



BHG Retail REIT 3Q 2018

Gross Revenue up 5.1% year-on-year

Net Property Income up 3.5% year-on-year

- Annualised Distribution Yield of 7.8%¹
- Committed Occupancy Rate of 97.5%
- Healthy Rental Reversion
- Hefei Mengchenglu Supermarket Resizing & Asset Enhancement

SINGAPORE, November 8, 2018 – BHG Retail Trust Management Pte. Ltd., the Manager of BHG Retail REIT, is pleased to announce the financial results of BHG Retail REIT for the third quarter (“3Q 2018”) and nine months period (“9M 2018”) ended 30 September 2018. Gross revenue and net property income (“NPI”) for 3Q 2018 outperformed the same quarter last year by 5.1% and 3.5% year-on-year, respectively.

Ms Chan Iz-Lynn, Chief Executive Officer of BHG Retail Trust Management Pte. Ltd., said, “BHG Retail REIT’s retail rental foundation continued to be on strong growth trajectory. Gross revenue and NPI for 9M 2018 was 9.7% and 8.5% higher year-on-year, respectively. Distribution per unit (“DPU”) for 9M 2018 of 4.07 Singapore cents, which represents an annualised DPU yield of 7.8%¹ remains attractive, as a long-term dividend-play investment riding on China’s growth potential.

Amidst persistent uncertainties from international trade environment, and ongoing China economic reforms, China retail outlook remains positive. In 3Q 2018, China retail sales of consumer goods rose 9.3%² year-on-year to RMB 27.4 trillion². Disposable income and expenditure per capita of urban residents increased 7.9%² and 6.5%² year-on-year respectively in 9M 2018. For us, our portfolio of community malls nested amongst high population density precincts, continued to exhibit healthy leasing demands, rental uplifts, and sustained high occupancy rate. Looking ahead, the REIT’s strategy remains committed to drive growth organically, pursue potential accretive acquisitions, and deliver long term sustainable returns to our unitholders”.

Footnotes:

1. Based on closing price of S\$0.70 as at 30 September 2018, and 9M 2018 Distribution per Unit.
2. Source: National Bureau of Statistics of China

Hefei Mengchenglu Supermarket Resizing & Asset Enhancement

In line with our proactive asset management philosophy, a resizing of the supermarket space in Hefei Mengchenglu Mall has been carried out. This allows us to unlock the underlying potential of the newly released space, rejuvenate the cluster, and widen the range of offerings for its customers, while retaining the supermarket's competitive mass to serve its surrounding community residents.

In tandem with the resizing of the supermarket, the mall is undergoing asset enhancement works, with installation of an additional set of escalators underway to significantly enhance access and improve natural traffic circulation to tenants at basement two.

This integrated enhancement, slated to complete around mid-2019, is expected to elevate the long-term attractiveness of the anchor tenant and new cluster, as well as to further reinforce Hefei Mengchenglu's position as the mall of choice for the Luyang district community.

For the Third Quarter Ended 30 September	3Q 2018³	3Q 2017³	Change%
Gross revenue [RMB'000]	86,022	80,656	6.7
Net property income [RMB'000]	54,279	51,622	5.1

Gross revenue [SGD'000]	17,304	16,462	5.1
Net property income [SGD'000]	10,902	10,536	3.5
Amount available for distribution [SGD'000]	5,109	5,148	(0.8)
Distribution per unit ("DPU") [SGD cents]	1.33	1.41	(5.7)

For the Nine Months Ended 30 September	9M 2018³	9M 2017³	Change%
Gross revenue [RMB'000]	254,777	234,155	8.8
Net property income [RMB'000]	167,604	155,773	7.6

Gross revenue [SGD'000]	52,471	47,812	9.7
Net property income [SGD'000]	34,518	31,807	8.5
Amount available for distribution [SGD'000]	15,513	15,122	2.6
Distribution per unit ("DPU") [SGD cents]	4.07	4.15	(1.9)

Footnote:

³ The results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.973, 1:4.900, 1:4.856 and 1:4.897 for 3Q 2018, 3Q 2017, 9M 2018 and 9M 2017, respectively.

Capital Management

As at 30 September 2018, borrowings drawn down of S\$232.5 million represented a gearing of 32.7%. The low gearing is well below the regulator's limit of 45%, providing comfortable debt headroom to facilitate any potential acquisition growth. About 70% of borrowings are denominated in Singapore dollars.

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 30 September 2018, the portfolio gross floor area of about 264,000 sqm, has a committed occupancy of 97.5%. As at 31 December 2017 (date of latest valuation), total appraised value was approximately RMB 3,946 million. Under voluntary right of first refusal agreements, properties may potentially be offered to BHG Retail REIT as future pipeline assets.

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 and net asset value 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.

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.