



BHG Retail REIT 3Q 2019

Gross Revenue up 18.9%^{1,2} year-on-year

Net Property Income up 17.7%^{1,2} year-on-year

Annualised Distribution Yield of 5.6%^{3,4}

- **Track Record of High and Stable Occupancy Rate**
- **Strong Rental Reversion**
- **Attractive Distribution Yield Attributable to Newly Acquired Hefei Changjiangxilu Mall and Organic Growth of Existing Malls**

SINGAPORE, November 8, 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 third quarter (“3Q 2019”) and nine months (“9M 2019”) ended 30 September 2019.

Gross revenue and net property income (“NPI”) for 3Q 2019 grew 18.9%^{1,2} and 17.7%^{1,2} respectively year-on-year. The outperformance was primarily attributable to the acquisition of Hefei Changjiangxilu mall, which was newly added earlier this year. The year-on-year results were also lifted by strong performance of existing properties, mainly from the asset enhancements and introduction of new concepts, completed in the previous quarter. Amount to be distributed to Unitholders for 3Q 2019 and 9M 2019 were S\$3.8 million and S\$12.8 million, respectively. This translated to a 9M 2019 distribution per Unit of 2.94 Singapore cents, and an annualised distribution yield of 5.6%^{3,4}.

Ms Chan Iz-Lynn, Chief Executive Officer of BHG Retail Trust Management Pte. Ltd., said, “BHG Retail REIT delivered a set of steady results amidst China’s ongoing structural reforms and headwinds from trade tensions. Notwithstanding these, China’s domestic retail sentiment remained positive, buoyed by the healthy employment rate, and steady increase in residents’ income. Our existing properties, supported by densely populated residential catchments are expected to remain resilient, and are well-positioned to benefit from higher residents’ consumption.

Footnotes:

1. In Singapore Dollars terms.
2. Includes contribution from Hefei Changjiangxilu Mall which was acquired on 2 April 2019.
3. Based on closing price of S\$0.70 as at 30 September 2019, and annualised 9M 2019 Distribution per Unit.
4. In 9M 2019, approximately S\$1.4 million of the amount available for distribution has been retained in anticipation of higher operational expenses and working capital requirements of the REIT’s enlarged portfolio.

Through proactive asset enhancement initiatives, our properties have grown organically from strength to strength. The container-style F&B concepts introduced last quarter at Chengdu Konggang mall continued to attract surrounding visitors and inject vibrancy in the vicinity. This quarter, a double-storey traditional Chinese architecture teahouse (霓裳茶舞) was introduced in the exterior of the same mall. The teahouse gained popularity quickly amongst customers, due to its mastery in blending the best of traditional tea with modern recipes.

Going forward, the Manager will remain committed to do our best to deliver organic growth, as well as to step up efforts, to deliver potential accretive growth, thereby continue to deliver regular and attractive yield to our unitholders.”

Capital Management

As at 30 September 2019, borrowings drawn down of S\$290.7 million represented a gearing of 37.5%. About 80% of borrowings are denominated in Singapore dollars and US dollars, and of which, about 60% are hedged via interest rate swaps.

Macroeconomic Outlook⁵

China's economy maintained a broadly stable momentum during the quarter, amid ongoing headwinds from external trade protectionism. China's Gross domestic product ("GDP") growth for 3Q 2019 and 9M 2019 were 6.0% and 6.2% year-on-year respectively. Disposable income and expenditure per capita of urban residents increased 7.9% and 7.2% year-on-year respectively in 9M 2019. Retail sales of consumer goods rose 8.2% year-on-year in 9M 2019. Consumption continued to be the main driver of growth, contributing 60.5% of the economic growth during the period.

Footnote:

5. 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 30 September 2019, the REIT's portfolio comprises six retail properties, Beijing Wanliu (60%), Chengdu Konggang, Hefei Mengchenglu, Hefei Changjiangxilu, 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 311,691 sqm, has a committed occupancy of 98.6% as at 30 September 2019.

As at the latest date of valuation, total appraised value was approximately RMB 4,566.9 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.