POISED FOR GROWTH

BHG RETAIL REIT

SGX-REITAS Education Series: Insights into the REITs Industry

14 August 2017

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DBS Bank Ltd. was the Financial Adviser, Issue Manager, Bookrunner and Underwriter for the initial public offering of BHG Retail REIT.

Brief Introduction

Issuer	**BHG RETAIL REIT** Singapore's First Pure-Play China Retail REIT Sponsored By A China-Based Group
Listing Date	11 December 2015
Investment Mandate	Income-producing real estate used primarily for retail purposes, with an initial focus on China.
Manager	BHG Retail Trust Management Pte Ltd

Contents

Overview of Beijing Hualian Group

First China Retail REIT Sponsored by a China Based Group

Beijing Hualian Group's Core Businesses

Retail Malls

37 Retail Malls owned and/or under management

Beijing Hualian Department Store Co., Ltd.

- Listed on Shenzhen Stock Exchange in 1998
- Market cap of RMB 9.96b[1]
- Wide network of retail malls across China
- With focus on community retail malls well located in areas of high population density
- http://www.bhgmall.com.cn/

"Sponsor"

Supermarkets

More than 150 Supermarkets across entire China

Beijing Hualian Hypermarket Co., Ltd.

- Listed on Shanghai Stock Exchange in 2001
- Market cap of RMB 3.95b[1]
- Anchor / master-lease tenants at every property in the REIT's portfolio
- Attracts recurring footfall while providing stable income and step-up.

Beijing SKP Luxury Department Store

One of the Largest Luxury Department Stores in China

- Operates Beijing SKP, located at Beijing's prime Central Business District
- Offers high-end retail goods and services
- One of Beijing's landmark shopping places
- http://www.skp-beijing.com/

International Retail Partnerships

- Secure distributorships for international renowned brands
- Partnering brands are featured in the REIT's portfolio
- Joint venture with Costa Coffee for the entire Northern China

