



BHG Retail REIT 2Q 2017
Gross Revenue up 3.2% year-on-year
Net Property Income 5.7% higher year-on-year
1H 2017 Annualised Distribution Yield of 7.47%²

- High portfolio occupancy rate of 98.9%
- Healthy rental reversion
- Distribution per Unit held steady at 1.35 cents for the quarter

SINGAPORE, August 8, 2017 – BHG Retail Trust Management Pte. Ltd., the Manager of BHG Retail REIT (the “Manager”), is pleased to announce today the financial results of BHG Retail REIT for the second quarter (“2Q 2017”) and half year (“1H 2017”) ended 30 June 2017. Gross revenue for 2Q 2017 increased 3.2% on the back of higher rental income. Net property income (“NPI”) for the quarter exceeded the same quarter last year by 5.7%, notwithstanding the additional property tax expenses for Beijing Wanliu Mall due to the revision from cost to revenue basis effective 1 July 2016.

Distribution per Unit (“DPU”) for 2Q 2017 held steady year-on-year at 1.35 cents. BHG Retail REIT pays distribution on a semi-annual basis. The aggregate 1H 2017 DPU of 2.74 cents was 0.7% higher year-on-year. Unitholders can expect to receive their 1H 2017 distribution on 27 September 2017. The 1H 2017 DPU translated to an annualised DPU yield of 7.47%, based on a closing price of S\$0.74 as at 30 June 2017.

Strong Fundamental Performance

Portfolio committed occupancy rate remained robust at 98.9% as at 30 June 2017. Leasing activities continue to exhibit strong demand from existing and new tenants. An asset enhancement initiative in Chengdu Konggang Mall, which was geared towards promoting an active lifestyle, progressed on schedule during the quarter. This resulted in a strong growth in footfall for the mall in 2Q 2017.

Footnotes:

- 1 DBS Bank Ltd. was the Financial Adviser, Issue Manager, Bookrunner and Underwriter for the initial public offering of BHG Retail REIT.

Ms Chan Iz-Lynn, Chief Executive Officer of BHG Retail Trust Management Pte. Ltd., said, “we are pleased to report strong fundamental performance in the first half of the year. In Renminbi terms, gross revenue and NPI rose 3.4% and 7.8% respectively in 1H 2017. BHG Retail REIT’s underlying portfolio continued to demonstrate resilience, achieving very encouraging rental uplift and robust occupancies. Looking ahead, we will continue to identify opportunities to value-add and enhance our malls organically, at the same time pursue opportunities that are DPU-yield accretive, and strive to deliver sustainable returns to our unitholders.

For the period from 1 Apr to 30 Jun 2017	2Q 2017³	2Q 2016^{3,4}	Change%
Gross revenue [RMB'000]	78,151	73,822	5.9 ⁵
Net property income [RMB'000]	53,711	49,424	8.7 ^{5,6}

Gross revenue [SGD'000]	15,858	15,372	3.2 ^{5,7}
Net property income [SGD'000]	10,900	10,309	5.7 ^{5,6,7}
Amount available for distribution [SGD'000]	4,918	4,711	4.4
Distribution per unit (cents) [SGD cents]	1.35	1.35	-
Annualised distribution yield (%) - Based on closing price ²	7.32	7.37	(0.7)

For the period 1 Jan to 30 Jun 2017	1H 2017³	1H 2016^{3,4}	Change%
Gross revenue [RMB'000]	153,499	148,505	3.4 ⁵
Net property income [RMB'000]	104,151	96,612	7.8 ^{5,6}

Gross revenue [SGD'000]	31,350	31,411	(0.2) ^{5,7}
Net property income [SGD'000]	21,271	20,448	4.0 ^{5,6,7}
Amount available for distribution [SGD'000]	9,974	9,454	5.5
Distribution per unit (cents) [SGD cents]	2.74	2.72	0.7
Annualised distribution yield (%) - Based on closing price ²	7.47	7.42	0.6

Footnotes:

- 2 Based on closing price of S\$0.74 and S\$0.735 as at 30 June 2017 and 30 June 2016, respectively.
- 3 The actual results of the Group’s foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.929, 1:4.810, 1:4.896, and 1:4.713 for 2Q 2017, 2Q 2016, 1H 2017 and 1H 2016, respectively.
- 4 The comparative figures were for the quarter from 1 April 2016 to 30 June 2016 and for half-year from 1 January 2016 to 30 June 2016, respectively. These figures were extracted from BHG Retail REIT’s results for the second quarter and half year ended 30 June 2016.
- 5 Prior to 1 May 2016, Business Tax was reflected under property operating expenses. With effect from 1 May 2016, Value Added Tax (“VAT”) replaced Business Tax in China and it is net off the revenue instead of reflecting in the property operating expenses.
- 6 With effect from 1 July 2016, the Beijing State Government aligned its tax policy with the national practice of charging Property Tax based on rental income. This resulted in higher property-related tax expenses for Beijing Wanliu Mall. The change in Beijing’s Property Tax is in-line with current property tax for the other 4 properties in the portfolio.
- 7 Weaker RMB against SGD.

Ms Chan added: “the China retail outlook remains cautiously positive, with GDP and retail sales registering 6.9%^a and 10.4%^a year-on-year growth in 1H 2017. China’s expanding domestic consumption and consumer confidence continue to be driven by a sturdily rising middle-class income. Disposable income and expenditure per capita of urban residents increased 6.5%^a and 5.1%^a year-on-year in 1H 2017. Concurrently, China’s consumption is also supported by the nation’s demographics, particularly population growth which is forecasted to increase from 1.30 billion in 2016 to 1.42 billion^b by 2020, rural-urban migration (urbanisation), and the 7.9% increase in birth rate observed subsequent to the implementation of the two-child policy on 1 January 2016.

a Source: National Bureau of Statistics of China

b Source: National Health and Family Planning Commission

Capital Management

BHG Retail REIT’s gearing remained healthy at 32.4%. It has a staggered debt maturity profile with weighted average term to maturity of 1.5 years. About 70% of debt are denominated in Singapore dollars. Interest rates for Singapore dollar-denominated debts are balanced between fixed and variable.

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 June 2017, the portfolio gross floor area (“GFA”) of about 264,000 sqm, has a committed occupancy of 98.9%. As at 31 December 2016 (date of latest valuation), total appraised value of approximately RMB 3,890 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.

14 properties were identified under a voluntary right of first refusal agreement ("ROFR") and will potentially be offered to BHG Retail REIT as future pipeline assets. 11 of those ROFR properties were granted by the Sponsor and the remaining 3 properties were from a private fund, managed by a fund manager 50.0% owned by Beijing Hualian Group Investment Holding Co., Ltd. If these 14 properties are acquired, the resulting enlarged portfolio GFA of approximately 1,292,000 sqm will be close to five times of BHG Retail REIT's IPO Portfolio, and will increase the REIT's presence to 13 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.