



## **BHG Retail REIT<sup>1</sup> Inaugural Results Beat Forecast**

**Annualised Distribution Yield of 6.13<sup>2</sup>%**

**Distribution per Unit for inaugural results<sup>3</sup> of 1.50 cents**

**Gross Revenue, Net Property Income achieved IPO forecast**

- ✓ Healthy portfolio occupancy of 98.3%
- ✓ Positive rental reversion

**SINGAPORE, May 12, 2016** – BHG Retail Trust Management Pte. Ltd., the Manager of BHG Retail REIT, is pleased to announce its inaugural financial results for the period from 11 December 2015 (“Listing date”) to 31 March 2016. Amount available for distribution of S\$5.2 million, translated to Distribution per unit (DPU) of 1.50 cents and annualised Distribution Yield of 6.13<sup>2</sup>%.

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 inaugural results<sup>3</sup> have outperformed the pre-listing year-on-year, and have achieved the IPO forecast. Our portfolio of five community-focused retail properties, strategically located in vicinities with strong surrounding catchment, has maintained a healthy level of committed occupancy, and achieved positive rental reversion subsequent to listing. Looking ahead, we will continue to proactively manage our tenancies and properties, actively seek yield-accretive acquisitions, and deliver sustainable returns for our unitholders.”

“As China transitions towards a consumption-driven economy, GDP and retail sales continue to register considerable growth in the first quarter 2016 of 6.7% and 10.3% year-on-year respectively. Urban residents are expected to increase from 56.1% in 2015 to

Footnotes:

- 1 DBS Bank Ltd. was the Financial Adviser, Issue Manager, Bookrunner and Underwriter for the initial public offering of BHG Retail REIT.
- 2 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.
- 3 For the financial results from 11 December 2015 (“Listing date”) to 31 March 2016.

60.0% over the next five years, two-child policy became effective in January 2016, and national per capita disposable income growth from residents was 6.5% year-on-year. Against this backdrop, we believe BHG Retail REIT's portfolio of lifestyle community malls with healthy visitorship and tenant sales are well positioned to benefit from China's rising middle-income group and increasing emphasis on domestic demand" (Source: National Bureau of Statistics of China, and National People's Congress.)

### Tenancy rejuvenation exercise

As part of the Manager's strategy to reinforce Beijing Wanliu's positioning as a premium community mall in the region, a tenancy rejuvenation exercise was carried out last year. 25 new brands were introduced to provide the mall with a wider range of selections, and served as an opportunity to fine-tune the mall's offering to our shoppers. Amongst the new brands are Muji, Calvin Klein Jeans, Etude House, Collect Point, Fred Perry, Chow Tai Fook (周大福), Element Fresh, and Bellagio (鹿港小镇).

11 December 2015 ("Listing Date") to 31 March 2016	Actual <sup>4</sup> (S\$'000)	Forecast <sup>5</sup> (S\$'000)	Change %
Gross revenue	19,688	19,573	0.6
Net property income	12,050	12,007	0.4
Amount available for distribution	5,177	5,162	0.3
Distribution per unit (cents)	1.50	1.49	0.7
Annualised distribution yield <sup>2</sup> (%)	6.13	6.09 <sup>6</sup>	0.7

#### Footnotes:

- 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 to 31 March 2016.
- 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 to 31 March 2016. An exchange rate of SGD: CNY 1:4.60 was adopted in the forecast.
- The forecast annualised distribution yield of 6.09% was prorated based on forecast 2015 of 5.7% and projection 2016 of 6.3% as disclosed in the Prospectus.

### Distribution Policy

BHG Retail REIT 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. This is expected to be paid by the Manager on or before 28 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 31 March 2016, the portfolio gross floor area of about 263,688 sqm, has a committed occupancy of 98.3%, with a total appraised value of approximately S\$605.9 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 12 properties under the Sponsor Voluntary Right of First Refusal. These 12 properties could potentially be offered to BHG Retail REIT as future pipeline assets. If acquired, the 12 properties, with an aggregate GFA of approximately 720,000 sqm, will more than triple BHG Retail REIT's IPO Portfolio and increase its presence to 11 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.