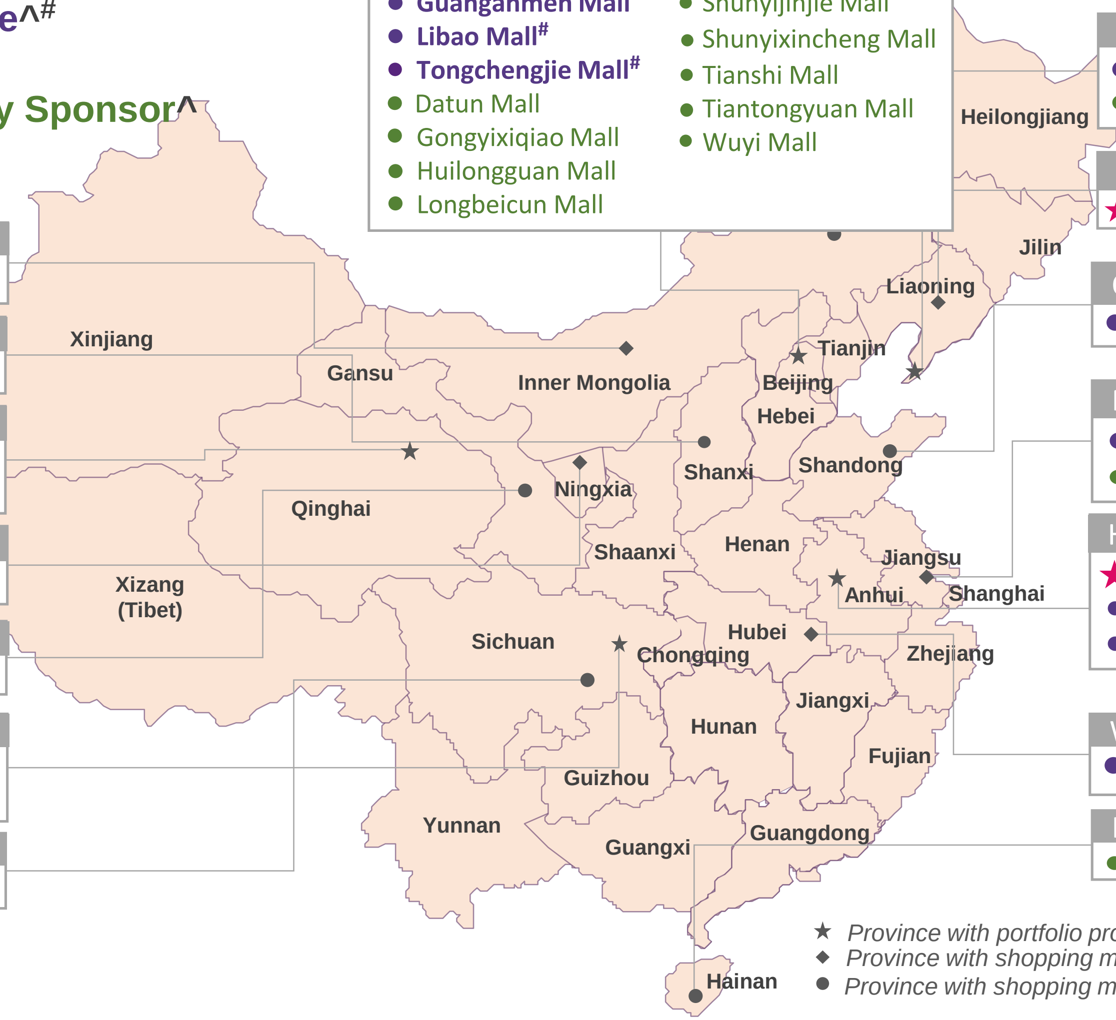
1. Bloomberg data as of 3 July 2017

Sponsor: Strong Retail Mall Management Experience

5 BHG Retail REIT Portfolio Properties^

14 ROFRs in Pipeline^#

18 Malls Managed by Sponsor^



Beijing (16)
- ★ Beijing Mall
- ● Changying Mall#
- ● Guanganmen Mall
- ● Libao Mall#
- ● Tongchengjie Mall#
- ● Datun Mall
- ● Gongyixiqiao Mall
- ● Huilongguan Mall
- ● Longbeicun Mall
- ● Pinggu Mall
- ● Shangdi Mall
- ● Shunyijinjie Mall
- ● Shunyixincheng Mall
- ● Tianshi Mall
- ● Tiantongyuan Mall
- ● Wuyi Mall

Baotou (1)
- ● Gangtiedajie Mall

Taiyuan (1)
- ● Shengli Mall

Xining (2)
- ★ Xining Mall
- ● Chuangxin Mall

Yinchuan (1)
- ● Yinchuan Mall

Lanzhou (1)
- ● Dongfanghong Mall

Chengdu (2)
- ★ Chengdu Mall
- ● Yanshikou Mall

Neijiang (1)
- ● Neijiang Mall

Chifeng (1)
- ● Chifeng Mall

Shenyang (2)
- ● Shenyang Wulihe Mall
- ● Beihang Mall

Dalian (1)
- ★ Dalian Property

Qingdao (1)
- ● Huangdao Mall

Nanjing (2)
- ● Zijin Mall
- ● Zixin Mall

Hefei(3)
- ★ Hefei Mall
- ● Changjiangxilu Mall
- ● Jinzhai Mall

Wuhan (1)
- ● Zhonghualu Mall

Haikou (1)
- ● Haikou Mall

★ Province with portfolio property
◆ Province with shopping malls owned by Sponsor
● Province with shopping malls managed by Sponsor

^ *As at 30 June 2017*

\# *3 out of the 14 ROFRs (namely Tongchengjie, Libao, and Changying) were granted by a private fund, managed by a fund manager 50% owned by Beijing Hualian Group Investment Holding Co., Ltd.*

Strong Sponsor Group

Philosophy To Learn From The Best

Strong Management Platform

Strategy to Focus On Community Malls

Broad Tenant Network

Overview of BHG Retail REIT

Photo of Chengdu Konggang 成都空港

Portfolio of 5 Properties in China

Strategically located in high-growth cities

Xining Huayuan Mall

Beijing Wanliu Mall

Chengdu Konggang Mall

Dalian Jinsanjiao Property

Hefei Mengchenglu Mall

- Multi-tenanted
- Master-leased

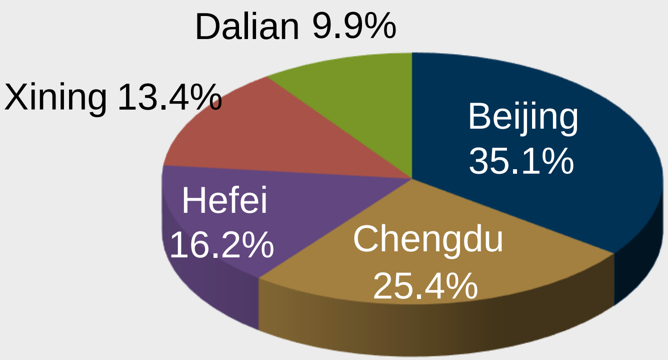
Healthy & Resilient Portfolio

- One-stop destination malls that serve surrounding communities
- Surrounded by densely populated residential properties
- Strong focus on experiential and lifestyle segment
- Well-positioned to capitalise on the rising middle income population

