

LETTER TO UNITHOLDERS



MR FRANCIS SIU WAI KEUNG
Chairman

MS CHAN IZ-LYNN
Chief Executive Officer

With prudence, expertise and commitment of the Manager, BHG Retail REIT shall continue to position itself as an attractive yield-play investment, and deliver long-term sustainable growth to our Unitholders.

Anchoring Foundations. Staying Resilient.



Dear Unitholders,

On behalf of the Board of Directors and the management team of BHG Retail Trust Management Pte. Ltd. (as Manager of BHG Retail REIT or the “**Manager**”), we are pleased to present to you BHG Retail REIT’s annual report for the financial year ended 31 December 2020 (“**FY 2020**”).

2020 was a year of anchoring foundations, and staying resilient. Faced with the unprecedented COVID-19 pandemic, countries cascaded into turmoil, global economies tipped into recessions. Yet, as with most crises, it brought with it change, hope, and opportunities for the resolute. China exhibited admirable tenacity in their pandemic management. China’s outbreak was curbed swiftly and effectively, albeit being first to front the battle. This set them up as one of the earliest countries to stem the wave of infections.

We would like to commend our local property teams, for standing strong and resilient in spite of the challenges. We are also deeply encouraged by tenants’ loyalty and partnership amidst adversities. Despite a difficult start to 2020, overall occupancy levels held strong throughout the year. Save for temporary disruptions in January and February, all six malls resumed usual operating hours by the end of first quarter of 2020.

Tenants’ businesses were nevertheless affected. As an operator and owner of community malls, our teams worked tirelessly with valued tenants to help them tide over this disruption. These efforts cemented stronger relationship between our partners and us.

Notwithstanding these impediments, our mission towards delivering sustainable returns to Unitholders shall remain constant through ebbs and flows of our business.

FY 2020 PERFORMANCE AMIDST COVID-19

Occupancy rate remained high throughout the year, with an overall commitment of 93.5% as at year end. The management team continued to seek opportunities for organic growth amid headwind from COVID-19. Through dedicated efforts to retain existing tenants, introduce fresh brands and concepts, and reinventing offerings, our malls continued to observe good demand for our leasing space.

On the financial front, FY 2020 gross revenue of S\$60.6 million was 76.6% of the corresponding period last year. FY 2020 net property income (“**NPI**”) of S\$36.4 million was 72.1% of FY 2019. The moderated performance was largely attributed to rental reliefs extended to selected tenants whose businesses were affected by COVID-19.

Multi-tenanted malls contributed about 86.0% of the entire portfolio’s NPI in FY 2020. The key contributors, namely Beijing Wanliu, Chengdu Konggang, Hefei Changjiangxilu, and Hefei Mengchenglu, accounted for 55.5%, 14.7%, 9.2% and 6.6% respectively of FY 2020’s NPI.

FY 2020 amount to be distributed to Unitholders of S\$9.5 million translated to a distribution per unit (“**DPU**”) of 1.95 Singapore cents. Based on the year-end closing price of S\$0.550, BHG Retail REIT delivered an annual distribution yield of 3.5%.

STRONG FINANCIAL POSITION

As of 31 December 2020, BHG Retail REIT’s appraised independent valuation was S\$943.2 million. The portfolio valuation represents an increase of S\$34.2 million (3.8%) from the independent valuation as at 31 December 2019 of S\$909.0 million.

LETTER TO UNITHOLDERS

The Manager remains prudent in its capital management strategy. As at 31 December 2020, total borrowings drawn down aggregated to S\$294.8 million, with above 80% of borrowings denominated in Singapore dollars and US dollars, and the remaining 20% denominated in Renminbi. In addition to the natural hedge provided by the Renminbi-denominated debt to the matching revenue stream, about 60% of the offshore debt has been hedged from a floating to fixed rate via interest rate swap instruments. Gearing remained healthy at 35.7%. This allows a comfortable debt headroom for future inorganic growth.

REINVENT. SEIZE OPPORTUNITIES.

The phrase, “Never let a good crisis go to waste” resonated deeply with us. Several developments were forged amid the pandemic.

