

Letter to Unitholders



With prudence, expertise and commitment of the Manager, we are confident that BHG Retail REIT will continue to position itself as a stable investment, and deliver long-term sustainable growth to our Unitholders.



Mr Francis Siu Wai Keung
Chairman

Ms Chan Iz-Lynn
Chief Executive Officer



This portion of artwork is contributed by Mr Muhd Saifudeen from Muscular Dystrophy Association (Singapore)

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 (the “REIT”) or the “Manager”), we are pleased to present BHG Retail REIT’s annual report for the financial year ended 31 December 2023 (“FY 2023”).

In 2023, the global markets were weighed down by challenges such as geopolitical tensions in the Middle East and Europe, banking crisis in the US with Silicon Valley Bank and in Europe with Credit Suisse, as well as high interest rates.

The Manager’s proactive portfolio management effort contributed to the resilience of BHG Retail REIT’s portfolio in a challenging environment. Despite the challenges, BHG Retail REIT’s portfolio of quality assets continued to exhibit resilience. Occupancy rate remained strong at 95.6%, with a weighted average lease expiry of 3.3 years (by Gross Rental Income) and 5.9 years (by Net Lettable Area). In RMB term, our portfolio valuation increased by 0.4% year-on-year, demonstrating its underlying strength.

BHG Retail REIT registered an amount to be distributed to unitholders of S\$2.2 million in FY 2023, lower compared to the corresponding period last year. This was mainly due to the weakening of Renminbi against the Singapore Dollar and higher interest expenses. BHG Retail REIT reported a distribution per unit of 0.43 Singapore cents for FY 2023.

PRUDENT CAPITAL MANAGEMENT DESPITE CHALLENGING BUSINESS ENVIRONMENT

As at 31 December 2023, BHG Retail REIT’s gearing ratio remained stable at 39.9%, providing a debt headroom to facilitate any potential acquisition growth. The total borrowings drawn down aggregated to S\$302.4 million, with more than 80% of the borrowings denominated in Singapore dollars while the remaining denominated in Renminbi.

In addition to the natural hedge provided by the Renminbi-denominated debt to the matching revenue stream, approximately 50% of the REIT’s offshore syndicated debt has also been hedged from a floating interest rate to a fixed interest rate via interest rate swap instruments, so as to mitigate the effects of volatility in the interest rates.

PROACTIVE ASSET MANAGEMENT

BHG Retail REIT’s portfolio of quality retail assets continued to exhibit resilience in FY 2023. As at 31 December 2023, the REIT’s appraised independent valuation in Renminbi was RMB 4,723.0 million, an overall increase of RMB 20.0 million (0.4%) from the independent valuation of RMB 4,703.0 million as at 31 December 2022, demonstrating its underlying strength. In addition, the Manager’s proactive asset management strategy has ensured that the REIT maintains a strong portfolio occupancy rate at 95.6%, with healthy retention rates achieved as at 31 December 2023.

With the ideal goal of building our malls into lifestyle destinations of choice, the Manager sought out opportunities to improve the overall experience and appeal of our assets to shoppers and tenants in FY 2023. This commitment was demonstrated in the revitalisation of Chengdu Konggang mall, where the entire basement one was recrafted to enhance shopper traffic flow, improve connectivity and circulation between ground and the basement levels, as well as infusing greater accessibility and convenience in its revamped layout. The overall tenant mix was also rebalanced to include tenants such as new anchor “Hema Supermarket”, a dedicated beauty products zone as well as a brand new pet shop zone.

In tandem with the improving consumer sentiments, the REIT continued to engage its shoppers and communities through marketing activities such as the Halloween and mural painting events at Beijing Wanliu, the public square basketball competition and piano concert events at Hefei Changjiangxilu, among others.

Letter to Unitholders



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Through refreshing our line-up of tenants with offerings that resonate with our shoppers, and working with our existing tenants to create satisfying experiences for our consumers, the vibrancy of our tenant mix was further enhanced in FY 2023 where a wide range of popular F&B, retail, and lifestyle brands was introduced as part of the malls' tenancy rejuvenation efforts. Some of the new experiential retail offerings introduced included membership only 'Hema Supermarket' at Chengdu Konggang, value-for-money 'Wan Ke Lai Fashion Outlet' at Hefei Mengchenglu, and trendy 'Luckin Coffee' at Hefei Changjiangxilu.

