



PROPOSED ACQUISITION OF BADALING OUTLETS, BEIJING

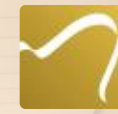
2 December 2019



北京八达岭奥莱



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北京八达岭奥莱

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Acquisition Overview

One of the Leading Premier Outlets in Beijing



北京八达岭奥莱

Acquisition Overview

Proposed acquisition of 100.0% interest in Badaling Outlets

Property ²	Average Independent Valuations ¹	RMB 2,982.2 million (S\$ 576.8 million)
	Agreed Badaling Outlets Value	RMB 2,482.3 million (S\$ 480.1 million)
	Net Property Income (“NPI”) Yield	8.7% (FY 2018) 8.3% (1H 2019)
Estimated Total Acquisition Cost ^{2,3}	Total	S\$ 471.9 million
	Purchase Consideration	S\$ 455.0 million
	Estimated Acquisition-Related Expenses	S\$ 16.9 million
Method of Financing	Total Acquisition Cost will be funded by (i) Consideration units, (ii) Debt financing, and (iii) Private placement.	

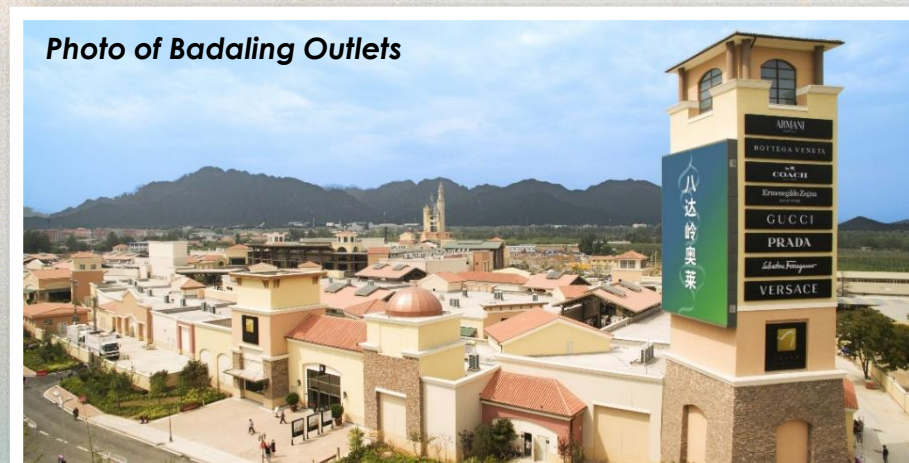


Photo of Badaling Outlets



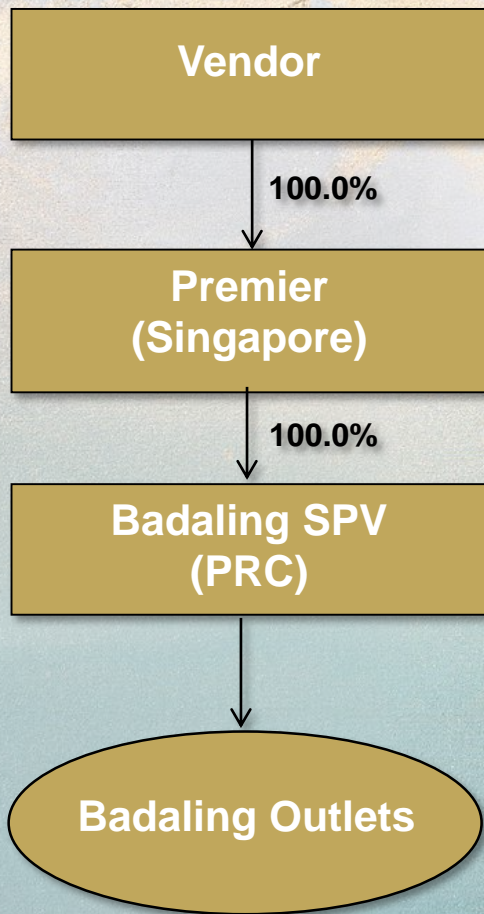
Photo of Badaling Outlets

1. Based on average of independent valuations by Knight Frank Petty Limited and Jones Lang LaSalle Corporate Appraisal and Advisory Limited as at 31 August 2019.
2. Based on an assumed exchange rate of RMB 5.17 : S\$ 1.00.
3. The Manager has agreed to waive the acquisition fee payable by BHG Retail REIT in respect of the proposed Acquisition.



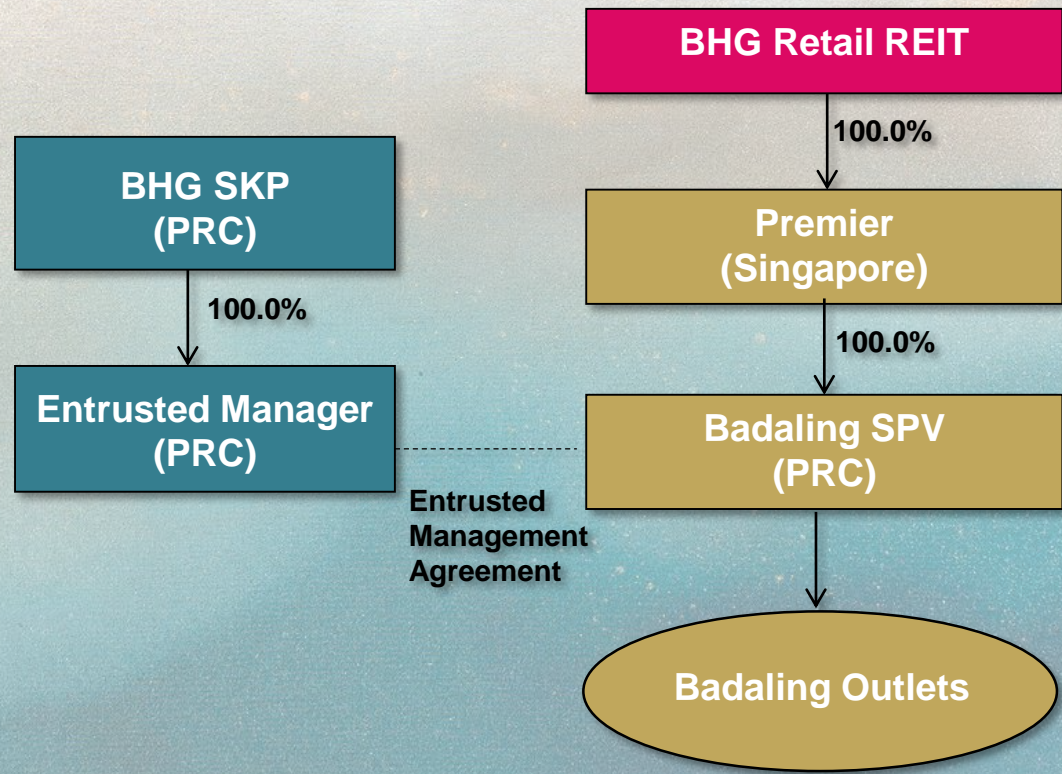
Holding Structure – Pre & Post Acquisition

Pre-Acquisition



Post-Acquisition

Holding structure of Badaling Outlets following completion of the proposed acquisition, including the entry into the Entrusted Management Agreement.





