



CREATING VALUE. PURSUING GROWTH.



BHG RETAIL REIT ANNUAL GENERAL MEETING

26 April 2019



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Financial Highlights



Photo of Hefei Mengchenglu 合肥蒙城路

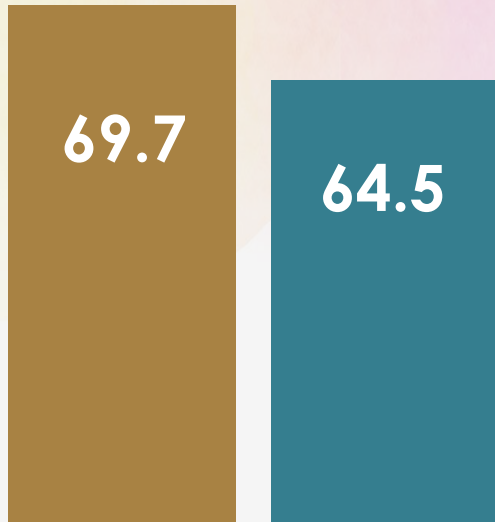


Healthy & Stable Financial Performance

■ FY 2018 ■ FY 2017

Gross Revenue

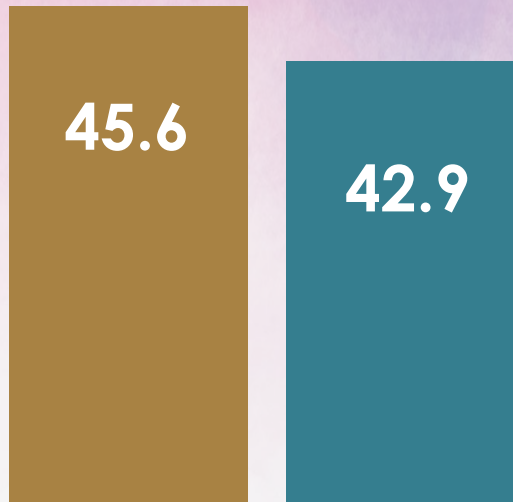
▲ **8.0%**
Year-on-year



\$ million

Net Property Income

▲ **6.0%**
Year-on-year



\$ million

Distribution per Unit
FY 2018

5.16

Singapore cents

Annual Distribution Yield¹
FY 2018

7.2%

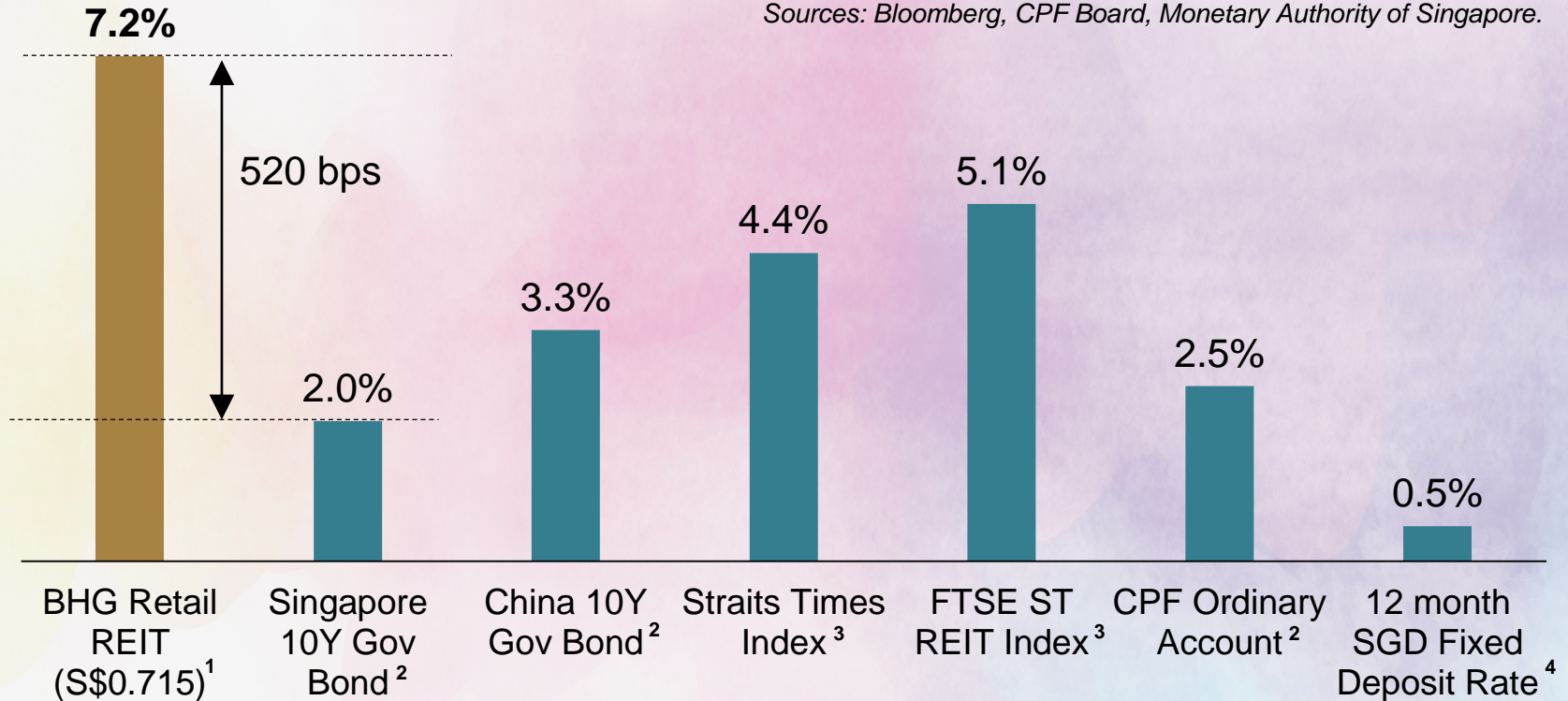
1. Based on closing price of S\$0.715 as at 31 December 2018, and FY 2018 Distribution per Unit.



Continues to Deliver Attractive Annual Yield of 7.2%

BHG Retail REIT trading at 520 bps risk premium above Singapore 10-year government bond yield

Sources: Bloomberg, CPF Board, Monetary Authority of Singapore.



1. Based on closing price of S\$0.715 as at 31 December 2018, and FY 2018 Distribution per Unit.
2. As at 31 December 2018.
3. Based on the average dividend yield for the 12 months ended 31 December 2018.
4. Based on the average SGD fixed deposit rate for the 12 months ended 31 December 2018.



Capital Management

Low Gearing
Ratio

30.7¹%

31 Dec 2018

Average
Cost of Debt

4.3%

31 Dec 2018

As at 31 December 2018

- Aggregated borrowings drawn down was S\$ 222.5 million.
