



BHG Retail REIT's 3Q 2016 Distribution per Unit exceeds forecast by 4.9% Annualised Distribution Yield of 7.49%²

- High portfolio occupancy of 97.4%
- Healthy rental reversion
- 3Q 2016 amount available for distribution up 5.1% against forecast

SINGAPORE, November 11, 2016 – BHG Retail Trust Management Pte. Ltd., the Manager of BHG Retail REIT (the “Manager”), announced today that BHG Retail REIT’s Distribution per Unit (“DPU”) for the third quarter ended 30 September 2016 (“3Q 2016”) of 1.29 cents exceeded forecast by 4.9%, and the amount available for distribution was up 5.1% against the forecast.

Ms Chan Iz-Lynn, Chief Executive Officer of the Manager, said, “we are pleased to announce that BHG Retail REIT has continued to deliver commendable performance above the IPO forecast in the third quarter. Portfolio occupancy remained high at 97.4%, rents for new and renewed leases turned in another quarter of healthy reversions. This resilient operational performance is underpinned by the philosophy of proactive engagement with surrounding communities, in-depth knowledge of consumers’ pulse, and sustainable tenants’ partnership. We are confident that our portfolio of experiential-focused community malls will continue to garner stakeholders’ support in future.”

“On 1 July 2016, the Beijing municipal government implemented a revised property tax policy to one based on revenue. While this has affected Beijing Wanliu Mall, the amount available for distribution was up 5.1% against forecast.”

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\$0.685 as at 30 September 2016.

Ms Chan added: “Against the backdrop of a subdued global economic climate, and China’s ongoing transition to a consumption-driven economy, the Chinese economy managed to sustain GDP growth of 6.7%, with retail sales growth of 10.4% year-on-year for the first three quarters of 2016. Residents’ income continued to increase steadily, with growth in disposable income per capita for urban residents at 5.7% year-on-year for the first three quarters this year. The higher demand for mid-range retail brands is expected to continue, and will move in tandem with China’s rising middle-income population. Going forward, we are confident that BHG Retail REIT’s portfolio of lifestyle community malls are well-positioned to deliver sustainable performance.”

Capital Management

Gearing of BHG Retail REIT remained low at 30.5%. It has a staggered debt maturity profile with weighted average term to maturity of 2.2 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 will be paid no later than 90 days after the end of each distribution period.

3Q 2016	Actual⁴	Forecast⁵	Change%
Gross revenue [RMB'000]	75,661	75,284	0.5 ^{7,8}
Net property income [RMB'000]	46,955	46,469	3.3 ^{7,8}

Gross revenue [SGD'000]	15,383	16,366	(6.0) ^{7,8,9}
Net property income [SGD'000]	9,538	9,884	(3.5) ^{7,8,9}
Amount available for distribution [SGD'000]	4,521	4,301	5.1
Distribution per unit (cents) [SGD cents]	1.29	1.23	4.9
Annualised distribution yield (%)			
- Based on IPO price ³	6.42	6.11 ⁶	5.1
- Based on 3Q 2016 closing price ²	7.49	7.14 ⁶	4.9

11 December 2015 ("Listing Date") to 30 September 2016 ("9M 2016")	Actual⁴	Forecast⁵	Change%
Gross revenue [RMB'000]	240,893	239,118	0.7 ^{7,8}
Net property income [RMB'000]	152,328	147,093	3.6 ^{7,8}

Gross revenue [SGD'000]	50,443	51,982	(3.0) ^{7,8,9}
Net property income [SGD'000]	31,897	31,976	(0.2) ^{7,8,9}
Amount available for distribution [SGD'000]	14,409	13,954	3.3
Distribution per unit (cents) [SGD cents]	4.14	4.02	3.0
Annualised distribution yield (%)			
- Based on IPO price ³	6.41	6.22 ⁶	3.1
- Based on 9M 2016 closing price ²	7.48	7.26 ⁶	3.0

Footnotes:

- 3 Based on IPO price of S\$0.80 as at 11 December 2015.
- 4 The actual results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1: 4.929 and 1: 4.776 for 3Q 2016 and 9M 2016, respectively.
- 5 The forecast was prorated based on forecast and projection shown in BHG Retail REIT Prospectus dated 2 Dec 2015 (the "Prospectus") for 3Q 2016 and 9M 2016, respectively. An exchange rate of SGD: CNY 1: 4.60 was adopted in the forecast.
- 6 The forecast annualised distribution yield for 3Q 2016 and 9M 2016 were prorated based on forecast 2015 of 5.7% and projection 2016 6.3% as shown in the Prospectus
- 7 With effect from 1 May 2016, China implemented a nation-wide VAT reform.
- 8 With effect from 1 July 2016 Beijing State Government aligned its tax policy with the national practice of charging Property Tax based on revenue. The change has resulted in an additional 7.0% and 2.1% in property operating expenses for 3Q 2016 and 9M 2016, respectively.
- 9 Weaker RMB against SGD.

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 September 2016, the portfolio gross floor area ("GFA") of about 264,000 sqm, has a committed occupancy of 97.4%, with a total appraised value of approximately S\$780 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 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. (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.

13 properties were identified under the voluntary right of first refusal ("ROFR") and will potentially be offered to BHG Retail REIT as future pipeline assets. 10 of those ROFRs were granted by the Sponsor, and the remaining 3 properties were from a private fund, managed by a fund manager which is 50.0% owned by Beijing Hualian Group Investment Holding Co., Ltd and another third party. If acquired, the 13 properties, with an aggregate GFA of approximately 1,058,000 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.