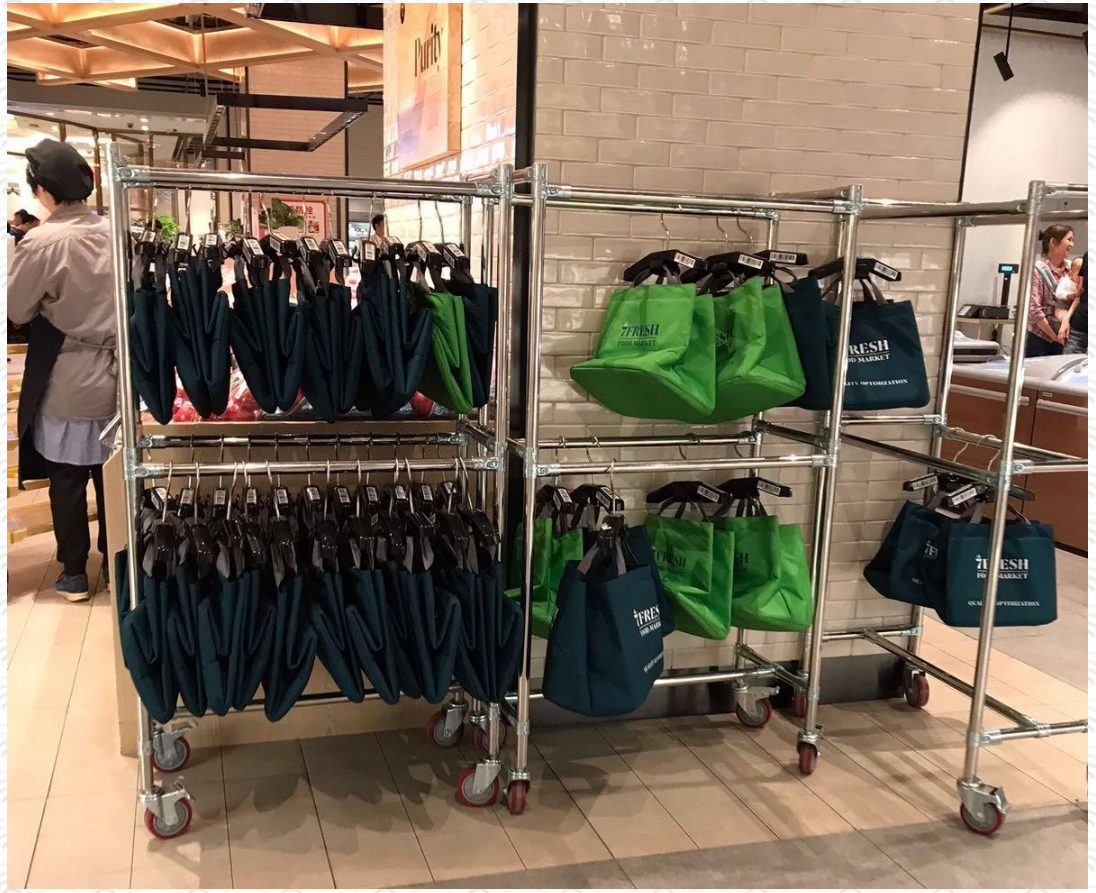
7FRESH





E-Commerce: Online platforms opening physical stores

7FRESH





E-Commerce: Online platforms opening physical stores



Jingdong 京东 jd.com



Xiaomi 小米

- One of the largest smartphone makers in the world.
- Founded in 2010 with no physical stores.
- First physical store opened in September 2015.
- Has over 300 physical stores all over China. (October 2017)



*Alibaba and Tencent's recent investments in offline retail businesses
August 2015 – February 2018 (Source: Fung Business Intelligence)*

Date	Bidder	Target Company	Amount	Details
11-Feb-18	Alibaba	Easyhome (Furniture Chain Operator)	5.45 billion yuan	15% stake of Easyhome
29-Jan-18	Tencent	Wanda Commercial Management Group (Commercial Property Management)	34 billion yuan	14% stake of Wanda Commercial Management Group
23-Jan-18	Tencent	Carrefour China (Supermarkets)	NA	Signed termsheet regarding potential investment
15-Dec-17	Tencent	Yonghui Superstores (Supermarkets)	4.22 billion yuan	5% stake of Yonghui Superstores
20-Nov-17	Alibaba	Sun Art Retail (Hypermarkets)	HKD 22.4 billion	36.16% stake of Sun Art Retail Group
20-Feb-17	Alibaba	Bailian Group (Department Stores and other retail)	NA	Formed strategic partnership
10-Jan-17	Alibaba	Intime Retail Group (Department Stores and other retail)	HKD 19.8 billion	73% stake of Intime
10-Aug-15	Alibaba	Suning Commerce (Electronics Appliances)	28.3 billion yuan	19.99% stake in Suning



E-Commerce

Recent rise in online players' footprints into physical space underscores the importance of traditional retail, as well as the convergence of e-commerce and shopping malls to cater to omni-channel consumers.



China's General Consumer Trends



China's General Consumer Trends



1. Rising Affluence

China's General Consumer Trends

2. Demand for Quality

China's General Consumer Trends

A woman in a blue top and jeans is walking through a luxury handbag store. She is carrying a large black shopping bag and looking at a smartphone. The store has glass display cases filled with various handbags. In the background, another person is visible near a counter.

3. Brand-conscious

China's General Consumer Trends



4. Open to New Experiences

Millennials



Definition of Millennials

- Refers to people who were born between 1980 and 1999. (Currently between 19 and 38 of age).
- Represent about 40% of China's total urban population.
- The percentage of China's millennials will increase to 46% by 2021.