ADVANCING ON OUR SUSTAINABILITY REPORTING

The Manager remains committed to advance its efforts in sustainability and good corporate governance practices. In line with the updates in the GRI Standards 2021, we have integrated consideration of our impact to human rights since 2022. The REIT, under the oversight of the Board, continued to refresh the materiality of its Environment, Social and Governance ("ESG") issues and has also taken steps to align this year's reporting with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") on GHG Scope 1 (direct) emission.

We believe that ethical business practices and sound corporate governance are vital for our long-term sustainable growth. The Manager's efforts in driving sustainability, good corporate governance practices, and proactive communication with investors have won BHG Retail REIT three awards at The Global CSR & ESG Awards 2023™, namely the Platinum award for 'Best Corporate Communications and Investor Relations Team', and bronze awards for 'Best Community Programme', as well as the 'CSR & ESG Leadership'.

BHG Retail REIT continues to support and make positive impact to our communities every year as part of our Beijing Hualian Group's community-focused philosophy and several corporate social initiatives were carried out by the Manager and retail malls. These include mural painting, public square dancing event, Christmas DIY Art & Craft, and Parent-Child Art & Craft, amongst others. The REIT Manager also visited St John's Home For Elderly Persons in Singapore, where we enjoyed an afternoon of laughter, Bingo and karaoke sing-alongs with the old folks.

Moving ahead, we remain committed towards the well-being of the communities we work in, as well as continue to grow our business responsibly. We continue to pursue excellence, with a focus on our material ESG topics that will positively impact the environment.

LOOKING AHEAD

China's gross domestic product¹ ("**GDP**") for 2023 increased 5.2% year-on-year to RMB 126.0 trillion, broadly in line with market consensus of 5.3% expansion². Disposable income per capita of urban residents grew 4.8% year-on-year in 2023 while retail sales of consumer goods increased 7.2% year-on-year¹, the higher growth rate was driven in main by food and beverages, clothing and jewellery sales which grew by 20.4%, 12.9% and 13.3% respectively.

The International Monetary Fund (IMF) raised its China's GDP outlook for 2024, revising it from 4.2% in October 2023 to 4.6% in January 2024³, the upgrade reflects carryover from stronger-than-expected growth in 2023 and increased government spending on capacity building against natural disasters. In the 5th March 2024 National People Congress's meeting, Premier Li Qiang announced the government's GDP growth target of 5% for FY 2024, signalling additional stimulus could be in the pipeline.

According to CBRE, China retail property market is poised to benefit from further recovery in domestic consumption in 2024. Demand for store leases in 2024 will continue to be driven by the dining, entertainment, sports and beauty categories. Benefiting from a sustained recovery in demand, nationwide vacancy decreased for a second consecutive quarter and rental is starting to stabilise. Location and project will remain differentiated, with high-quality regional shopping centers expected to outperform the market average⁴.

We believe that our quality portfolio of retail malls in high population density neighbourhoods are well-positioned to capitalise on China's recovery, meet

the needs of the rising middle-income population, and provide a quality lifestyle experience to our shoppers. The Manager will continue to focus on refreshing our line-up of tenants with offerings that resonate with our shoppers, remain prudent in our capital management, and pursue accretive acquisition opportunities, so as to remain a stable investment to our Unitholders.

ACKNOWLEDGEMENTS

We take this opportunity to thank our fellow Board members for their leadership and guidance over the years, as well as BHG Retail REIT's management and staff for their dedication and commitment. We would like to specially thank our outgoing Director Mr Ben Yeo Chee Seong who has retired on 11th February 2024 upon completion of 9 years directorship with the board as an Independent Non-Executive Director. His leadership and guidance rendered to the REIT during the past 9 years had been invaluable. We also want to extend our warmest welcome to our new Independent and Non-Executive Director Mr George Quek Meng Tong who will succeed Mr Ben Yeo Chee Seong and continue to lead and guide the REIT going forward. We would also like to thank our Unitholders, tenants, shoppers and business partners for their unwavering support and confidence, as we continue in our drive to capture and deliver value to our Unitholders.