Badaling Outlets, Beijing

Location	Chenzhuang Village, Nankou Town, Changping District, Beijing
Year of Completion	2014
Expiry of Land Use Right	24 September 2037
Site Area	128,690.19 sqm
Gross Floor Area	58,348.11 sqm
Net Lettable Area	38,796.80 sqm
Number of Buildings	14 buildings
Occupancy Rate	100%
Independent Valuation by JLL ^{1,3}	RMB 2,991.4 million (\$\$ 578.6 million)
Independent Valuation by Knight Frank ^{2,3}	RMB 2,973.0 million (\$\$ 575.0 million)
Agreed Badaling Outlet Value ³	RMB 2,482.3 million (\$\$ 480.1 million)



1. Based on independent valuation by Jones Lang LaSalle Corporate Appraisal and Advisory Limited as at 31 August 2019.
2. Based on independent valuation by Knight Frank Petty Limited as at 31 August 2019.
3. Based on an assumed exchange rate of RMB 5.17 : \$\$ 1.00.

Surrounding & Accessibility¹

Surrounding

The Great Wall of China

- ✓ Located in Chenzhuang Village 陈庄村, Changping District 昌平区, North-West of Beijing.
- ✓ About **40 km or 1 hour 10mins drive** from the city center.
- ✓ District famous for its tourism attractions, such as the Ming Tomb, Juyong Pass (Great Wall), & Mangshan National Forest park.
- ✓ Educational institutions include: Peking University's Changping sub-campus and the Beijing Police Academy.

Badaling Outlets

Beijing Wanliu Mall

Tiananmen

Daily Complimentary Shuttle Bus Service (8 Stops)

Badaling Outlets Shuttle Bus: 8 stations

- 1 Anzhen Station
- 2 Tianshimingyuan Station
- 3 Guomao Station
- 4 Tiantongzhongyuan Station
- 5 Xierqi Station
- 6 Changpingxishankou Station
- 7 Fuchengmen Station
- 8 Wanliu Station

- ✓ Complimentary daily shuttle bus service available. (See purple boxes) 8 service routes: Easy access to and from various areas in Beijing.
- ✓ About 2.5 km away from the Metro Line, Changping Xishankou Station 昌平西山口岸站.
- ✓ Beijing-Zhangjiakou intercity high-speed railway is expected to open to public in December 2019.

¹ Source: Independent Market Research Report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.



Key Benefits of the Transaction



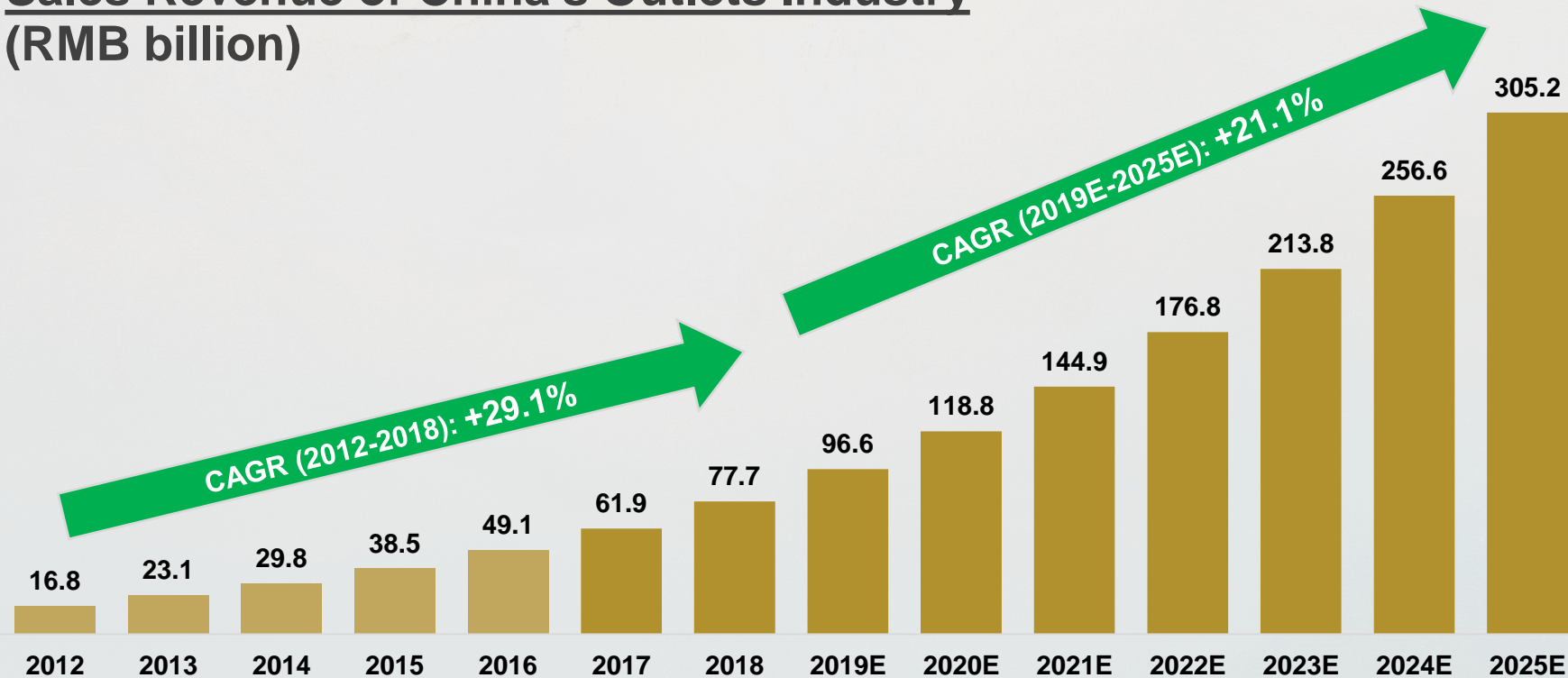
Key Benefits of the Transaction

- 1 Exposure to Fast-Growing Premier Retail Outlet Mall Sector in the PRC
- 2 Strong Economic and Market Fundamentals in Beijing
- 3 Strategically Located and Well-Established Quality Asset
- 4 Enhance BHG Retail REIT's Portfolio
- 5 Attractive Value Proposition with NPI Yield, DPU, NAV per Unit Accretion
- 6 Leverage on Strong Track Record of the Entrusted Manager and BHG SKP
- 7 Increase in Market Capitalisation

1 Exposure to Fast-Growing Premier Retail Outlet Mall Sector in the PRC¹

Potential for rapid growth of China's outlet mall industry

Sales Revenue of China's Outlets Industry (RMB billion)



+29.1%
China Outlet Market Revenue CAGR Growth (2012-2018)

+21.1%
Expected China Outlet Market Revenue CAGR Growth (2019E-2025E)

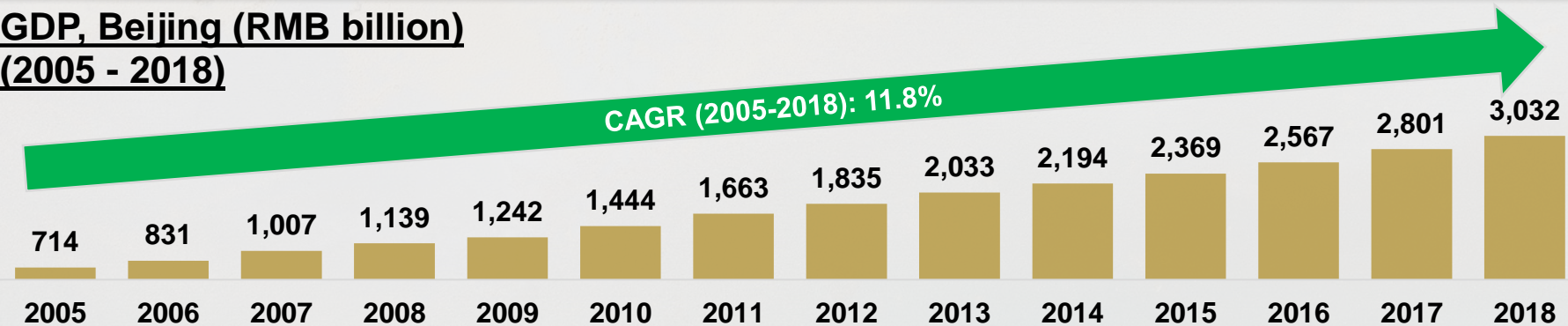
¹ Source: Independent Market Research Report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

