



# BHG RETAIL REIT

Financial Results for the period from  
11 December 2015 (Listing date) to 31 March 2016

12 May 2016

# Important Notice

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The past performance of BHG Retail REIT is not necessarily indicative of its future performance. This presentation shall be read in conjunction with BHG Retail REIT's financial results for the quarter ended 31 March 2016 in the SGXNET announcement.

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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.**





# Contents

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# About BHG Retail REIT

關 优衣庫  
百信时尚 服务人生

北京华联万柳购物中心  
2F

百信



# About BHG Retail REIT



<b>Sponsor</b>	<ul style="list-style-type: none"> <li>Beijing Hualian Department Store Co. Ltd. (the “Sponsor” or “BHDS”)</li> </ul>
<b>REIT Manager</b>	<ul style="list-style-type: none"> <li>BHG Retail Trust Management Pte Ltd. (100% indirectly owned subsidiary of the Sponsor) (the “Manager”)</li> </ul>
<b>Investment Strategy</b>	<ul style="list-style-type: none"> <li>Income-producing real estate used primarily for retail purposes, with an initial focus on China</li> </ul>
<b>Market Capitalisation</b>	<ul style="list-style-type: none"> <li>S\$394.2m as at 31 March 2016</li> </ul>
<b>IPO Portfolio</b>	<ul style="list-style-type: none"> <li>5 properties with total valuation of S\$778.0m<sup>1</sup></li> </ul>



**Beijing Wanliu**

*Only community mall with a premium positioning in Wanliu*



**Chengdu Konggang**

*Community retail mall located in an emerging residential area with a large number of mature and high-density residential projects*



**Hefei Mengchenglu**

*One of the first comprehensive multi-tenanted retail malls in Hefei*



**Xining Huayuan**

*Located in Xining, the largest city in the Tibetan Plateau*



**Dalian Jinsanjiao**

*Only Supermarket in the area and is popular among residents in its catchment area*

<sup>1</sup> Based on the average of two independent valuations from DTZ and Knight Frank as at 30 June 2015.

# BHG Retail REIT - Portfolio

Strategically located in high-growth cities



**Xining Mall**

- Urban per capita disposable income (CAGR): 10.4%
- Retail sales (CAGR): 16.8%



**Chengdu Mall**

- Urban per capita disposable income (CAGR): 11.9%
- Retail sales (CAGR): 17.5%



**Hefei Mall**

- Urban per capita disposable income (CAGR): 11.8%
- Retail sales (CAGR): 19.8%

**Beijing**  
北京

**Dalian**  
大连



**Dalian Property**

- Urban per capita disposable income (CAGR): 12.1%
- Retail sales (CAGR): 16.3%



**Beijing Mall**

- Urban per capita disposable income (CAGR): 10.4%
- Retail sales (CAGR): 13.3%

- Multi-tenanted
- Master-leased



# Strong Sponsor Group

**5** BHG Retail REIT Portfolio Properties

**12** Voluntary Sponsor ROFRs in Pipeline

**26** Shopping Malls managed by Sponsor

Huhhot (1)  
● Huhhot Mall <sup>(1)</sup>

Baotou (2)  
● Gangtiedajie Mall <sup>(1)</sup>  
● Qingdonglu Mall <sup>(1)</sup>

Taiyuan (1)  
● Shengli Mall <sup>(1)</sup>

Xining (2)  
★ Xining Mall  
● Chuangxin Mall

Yinchuan (1)  
● Yinchuan Mall <sup>(1)</sup>

Lanzhou (1)  
● Dongfanghong Mall

Chengdu (2)  
★ Chengdu Mall  
● Yanshikou Mall

Neijiang (1)  
● Neijiang Mall

Beijing (17)  
★ Beijing Mall  
● Tongchengjie Mall  
● Guanganmen Mall  
● Changying Mall  
● Libao Mall  
● Shangdi Mall  
● Tiantongyuan Mall  
● Huilongguan Mall  
● Tianshi Mall  
● Wuyi Mall  
● Longbeicun Mall  
● Shunyijinjie Mall  
● Gongyixiqiao Mall  
● Aolai Mall  
● Datun Mall <sup>(1)</sup>  
● Pinggu Mall <sup>(1)</sup>  
● Shunyixincheng Mall <sup>(1)</sup>

