



## **BHG Retail REIT's 2Q 2016 Net Property Income exceeds forecast by 6.5% Annualised Distribution Yield of 7.37<sup>2</sup>%**

- High portfolio occupancy of 97.9%
- Strong rental reversion
- 2Q 2016 amount available for distribution up 4.9% against forecast
- First Distribution to Unitholders of 2.85 cents per unit for 1H 2016<sup>3</sup>

**SINGAPORE, August 12, 2016** – BHG Retail Trust Management Pte. Ltd., the Manager of BHG Retail REIT, is pleased to announce that BHG Retail REIT's net property income exceeded forecast by 6.5% for the second quarter ended 30 June 2016 ("2Q 2016"). Amount available for distribution was 4.9% higher against IPO forecast during the quarter.

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 results have exceed the IPO forecast in the second quarter and 1H 2016<sup>3</sup>. Portfolio committed occupancy remains resilient at 97.9%, with strong rental uplift for the quarter. The good performance is attributable to the strong positioning of our five community-focused retail properties, active engagement with the surrounding community catchment, in-depth knowledge of consumer sentiment, and firm partnership with our tenants. Looking ahead, we will continue to proactively manage our tenancies and properties, pursue DPU yield-accretive opportunities, and deliver sustainable returns to our unitholders."

"In the first half 2016, the China economy registered a 6.7% GDP growth and 10.3% growth in retail sales year-on-year. Disposable income per capita for urban residents grew 5.8% year-on-year. In view of the Chinese government's measures to energise domestic

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\$0.735 as at 30 June 2016.
- 3 Refers to the period from 11 December 2015 (Listing date) to 30 June 2016

demand, and China's path towards a sustainable market-driven economy, we remain positive about China's long-term retail outlook and opportunities. Against this backdrop, we believe BHG Retail REIT's portfolio of lifestyle community malls will continue to benefit from China's rising middle-income group and emphasis on domestic demand". (Source: National Bureau of Statistics of China)

<b>2Q 2016</b>	<b>Actual<sup>5</sup></b>	<b>Forecast<sup>6</sup></b>	<b>Change %</b>
Gross revenue [RMB'000]	73,822	73,798	- <sup>7</sup>
Net property income [RMB'000]	49,424	46,393	6.5
Gross revenue [SGD'000]	15,372	16,043	(4.2) <sup>7,8</sup>
Net property income [SGD'000]	10,309	10,085	2.2
Amount available for distribution [SGD'000]	4,711	4,491	4.9
Distribution per unit (cents) [SGD cents]	1.35	1.30	3.8
Annualised distribution yield (%)			
- Based on IPO price <sup>4</sup>	6.77	6.51	4.0
- Based on 2Q 2016 closing price <sup>2</sup>	7.37	7.09	4.0
<b>11 December 2015 ("Listing Date") to 30 June 2016 ("1H 2016")</b>	<b>Actual<sup>5</sup></b>	<b>Forecast<sup>6</sup></b>	<b>Change %</b>
Gross revenue [RMB'000]	165,232	163,834	0.9 <sup>7</sup>
Net property income [RMB'000]	105,373	101,624	3.7
Gross revenue [SGD'000]	35,060	35,616	(1.6) <sup>7,8</sup>
Net property income [SGD'000]	22,359	22,092	1.2
Amount available for distribution [SGD'000]	9,888	9,653	2.4
Distribution per unit (cents) [SGD cents]	2.85	2.79	2.2
Annualised distribution yield (%)			
- Based on IPO price <sup>4</sup>	6.41	6.27	2.2
- Based on 1H 2016 closing price <sup>2</sup>	6.97	6.82	2.2

## Footnotes:

- 4 Based on IPO price of S\$0.80 as at 11 December 2015.
- 5 The actual results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1: 4.810 and 1: 4.713 for 2Q 2016 and 1H 2016, respectively.
- 6 The forecast was prorated based on forecast and projection shown in BHG Retail REIT Prospectus dated 2 Dec 2015 (the "Prospectus") for 2Q 2016 and 1H 2016, respectively. An exchange rate of SGD: CNY 1: 4.60 was adopted in the forecast.
- 7 With effect from 1 May 2016, China implemented a nation-wide VAT reform. Prior to 1 May 2016, Business Tax was reflected under property operating expenses. With effect from 1 May 2016, VAT replaced Business Tax and it is net off the gross revenue instead of reflecting in the property operating expenses. No significant impact to the net property income is expected from the implementation of the VAT.
- 8 Weaker RMB against SGD.

**Capital Management**

Gearing of BHG Retail REIT remained low at 29.4%, translating to a debt headroom of approximately S\$104 million for potential DPU yield-accretive opportunities. It has a staggered debt maturity profile with no refinancing requirement till 2017, and a weighted average term to maturity of 2.58 years.

**DISTRIBUTION POLICY**

BHG Retail REIT's distribution policy is to distribute 100.0% of its amount available for distribution to Unitholders for the financial period from 11 December 2015 to 31 December 2016. Thereafter, BHG Retail Trust Management Pte. Ltd. ("the Manager") will distribute at least 90.0% of BHG Retail REIT's amount available for distribution with the actual level of distribution to be determined at the discretion of the Board of Directors of the Manager. Distribution to Unitholders will be made semi-annually based on the half-yearly results of BHG Retail REIT and the first distribution after the Listing Date will be for the period 11 December 2015 to 30 June 2016, and will be paid to unitholders on 21 September 2016.

**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%), Hefei Mengchenglu, Chengdu Konggang, Dalian Jinsanjiao and Xining Huayuan located in Tier 1, Tier 2 and other cities of significant economic potential in China. As at 30 June 2016, the portfolio gross floor area of about 263,688 sqm, has a committed occupancy of 97.9%, with a total appraised value of approximately S\$774 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 ("Unitholders") 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. 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.

The Sponsor has also identified 13 properties under the Sponsor Voluntary Right of First Refusal. These 13 properties could potentially be offered to BHG Retail REIT as future pipeline assets. If acquired, the 13 properties, with an aggregate GFA of approximately 790,000 sqm, will be four times the BHG Retail REIT's IPO Portfolio and increase its presence to 12 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.