Strong Economic and Market Fundamentals in Beijing¹

A. Positive Economic Outlook

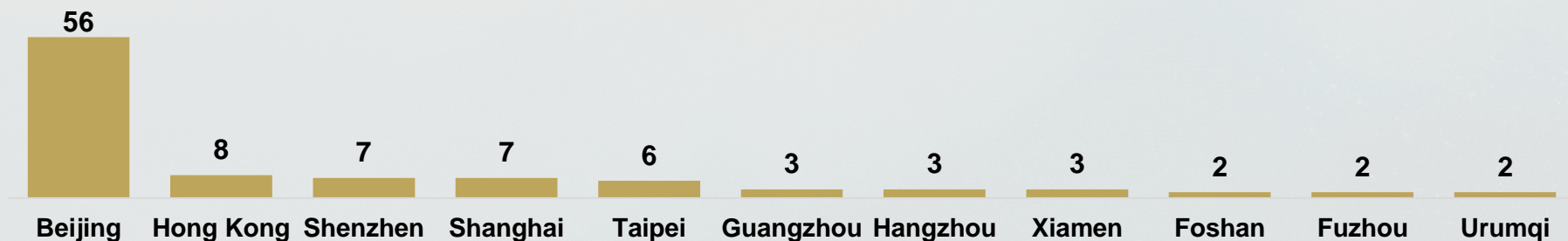
Beijing's GDP continues to show constant and robust growth.

GDP, Beijing (RMB billion)
(2005 - 2018)



Beijing stands atop the rankings of the total number of Fortune 500 company HQs.

City Ranking of Fortune Global 500 Company Headquarter



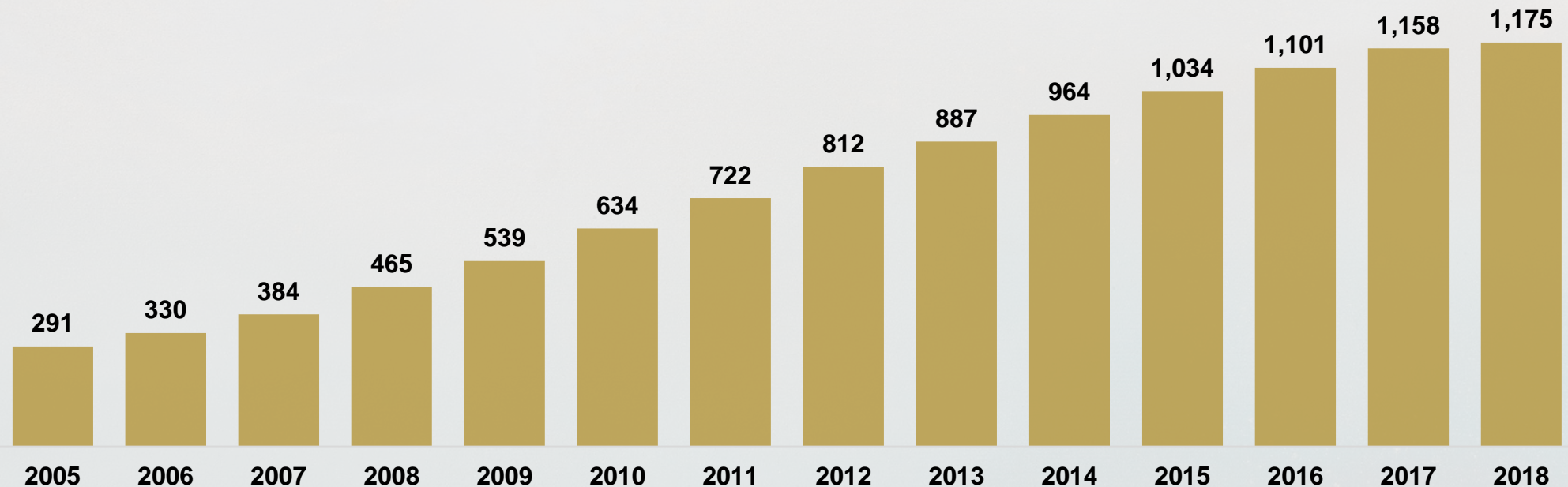
¹ Source: Independent Market Research Report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

Strong Economic and Market Fundamentals in Beijing¹

B. Strong Retail Sales

Beijing's retail sales showed continued growth over past years

Retail Sales, Beijing (RMB billion)
(2005 - 2018)



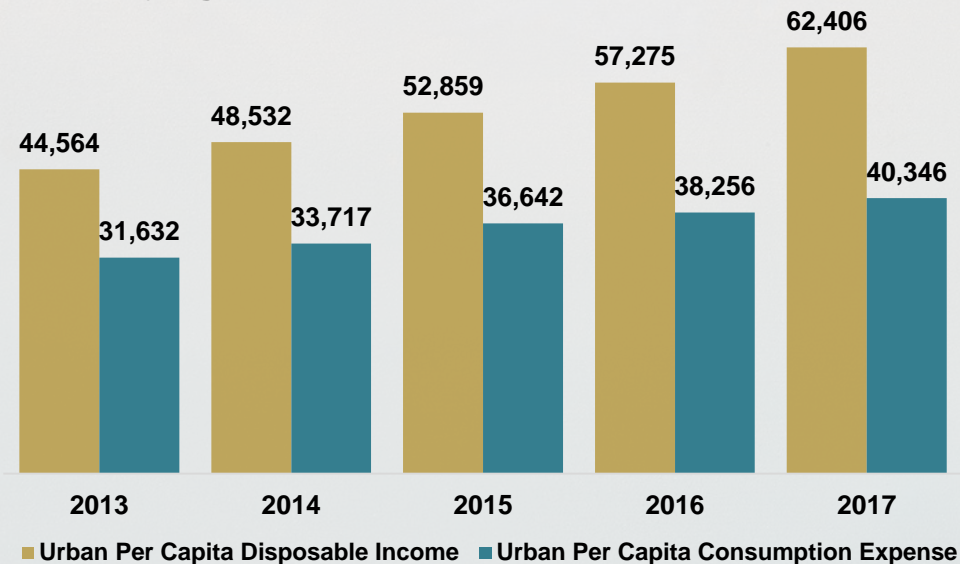
¹ Source: Independent Market Research Report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