Chifeng (1)  
● Chifeng Mall <sup>(1)</sup>

Shenyang (3)  
● Shenyang Wulihe Mall  
● Taiyuanjie Mall  
● Beihang Mall <sup>(1)</sup>

Dalian (1)  
★ Dalian Property

Qingdao (1)  
● Huangdao Mall <sup>(1)</sup>

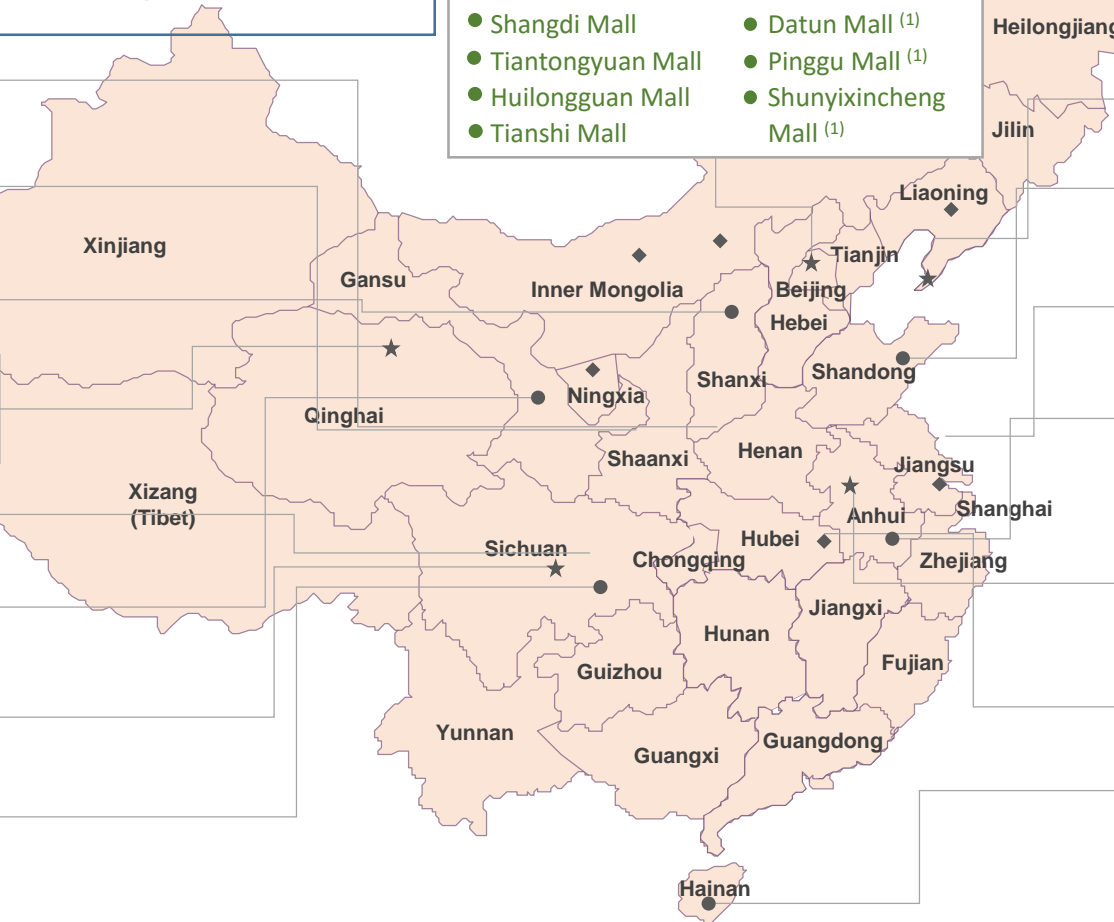
Nanjing (2)  
● Zijin Mall  
● Zixin Mall

Maanshan (1)  
● Maanshan Mall <sup>(1)</sup>

Hefei (4)  
★ Hefei Mall  
● Changjiangxilu Mall  
● Jinzhai Mall  
● Heping Mall <sup>(1)</sup>