MR FRANCIS SIU WAI KEUNG

Chairman

MS CHAN IZ-LYNN

Chief Executive Officer

27 March 2024

¹ National Bureau Statistics of China.

² Bloomberg (15 January 2024): China Set to Reach 2023 GDP Goal as Focus Shifts to New Year.

³ IMF (30 January 2024): World Economic Outlook Update - Moderating Inflation and Steady Growth Open Path to Soft Landing.

⁴ CBRE (February 2024): China Figures Q4 2023.

致信托单位 持有人之信函



在管理人的审慎管理、专业知识和奉献精神下，我们深信北京华联商业信托将继续巩固其作为一项稳定的投资，并为我们的信托单位持有人带来长期的可持续增长



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2023财政年度（以下简称“2023财年”）业绩报告。

2023年，全球市场受到了来自多个方面的挑战，例如中东和欧洲的地缘政治紧张局势、硅谷银行（Silicon Valley Bank）和瑞士信贷（Credit Suisse）引发的美国和欧洲银行业危机，以及高利率等因素的压力。

管理人采取积极的资产组合管理策略，让北京华联商业信托的资产组合在这些充满挑战的环境中保持弹性。尽管面临诸多挑战，北京华联商业信托的优质资产仍持续展现出弹性。出租率维持在95.6%的稳健水平，而加权平均租赁期为3.3年（按总租金收入计）和5.9年（按净可出租面积计）。以人民币计算，我们的资产组合估值同比增长0.4%，表明其潜在的实力。

2023财年本信托向信托单位持有人派发的金额为220万新元，低于去年同期。这主要是由于人民币兑新元贬值以及利息支出增加。本信托公布的2023财年每单位派息为0.0043新元。

充满挑战商业环境下的审慎资本管理

截至2023年12月31日，本信托的负债率维持在39.9%的稳定水平，为任何潜在的收购性增长保留了负债空间。已提取的借贷总额为3.024亿新元，其中80%以上是以新元计值的借款，其余约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，本信托约50%的境外银团债务已通过利率掉期，将浮动利率转换成固定利率进行对冲，从而减轻了利率波动产生的影响。

积极资产管理

本信托的优质资产在2023财年仍持续展现出弹性。经独立机构评定，截至2023年12月31日，本信托旗下商场的估值总额为47.23亿元人民币，同比2022年12月31日47.03亿元人民币的独立估值结果提升2000万元人民币（0.4%），表明其潜在的实力。此外，管理人的积极资产管理策略确保了本信托的资产组合截至2023年12月31日保持95.6%的强劲出租率，以及健康的续租率。

为了实现将商场打造成消费者首选零售目的地这一目标，管理人积极寻找机会，致力于在2023财年提升资产对购物者和租户的整体体验与吸引力。这一目标在成都空港购物中心的翻新改造中得到了体现，该商场的整个地下一层被重新设计，从而提升客流，并改善地面与地下层之间的连通性，这一布局的改造让商场的无障碍通行和便利性大大提高。我们还重新调整了租户品牌结构，引入了诸如“盒马鲜生超市”等新的知名品牌，同时开辟了专门的美容产品区以及全新的宠物店区等。

随着消费者消费意愿的改善，本信托继续通过营销活动吸引消费者，加强周边社区活力，例如在北京华联万柳购物中心举办万圣节和壁画活动、在合肥长江西路购物中心举办广场篮球比赛和钢琴音乐会等。

在2023财年，我们通过更新租户业态、提供更受消费者青睐的服务、以及与现有租户合作，为消费者打造满意的体验，并进一步加强了旗下商场的业态组合活力，通过引入了广受欢迎的餐饮、零售、与家居等品牌，以支持商场租赁的复兴。我们新引进的一些体验式零售品牌包括成都空港的会员制“盒马鲜生超市”、合肥蒙城路的折扣店“万客来服装超市”以及合肥长江西路的饮品新宠“瑞幸咖啡”。