- Low gearing of 30.7%¹ allows a comfortable debt headroom for potential acquisition growth.
- About 70% of debt denominated in functional currency of the REIT (SGD).
- Close to 50% of offshore loans hedged via interest rate swaps.

1. Based on total loans and borrowings principal attributable to Unitholders divided by total assets attributable to Unitholders. MAS leverage limit is 45% with effect from 1 January 2016.



Property Updates



Photo of Beijing Wanliu 北京万柳



Portfolio of Retail Properties in China

- Multi-tenanted
- Master-leased



Beijing Wanliu



Dalian Jinsanjiao



Chengdu Konggang

Newly Acquired in 2019



Hefei Changjiangxilu



Hefei Mengchenglu



Xining Huayuan



Resilient Portfolio & Steady Catchment

One-stop destination malls that serve surrounding communities

Surrounded by densely populated residential homes

Strong focus on experiential and lifestyle segment

Underpinned by rising resident income and domestic consumption





Track Record of High Occupancy

Occupancy Rate	31 Dec 2016	31 Dec 2017	31 Dec 2018
Beijing Wanliu	99.5%	100.0%	100.0%
Chengdu Konggang	91.3%	96.8%	97.0%
Hefei Mengchenglu	100.0%	100.0%	96.2%^
Xining Huayuan	100.0%	100.0%	100.0%
Dalian Jinsanjiao	100.0%	100.0%	100.0%
Portfolio (NLA Weighted)	97.6%	99.7%	98.7%

^ Total area used to compute occupancy rate in Hefei Mengchenglu excludes area under ongoing asset enhancement initiative. Works expected to complete around mid-2019.