Strong Economic and Market Fundamentals in Beijing¹

C. Increasing Disposable Income

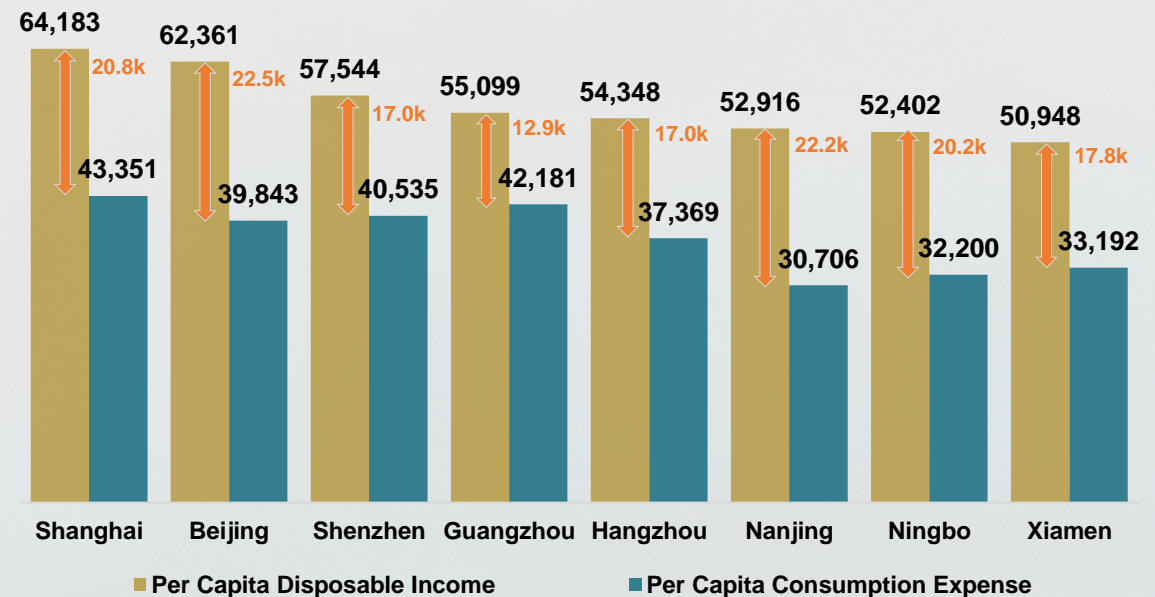
Both urban per capita disposable income and consumption expenditure experienced constant growth from 2013 to 2017

Urban Per Capita Disposable Income & Per Capita Consumption Expenditure for Beijing (RMB)



Beijing has more consumption growth potential due to the wide gap between income and expenditure

Top Income and Consumption Cities in China 2018 (RMB)



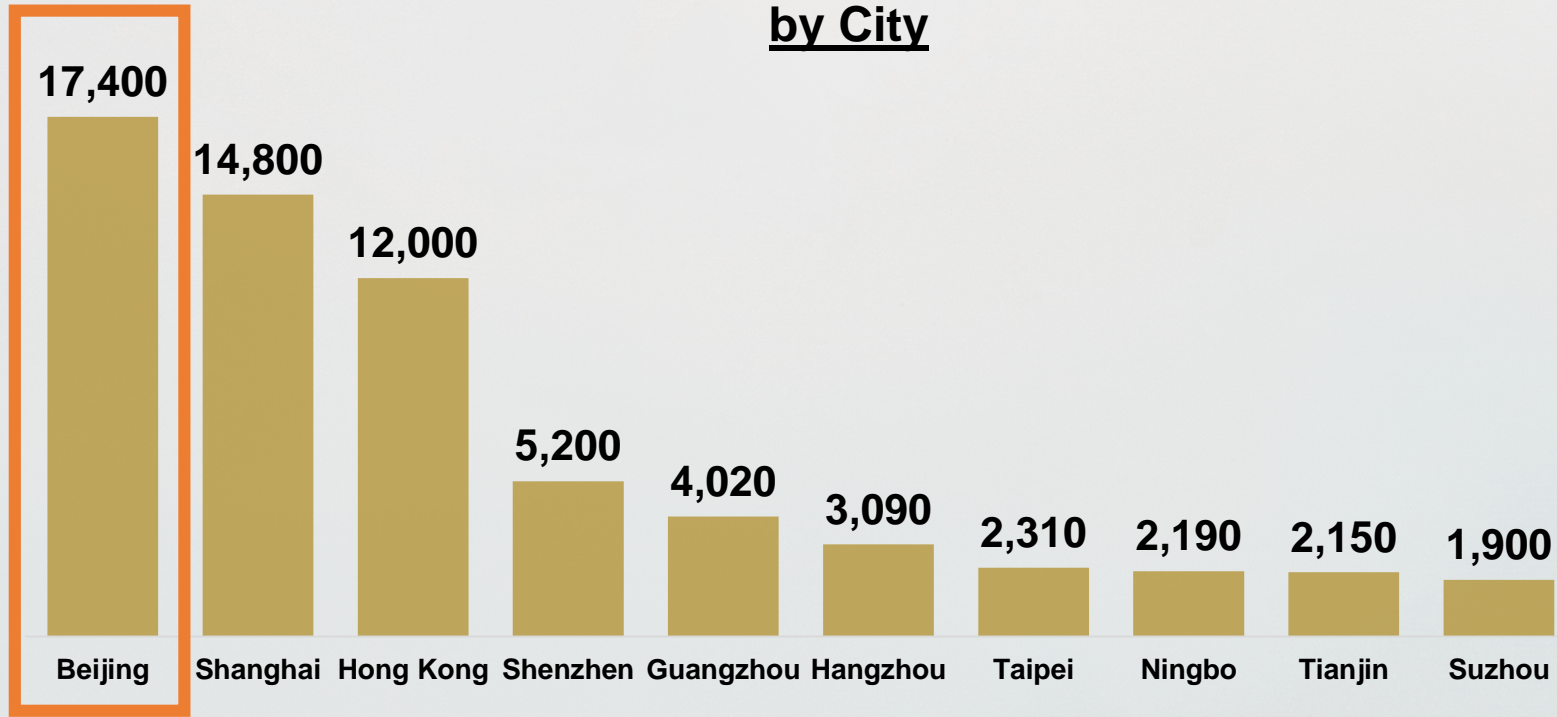
¹ Source: Independent Market Research Report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