Wuhan (1)  
● Zhonghualu Mall

Haikou (1)  
● Haikou Mall <sup>(1)</sup>



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







# Key Highlights



# Key Highlights

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## Financials

- ✓ Achieve Annualised Distribution Yield<sup>1</sup> of 6.13%
- ✓ Deliver DPU of 1.50 cents, beats forecast
- ✓ Gross revenue and NPI outperform pre-listing year-on-year results and achieve IPO forecast
- ✓ Low gearing of 29.5%

## Operations

- ✓ Portfolio occupancy rate of 98.3%
- ✓ Well staggered lease expiry profile
- ✓ Tenancy rejuvenation exercise at Beijing Wanliu completed

1 Annualised based on results from 11 December 2015 (Listing date) to 31 March 2016. Computed based on unit price of S\$0.80 as at IPO and 31 March 2016.





# Financial Highlights



# Achieve Annualised Distribution Yield<sup>4</sup> of 6.13%

Portfolio Group Level	Actual <sup>1</sup> (S\$'000)	Forecast <sup>2</sup> (S\$'000)	Change (%)
Gross revenue	19,688	19,573	0.6
Property operating expenses	(7,638)	(7,566)	0.9
Net property income	12,050	12,007	0.4
Amount available for distribution <sup>3</sup>	5,177	5,162	0.3
Distribution per Unit <sup>3</sup> (DPU) (cents)	1.50	1.49	0.7
Annualised distribution yield <sup>4</sup> (%)	6.13	6.09 <sup>5</sup>	0.7

1. The actual results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.643 for the period from 11 December 2015 ("Listing date") to 31 March 2016.
2. The forecast was prorated based on forecast and projection shown in BHG Retail REIT Prospectus dated 2 December 2015 (the "Prospectus") for the period from 11 December 2015 ("Listing date") to 31 March 2016. An exchange rate of SGD: CNY 1:4.60 was adopted in the forecast.
3. As disclosed in the Prospectus, BHG Retail REIT will make distributions to Unitholders on a semi-annual basis. First distribution after Listing date will be from 11 December 2015 ("Listing date") to 30 June 2016.
4. Annualised based on results from 11 December 2015 ("Listing date") to 31 March 2016. Computed based on unit price of S\$0.80 as at IPO and 31 March 2016.
5. The forecast annualised distribution yield of 6.09% was prorated based on forecast 2015 of 5.7% and projection 2016 of 6.3% as shown in the Prospectus.



# Healthy Financial Position

Portfolio Group Level	Actual As at 31 March 2016 (S\$'000)
Investment Properties	768,517
Cash and cash equivalents	36,437
Other assets	10,205
<b>Total assets</b>	<b>815,159</b>
Loans and borrowings	219,844
Other liabilities	54,710
<b>Total liabilities</b>	<b>274,554</b>
<b>Net assets</b>	<b>540,605</b>
Net assets attributable to unitholders	396,690
Non-controlling interest	143,915
No. of issued and issuable units ('000)	493,678
Net asset value per unit (S\$)	0.80
<b>Gearing<sup>1</sup> (%)</b>	<b>29.5</b>

- 1 Based on Total Loans and borrowings principal attributable to unitholders divided by Total assets attributable to unitholders.