Beijing Wanliu 北京万柳



Beijing Wanliu Asset Management & Enhancement: Proactive Anchor Resizing

Hai Di Lao 海底捞 Resizing

Background

- Hai Di Lao tenancy included area on level 4 & 5.
- Management proactively approached and convinced the popular tenant to release some area (level 4).

Unlock Underlying Potential of Area

- Usher in multiple tenants, widen the range of mall's offerings.
- Increases original area's average per square foot rent.
- While maintaining the popularity of existing anchor tenant.



Beijing Wanliu: Refreshed Tenancies

Paris Baguette



Selected



Lego



Daniel Wellington





Chengdu Konggang 成都空港





Chengdu Konggang Asset Enhancement: Exterior Upgrade

Before Exterior Upgrade



Completed Exterior Upgrade





Chengdu Konggang Asset Enhancement: Exterior Upgrade & New Concept

New Concept: Container Pop-up Stores

Images attached herein are based on artist impressions and concepts, hence are subject to change.



Actual Pop-ups Stores: Work In Progress



Chengdu Konggang: Refreshed Tenancies

XIAOMI 小米



Aeon Molly Fantasy



HUAWEI





Hefei Mengchenglu 合肥蒙城路

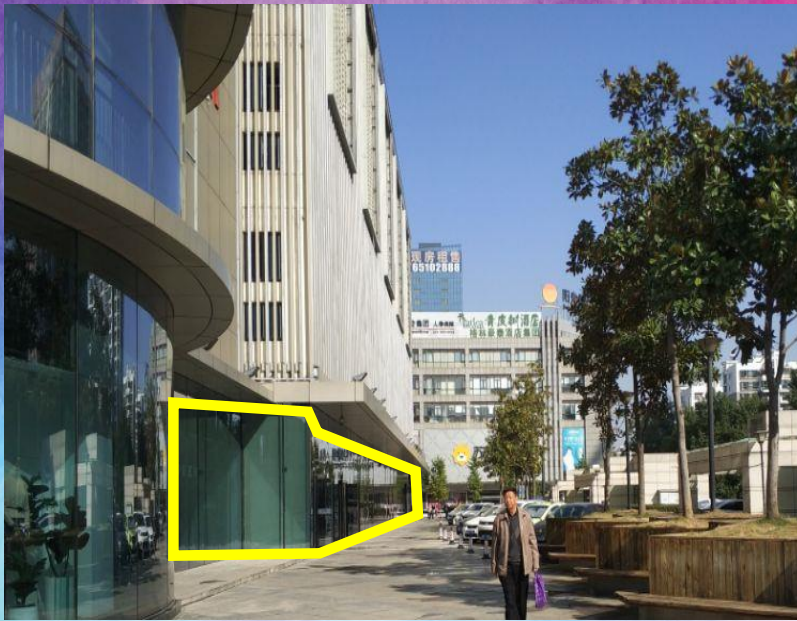


Hefei Mengchenglu: Asset Enhancement Initiative

Create Exterior Facing Entrances For Some Level One Shops

- Increases Visibility of Brands From Exterior
- Enhances Overall Vibrancy of the Mall From Exterior

Before



After





Hefei Mengchenglu: Recent & Popular Additions

ZANKEE 詹記



COCO 都可



POPO BEAUTY





Hefei Mengchenglu Mall: Supermarket Resizing & Asset Enhancement

Continual Asset Enhancement

- **Supermarket Resizing Exercise**
 - Unlock underlying potential of newly released space
 - Rejuvenate the cluster
 - Widen the range of offerings for its customers
 - Retain supermarket's competitive mass to serve its surrounding community residents.
- **Holistic Asset Enhancement**
 - Installation of additional set of escalators
 - Significantly enhance natural traffic circulation
 - Improve accessibility to tenants at basement two
- **Integrated Enhancement Slated To Complete Around Mid-2019**
 - Elevate long-term attractiveness of the anchor tenant and new cluster
 - Further reinforce Hefei Mengchenglu's position as the mall of choice for the Luyang district community.