推进可持续发展报告

管理人将继续致力于推进本信托在可持续发展和良好公司治理实践方面的努力。为了配合2021年GRI标准的更新，我们在2022年纳入了对人权影响的考量。在董事会的监督下，本信托继续更新了其在环境、社会和治理（简称“ESG”）等主题上的重要性原则，同时还采取措施，是今年的报告与气候相关财务信息披露工作组对温室气体排放范围1（直接排放）的建议保持一致。

我们相信，合乎道德的商业行为与健全的公司治理对我们的长期可持续增长至关重要。管理人在推动可持续发展、良好公司治理以及与投资者积极沟通方面所做的努力，是本信托在2023年全球企业社会责任与环境、社会和公司治理颁奖典礼（The Global CSR & ESG Awards 2023™）上赢得三项大奖，分别为“最佳企业沟通和投资者关系团队”白金奖和“最佳社区计划”以及“企业社会责任和环境、社会及治理领导力”铜奖。

作为北京华联集团“以社区为本”理念的一部分，本信托将年复一年，持续回馈社区，力求为社区带来积极影响。为此，管理人和商场开展了多项企业社会活动，其中包括壁画、广场舞活动、圣诞节DIY艺术与手工，以及亲子艺术与手工等。本信托管理人还拜访了圣约翰养老院，与那里的老人们度过了一个愉快的下午，玩宾果游戏和唱卡拉OK。

未来我们将继续致力于改善我们所处社区的福祉，并继续以负责任的方式发展我们的业务。我们继续追求卓越，专注于会对环境产生积极影响的重大ESG主题。

展望

2023年中国国内生产总值同比增长5.2%，达到126.0万亿元人民币，与市场普遍预期的5.3%大致一致。2023年城镇居民人均可支配收入同比增长4.8%，消费品零售额同比增长7.2%，其中食品饮料、服装和珠宝销售额增速较快，分别增长了20.4%、12.9%和13.3%。

国际货币基金组织上调了对中国2024年国民生产总值增速的预期，从2023年10月预期的4.2%上调至2024年1月预期的4.6%，这一上调反映了2023年经济增长强于预期的影响将持续，以及政府在抵御自然灾害能力建设方面的支出增加。

致信托单位 持有人之信函

在2024年3月5日召开的全国人民代表大会会议上,李强总理宣布了政府制定的2024财年国民生产总值增长5%的目标,表明政府可能会采取更多的刺激措施。

世邦魏理仕表示,中国零售房地产市场有望在2024年从国内消费的进一步复苏中受益。2024年对门店租赁的需求将继续受到餐饮、娱乐、体育和美容等行业的推动。得益于需求的持续复苏,全国空置率连续第二个季度下降,租金开始趋于稳定。地点和项目将继续保持差异化,高品质的区域购物中心增长预计将超过市场平均水平。

我们相信,处于人口密集地区的优质零售商场资产组合,能充分利用中国经济复苏,满足不断增长的中等收入人群的需求,并为购物者提供优质的生活方式体验。管理人将继续专注于更新我们的租户业态,提供广受购物者青睐的产品和服务,保持审慎的资本管理,并抓住增值收购机会,为信托单位持有人带来有吸引力的长期投资收益。

鸣谢

我们想要借此机会感谢董事会成员多年来的领导与指导,以及北京华联商业信托的管理层和全体员工所作出的奉献和承诺。我们要特别感谢刚退任的董事Ben Yeo Chee Seong先生,他已于2024年2月11日退休,于此之前在董事会担任独立非执行董事长达9年。在过去的9年里,他对本信托的带领与指导是我们宝贵的财富。我们也热烈欢迎新上任的独立及非执行董事George Quek Meng Tong先生,他将接替Ben Yeo Chee Seong先生的职位,继续带领和指导本信托的发展。同时,我们也要感谢信托单位持有人、租户、购物者以及业务合作伙伴坚定不移的支持和信心,我们将继续努力,为信托单位持有人带来丰厚回报。

萧伟强
主席

陈懿璘
首席执行官

2024年3月27日

¹ 中国国家统计局。

² 彭博社(2024年1月15日):新一年的焦点转移,中国将实现2023年GDP目标。

³ 国际货币基金组织(2024年1月30日):《世界经济展望更新》——通胀温和和经济稳定增长为软着陆开辟道路。

⁴ 世邦魏理仕(2024年2月):2023年第四季度中国数据。