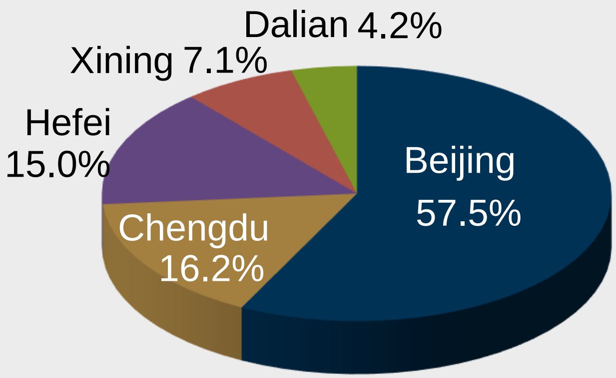
Photo of Beijing Wanliu 北京万柳

Portfolio Summary

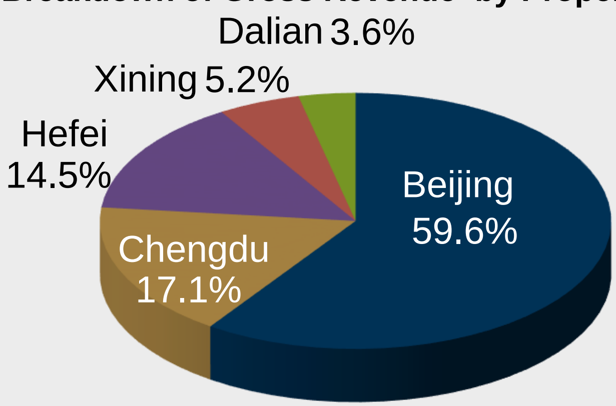
Breakdown of NLA[1] by Property



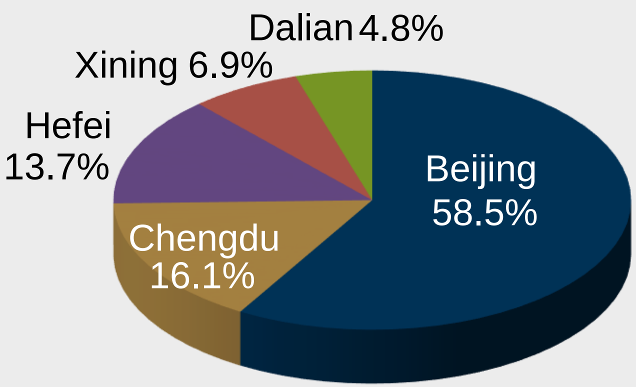
Breakdown of Valuation[2] by Property



Breakdown of Gross Revenue[3] by Property



Breakdown of Net Property Income[3] by Property



1 As at 30 June 2017
2 Based on independent valuation from Knight Frank Petty Limited as at 31 December 2016.
3 Based on 2Q 2017 results

High Portfolio Occupancy of 98.9%

Occupancy Rate	30 June 2017
Beijing Wanliu	100.0%
Chengdu Konggang[1]	95.8%
Hefei Mengchenglu	100.0%
Xining Huayuan	100.0%
Dalian Jinsanjiao	100.0%
Portfolio (NLA Weighted)	**98.9%**

1 As at 30 June 2017, the asset enhancement initiative at Chengdu Konggang Mall was ongoing. It has since been completed, in line with the target completion of 3Q 2017.

Beijing Wanliu Mall

Premium Community Mall in Beijing's High Income Residential District

Haidian District's residents have one of the highest per-capita disposable income in Beijing

Location	Haidian District, Beijing
Gross Floor Area	105,920 sqm
Net Lettable Area[1]	54,555 sqm
Leasable Floors	6
Car Park Lots	618
Occupancy[1]	100.0%
Valuation[2]	RMB 2,235 million

1. As at 30 June 2017.
2. Based on independent valuation from Knight Frank Petty Limited as at 31 December 2016.

Tenants include:

BHG Supermarket. Golden Harvest Cinema.

H&M. Muji. Uniqlo. Tommy Hilfiger. Charles & Keith. Adidas Originals. The Face Shop. Innisfree.

Pizza Hut. KFC. Burger King. Macdonalds. BreadTalk. Costa Coffee. Hai Di Lao Hot Pot.

Beijing Wanliu Mall
New Concepts and Brands

Proactive Asset Management
Replaced Department Store with 25 new brands

25 new brands were introduced, much to the delight of residents in the surrounding neighbourhoods. These brands included renowned jeweller Chow Tai Fook (周大福), popular Japanese lifestyle brand Muji, America's iconic Calvin Klein Jeans, South Korea's cosmetic brand Etude House, one of China's rising culinary stars Element Fresh, and one of Taiwan's most popular restaurant chains Bellagio (鹿港小镇).

Muji 无印良品

周大福 Chow Tai Fook

TISSOT 天梭

<u>Other tenants include</u>:

Calvin Klein Jeans.

Etude House.

The Face Shop.

Innisfree. etc

Element Fresh 新元素

Bellagio 鹿港小镇

Musangking 猫山王

唱吧麦颂量贩式KTV

Chengdu Konggang Mall

Destination Mall for The Growing Middle and Upper-Middle Income Families In The Area	*Surrounded by Densely Populated Residential Community*

Location	**Shuangliu County, Chengdu**
Gross Floor Area	**71,917 sqm**
Net Lettable Area[1]	**39,451 sqm**
Leasable Floors	**6**
Car Park Lots	**400**
Occupancy[1]	**95.8%**
Valuation[2]	**RMB 631 million**

1. As at 30 June 2017.
2. Based on independent valuation from Knight Frank Petty Limited as at 31 December 2016.

Tenants include:

BHG Supermarket. BHG Cinema. Watsons.

Starbucks. Burger King. 美航国际健身Gym.

La Chapelle. TOPFEELING. ONLY. VERO MODA.

Chengdu Konggang Basement One New Concepts and Brands

Asset Enhancement on Basement One To Elevate The Mall's Active Lifestyle Offering

- In line with rising demand for sports merchandise and services
- New and existing active lifestyle brands in the cluster includes Nike, Adidas, Skechers, Jordan, and Li-Ning (李宁)
- Enhanced long-term quality and sustainability of the mall
- Strong growth in shopper traffic




Hefei Mengchenglu Mall

Winner of 2016 Hefei's Most Popular Shopping Centre of the Year

Location	Luyang District, Hefei
Gross Floor Area	49,699 sqm
Net Lettable Area[1]	25,230 sqm
Leasable Floors	6
Car Park Lots	268
Occupancy[1]	100.0%
Valuation[2]	RMB 584 million

1. As at 30 June 2017.
2. Based on independent valuation from Knight Frank Petty Limited as at 31 December 2016.

<u>Tenants include</u>:

BHG Supermarket. BHG Cinema.

Starbucks. Pizza Hut. Hai Di Lao Hot Pot.

Bioliving 百武西. Miniso. Gymboree. ONLY. VERO MODA.