One of the first initiatives rolled out following the outbreak was the increased use of live broadcasts. Through these sessions (which could be singly or jointly organised by retailers and/or our malls), customers were kept apprised of latest developments including safety measures and promotional events. Our property managers proactively facilitated the conduct of live broadcasts, which encouraged interactions between retailers and customers.

Over at Chengdu Konggang, in response to the Chinese government’s guidance to boost its night economy, the mall launched an outdoor night market adjacent to the container-style food lane. This increased the mall’s lettable space, and injected further vibrancy in the evening hours.

At Beijing Wanliu, we seized the opportunity to reduce the size of its supermarket, unlocking the underlying potential of the recovered space; and elevated overall rents. As a result of this initiative, we increased the variety of F&B and retail offerings, and brought further vibrancy to the cluster.

The Sponsor also launched its very own e-commerce platform amid the pandemic to widen our outreach to omni-channel shoppers. Sharing this online capability across all BHG Malls in various Chinese cities, the platform provided a respite to inconveniences

PORTFOLIO COMMITTED OCCUPANCY

93.5%



caused by precautionary measures (at the peak of the outbreak), and enabled shoppers to remain on top of the malls’ and retailers’ offerings.

DEFENSIVE STRATEGY. RESILIENT FOUNDATIONS.

BHG Retail REIT’s strength stems from its defensive community mall strategy. Situated in high population density neighbourhoods, our malls benefit from recurring visits by shoppers from its immediate surrounding precinct. The strategy also augurs well with the aspiring Chinese’s income growth and consumption upgrade.

These suburban malls continue to leverage on Beijing Hualian Group’s wealth of knowledge and substantial footprint in retail mall management, supermarket operation and international retail partnerships. The Group’s strong understanding of Chinese consumption patterns enabled the REIT to be well-positioned to support the increasingly discerning needs of customers.

ACCOLADES & RECOGNITION

We are proud to have received a few accolades during the year. BHG Retail REIT clinched the Gold Award at the prestigious Asia Pacific Best of the Breeds REITs Awards 2020, under the Retail REITs (small capitalisation) category.

The REIT also received two awards at The Global Good Governance Awards™ 2020. They include a Platinum award for the ‘Best Corporate Communications and Investor Relations’ and a Gold award for the ‘Best Governed and Transparent Company’ categories.

These accolades serve as an affirmation of our efforts to pursue value for our Unitholders. They will also provide inspiration for us to remain focused on our mission to deliver sustainable returns to our Unitholders, and to be committed to good corporate governance practices.



Photo of
Beijing Wanliu Façade

MACRO ENVIRONMENT IN 2020

Despite most major economies being in the red for the full year of 2020, China's gross domestic product ("GDP") grew 2.3% year-on-year to RMB 101.6 trillion in 2020. With stringent precautionary measures in the first quarter of 2020, the nation's GDP was down 6.8% in the same period. Thereafter, with the pandemic largely under control, the economy experienced a V-shaped recovery. China GDP registered year-on-year growth of 3.2%, 4.9% and 6.5%, in the second, third, and fourth quarters of 2020, respectively.

China retail sales of consumer goods and consumer confidence bottomed-out a tad later compared to its GDP performance, around mid-2020. Retail sales of consumer goods were up 4.6% year-on-year for the fourth quarter of 2020, and down 3.9% year-on-year for the full year. We are also seeing the recovery of urban residents' disposable income and expenditure.

LOOKING AHEAD

Progressive global inoculation efforts are underway but any resurgence of infections may potentially hinder economies' recovery efforts. Notwithstanding this, the management team will remain cautious and sensitive to evolving consumer behaviour and spending patterns, so as to maintain the malls' relevancy going forward.

Our portfolio's healthy leasing demand is largely underpinned by its defensive strategy, which focuses on non-discretionary offerings to the malls' surrounding residential population.

Going forward, these retail assets continue to be well-positioned to leverage on China's domestic consumption upgrade.

To build upon our existing portfolio, and to generate consistent returns for our Unitholders, we will take further steps to invest beyond the present portfolio. We are confident of BHG Retail REIT's progress in the years ahead.

With prudence, expertise and commitment of the Manager, BHG Retail REIT shall continue to position itself as an attractive yield-play investment, and deliver long-term sustainable growth to our Unitholders.