Hefei Changjiangxilu

2019 New Addition





Inaugural Acquisition: In A Fast Growing City Hefei Changjiangxilu

1

Valuable Addition

Enlarges Portfolio Size By 12.3%

2

Positive Contribution to Portfolio

NAV per Unit and DPU Accretion

3

Opportunity for Rental Growth

Close to 60% of Gross Rental Income

Up for Renewal in FY 2019 and FY 2020

4

Enhances Portfolio Diversification

Increases Gross Rental Income Contribution By Multi-tenanted Malls





Awards & Accolades



Awards & Accolades

2018 Singapore Governance & Transparency Index

Ranked
10th / 43

Assessment By National University of Singapore (NUS) Business School

Singapore Governance and Transparency Index 2018 – Reit and Business Trust Category

RANK 2018	TRUST NAME	BASE SGTI 2018 SCORE*	ADJUSTMENTS FOR BONUSES/PENALTIES	OVERALL SGTI 2018 SCORE	OVERALL SGTI 2017 SCORE	RANK 2017	RANK 2018	TRUST NAME	BASE SGTI 2018 SCORE*	ADJUSTMENTS FOR BONUSES/PENALTIES	OVERALL SGTI 2018 SCORE	OVERALL SGTI 2017 SCORE	RANK 2017	RANK 2018	TRUST NAME	BASE SGTI 2018 SCORE*	ADJUSTMENTS FOR BONUSES/PENALTIES	OVERALL SGTI 2018 SCORE	OVERALL SGTI 2017 SCORE	RANK 2017
1	CAPITALAND MALL TRUST	84.1	18	102.1	96.8	1	18	ESR-REIT	71.8	9	80.8	58.2	28	33	LIPPO MALLS INDONESIA RETAIL TRUST	64.9	4	68.9	48.8	34
2	CAPITALAND COMMERCIAL TRUST	77.7	18	95.7	95.3	2	18	KEPPEL INFRASTRUCTURE TRUST	65.8	15	80.8	59.9	24	35	FAR EAST HOSPITALITY TRUST	67.7	-1	66.7	62.7	21
3	ASCOTT RESIDENCE TRUST	74.9	14	88.9	76.3	6	20	FRASERS HOSPITALITY TRUST	69.6	11	80.6	65.9	13	36	SUNTEC REIT	64.6	2	66.6	60.0	23
4	KEPPEL REIT	76.5	12	86.5	93.3	3	21	OUH HOSPITALITY TRUST	65.3	15	80.3	64.1	19	37	ASIAN PAY TELEVISION TRUST	55.9	10	65.9	54.9	31
5	ASCENDAS REIT	77.7	9	86.7	73.2	7	22	MAPLETREE GREATER CHINA COMMERCIAL TRUST	69.0	9	78.0	58.9	27	38	MANULIFE US REIT	60.2	4	64.2	-	NA
5	CDL HOSPITALITY TRUSTS	70.7	16	86.7	69.9	10	23	MAPLETREE INDUSTRIAL TRUST	70.5	7	77.5	64.1	19	39	FIRST REIT	53.1	6	59.1	23.5	40
5	KEPPEL DC REIT	74.7	12	86.7	82.6	5	24	AIMS AMP CAPITAL INDUSTRIAL REIT	68.3	9	77.3	51.9	33	40	HUTCHISON PORT HOLDINGS TRUST	44.1	4	48.1	59.1	26
8	STARHILL GLOBAL REIT	70.7	15	85.7	70.6	9	25	ASCENDAS INDIA TRUST	75.1	1	76.1	59.8	25	41	RHT HEALTH TRUST	56.2	-10	46.2	56.5	30
9	CAPITALAND RETAIL CHINA TRUST	73.9	11	84.9	88.7	4	26	PARKWAY LIFE REIT	57.5	17	74.5	42.6	36	42	FIRST SHIP LEASE TRUST	51.4	-24	27.4	15.9	42
10	BHG RETAIL REIT	74.5	10	84.5	-	NA	27	SOILBUILD BUSINESS SPACE REIT	69.4	5	74.4	64.8	17	43	SABANA SHARI'AH COMPLIANT REIT	48.3	-26	22.3	35.9	39
11	IREIT GLOBAL	72.3	12	84.3	65.3	14	28	VIVA INDUSTRIAL TRUST	63.4	9	72.4	64.9	15							
12	FRASERS COMMERCIAL TRUST	68.5	15	83.5	69.3	12	29	ASCENDAS HOSPITALITY TRUST	61.5	9	70.5	64.9	15							
13	SPH REIT	69.2	14	83.2	71.7	8	30	CACHE LOGISTICS TRUST	63.3	7	70.3	54.4	32							
14	MAPLETREE COMMERCIAL TRUST	72.8	9	81.8	69.7	11	31	OUH COMMERCIAL REIT	58.7	11	69.7	57.8	29							
15	FRASERS CENTREPOINT TRUST	65.6	16	81.6	64.2	18	32	ACCORDIA GOLF TRUST	63.0	6	69.0	39.9	37							
15	MAPLETREE LOGISTICS TRUST	69.6	12	81.6	60.4	22	33	EC WORLD REIT	68.9	0	68.9	-	NA							
17	FRASERS LOGISTICS & INDUSTRIAL TRUST	66.9	14	80.9	-	NA														

