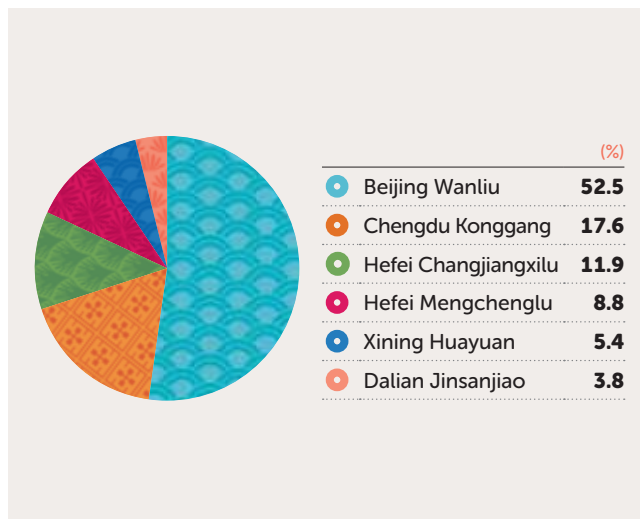


# FINANCIAL REVIEW

## GROSS REVENUE

Gross revenue in RMB and SGD was RMB 97.0 million (24.2%) and S\$18.5 million (23.4%) lower year-on-year respectively. The moderated performance was largely attributed to rental reliefs arrangements extended to selected tenants whose businesses were affected by COVID-19. Some tenants' businesses have been adversely impacted in the first few months of FY 2020. As a socially responsible owner of retail malls that operate in the community space, BHG Retail REIT has offered relief arrangements such as rental rebate to qualifying tenants to help them tide over this disruption, and to reinforce our long-term partnerships. Despite headwinds brought by the pandemic, overall committed occupancy rates and retention rates continued to be high through FY 2020.

## BREAKDOWN OF GROSS REVENUE BY PROPERTY<sup>1,2</sup>



GROSS REVENUE	RMB'000			S\$'000		
	FY 2020	FY 2019	Change (%)	FY 2020	FY 2019	Change (%)
<b>Multi-Tenanted</b>						
Beijing Wanliu	159,157	222,566	-28.5%	31,802	43,977	-27.7%
Chengdu Konggang	53,474	68,882	-22.4%	10,685	13,611	-21.5%
Hefei Changjiangxilu <sup>3</sup>	36,222	34,937	3.7%	7,238	6,903	4.9%
Hefei Mengchenglu	26,586	45,708	-41.8%	5,312	9,032	-41.2%
	<b>275,439</b>	<b>372,093</b>	<b>-26.0%</b>	<b>55,037</b>	<b>73,523</b>	<b>-25.1%</b>
<b>Master-Leased</b>						
Xining Huayuan	16,248	16,466	-1.3%	3,246	3,253	-0.2%
Dalian Jinsanjiao	11,398	11,548	-1.3%	2,278	2,282	-0.2%
	<b>27,646</b>	<b>28,014</b>	<b>-1.3%</b>	<b>5,524</b>	<b>5,535</b>	<b>-0.2%</b>
<b>Portfolio</b>	<b>303,085</b>	<b>400,107</b>	<b>-24.2%</b>	<b>60,561</b>	<b>79,058</b>	<b>-23.4%</b>

1 Based on FY 2020 results.

2 Based on 100% contribution from Beijing Wanliu.

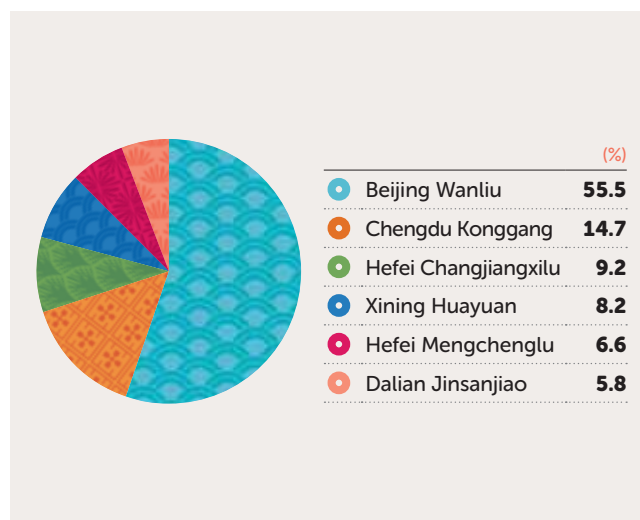
3 Hefei Changjiangxilu Mall was acquired on 2 April 2019.

## NET PROPERTY INCOME

Net property income in RMB and SGD was RMB 73.4 million (28.7%) and S\$14.1 million (27.9%) lower year-on-year respectively. The lower net property income was due mainly to the lower gross rental income.

