



## **BHG Retail REIT FY 2019**

### **Gross Revenue up 13.5%<sup>1,2</sup> year-on-year**

### **Net Property Income up 10.6%<sup>1,2</sup> year-on-year**

### **Annualised Distribution Yield of 5.6%<sup>3,4</sup>**

- **New Contribution from Hefei Changjiangxilu**
- **Track Record of High and Stable Occupancy Rate (96.7%)**
- **Healthy Rental Reversion**

**SINGAPORE, 25<sup>th</sup> February 2020** – BHG Retail Trust Management Pte. Ltd., the Manager of BHG Retail REIT, is delighted to announce the financial results of BHG Retail REIT for the fourth quarter (“4Q 2019”) and full year (“FY 2019”) ended 31 December 2019.

Gross revenue and net property income (“NPI”) for FY 2019 increased 13.5%<sup>1,2</sup> and 10.6%<sup>1,2</sup> respectively year-on-year. The outstanding results were driven by new contribution from Hefei Changjiangxilu since April 2019, as well as stronger organic performance from the other existing properties. Amount to be distributed to Unitholders for FY 2019 of S\$16.8 million translated to a distribution per unit (“DPU”) of 3.87<sup>2,4</sup> Singapore cents, and an attractive distribution yield of 5.6%<sup>3,4</sup>.

**Ms Chan Iz-Lynn, Chief Executive Officer of BHG Retail Trust Management Pte. Ltd.**, said, “We are pleased to deliver another year of robust operational performance and attractive distribution yield. Our properties, have over the past years served each individual community diligently. This includes providing daily necessities, offering dining selections, creating lifestyle and retail experiences to surrounding catchments. What’s heartening for us is that through events we put together, we also create precious family-times and fond memories for our visitors. We will continue to serve these communities well going forward, enhance the appeal and functionality of our retail assets, refresh our tenancies, and create lasting relationship with our tenants and visitors.”

Footnotes:

1. In Singapore dollars terms.
2. Includes contribution from Hefei Changjiangxilu Mall which was acquired on 2 April 2019.
3. Based on closing price of S\$0.685 as at 31 December 2019, and FY 2019 Distribution per Unit.
4. In FY 2019, approximately S\$1.9 million of the amount available for distribution has been retained in anticipation of higher operational expenses and working capital requirements of the REIT’s enlarged portfolio.

### ***Refreshed Tenancies & New Concept At Beijing Wanliu***

Several tenants were injected into Beijing Wanliu during the quarter. They include active lifestyle brand Adidas NEO, a Yoga centre (Kamal Yoga 卡莫瑜伽), trendy kids fashion brand Folli Follie Kids, as well as small eateries such as 鱼你在一起, and Daddy's Sweetie. An exceptionally popular concept "Amazing Art Space 阿美滋艺术中心" was also brought into Beijing Wanliu in 2019. This tenant provides a refreshing art-making experience, using all kinds of materials such as pins, strings, lego blocks, used clothings, newspaper strips, etc. The art space caters to both adults and children, and offers joint participation by parents and kids as a form of family-bonding activity.

### ***Capital Management***

As at 31 December 2019, borrowings drawn down of S\$284.2 million represented a gearing of 35.7%. Above 80% of borrowings are denominated in Singapore dollars and US dollars, and of which, about 60% are hedged via interest rate swaps.

### ***Outlook<sup>6</sup>***

China's gross domestic product ("GDP") grew 6.1% year-on-year to RMB 99.1 trillion for the full year 2019 amid Chinese authorities' efforts to boost consumptions, reduce taxes, and encourage investments. GDP growth for 2019 was within the Chinese government's target of 6.0% to 6.5%. Retail sales of consumer goods rose 8.0% year-on-year to RMB 41.2 trillion for the full year 2019. Disposable income and expenditure per capita of urban residents increased 7.9% and 7.5% year-on-year respectively in 2019. Urbanisation rate increased from 59.6% in 2018 to 60.6% in 2019.