*Base is the addition of SGTI Base Score and Trust-specific Score
 Notes:
 [1] Abbreviation: REIT - Real Estate Investment Trust
 [2] SGTI 2018 assessed trusts based on their annual reports for Financial Year 2017 released by 31st May 2018. A total of 5 trusts listed at SGX were excluded from the SGTI 2018 ranking. They are: 1) Newly-listed trusts that do not have a full year's financial report (4 Trusts); 2) Trust that is listed as secondary listing on SGX (1 Trust)

Compiled by NUS CGIO

TOP TEN RANKING

1. CapitaLand Mall Trust
2. CapitaLand Commercial Trust
3. Ascott Residence Trust
4. Keppel REIT
5. Ascendas REIT
6. CDL Hospitality Trust
7. Keppel DC REIT
8. Starhill Global REIT[^]
9. CapitaLand Retail China Trust
10. BHG Retail REIT[^]

- One of the two non-local Sponsored REITs ranked amongst Top Ten on the Governance & Transparency Index.
- The Only China Sponsored REIT ranked within Top Ten.

[^] Non-Local Sponsored REITs



Awards & Accolades

Awards	Results	Month/ Year
1 Best Corporate Communications and Investor Relations	Gold	Apr 2019
2 Best Governed and Transparent Company	Silver	Apr 2019
Asia Pacific Best of the Breed REITs Awards 2018		
3 (Retail REIT category with market capitalisation of less than US\$1 billion)	Platinum	Aug 2018
4 Singapore Governance & Transparency Index	10 th / 43	May 2018



3



Engaging The Community



To Create Memorable Experiences
To Provide Third Space
To Maintain the Relevancy of Our Malls' Offerings
To Be the Community's Best Neighbour “社区的好邻居”



Engaging the Community: Sustainability



Care For Animals
Beijing Wanliu



Little Fireman Event
Chengdu Konggang



Mother's Day Event
Hefei Mengchenglu



Floristry Experience Event
Beijing Wanliu



Public Welfare Activities
Chengdu Konggang



Christmas Event
Hefei Mengchenglu

E-Commerce

China's online sales of physical goods accounted for **18.4%** of total retail sales of consumer goods in 2018.