Strong Economic and Market Fundamentals in Beijing¹

C. Increasing Disposable Income (Cont'd)

Beijing has the largest number of ultra-high net-worth individuals in China

2017 Ultra-High Net-Worth Individuals in Greater China by City



D. Increasing Demand for Branded Goods

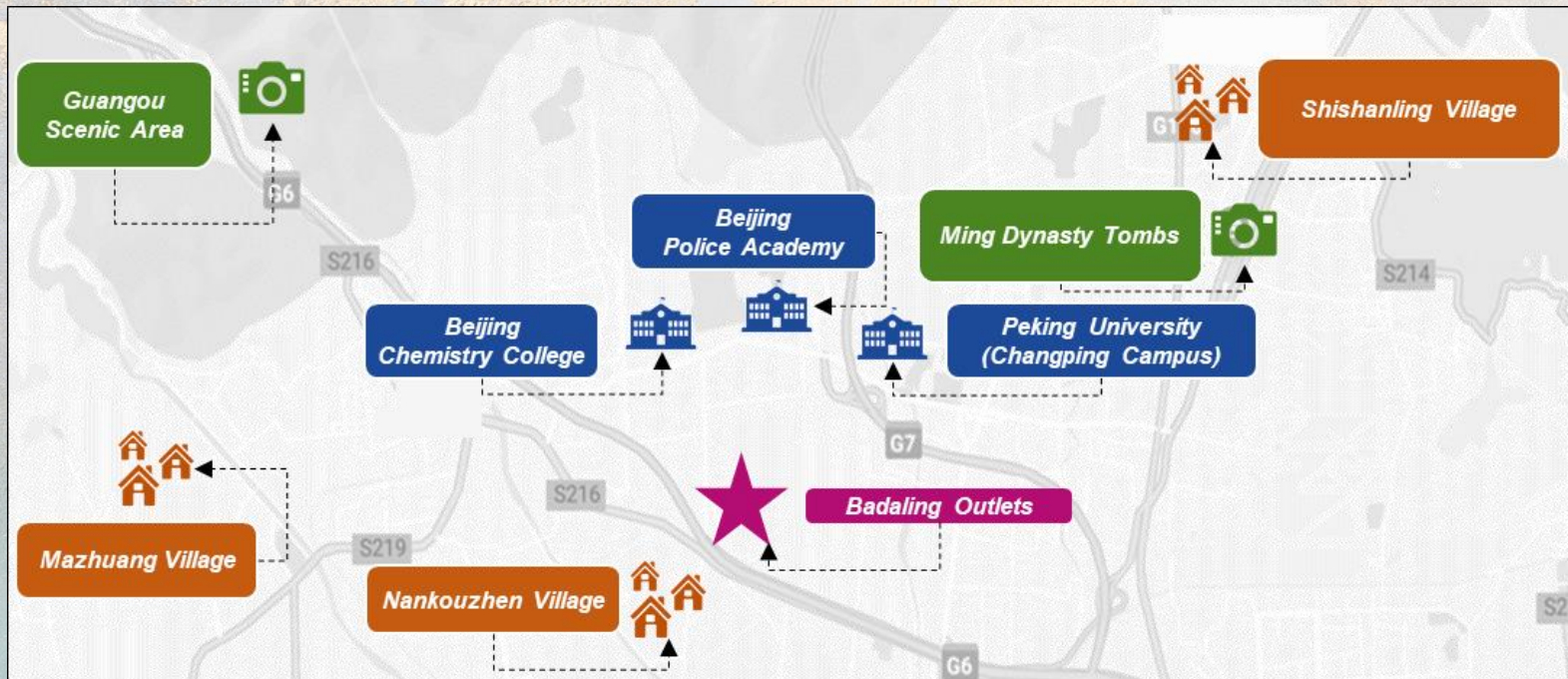
- Young consumers preference for well-designed products and higher income allocation to such products.
- Successful social media marketing strategies of luxury goods companies
- Change in consumer behavior to fuel demand of outlets.



¹ Source: Independent Market Research Report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

Strategically Located and Well-Established Quality Asset¹

Large addressable market



- Badaling Outlets is situated at Chenzhuang Village, Nankou Town, Changping District, Beijing. Badaling Outlets is situated near educational institutions, such as Peking University's Changping sub-campus and Beijing Police Academy.
- Attracts customers in Beijing as well as from other areas in west China, such as Hebei Province, Tianjin City and Shandong province.

- With Beijing being the centre of the metropolitan circle, outlets located here could attract consumers in Xiong'an, Tianjin, as well as other surrounding cities.
- With big enterprises like Tencent and Baidu settling in Xiong'an New Area, many of its employees who are potentially affluent consumers will live in this area and consequently drive luxury consumption.

¹ Source: Independent Market Research Report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

Strategically Located and Well-Established Quality Asset¹

Good transport network connectivity and accessibility

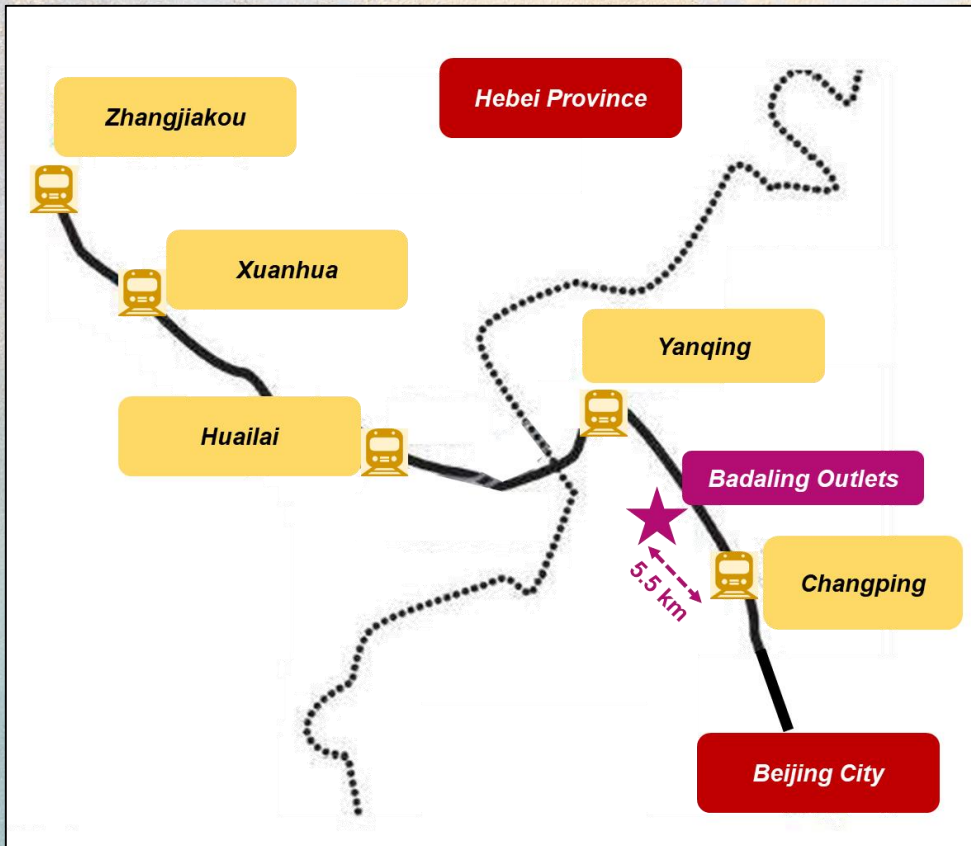


- Located next to the G6 expressway, which links Beijing and Tibet, and enjoys good transport accessibility for customers who self-drive.
- Chenzhuang bus station located 500 metres from the west of Badaling Outlets and the Changping Xishankou subway station located 2.5km away from Badaling Outlets.
- Daily complimentary shuttle buses operate between the city center and Badaling Outlets.

¹ Source: Independent Market Research Report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

Strategically Located and Well-Established Quality Asset¹

Good transport network connectivity and accessibility (Cont'd)



Beijing-Zhangjiakou intercity railway

- The Beijing-Zhangjiakou intercity railway is expected to open to public in December 2019.
- Changping Station, which is one of the ten stations, is 5.5km away from Badaling Outlets and the management team is considering offering complimentary shuttle bus services between the station and Badaling Outlets.
- Enhance convenience for Beijing residents and potential customers in surrounding provinces like Inner Mongolia Autonomous Regions and Shanxi Province are able to visit Badaling Outlets via the high speed-railway from Zhangjiakou Station.