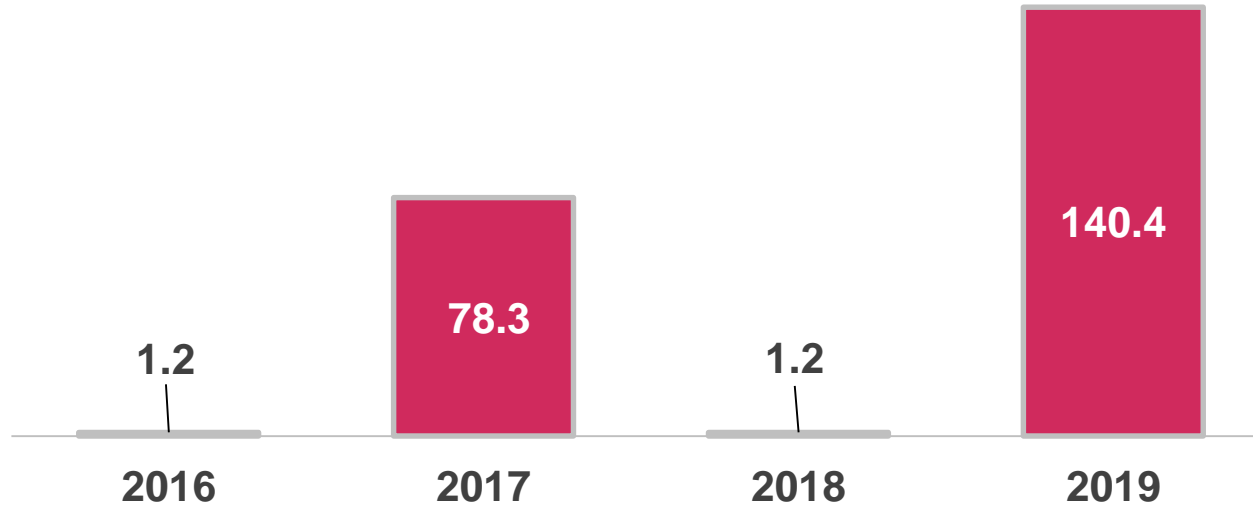


# Low gearing & no refinancing requirements till end 2017

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- ✓ Low gearing of 29.5%
- ✓ No refinancing requirements until December 2017
- ✓ Weighted average term to maturity of 3.1 years

Debt maturity profile (\$ million)



Hefei Mengchenglu 合肥蒙城路

# Operational Performance





# Portfolio Summary



Beijing Wanliu



Chengdu Konggang



Hefei Mengchenglu



Xining Huayuan



Dalian Jinsanjiao

	Beijing	Chengdu	Hefei	Xining	Dalian	Portfolio
<b>Valuation<sup>1</sup></b>	S\$430.3m	S\$131.3m	S\$121.9m	S\$59.3m	S\$35.2m	<b>S\$778.0m</b>
<b>NLA<sup>2</sup> (sqm)</b>	54,644	40,059	25,235	20,807	15,345	<b>156,089</b>
<b>Commence Operations</b>	Aug 2010	Dec 2013	Feb 2013	Aug 2000 <sup>3</sup>	Jul 2000	-
<b>Lease Type</b>	Multi-tenanted	Multi-tenanted	Multi-tenanted	Master-leased	Master-leased	-
<b>Leasable floors</b>	6	6	6	4	2	-
<b>WALE by NLA</b>	4.6	5.7	7.4	18.75	18.75	<b>9.3</b>
<b>Occupancy rate<sup>2</sup> (%)</b>	99.4	96.9	95.9	100.0	100.0	<b>98.3</b>