In December 2019, Washington and Beijing announced the agreement of US-China phase one deal<sup>7</sup>. Despite the resulting easing of trade tensions, the Chinese economy is expected to face some challenges in 2020 due to the outbreak of the Novel Coronavirus (Covid-19). In tandem with various precautionary measures adopted across China, BHG Retail REIT's properties and its tenants, along with many other businesses, have faced disruptions caused by the Covid-19 situation. As a socially-responsible owner of retail malls that operate in the community space, BHG Retail REIT is exploring various strategies to support and reinforce its relationship with stakeholders.

Notwithstanding the near-term headwinds generated by the developing Covid-19 situation, BHG Retail REIT's long-term strategy remains well-positioned to benefit from China's rising residents' income and consumption upgrade. BHG Retail REIT's strategy to focus on neighbourhood retail properties, in high population density neighbourhoods will continue to underpin the resilience of our foundations.

Footnote:

5. Source Independent Market Research Report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.
6. Source: National Bureau of Statistics of China
7. Source: State Council of the People's Republic of China

### **ABOUT BHG RETAIL REIT** (<http://www.bhgreit.com>)

BHG Retail REIT is the first pure-play China Retail REIT sponsored by a leading China integrated retail group. The REIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 11 December 2015. The principal investment strategy of BHG Retail REIT is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate which is used primarily for retail purposes (whether either wholly or partially), as well as real estate-related assets in relation to the foregoing, with an initial focus on China.

As at 31 December 2019, the REIT's portfolio comprises six retail properties, Beijing Wanliu (60%), Chengdu Konggang, Hefei Mengchenglu, Hefei Changjiangxilu, Xining Huayuan, Dalian Jinsanjiao located in Tier 1, Tier 2 and other cities of significant economic potential in China. The portfolio gross floor area of about 311,691 sqm, has a committed occupancy of 96.7% as at 31 December 2019.

As at the latest date of valuation, total appraised value was approximately RMB 4,707 million. Under voluntary right of first refusal agreements, properties may potentially be offered to BHG Retail REIT as future pipeline assets.

### **ABOUT THE REIT MANAGER**

BHG Retail REIT is managed by BHG Retail Trust Management Pte. Ltd., an indirect wholly owned subsidiary of the Sponsor, Beijing Hualian Department Store Co., Ltd. The Manager's key financial objectives are to provide Unitholders of BHG Retail REIT with an attractive rate of return on their investment through regular and stable distributions to Unitholders and to achieve long-term sustainable growth in distribution per unit and net asset value per Unit, while maintaining an appropriate capital structure for BHG Retail REIT.

### **ABOUT THE SPONSOR**

BHG Retail REIT is the first retail REIT sponsored by an established PRC home-grown retail property operator, Beijing Hualian Department Store Co., Ltd. (the "Sponsor"). Established in May 1998, the Sponsor is a listed company on the Shenzhen Stock Exchange (stock code: 000882). The Sponsor is one of the first companies to be engaged in retail property management in China whose focus is mainly on the ownership and management of community retail properties. These properties are positioned as one-stop family-oriented destinations for the community in its locality, with shopping, dining, recreational and entertainment facilities to cater to an extensive variety of communal needs.

For further information and enquiries:

Nigel Nai Zi  
Investor Relations Manager  
BHG Retail Trust Management Pte. Ltd.  
Contact: (65) 6805 8283  
Email: ir@bhgreit.com

### **IMPORTANT NOTICE**

The value of units in BHG Retail REIT (“Units”) and the income derived from them, if any, may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, BHG Retail Trust Management Pte. Ltd., as manager of BHG Retail REIT (the “Manager”) or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of BHG Retail REIT is not necessarily indicative of its future performance.

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

This press release may contain forward-looking statements that involve risks and uncertainties. Such forward-looking statements and/or financial information involve a number of factors, risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, the present and future business strategies, the environment in which BHG Retail REIT will operate in the future, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, property expenses and governmental and public policy changes, and the continued availability of financing. The actual results, performance or achievements of BHG Retail REIT or the Manager, or industry results, may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and/or financial information, as these statements and financial information reflect the Manager’s current views concerning future events and necessarily involve risks, uncertainties and assumptions. Prospective investors and Unitholders are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the Manager on future events.