Hefei Mengchenglu Mall
New Concepts and Brands

Shi Qi Le Seafood Buffet 食其乐海鲜自助餐

MINISO 名创优品

Milibam

念

Xining Huayuan Mall

Popular Retail Hub in Xining, Tibetan Plateau's Largest City

Location	**Ximen-Dashizi Retail Hub, Xining**
Gross Floor Area	**20,807 sqm**
Net Lettable Area[1]	**20,807 sqm**
Leasable Floors	**4**
Occupancy[1]	**100.0%**
Valuation[2]	**RMB 278 million**

1. As at 30 June 2017.
2. Based on independent valuation from Knight Frank Petty Limited as at 31 December 2016.

生活超市
LIFESTYLE MARKET

Dalian Jinsanjiao Property

A Key Destination for Daily Essentials

Location	**Jinsanjiao Area, Dalian**
Gross Floor Area	**15,345 sqm**
Net Lettable Area[1]	**15,345 sqm**
Leasable Floors	**2**
Occupancy[1]	**100.0%**
Valuation[2]	**RMB 162 million**

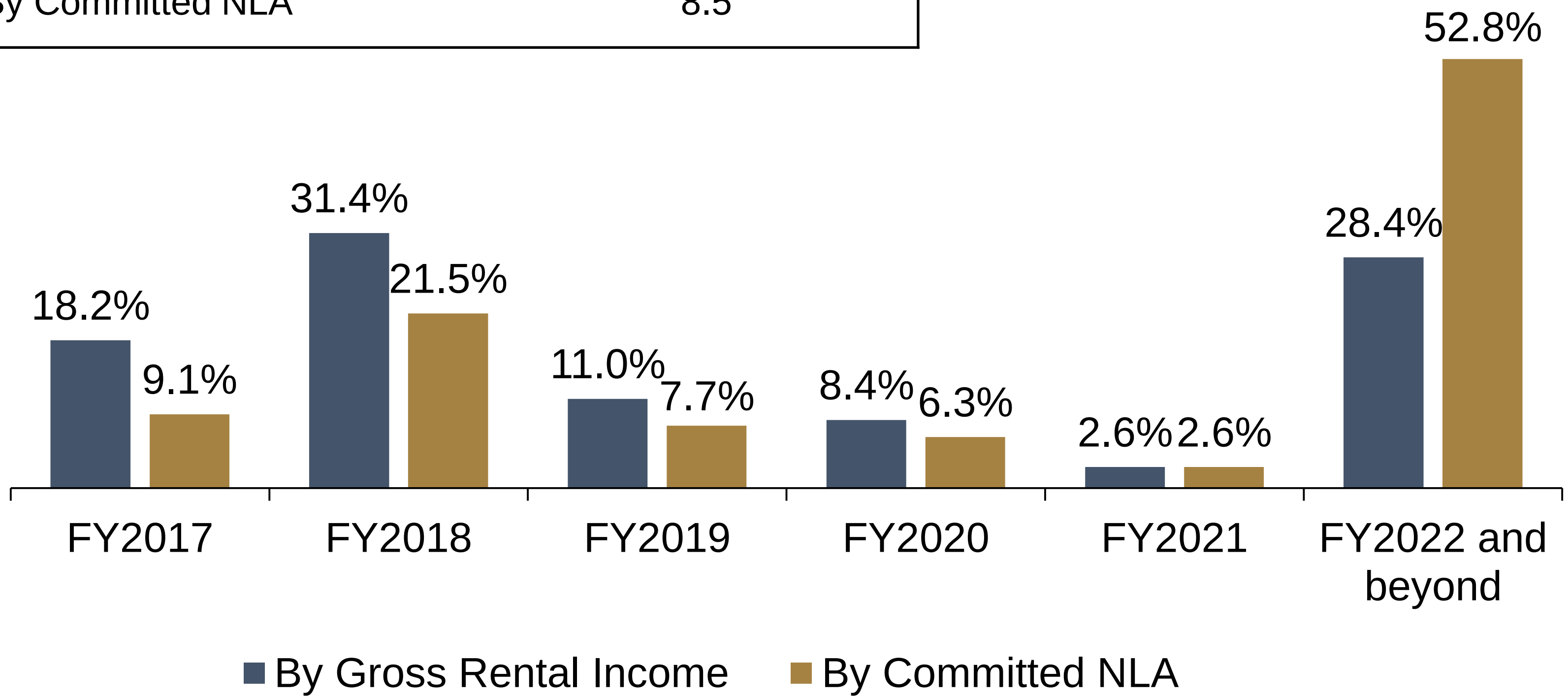
1. As at 30 June 2017.
2. Based on independent valuation from Knight Frank Petty Limited as at 31 December 2016.

生活超市
LIFESTYLE MARKET

Well-Staggered Lease Expiry Profile

As at 30 June 2017

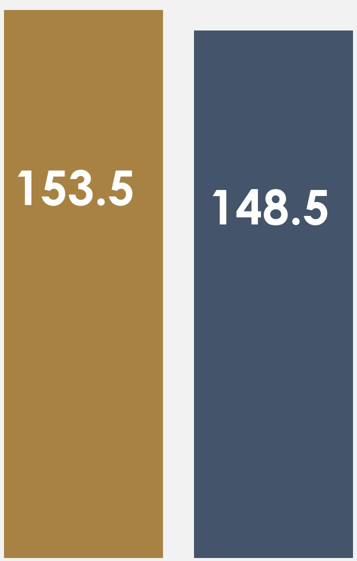
Weighted average lease expiry (WALE) (No. of years)	
By Gross Rental Income	4.8
By Committed NLA	8.5