Property Operating Expenses in FY 2020 was S\$4.4 million (15.4%) lower than FY 2019. This was mainly due to overall shorter operating hours which in line with the local government guidelines, government assistance and cost cutting measures.

## BREAKDOWN OF NET PROPERTY INCOME BY PROPERTY<sup>1,2</sup>



NET PROPERTY INCOME	RMB'000			S\$'000		
	FY 2020	FY 2019	Change (%)	FY 2020	FY 2019	Change (%)
<b>Multi-Tenanted</b>						
Beijing Wanliu	101,116	150,148	-32.7%	20,205	29,668	-31.9%
Chengdu Konggang	26,749	36,126	-26.0%	5,345	7,138	-25.1%
Hefei Changjiangxilu <sup>3</sup>	16,715	17,392	-3.9%	3,340	3,436	-2.8%
Hefei Mengchenglu	12,007	26,220	-54.2%	2,399	5,181	-53.7%
	<b>156,587</b>	<b>229,886</b>	<b>-31.9%</b>	<b>31,289</b>	<b>45,423</b>	<b>-31.1%</b>
<b>Master-Leased</b>						
Xining Huayuan	15,000	15,121	-0.8%	2,997	2,988	0.3%
Dalian Jinsanjiao	10,520	10,451	0.7%	2,102	2,065	1.8%
	<b>25,520</b>	<b>25,572</b>	<b>-0.2%</b>	<b>5,099</b>	<b>5,053</b>	<b>0.9%</b>
<b>Portfolio</b>	<b>182,107</b>	<b>255,458</b>	<b>-28.7%</b>	<b>36,388</b>	<b>50,476</b>	<b>-27.9%</b>

1 Based on FY 2020 results.

2 Based on 100% contribution from Beijing Wanliu.

3 Hefei Changjiangxilu Mall was acquired on 2 April 2019.

# FINANCIAL REVIEW

## DISTRIBUTION<sup>1</sup>

Based on the closing price of S\$0.550 as at 31 December 2020, and aggregated distribution per unit (“DPU”) for FY 2020 of 1.95 Singapore cents, BHG Retail REIT recorded an annual distribution yield of 3.5%.

DPU (cents)	FY 2020	FY 2019
First Half	0.89	2.08
Second Half	1.06	1.79
<b>Total</b>	<b>1.95</b>	<b>3.87</b>

## INDEPENDENT VALUATION OF INVESTMENT PROPERTIES<sup>1</sup>

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. Overall valuation in Renminbi dipped marginally by 1.0% year-on-year.

INVESTMENT PROPERTIES (millions)	RMB'000		S\$'000	
	2020	2019	2020	2019
Beijing Wanliu	2,502.0	2,502.0	506.5	483.2
Chengdu Konggang	661.0	662.0	133.8	127.8
Hefei Mengchenglu	582.0	603.0	117.8	116.5
Hefei Changjiangxilu <sup>2</sup>	475.0	492.0	96.2	95.0
Xining Huayuan	274.0	280.0	55.5	54.1
Dalian Jinshanjiao	165.0	168.0	33.4	32.4
<b>Portfolio</b>	<b>4,659.0</b>	<b>4,707.0</b>	<b>943.2</b>	<b>909.0</b>

## CAPITAL MANAGEMENT

BHG Retail REIT adopts a prudent and proactive capital management strategy and is confident that the REIT will be able to obtain continuing financing from financial institutions, and to meet its obligations as and when they fall due.

BHG Retail REIT’s borrowings include an offshore secured borrowing facility of S\$240.0 million (“Facility 1”), and two existing onshore secured borrowing facilities of RMB 241.0 million and RMB 61.0 million (“Facility 2” and “Facility 3”, respectively). As at 31 December 2020, Facilities 1, 2, and 3 have been fully drawn down.

In addition to the above facilities, the REIT has obtained and drawn down from short term facilities of S\$6.1 million in FY 2020. These facilities were obtained mainly for the purpose of financing the payment of interest expenses and working capital.

As at 31 December 2020, borrowings drawn down of S\$294.8 million represented a gearing of 35.7%<sup>3</sup>. The low gearing is well below the regulator’s limit, providing comfortable debt headroom to facilitate any potential acquisition growth. Above 80% of borrowings are denominated in Singapore dollars and US dollars, of which, about 60% are hedged via interest rate swaps. Weighted average term to maturity was 1.2 years as at 31 December 2020.

<sup>1</sup> Based on independent valuation from Knight Frank Petty Limited as at 31 December 2020.

<sup>2</sup> Hefei Changjiangxilu Mall was acquired on 2 April 2019.