WITH APPRECIATION

In closing, we extend our sincere appreciation to the Board members, the management team and staff, for their leadership, deep business acumen, and dedication in overcoming many challenges in 2020. We would also like to express our appreciation to business partners, tenants, and shoppers for their continuous support. Last but not least, we offer our sincere gratitude to our Unitholders for their unwavering support and confidence in us. Together, let us look forward to a better year ahead.

MR FRANCIS SIU WAI KEUNG
Chairman

MS CHAN IZ-LYNN
Chief Executive Officer

18 March 2021

致信托单位 持有人之信函

巩固坚实基础 保持韧性



尊敬的信托单位持有人：

我们很荣幸代表北京华联商业信托管理有限公司（作为北京华联商业信托管理人，以下简称“管理人”）的董事会及管理层，公布北京华联商业信托（以下简称“本信托”）的2020财政年度（以下简称“2020财年”）业绩报告。

2020年是巩固基础、保持韧劲的一年。面对史无前例的新型冠状病毒，各国纷纷陷入动荡，全球经济陷入衰退。然而，

与大多数危机一样，对那些处事果断的人而言，它也带来了更新、希望和机会。中国在防疫管理方面表现出令人钦佩的坚韧。尽管中国是最早爆发疫情的国家，但情况却得到了迅速有效的控制，从而成为最早阻断感染潮的国家之一。

在此我们要赞扬我们当地的物业团队，尽管面临种种挑战，依然坚韧不拔。此外，租户在逆境中表现出来的忠诚度和合作精神也

令我们深受鼓舞。尽管2020年开局不易，但全年总体出租率保持强劲。除了1月和2月临时中断营业，至2020年一季度末，六家商场均已恢复正常营业。

不过，租户的生意还是受到了影响。作为社区型购物中心的运营者和所有者，我们的团队重视租户利益并与他们不懈合作，帮助他们共度难关，从而使我们与合作伙伴的关系更加牢固。



合肥蒙城路外场社区活动

我们的管理团队将秉持审慎、专业和奉献的态度，坚守本信托在收益导向型投资中的位置，为信托单位持有人带来长期可持续性的增长。



北京万柳周边住宅区

尽管遇到这些障碍，我们的使命依然不变，那就是妥善应对业务发展中的顺境和逆境，向信托单位持有人提供可持续的回报。

面对疫情2020财年取得的业绩

出租率全年保持在高位，年末整体承诺出租率达到93.5%。尽管遭遇新冠疫情，管理团队仍继续寻求内生性增长的机会，通过努力留住现有租户，引入新的品牌和概念，重新改造等举措，市场对我们的租赁空间的需求持续保持强劲。

财务数据方面，2020财年的总收入为6060万新元，是去年同期的76.6%。2020财年的净资产收入（NPI）为3640万新元，是2019财年的72.1%。业绩放缓的主要原因，是向部分业务受到疫情影响的租户提供了租金减免。

2020财年，多租户商场贡献了旗下商场净资产收入的约86.0%。主要创收者为北京万柳购物中心、成都空港购物中心、合肥长江西路购物中心和

合肥蒙城路购物中心，在2020财年净资产收入中的占比分别为55.5%、14.7%、9.2%和6.6%。

2020财年本信托将为信托单位持有人派发的金额为950万新元，约等于每单位派息（DPU）0.0195新元。以年终闭市价0.550新元计算，本信托的年度派息收益率为3.5%。

强健的财务状况

经独立机构评估，截至2020年12月31日，本信托旗下商场的估值总额为9.432亿新元，比2019年12月31日的独立估值结果——9.090亿新元提升3420万新元（3.8%）。

管理人在资本管理策略方面继续谨慎以对。截至2020年12月31日，已提取的借贷总额为2.948亿新元，其中80%以上是以新元和美元计值的借款，余下约20%是以人民币计值的借款。除了以人民币计值债务为匹配收入来源进行自然对冲外，约60%的境外债务已通过利率互换，将浮动利率转换成固定

利率进行对冲。负债率维持在35.7%的健康水平，为未来的非内生性增长保留了充裕的负债空间。

抓住重塑的机遇

有句名言叫做“不要浪费一场好的危机”，对此我们深有共鸣，并在疫情期间推出多项举措。

疫情爆发后，我们采取的措施之一是增加“直播”跟消费者沟通。通过直播（可由商场单独举办或与零售商家共同进行），消费者可随时了解包括安全措施和促销活动在内的最新情况。我们的物业管理团队积极为现场直播创造条件，以促进零售商家和消费者之间的互动。