Stable and Resilient Performance

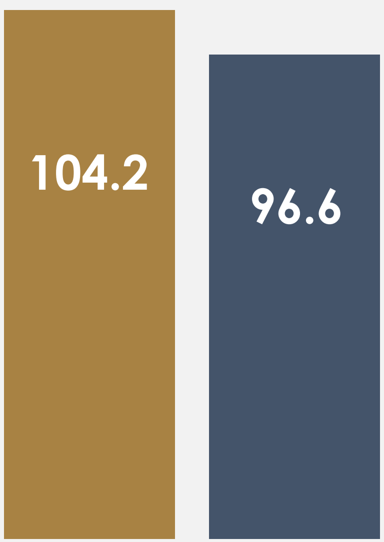
Gross Revenue
RMB million

▲ 3.4%



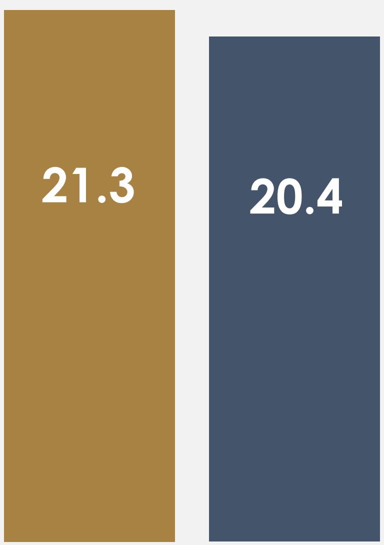
Net Property Income
RMB million

▲ 7.8 %



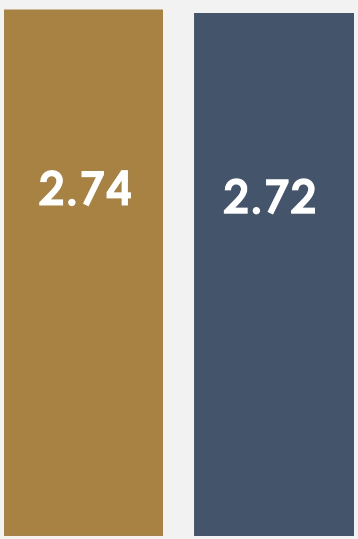
Net Property Income
S$ million

▲ 4.0 %



Distribution Per Unit
Singapore cents

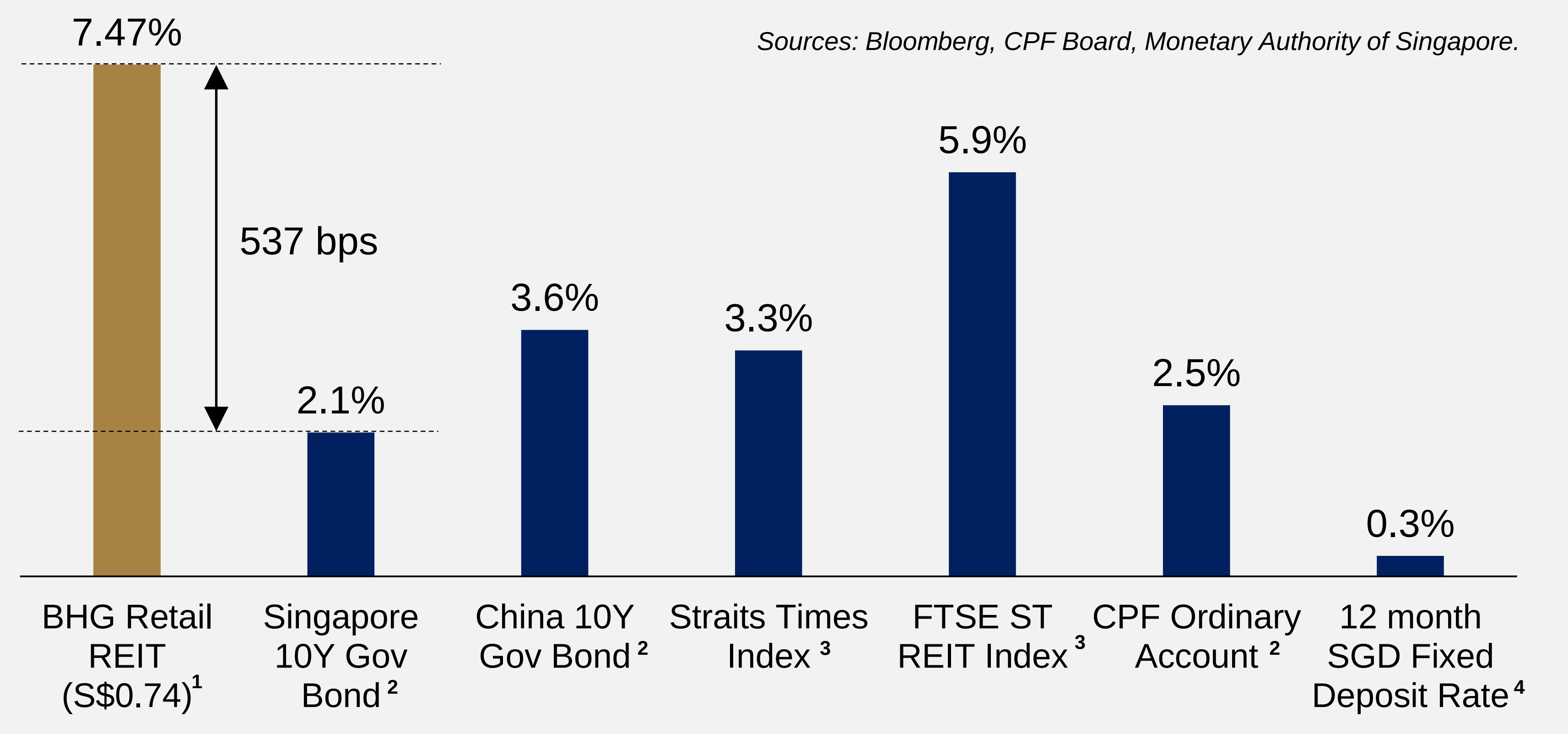
▲ 0.7 %



1H 2017 1H 2016

Attractive Yield

BHG Retail REIT trading at 537 bps risk premium above Singapore 10-year government bond yield



1. Based on closing price of S$0.74 as at 30 June 2017 and annualised 1H 2017 Distribution per Unit.
2. As at 30 June 2017.
3. Based on the average gross dividend yield for the 12 months ended 30 June 2017.
4. Based on the average SGD fixed deposit rate for the 12 months ended 30 June 2017.