1 Based on the average of two independent valuations from DTZ and Knight Frank as at 30 June 2015.

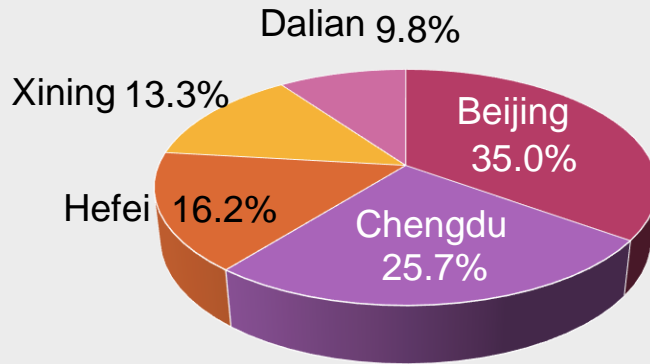
2 As at 31 March 2016

3 Refurbished in 1H 2015

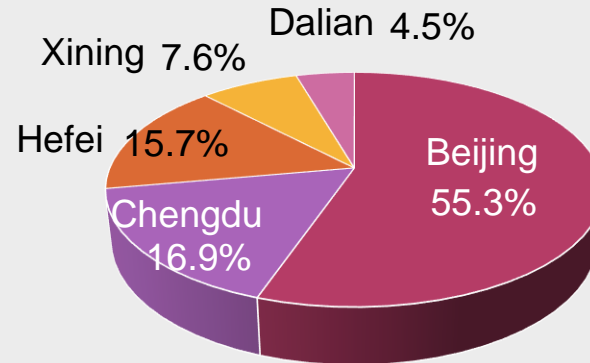


# Portfolio Summary

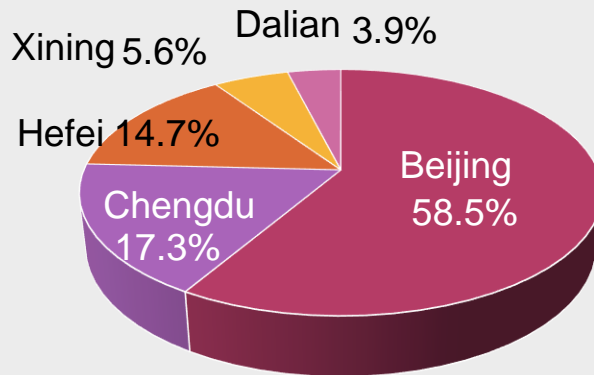
**Breakdown of NLA<sup>(1)</sup> by Property**



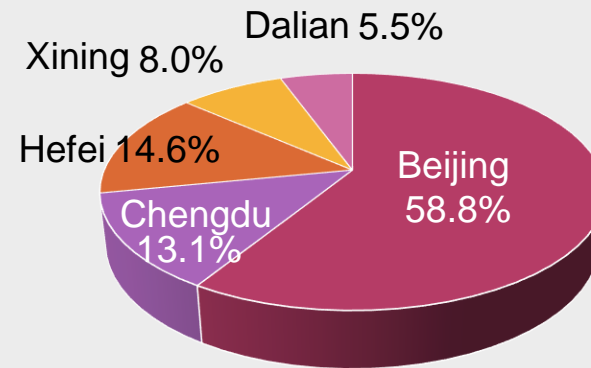
**Breakdown of Valuation<sup>2</sup> by Property**



**Breakdown of Gross Revenue<sup>1</sup> by Property**



**Breakdown of Net Property Income<sup>1</sup> by Property**



1 As at 31 March 2016

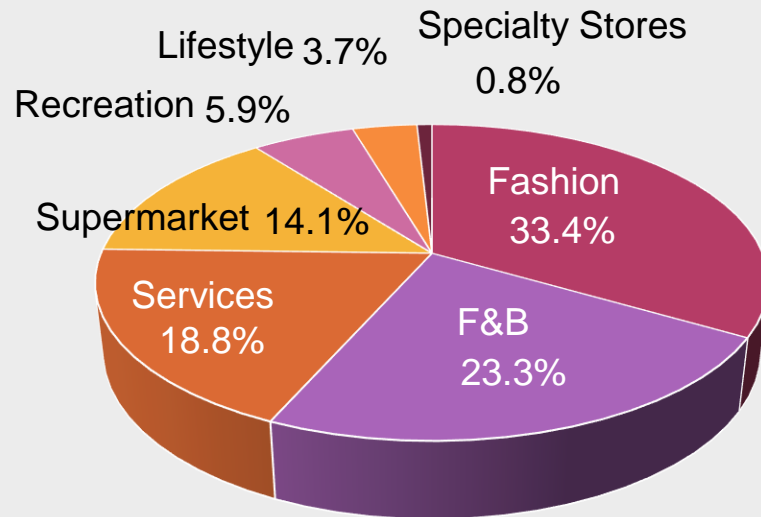
2 Based on the average of two independent valuations from DTZ and Knight Frank as at 30 June 2015.