此外，为了响应中国政府“发展夜间经济”的号召，成都空港购物中心在用集装箱改造的“食来巷”旁边，推出了一个露天夜市，从而增加商场的可出租空间，并为晚间注入更多活力。

北京万柳方面，我们抓住机会缩小了超市的规模，以充分释放

致信托单位 持有人之信函

回收空间的潜能，并提高了整体租金。采取上述举措后，餐饮和零售空间的种类变得更加丰富，并为租户群注入了更多活力。

此外，本信托的发起人还在疫情期间推出了自己的电子商务平台，以期为消费者带来全渠道购物的便利。中国各城市的旗下商场均可共享该网上平台，它极大地缓解了封闭式管理（疫情高峰时）带来的不便，并使购物者能随时了解商场和零售商家的动态。

防守为主保持韧性

本信托的优势在于其以防御性社区型商场为本的策略。我们的购物中心位于人口密度较高的街区，可吸引周边的购物者经常光顾。这一策略也与中国收入增长和消费升级的前景环环相扣。

这些城郊商场持续得益于北京华联集团在零售商场管理、超市运营及国际零售合作等方面的丰富知识和雄厚根基。此外，集团对中国消费模式的深刻理解，也使本信托能很好地满足消费者日益挑剔的需求。

荣誉认证

在这一年里，本信托获得了多项荣誉并为此感到自豪。首先，我们荣获了2020亚洲最佳房地产投资信托奖(Asia Pacific Best of the Breeds REITs Awards)零售房地产投资(小市值)组别的金奖。

此外，本信托还获颁两项全球优秀治理(The Global Good Governance Awards™)奖。

它们分别是“最佳企业传播和投资者关系”白金奖和“最佳治理及最透明公司”组别的金奖。

这些荣誉是对我们为信托单位持有人追求价值而作出的努力的肯定。它们将激励我们继续专注于为信托单位持有人提供可持续回报的使命，并致力于良好的公司治理与实践。

2020年的宏观环境

尽管绝大多数主要经济体在2020年出现负增长，中国的国内生产总值却同比增长2.3%，至101.6万亿元人民币。由于在一季度采取了严格的防疫措施，同期国内生产总值下降6.8%。此后，随着疫情基本得到控制，经济经历了V型复苏。2020年第二、第三和第四季度，中国的国内生产总值同比分别增长3.2%、4.9%和6.5%。

与国内生产总值的表现相比，中国消费品零售额和消费者信心指数的恢复略迟一点，但也于年中触底回升。至2020年第四季度，消费品零售额的同比增长幅度更是达到4.6%，而全年同比则下降3.9%。城镇居民可支配收入和支出也有所回升。

展望

虽然全球的疫苗接种工作正在逐步展开，但任何的疫情反复都会对经济复苏造成阻碍。管理团队将对不断变化的消费者行为和消费模式保持谨慎和敏感，以确保旗下商场与时俱进。

本信托旗下商场之所以拥有强劲的租赁需求，在很大程度上

得益于其以防御性为主的策略，即侧重于向周边居民提供必需品。展望未来，这些零售商场将能继续因中国国内消费升级而获益。

为更好地发挥现有物业的优势，并为信托单位持有人创造稳定的回报，我们将采取进一步措施，在当前资产组合外寻求投资机会。我们对本信托未来几年的发展充满信心。

我们的管理团队将秉持审慎、专业和奉献的态度，坚守本信托在收益导向型投资中的位置，为信托单位持有人带来长期可持续性的增长。

鸣谢

最后，我们诚挚地向董事会成员、管理层和全体员工表达由衷的感谢。感谢他们在充满挑战的2020年，所展现出来的领导力、商业头脑和敬业精神。同时，我们也要感谢业务合作伙伴、租户及购物者锲而不舍的支持。此外，我们也真诚地感谢信托单位持有人给予我们的坚定支持和强大信心。让我们一起展望未来，期待来年有更好的表现。

主席
萧伟强

首席执行官
陈懿璠

2021年3月18日