Capital Management

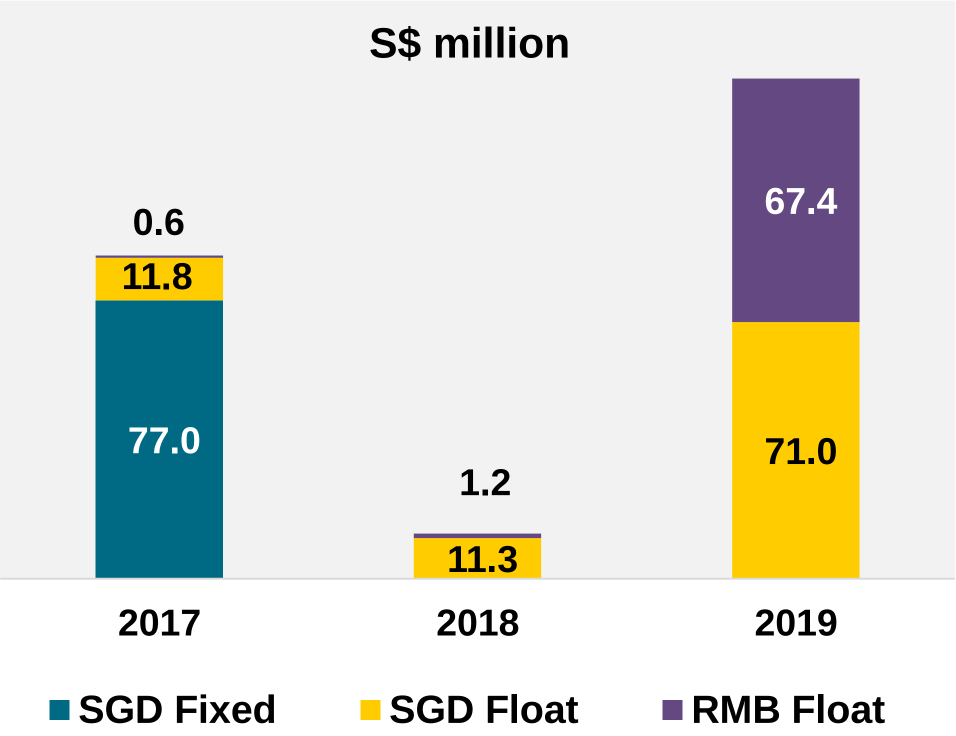
Aggregate borrowings drawn down as at 30 June 2017: S$ 240.3 million

Gearing Ratio
32.4[1] %
30 June 2017

Average Cost of Debt
3.66 %
30 June 2017

Weighted Average Term To Maturity
1.5 years
30 June 2017

1. Based on total loans and borrowings principal attributable to Unitholders divided by total assets attributable to Unitholders.



- About 70% of debt denominated in functional currency of the REIT (SGD).
- Apart from the natural hedge from RMB denominated borrowings, about 45% of the SGD-denominated borrowing are on a fixed interest rate basis.

Hefei Mengchenglu Mall

Engaging the Community

Engaging the Community

Engaging Shoppers
via Marketing Activities

Engaging Tenants
via Seminars & Trainings

Engaging Community
via CSR Activities

Engaging Staff
via Regular Communication

Engaging Shoppers via Marketing Activities

Beijing Wanliu Mall	Chengdu Konggang Mall	Hefei Mengchenglu Mall

The Wizard of Oz Children Show

PINK! Street Dance Performance

Pre-School Joint Event

Food Festival

Fashion Runway

The Voice of China

Engaging Tenants via Seminars & Trainings

Beijing Wanliu – Tenants Training

- Orientation
- Fire Safety
- Security
- Improve service quality
- Increase sales