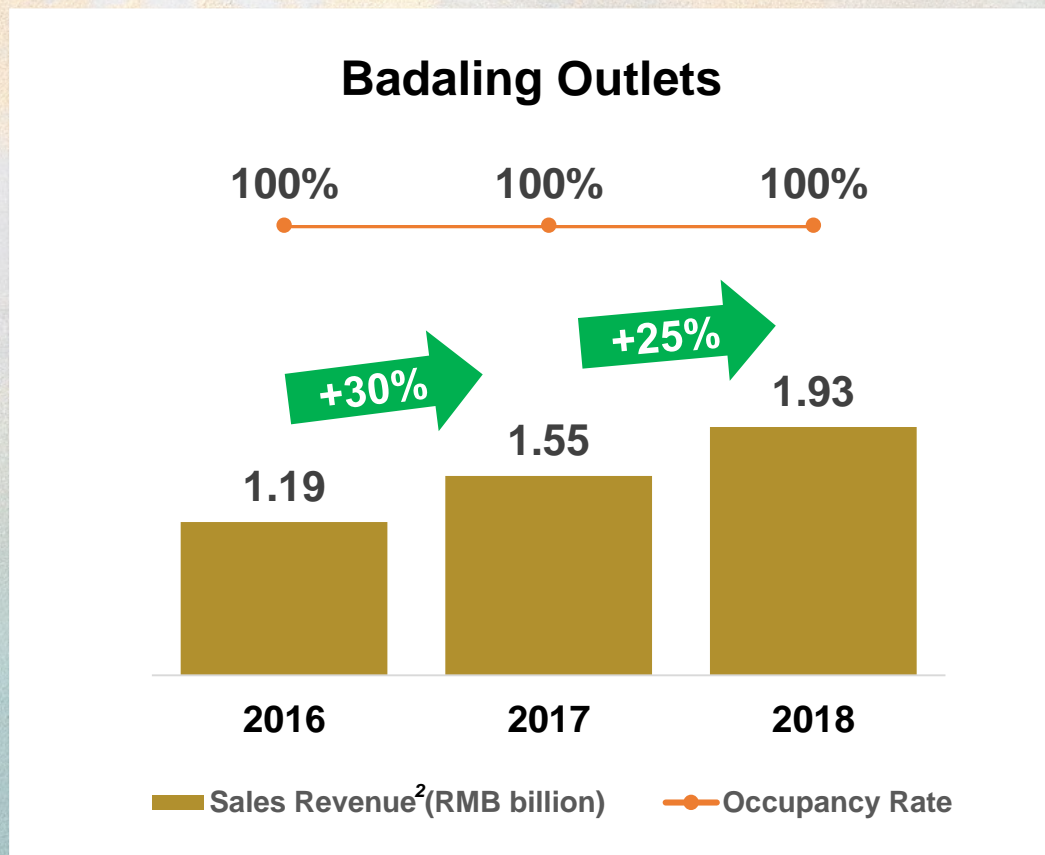
¹ Source: Independent Market Research Report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

Strategically Located and Well-Established Quality Asset¹

- ✓ Track Record of Full Occupancy Rate
- ✓ Outlet with the Most International 1st Tier Brands in Beijing

Jones Lang LaSalle¹ Independent Market Research (“IMR”):

- The IMR Consultant is of the view that Badaling Outlets has **outstanding brand resources and retail management experience**, which **cannot be replicated** by other competitors in Beijing, and offers the **most high-end brands** out of any of the other outlets.”



**Badaling:
7th
Highest Outlet
Sales in China
(2018)**

¹ Source: Independent Market Research Report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

² Revenue excludes other operating income

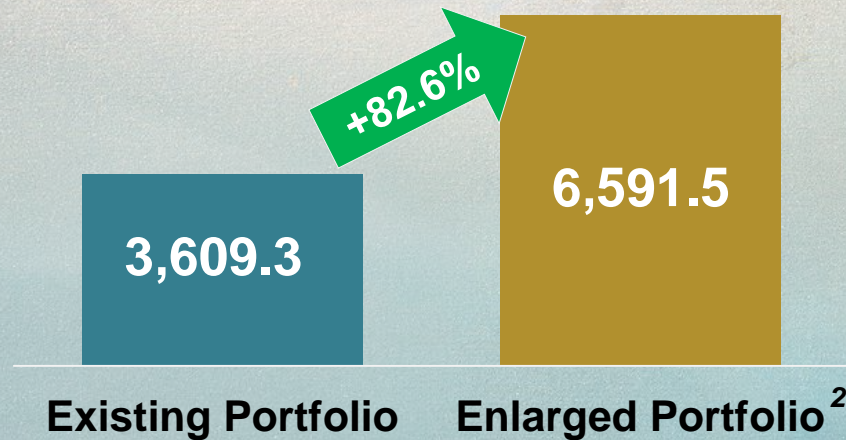
Enhance BHG Retail REIT's Portfolio¹



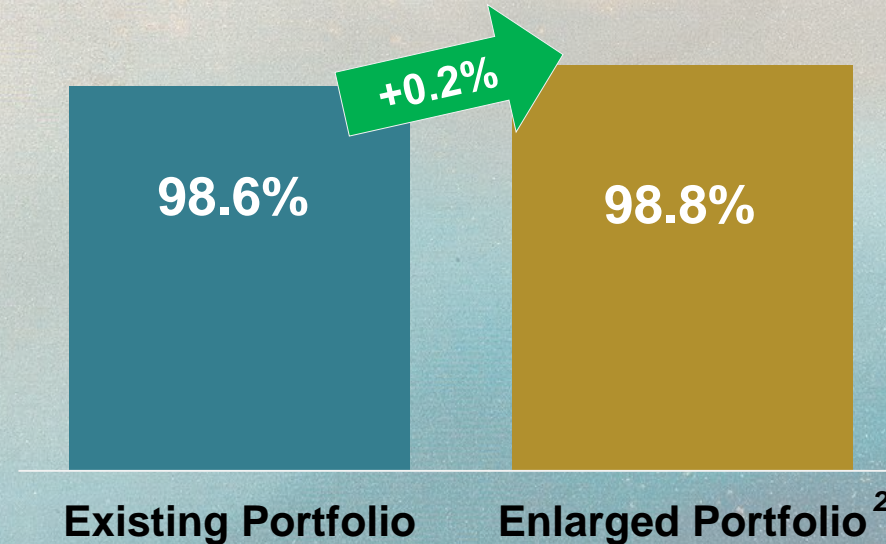
Portfolio Size
Up by ▲ 82.6%

Occupancy Rate
Up by ▲ 0.2%

Investment Properties
as at 30 June 2019
(RMB million)



Occupancy Rate
as at 30 September 2019



¹ Based on 60% interest in Beijing Wanliu Mall.

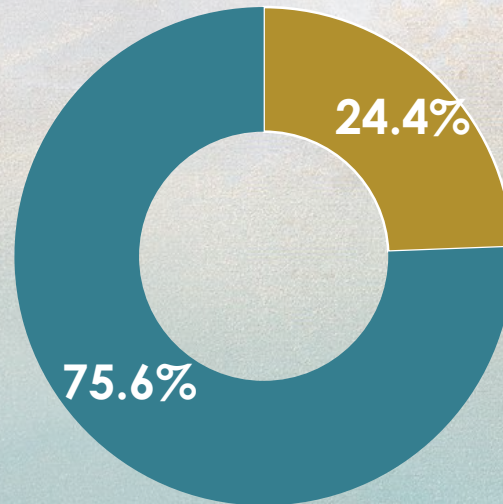
² Existing Portfolio together with Badaling Outlets (collectively, the "Enlarged Portfolio").

