



## **BHG Retail REIT FY 2018**

### **FY 2018 Annual Distribution Yield of 7.2%<sup>1</sup>**

### **Gross Revenue up 8.0% year-on-year**

### **Net Property Income up 6.3% year-on-year**

- Committed Occupancy Rate of 98.7%
- Healthy Rental Reversion

**SINGAPORE, February 26, 2019** – 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 financial year ended 31 December 2018 (“FY 2018”).

Ms Chan Iz-Lynn, Chief Executive Officer of BHG Retail Trust Management Pte. Ltd., said, “Gross revenue and net property income (“NPI”) for FY 2018 grew 8.0% and 6.3% respectively year-on-year. Based on the closing price of S\$0.715 as at 31 December 2018, and aggregated distribution per unit (“DPU”) for FY 2018 of 5.16 Singapore cents, BHG Retail REIT’s annual distribution yield of 7.2%<sup>1</sup> continues to represent an attractive long-term yield-play investment.

At the property level, our malls continued to exhibit healthy leasing demands. Portfolio committed occupancy rate was 98.7% as at 31 December 2018. Rents for new and renewed leases continued to achieve very healthy rental reversions for new and renewed leases, as well as in-built rental escalation for ongoing tenancies. This was achieved through dedicated efforts to continually enhance the quality and popularity of our malls and to entrench our malls as the mall of choice for tenants and the surrounding communities.

Notwithstanding the healthy operational performance, the Manager is not resting on its laurels. The team remains committed to pursue growth both organically, as well as through potential acquisitions. Apart from exploring third-party properties’ acquisitions, the Manager is also closely monitoring the readiness of a few right of first refusal (“ROFR”) properties.”

Footnote:

1. Based on closing price of S\$0.715 as at 31 December 2018, and FY 2018 Distribution per Unit.

**Macroeconomic Outlook<sup>2</sup>**

Despite trade tensions in key economies weighing down on global market sentiments, China's economy continued to chalk a stable growth trajectory. China's GDP and retail sales registered 6.6% and 9.0% year-on-year growth in 2018. Disposable income and expenditure per capita of urban residents increased 7.8% and 6.8% year-on-year in 2018. According to Ministry of Commerce, the country's consumption continued its rapid ascent, and would remain the main driver of economic growth going forward. With this in mind, BHG Retail REIT is expected to benefit from the Chinese government continual emphasis to drive consumption growth. Against this backdrop, the REIT's strategy to focus on neighborhood retail properties, in high population density communities, and primarily non-discretionary trade segments, shall continue to underpin the resilience of the REIT's fundamentals.

**Capital Management**

As at 31 December 2018, borrowings drawn down of S\$222.5 million represented a gearing of 30.7%. 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, and of which, close to 50% are hedged via interest rate swaps.

Full Year Ended 31 December	FY 2018 <sup>3</sup>	FY 2017 <sup>3</sup>	Change%
Gross revenue [RMB'000]	341,216	315,760	8.1
Net property income [RMB'000]	223,565	210,172	6.4
Gross revenue [SGD'000]	69,669	64,519	8.0
Net property income [SGD'000]	45,647	42,944	6.3
Amount available for distribution [SGD'000]	19,706	20,001	(1.5)
Distribution per unit ("DPU") [SGD cents]	5.16	5.47	(5.7)

## Footnotes:

2. Source: National Bureau of Statistics of China
3. The results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.898 and 1:4.894 for FY 2018 and FY 2017, respectively.

**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 31 December 2018, the portfolio gross floor area of about 264,000 sqm, has a committed occupancy of 98.7%. As at 31 December 2018 (date of latest valuation), total appraised value was approximately RMB 4,081.1 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:

Nigel Nai Zi  
Investor Relations Manager  
BHG Retail Trust Management Pte. Ltd.  
Contact: (65) 6805 8283  
Email: [ir@bhgreit.com](mailto:ir@bhgreit.com)

**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.