<sup>3</sup> Based on total loans and borrowings principal attributable to Unitholders divided by total assets attributable to Unitholders. MAS gearing ratio was raised from 45% to 50% on 16 April 2020, to provide Singapore Real Estate Investment Trusts greater flexibility to manage their capital structure and to raise debt financing.

With regard to the REIT's debt maturity profile, S\$8.1 million SGD-denominated borrowings and S\$1.2 million RMB denominated borrowings will be due in 2021. In addition to the above, S\$177.7 million SGD-denominated borrowings, S\$58.0 million USD-denominated borrowings, and S\$49.8 million RMB denominated borrowings will be due in 2022.

### KEY FINANCIAL INDICATORS

As at 31 December 2020

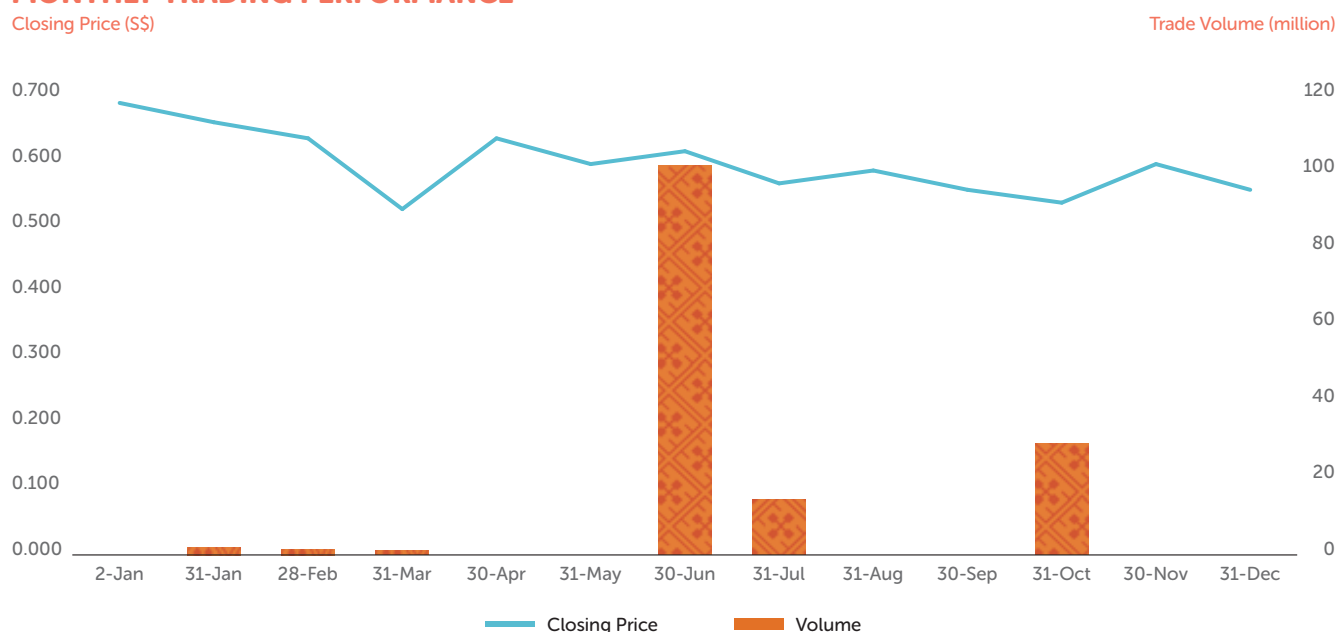
Gearing	35.7%
Interest cover ratio (times)	2.3
Weighted average term to maturity (years)	1.2
Average cost of debt <sup>1</sup>	4.1%

### UNIT PRICE PERFORMANCE

BHG Retail REIT's unit price closed at S\$0.550 on 31 December 2020 compared to S\$0.685 on 31 December 2019. Taking into account the FY 2020 full year distribution per unit ("DPU") of 1.95 Singapore cents, the total return was down 16.9%<sup>2,3</sup>, mainly due to the outbreak of COVID-19 which impacted worldwide investor sentiments.

Total trading volume in 2020 aggregated to 149.1 million units, compared to 159.7 million units in 2019. The lower trade volume was mainly due to varying amount of aggregated married transactions in the previous year.

### MONTHLY TRADING PERFORMANCE<sup>2,3,4,5,6</sup>



1 Average cost of debt will be 4.9% per annum if amortisation of loan establishment fee is included.

2 2 January 2020 being the first trading day and 31 December 2020 being the last trading day in 2020.

3 Total return on investment assumes distributions paid during the period are reinvested.

4 Highest unit price was S\$0.690 in 2020, compared to S\$0.740 in 2019.

5 Lowest unit price was S\$0.390 in 2020, compared to S\$0.680 in 2019.

6 Opening price on 2 January 2020 remained the same as the closing price on 31 December 2019.