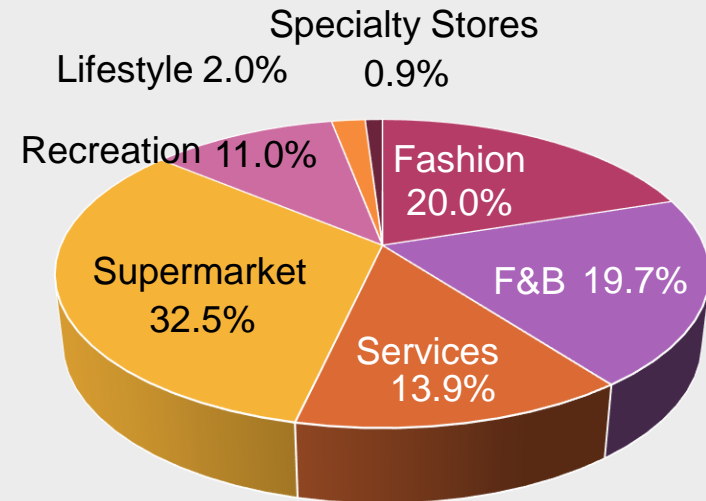


# Portfolio Tenant Mix

**Breakdown of Gross Rental Income<sup>1</sup>  
by Trade Sector**



**Breakdown of NLA<sup>1</sup> by Trade Sector**



<sup>1</sup> As at 31 March 2016

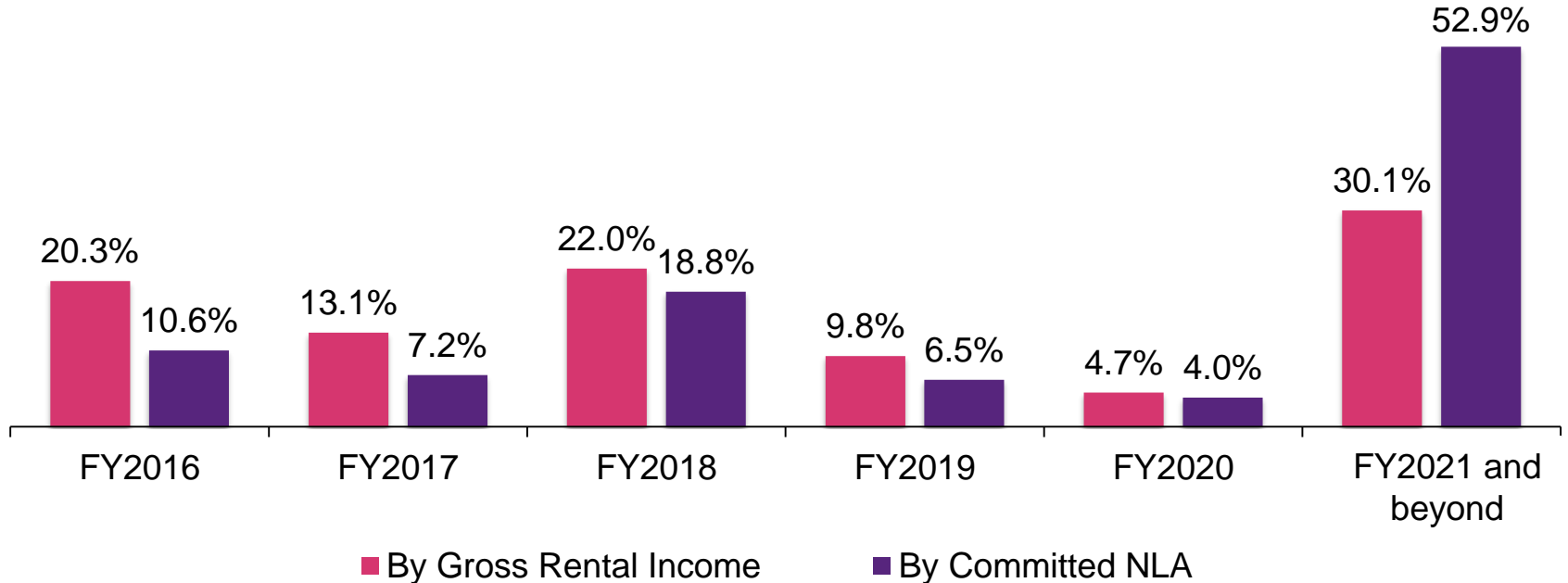
# Operational Performance Highlights

- ✓ Portfolio occupancy rate of 98.3%
- ✓ Well staggered lease expiry profile
- ✓ Continual proactive engagement of community & tenants
- ✓ A tenancy rejuvenation exercise was carried out at Beijing Wanliu last year, where 25 new brands were introduced to provide the mall with a wider range of selections. The exercise also served as an opportunity to fine-tune the mall's offering to our shoppers.