Reduce Tenants/Brands Concentration Risk

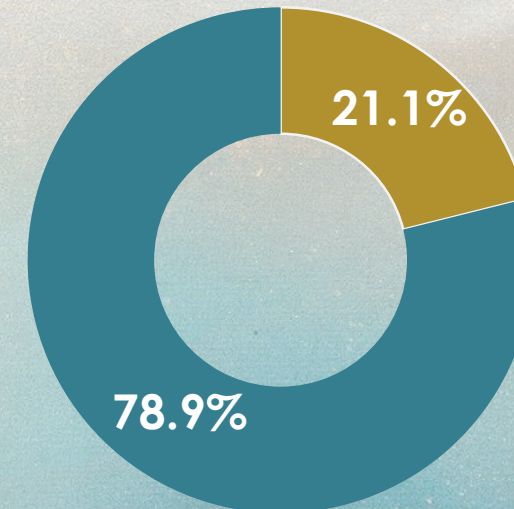
Aggregate exposure to the top 10 tenants/brands of BHG Retail REIT by gross revenue for the month of September 2019 on a pro forma basis will decrease from 24.4 % to 21.1%.

The contribution to gross revenue for the month of September 2019 by the largest tenant will be reduced from 16.3% to 7.8% on a pro forma basis after the proposed Acquisition.

Existing Portfolio



Enlarged Portfolio²



■ Top 10 tenants/brands by gross revenue ■ Others

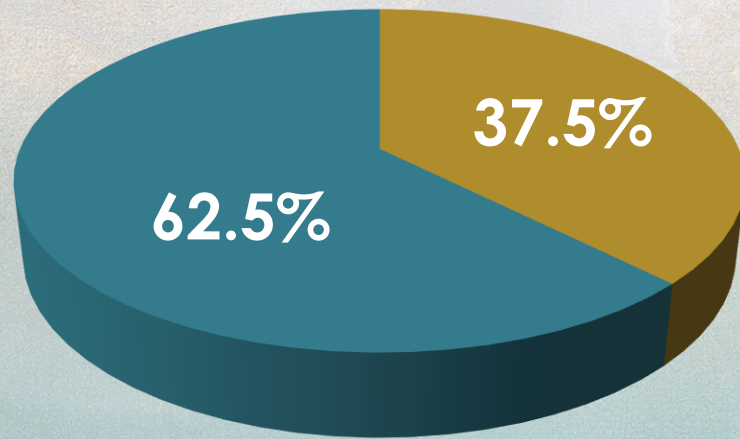
¹ Based on 60% interest in Beijing Wanliu Mall.

² Existing Portfolio together with Badaling Outlets (collectively, the "Enlarged Portfolio").

Enhance BHG Retail REIT's Portfolio¹

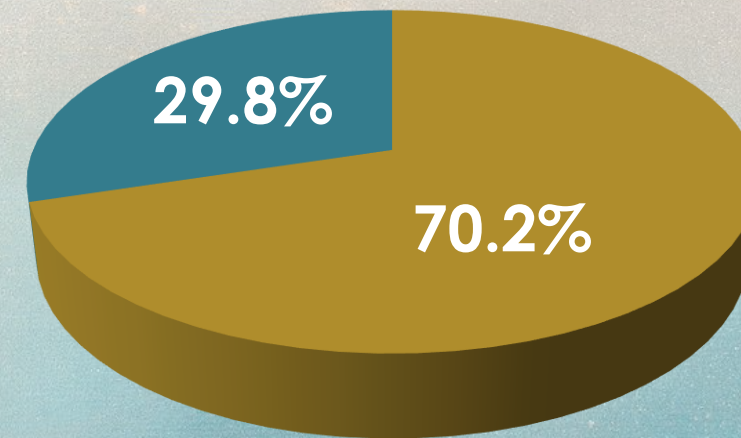
Aggregate gross revenue contribution from Beijing is expected to increase, on a pro forma basis, from 37.5% to 70.2% (based on the Gross Revenue for the month of September 2019).

Existing Portfolio



■ Beijing

Enlarged Portfolio²



■ Others

¹ Based on 60% interest in Beijing Wanliu Mall.

² Existing Portfolio together with Badaling Outlets (collectively, the "Enlarged Portfolio").

Attractive Value Proposition

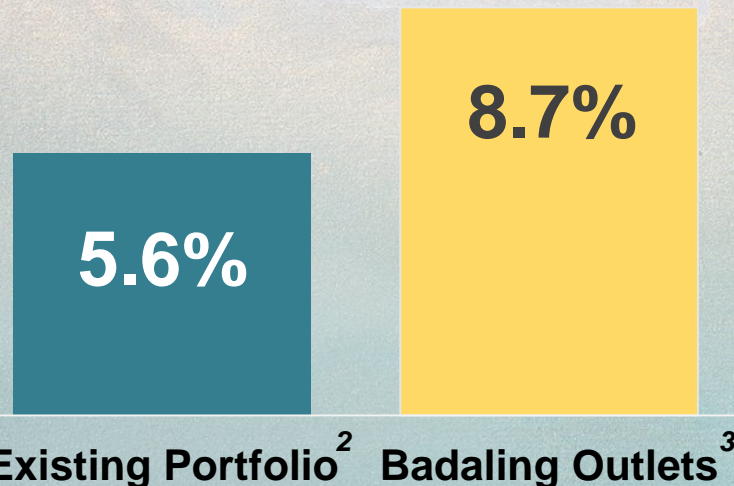
Net Property Income (“NPI”) Yield

NPI Yield



Accretive

Pro forma FY 2018 NPI Yield



- 1 Excess of the NPI after Fixed Fee payable to EM above the Fixed Income (if any).
- 2 Exclude Hefei Changjiangxilu Mall, which was acquired in 2019.
- 3 Badaling Outlets Pro forma FY2018 is based on a Fixed Income only (i.e. excludes any Excess).

BHG Retail REIT shall receive the following from the Entrusted Manager (“EM”):

Fixed Income

- ✓ A Fixed Income of RMB 225.1 million for the first operating year.
- ✓ A Fixed Income with 3% p.a. escalation for each successive operating year.
- ✓ Arrangement will be in place throughout the Entrusted Management Agreement. (Tenure: 10 years with option to renew)
- ✓ BHG SKP guarantees the payment of any shortfall in Fixed Income.

Excess¹

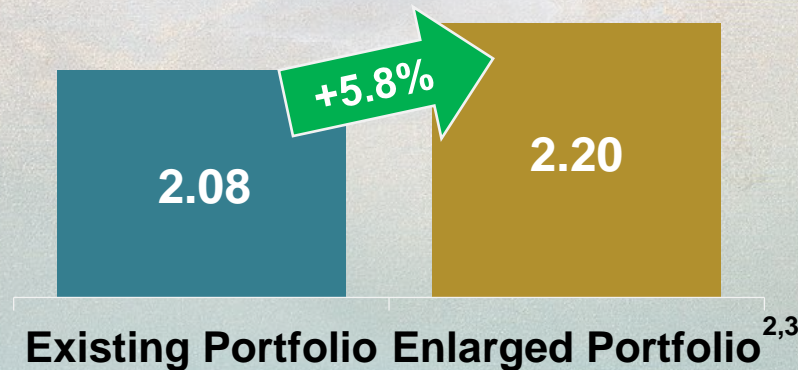
- ✓ BHG Retail REIT entitled to 20% of the Excess¹ (if any).
- ✓ EM entitled to balance of Excess¹ (if any).

