



BHG Retail REIT 1Q 2019

Annualised Distribution Yield of 6.5%¹

- Occupancy Rate Remained Robust at 98.5%
- Healthy Rental Reversion
- Completion of Hefei Changjiangxilu Acquisition on 2 April 2019
- Asset Enhancement Initiatives

SINGAPORE, May 10, 2019 – BHG Retail Trust Management Pte. Ltd., the Manager of BHG Retail REIT, is pleased to report the financial results of BHG Retail REIT for the first quarter (“1Q 2019”) ended 31 March 2019. Gross revenue and net property income (“NPI”) in Renminbi grew 5.9% and 5.0% respectively year-on-year.

Based on the closing price as at 31 March 2019, and aggregated distribution per unit (“DPU”) of 1.10 Singapore cents for 1Q 2019, BHG Retail REIT’s annualised distribution yield of 6.5%¹ continues to represent an attractive yield-play investment.

Ms Chan Iz-Lynn, Chief Executive Officer of BHG Retail Trust Management Pte. Ltd., said, “BHG Retail REIT’s portfolio of community malls delivered another set of robust operational performance during the quarter. Portfolio occupancy rate was 98.5% as at 31 March 2019. Our multi-tenanted malls continued to observe healthy leasing demands as well as strong rental uplift from existing and new tenants. Notwithstanding this, the Manager is not resting on its laurels. We will continue to create organic value through asset enhancement initiatives, and actively pursue potential acquisition growth opportunities, so as to deliver long-term attractive yield to our unitholders.”

Chengdu Konggang Exterior Rejuvenation Exercise

With a philosophy to continually maintain our malls’ relevancy and attractiveness, Chengdu Konggang mall embarked on an exterior rejuvenation exercise early this year. The exercise consists of a facade and exterior enhancement, and introduction of some new concepts. The entire exercise is slated to complete around mid-2019. When completed, the rejuvenated exterior is expected to enhance the mall’s trendiness, vibrancy, and appeal to visitors.

Footnote:

1. Based on closing price of S\$0.685 as at 31 March 2019, and 1Q 2019 Distribution per Unit.

Hefei Mengchenglu Supermarket Resizing Exercise

At Hefei Mengchenglu, the supermarket resizing exercise is on course to complete around mid-2019. The exercise shall unlock the underlying potential of the newly released space with a range of F&B and ancillary stores, and further enhance the vibrancy of the cluster.

Macroeconomic Outlook²

The China economy grew 6.4% year-on-year to RMB21.3 trillion in 1Q 2019. The Chinese government reiterated plans to push domestic consumption, implement major tax cuts, create jobs, cut required reserve ratio for banks to enhance liquidity, and expand financial support for private enterprises. Disposable income and consumption expenditure per capita for urban residents increased 7.9% and 6.1%, respectively in 1Q 2019. Retail sales rose 8.3% year-on-year to RMB9.8 trillion in 1Q 2019. According to CBRE, successive individual income tax reforms are expected to further boost the consumer market, with retail sales expected to maintain a growth rate of around 9%. In view of the Chinese government's policies to prioritise economic stability and sustain domestic consumption, BHG Retail REIT's portfolio of community malls in high population density catchments is expected to remain resilient. The fundamentals of these malls remain underpinned by the upward trajectory of residents' income and spending, consumption upgrade, and rural-urban migration.

Capital Management

As at 31 March 2019, borrowings drawn down of S\$245.7 million represented a gearing of 32.5%. The low gearing is well below the regulator's limit of 45%, providing comfortable debt headroom to facilitate any potential acquisition growth. About 75% of borrowings are denominated in Singapore dollars and US dollars, and of which, over 40% are hedged via interest rate swaps.

Footnotes:

2. Source: National Bureau of Statistics of China

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.

As at 31 March 2019, the REIT's 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. The portfolio gross floor area of about 264,000 sqm, has a committed occupancy of 98.5% as at 31 March 2019.

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:

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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.