# Well-staggered lease expiry profile

Weighted average lease expiry (WALE) (No. of years)	
By Committed NLA	9.3
By Gross Rental Income	5.8





# Engaging the community & tenants

Beijing Wanliu

## Children: Easter Egg Coloring



## Cultural Heritage Conservation



## Makeup Seminar & Demonstration



**BHG**  
MALL REIT



# Engaging the community & tenants

Hefei Mengchenglu

Outdoor Singing Contest



Lunar New Year Chinese Calligraphy



Elfin English Children Games





# Engaging the community & tenants

## Chengdu Konggang

### Floral Arrangement Class



### Horticulture – Members activity



### Spring Summer Fashion Parade



### Children Creativity DIY Kites





# Proactive asset management

- ✓ A tenancy rejuvenation exercise at Beijing Wanliu was carried out last year
- ✓ Reinforces Beijing Wanliu's positioning as a premium community mall
- ✓ Provides the mall with a wider range of selections, and serves as an opportunity to fine-tune the mall's offering to our shoppers
- ✓ 25 new brands introduced include Muji, Calvin Klein Jeans, Etude House, Collect Point, Fred Perry, Chow Tai Fook (周大福), Element Fresh, and Bellagio (鹿港小镇) etc.
- ✓ Aggregated approx. 7,000 sqm







# Growth Strategy



# Growth Strategy

## Organic Growth

### Proactive asset management

- Reinforce positioning of our malls
- Improve rents while maintaining high occupancy rates
- Build firm partnerships with tenants, and demonstrate proactive tenant management
- Proactive marketing strategies

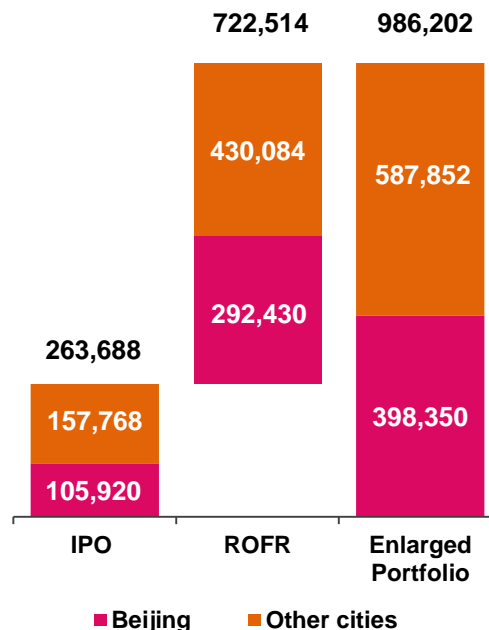
### Proactive asset enhancement

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

## Inorganic Growth

### 12 Voluntary Sponsor ROFRs properties in the pipeline

12 ROFR Properties (GFA sqm)



### Explore acquisition opportunities in other quality income-producing retail properties

#### Key criterias:

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





# Market Outlook

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## ***China targets GDP growth of 6.5 to 7.0% year-on-year in 2016***

- China's economy registered a 6.9% year-on-year growth in 2015. The preliminary estimate of China's 2016 first quarter growth is 6.7% year-on-year. In view of the ongoing economic transformation, the Chinese government targets an annual growth of 6.5% to 7.0% in 2016. *(National Bureau of Statistics of China)*

## ***Stable employment and rising income levels***

- In the first quarter of 2016, employment situation remains stable, national per capita disposable income from residents registered real growth of 6.5% year-on-year. *(National Bureau of Statistics of China)*

## ***Retail sales grew 10.3% year-on-year in first quarter 2016***

- Total retail sales for the first quarter of 2016 increased 10.3% year-on-year. Lifestyle and experience-oriented retailers, particularly F&B, continued to perform strongly. More F&B retailers are leasing space in shopping malls to enhance their brand and reach out to new consumers. Mid-range fashion sector also displayed stronger demand led by the rising middle-class income, coupled with consumers' increased focus on price and value. Other growth sectors included cosmetics and retailers catering to children. *(CBRE Retail Trends Q1 2016)*

# Thank you

For further information and enquiries:

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