Consumption
from
millennials
(Expected to
grow)

+11%

(y-o-y)
from 2016 to 2021

Source: Boston Consulting
Group (BCG)

Millennials: Background



1. Financially More Resilient

2. More Educated

3. More Exposed

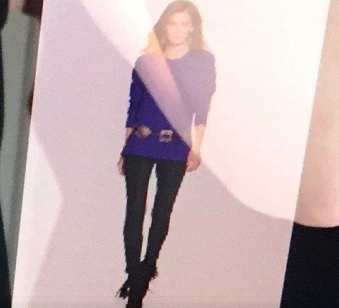
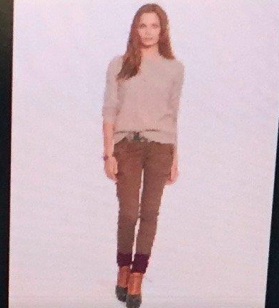
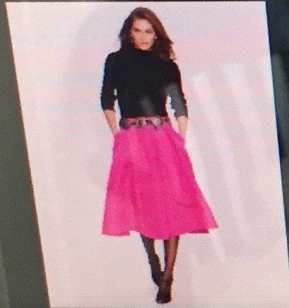
4. Tech-savvy

MINIMIZE
NAVIGATION

ITEMS IN ROOM

REQUEST
ASSISTANCE

SEND TO MOBILE



Future of Retail

Future of Retail

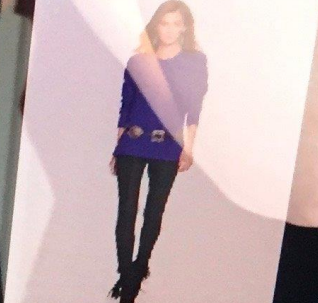
MINIMIZE
NAVIGATION

ITEMS IN ROOM

REQUEST
ASSISTANCE

SEND TO MO

- Today's omni-channel consumer wants more
- No longer just desktop shopping
- Slip into a pair of VR glasses
 - ~ find yourself standing in the middle of your dream kitchen
- Interact with a 'mirror'
 - ~ that shows the clothing in different lighting, and keeps track of what they'll take or toss
- Text a friendly chatbot
 - ~ ask for recommendations and directions



Robots in Restaurants

*Pizza Hut's first concept store, ph+
Shanghai*

ph+ eat | drink | enjoy

- Diners are greeted by two 80cm robots (both named Casper) at the door.
- Their table number will appear on the robots' screens and one of the robots will lead the diners to their table.
- Diners can place their orders via a display screen.



Drone Delivery

First licence issued

Jiangxi, China (March 2018)

- First drone delivery license issued to a subsidiary of China's leading courier 顺丰SF Express in Jiangxi province.
- JD.com and Alibaba are both ramping up efforts in drone logistics.



Unmanned Cashless Convenience Store *Moby Mart*

- Automated
- Staffless
- 24 Hours mobile store
- Restocks by drone delivery
- Runs on electricity
equipped with Solar Panels



www.themobymart.com

The Moby Mart is developed by Wheelys Inc in cooperation with Hefei University and Himalafy.





Virtual Reality Shopping Experience

Alibaba's Buy+



Cashless Payment

Cash is becoming obsolete in China.



Facial Recognition Payment

*Alipay: World's First Facial
Recognition Payment System*

*Launched in KFC, Hangzhou, China
September 2017*





Engaging The Community

To Create Memorable Experiences
To Provide Third Space
To Maintain the Relevancy of Our Malls' Offerings
To Be the Community's Best Neighbour “社区的好邻居”



Engaging The Community

Shoppers
via Marketing Activities



Engaging Tenants
via Seminars & Trainings



Engaging Community
via Sustainability Activities



Engaging Staff
via Regular Communication





Engaging Shoppers via Marketing Activities

Beijing Wanliu 北京万柳

Gymboree Spring Festive Event



Festive Couplet Contest



Food Festivals & Carnivals





Engaging Shoppers via Marketing Activities

Chengdu Konggang 成都空港

Fall Winter Fashion Runway



Chengdu Konggang Mall Anniversary Celebration



Sports Zone Opening Event





Engaging Shoppers via Marketing Activities

Hefei Mengchenglu 合肥蒙城路

RISE (English School)'s Xmas Performance



“SING! CHINA” Audition (Season 2)



古筝 Chinese Zither Performance



Engaging Tenants via Seminars & Trainings



- Orientation
- Fire Safety
- Security
- Improve service quality
- Increase sales





Engaging the Community: Sustainability



**Public Service Newspaper
Selling Charity
Beijing Wanliu Mall**



**Kindness Flea Market
Hefei Mengchenglu Mall**



**Jiuzhaigou's Earthquake Support
Chengdu Konggang Mall**



**Green Ride
Beijing Wanliu Mall**



**Little Dentist Event
Hefei Mengchenglu Mall**



**Willing Hearts Soup Kitchen
REIT Manager**



Looking Forward



Photo of Hefei Mengchenglu 合肥蒙城路



Robust Retail Outlook in China¹

+6.8%

China GDP
Growth in
1Q 2018
(y-o-y)

+9.8%

China Retail Sales
Growth
in 1Q 2018
(y-o-y)

Urban residents
increase from
57.3% in 2016 to
58.5% in 2017

+8.0%

Disposable income
per capita for
urban residents
in 1Q 2018
(y-o-y)

+5.7%

Expenditure per
capita for urban
residents
in 1Q 2018
(y-o-y)

1. Source: National Bureau of Statistics of China



Looking Forward

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

Explore Acquisition Opportunities In Both Right of First Refusal (“ROFR”) and Third Party Quality Income-Producing Retail Properties

Key criteria

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



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>

