

# KEY MANAGEMENT

## **MR ERIC LIU**

*Investment and  
Asset Management Manager*

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Eric is responsible for creating value for Unitholders through acquisitions and divestments, asset enhancement and active asset management.

Prior to joining BHG Retail REIT, Eric was the Asset Manager in Straits Real Estate Pte Ltd where he provided direction and oversight of the company's business plan and strategy with regard to the company's asset portfolio in APAC. Prior to Straits Real Estate, he was the Investment and Asset Manager in Bright Ruby Resources Pte Ltd where he provided market research and strategic direction for real estate investments for their global portfolio. Eric also led and managed the transactions procedure.

Eric holds a Bachelor of Science in Finance and Accounting from the University of Bradford.

## **MR NIGEL NAI ZI**

*Investor Relations Manager*

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Nigel's responsibilities include strategic targeting of investors, management of communications and roadshows with existing and potential investors, as well as the research and media community. Nigel has over 10 years of experience in auditing, finance & regulatory reporting, and investor relations. Prior to joining BHG Retail REIT, he held positions at Ernst & Young, JP Morgan Singapore and SPH REIT.

Nigel is a Certified Public Accountant with CPA Australia, and holds an International Certificate in Investor Relations by the Investor Relations Society of UK. Nigel graduated from University of Western Australia, Perth, with a Bachelor of Commerce in Financial & Management Accounting, and Corporate Finance.

## **MR MELVYN LEE**

*Compliance Manager*

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Melvyn is responsible for legal, compliance and enterprise risk management matters at BHG Retail REIT in Singapore. Prior to his current appointment at BHG Retail REIT, Melvyn was the Compliance Officer at Pheim Asset Management (Asia) Pte Ltd. He started his career as a senior executive at the Singapore Land Authority.

Melvyn holds a Bachelor of Laws and Legal Practices LLB from Flinders University. In 2013, he was admitted to the Bar in the state of South Australia and is eligible to practice as a barrister and solicitor in South Australia.

# ENTERPRISE RISK MANAGEMENT

Enterprise Risk Management (“**ERM**”) is integral to the business and culture of BHG Retail REIT (the “**REIT**”). Through a formalised framework that informs the decision-making of all staff, ERM not only preserves, but enhances value.

The Board of Directors (the “**Board**”) is responsible for the overall risk strategy and risk governance of the REIT. It achieves this through the approval of the REIT’s risk appetite and the implementation of sound risk management and internal control practices. The Board is supported by the Audit and Risk Committee in these matters.

In working within the implemented ERM Framework, the Manager is empowered with a sound structure for the REIT to capitalise on opportunities and achieve its investment objectives in a measured manner. This allows the Manager to take prudent risks in line with the approved risk appetite.

## ERM FRAMEWORK

The ERM Framework was built on the premise that the REIT would have a standard and consistent approach to risk management in its culture and strategic planning processes. This would support the setting of priorities and making of decisions at the portfolio and Manager level.

Further, the ERM Framework applies a systematic approach to effectively manage and control risks in the Manager’s governance and operations so as to achieve optimal outcome for all its operations, business ventures, collaborations and partnerships.

The ERM Framework will be reviewed every two years. In the event of changes in regulations, country of operations, nature of business or any other event which would affect the REIT and the Manager, the Framework would be reviewed accordingly and updated immediately.

The Board and Manager have worked closely with input from Deloitte & Touche Enterprise Risk Services Pte Ltd in ensuring that the ERM Framework remains relevant and proceeds in accordance with current regulatory practices and requirements.

Further, the ERM Framework is supplemented by an outsourced Internal Audit function, which measures and evaluates the effectiveness of the procedures in place under the Framework. An internal audit exercise is conducted annually. In 2018, the exercise was conducted at the REIT’s portfolio property in Beijing, and at the REIT Manager’s office.

In addition, the Manager has established a semi-annual Control Self-Assessment exercise that is undertaken by the Manager and its subsidiaries. The CSA serves as a monitoring mechanism for management, as individual risk owners are required to assess the effectiveness of existing risk management and controls processes.

## KEY RISKS IN FY 2018

### Real Estate Risks

The REIT’s portfolio faces real estate market risks in China. These may include rental rate volatility and changes in occupancy rates. Generally, an adverse development may lead to a reduction in revenue or an increase in costs, which could result in a downward adjustment of the REIT’s assets.

The Manager manages real estate risk by adopting a proactive asset management strategy. Portfolio properties are monitored closely to ensure that existing assets are optimally leveraged. Additionally, the Manager may consider divesting assets that no longer provide yield-accretive opportunities.

The Manager closely monitors the tenant occupancy rate and tenant mix of each portfolio property. The collated data from the portfolio properties allows the Manager to optimise the tenants in each portfolio property to maximise its attractiveness to target customers in the community.