Source: National Bureau of Statistics of China

About 81.6% of retail sales still take place in brick-and-mortar stores.

Today's consumers are no longer pure offline consumers, and neither are they pure online consumers, they are omni-channel consumers.



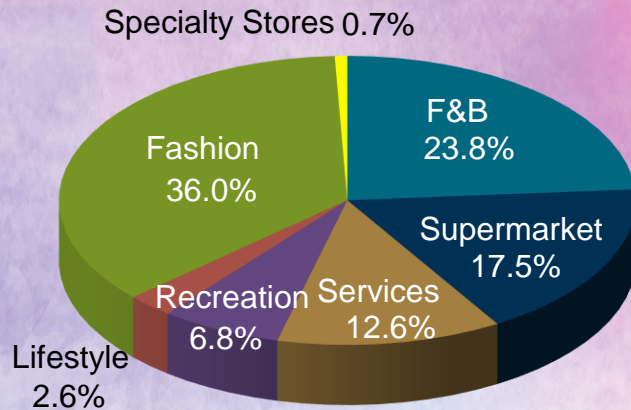


E-Commerce & BHG Retail REIT

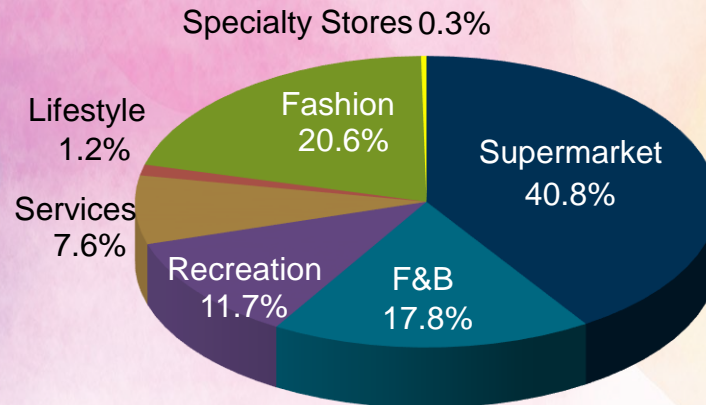
1. Experiential-Focused Trade Mix

Close to 65% of Gross Rental Income and 80% of NLA from experiential segment (exclude fashion and specialty stores)

Breakdown of Gross Rental Income¹ by Trade Sector



Breakdown of NLA² by Trade Sector



2. Online & Offline Collaborations

- *By Retailers (Tenants)*
- *By Malls (Landlords)*

3. Track Record of Robust Occupancy



Looking Forward





Outlook¹

+6.6%

China GDP
Growth in 2018
(y-o-y)

+9.0%

China Retail Sales
Growth in 2018
(y-o-y)

Urban residents
increase from
58.5% in 2017 to
59.6% in 2018

+7.8%

Disposable income
per capita for
urban residents
in 2018
(y-o-y)

+6.8%

Expenditure per
capita for urban
residents in 2018
(y-o-y)

1. Source: National Bureau of Statistics of China



Looking Forward: Creating Organic Value

Proactive Asset Management



- Reinforce community positioning
- Improve rents while maintaining high occupancy rates
- Build firm partnerships with tenants, and demonstrate proactive tenant management
- Proactive marketing strategies
- Tap on Sponsor and Group retailer network and experience



Looking Forward: Creating Organic Value

Proactive Asset Enhancement



- Identify opportunities to improve the malls
- Achieve better efficiency or higher rental potential
- Upgrade existing facilities and reconfigure existing spaces



Looking Forward: Pursuing Acquisition Growth

Explore Acquisition Opportunities In Both Right of First Refusal (“ROFR”) and Third-Party Properties

Key criteria:

- Yield accretive
- Location
(Ease of access, connectivity, targeted catchment, concentration of competitors, etc)
- Potential for asset enhancement





BHG

MALL REIT

Thank you

For further information and enquiries:

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