Attractive Value Proposition¹

DPU and NAV per Unit Accretion

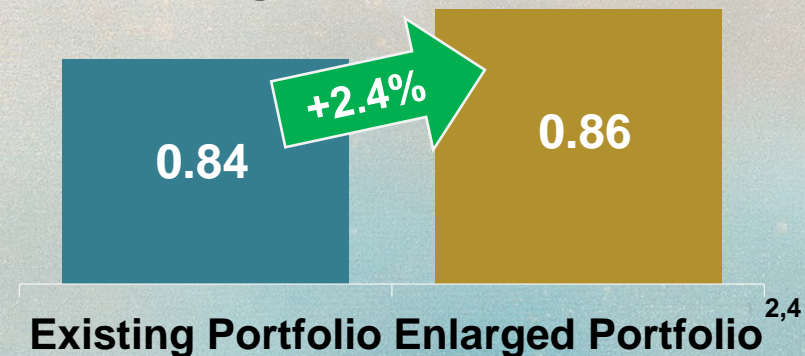
**Distribution per Unit
Accretion of 5.8%**

Pro forma 1H 2019 DPU
(Singapore cents)



**NAV per Unit
Accretion of 2.4%**

Pro forma NAV per Unit
as at 30 June 2019
(Singapore dollars)



¹ Based on 60% interest in Beijing Wanliu Mall.

² Existing Portfolio together with Badaling Outlets (collectively, the "Enlarged Portfolio").

³ The pro forma is prepared taking into account the acquisition of Badaling Outlets which is to be funded by (i) an offshore loan of S\$260.0 million at an average interest rate of 4.70% per annum as part of the SGD Offshore Facility of S\$281.3 million to be drawn down by the REIT (with the remaining S\$21.3 million to be used for repayment of existing onshore loans of approximately S\$20.0 million at Beijing Badaling Outlet Property Management Co., Ltd and the balance as a working capital loan) and (ii) S\$195.0 million in Consideration Units through the issuance of up to 260.0 million Units (at an issue price of \$0.75 per Unit). The net proceeds of the Private Placement would be used to partially pay for the Total Acquisition Cost amounting to approximately S\$16.9 million and repay S\$35.0 million of BHG Retail REIT's existing debt and balance to be used for other general corporate and working capital purposes. Please refer to paragraph 10.1 of the Announcement for further details on the Pro Forma DPU.

⁴ Based on the number of units in issue used in computing the pro forma NAV per unit includes (i) 260.0 million Consideration Units issued to the Vendor based on an issue price of S\$0.75 per unit and ii) 94.8 million new Units issued pursuant to the Private Placement based on an illustrative issue price of S\$0.633 per unit. Please refer to paragraph 10.2 of the Announcement for further details on the Pro Forma NAV.

Leverage on Strong Track Record of the Entrusted Manager & BHG SKP

BHG SKP: Operates Two Internationally Renowned and Top-Performing Luxury Departmental Stores, namely SKP Beijing and SKP Xi'an, in China

- Entrusted Manager (“EM”) of Badaling Outlets is Beijing Hualian Fashion Business Consulting Co., Ltd, a wholly-owned subsidiary of Beijing Hualian (SKP) Department Store Co., Ltd (“BHG SKP”).
- SKP Beijing, one of the icons of luxury fashion department stores globally, and one of the most upscale malls in Beijing.¹
- EM’s team consists of experienced members from BHG SKP and possesses deep knowledge and understanding of the outlet mall business.
- Leverage on the strong relationships BHG SKP has with the luxury brands and gain access to more limited edition luxury items and offer them exclusively in Badaling Outlets.



¹ Source: Independent Market Research Report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

Market Cap
Up by ▲ 72.7%

Market Capitalisation
(S\$ million)



- Potential improvement in trading liquidity
- Diversification in unitholder base
- Greater investor interest

1. Based on BHG Retail REIT's volume weighted average price of S\$0.6917 per Unit on the SGX-ST on 29 November 2019, being the market day prior to the date of the Share Purchase Agreement.

2. Based on BHG Retail REIT's volume weighted average price of S\$0.6917 per Unit on the SGX-ST on 29 November 2019, being the market day prior to the date of the Share Purchase Agreement, gross proceeds of S\$60.0 million raised from the Private Placement and the issue of S\$195.0 million in Consideration Units to the Vendor.



Summary



BHG Retail REIT's Portfolio Post Acquisition

Existing Portfolio

+

Badaling Outlets



Photo of Beijing Wanliu



Photo of Chengdu Konggang



Photo of Hefei Mengchenglu



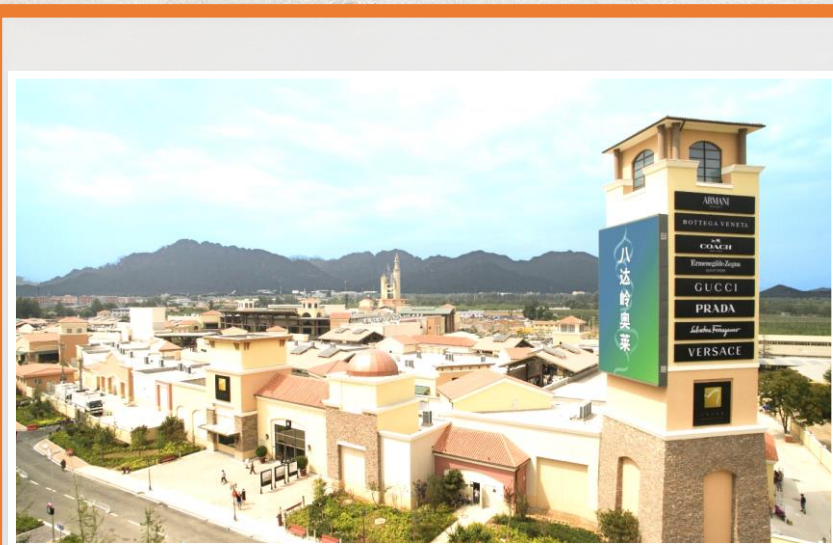
Photo of Dalian Jinsanjiao



Photo of Xining Huayuan



Photo of Hefei Changjiangxilu



Photos of Badaling Outlets, Beijing



Summary

1

Exposure to Fast-Growing Premier Retail Outlet Mall Sector in the PRC

✓ *China outlets market is expected to grow at a CAGR of +21.1% from 2019 to 2025.*

2

Strong Economic and Market Fundamentals in Beijing

✓ *Beijing Residents' Per Capita Disposable Income up +8.9% year-on-year in 2018.*

3

Strategically Located and Well-Established Quality Asset

✓ *Badaling Outlets Annual Sales Growth of +25% in 2018.*

4

Enhance BHG Retail REIT's Portfolio

✓ *Portfolio Size (AUM) to increase +82.6%.*

5

Attractive Value Proposition with NPI Yield, DPU, NAV per Unit Accretion

✓ *NPI Yield 8.7%, DPU up +5.8%, and NAV per Unit up +2.4%.*

6

Leverage on Strong Track Record of the Entrusted Manager and BHG SKP

✓ *BHG SKP: Operates Two Internationally Renowned and Top-Performing Luxury Departmental Stores, namely SKP Beijing and SKP Xi'an, in China.*

7

Increase in Market Capitalisation

✓ *Post-Acquisition Market Capitalisation expected to increase by +72.7%.*



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Investors have no right to request the Manager to redeem or purchase their Units while the Units are listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). It is intended that Unitholders of BHG Retail REIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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Thank you

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