Engaging the Community
Corporate Social Responsibility

Public Auction Charity Event
Beijing Wanliu Mall

Kindness Flea Market
Hefei Mengchenglu Mall

Folk Cultural Festival
Hefei Mengchenglu Mall

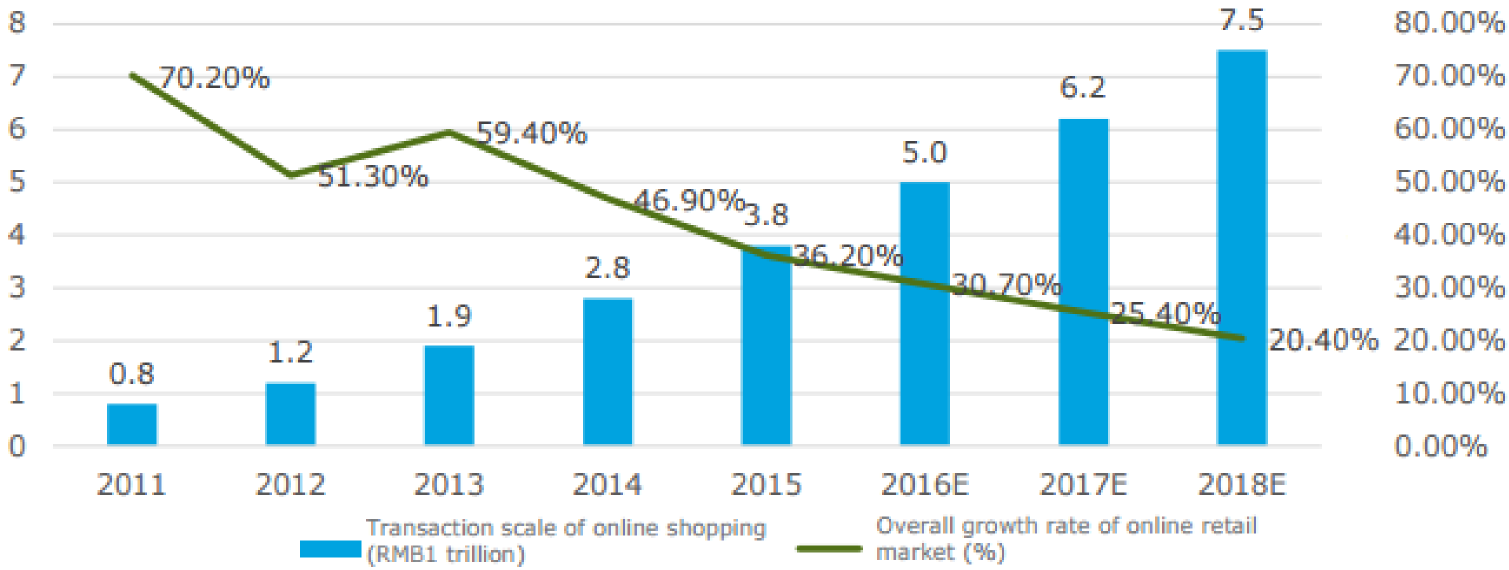
Great Workout. Great Health
Hefei Mengchenglu Mall

Blind Date Event
Beijing Wanliu Mall

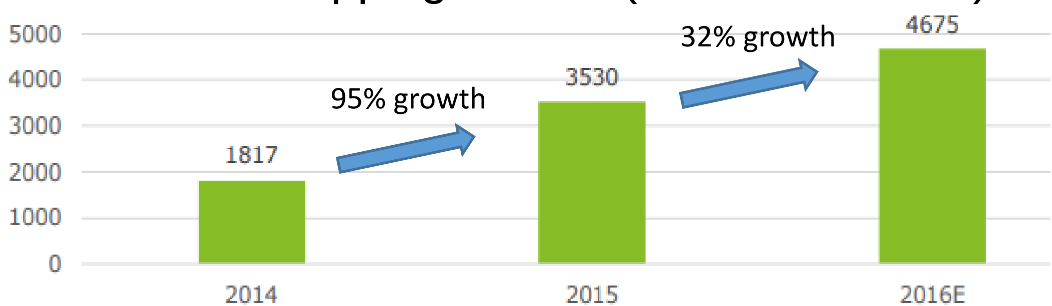
Students' Entrepreneurship Day
Chengdu Konggang Mall

E-commerce and Shopping Malls

- China's online sales of goods in first half of 2017 amounted to 3.1 trillion yuan[1] and accounted for 13.8%[1] of the total retail sales of consumer goods.
- Transaction scale of China's online retail market[2]



- Rural online shopping market (RMB100 million)[3]



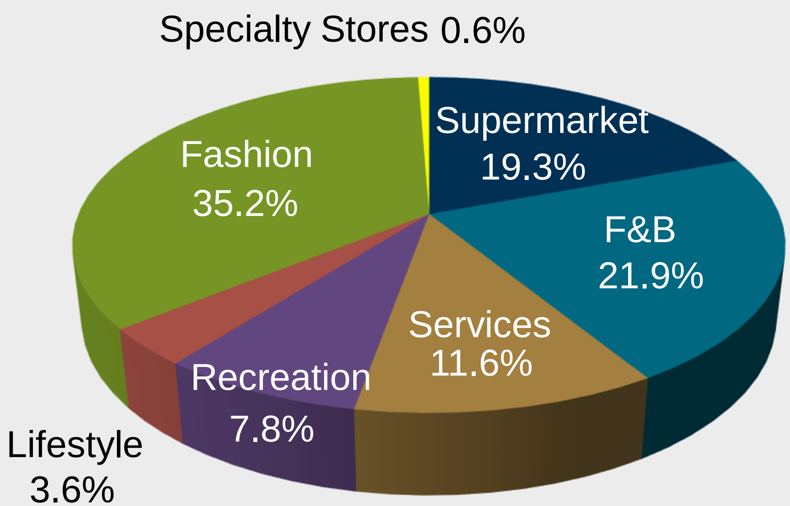
1. National Bureau of Statistics of China
2. iResearch Consulting Group
3. China E-Business Research Center

E-commerce and Shopping Malls

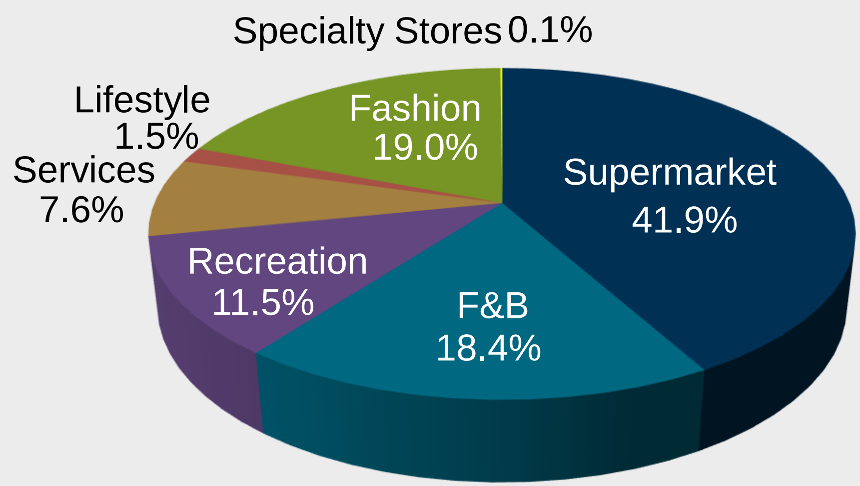
- According to Mckinsey's latest survey of China's internet users, two-thirds of Chinese consumers say that shopping is still the best way to spend time with family.
  (Source: Mckinsey 2016 China Consumer Report)

- **Experiential-Focused Trade Mix**

Breakdown of Gross Rental Income[1] by Trade Sector



Breakdown of NLA[2] by Trade Sector



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

1 As percentage of the portfolio's gross rental income for the month of June 2017.
2 As percentage of the portfolio's net lettable area as at 30 June 2017.

E-commerce and Shopping Malls

O2O Marketing Activities Online-to-Offline (Physical)

- In collaboration with Alibaba and Alipay, tenants are able to attract online customers using vouchers to shop at our physical malls.
- **Alibaba.com**
  Alipay.com

O+O Tenants Online + Offline (Physical)

- Cinema tickets purchased online
- F&B dining vouchers
  Redeem Dining Discount Vouchers via Wechat and online platforms
- Food Delivery
  Food delivery apps allow businesses to reach out to a larger pool of customers, while retaining the importance of a physical store

E-commerce and Shopping Malls

O2O Online platforms opening physical stores

Alibaba 阿里巴巴

- Entered into an online-and-offline physical supermarket 盒马鲜生.
- Allows customers to purchase fresh goods at physical stores, as well as via an online app and delivering to door steps.
- Has 10 stores, 8 in Shanghai and 1 each in Ningbo and Beijing. (June 2017)

Alibaba.com
阿里巴巴

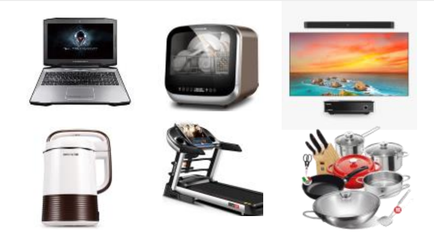
Xiaomi 小米

- One of the largest smartphone makers in the world.
- Founded in 2010 with no physical stores.
- First physical store opened in September 2015.
- Has 72 physical stores all over China. (April 2017)

xiaomi.com
小米

Jingdong 京东 jd.com

- One of the largest online retailers in China.
- First offline retail store opened in 2015.
- Has about 1,700 physical stores. (December 2016)



Jingdong 京东
jd.com

Photo of Beijing Wanliu's 'Bike to Shop' Event

Looking Forward

Robust Retail Outlook in China[1]

+6.9%
China GDP Growth in 1H 2017 (y-o-y)

+6.5%
China GDP Growth Forecast 2017[2] (y-o-y)

+10.4%
China Retail Sales Growth in 1H 2017 (y-o-y)

+6.5%
Disposable income per capita for urban residents in 1H 2017 (Real growth) (y-o-y)

Urban residents increase from 56.1% in 2015 to 57.3% in 2016

Annual Childbirths up 7.9% (2016 vs 2015) following Two-Child Policy

1. *Source: National Bureau of Statistics of China*
2. *Source: National Development and Reform Commission of the People's Republic of China*

Looking Forward

Organic Growth

Proactive Asset Management

- Reinforce community positioning of our malls
- 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

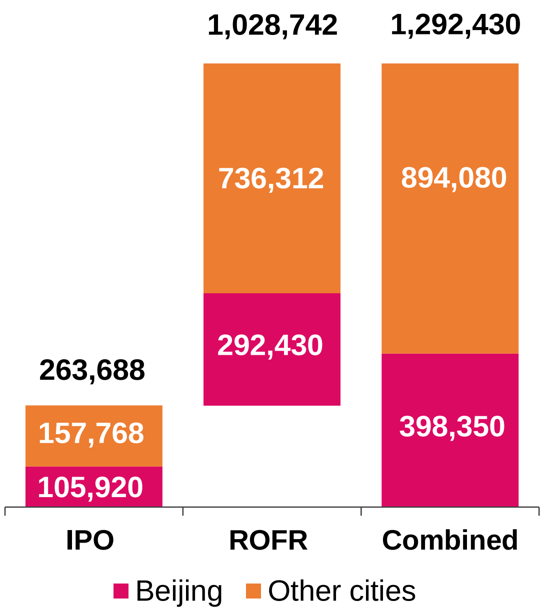
Proactive Asset Enhancement

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

Acquisition Growth

14 Voluntary ROFRs Properties In The Pipeline ^

14 ROFR Properties (GFA sqm)
(as at 30 June 2017)



Explore Acquisition Opportunities In Other Quality Income-Producing Retail Properties

Key criteria:

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

^ 3 out of the 14 ROFRs were granted by a private fund, managed by a fund manager 50% owned by Beijing Hualian Group Investment Holding Co., Ltd.

Thank you

For further information and enquiries:

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