



BHG Retail REIT's 2H 2020

Gross Revenue up 17.8% vs 1H 2020

Distribution per Unit¹ up 19.1% vs 1H 2020

- **2H 2020 Gross Revenue Achieves 80% Recovery year-on-year**
- **Occupancy Rate Remains High at 93.5%**
- **Beijing Wanliu's Supermarket Resizing Exercise**

SINGAPORE, 26th February 2021 – BHG Retail Trust Management Pte. Ltd., the Manager of BHG Retail REIT, is pleased to announce the results of BHG Retail REIT for the second half year period ("2H 2020") ended 31 December 2020.

BHG Retail REIT's portfolio underwent notable recovery in 2H 2020 since the onset of the COVID-19 outbreak. 2H 2020 gross revenue of S\$32.8 million grew 17.8% over the first half 2020, albeit 20.1% lower against the corresponding period last year. 2H 2020 amount to be distributed to unitholders¹ of S\$5.2 million, translated to a distribution per unit ("DPU") of 1.06 Singapore cents, which will be paid to Unitholders on the 31 March 2021. Notwithstanding the unprecedented global pandemic, BHG Retail REIT's full year 2020 ("FY 2020") distribution to unitholders¹ amounted to S\$9.5 million, representing a distribution per unit¹ of 1.95 Singapore cents.

Through dedicated efforts to enhance our portfolio assets, introduce fresh brands and concepts, and reinvent offerings, our malls continued to observe good demand for our leasing space. Occupancy and retention rate remained high throughout the year. Overall committed occupancy was 93.5% as at year end.

Ms Chan Iz-Lynn, Chief Executive Officer of BHG Retail Trust Management Pte. Ltd., said, "China's swift and effective pandemic management has enabled them to be one of the earliest countries to stem the wave of infections. China's economic recovery accelerated expeditiously in the latter half of 2020. Notwithstanding this, BHG Retail REIT embarked on a few key initiatives including Beijing Wanliu's supermarket resizing and Chengdu Konggang's outdoor night market enhancement. In addition, the REIT's sponsor also launched its very own e-commerce platform amid the pandemic. The

Footnote:

1. Approximately \$0.6 million and S\$1.1 million of the amount available for distribution had been retained for 2H 2020 and FY 2020, respectively, for operational expenses and working capital requirements of the REIT.

development of the platform shall widen our malls' outreach to omni-channel shoppers, at the same time provide impetus to tenants' digitalization journey. Situated in high population density neighbourhoods, our community malls continue to benefit from recurring visits by shoppers in its immediate surrounding precinct. Moving forward, the Manager will remain agile and focused to drive organic growth, and continue our efforts to build upon the existing portfolio."

Beijing Wanliu Supermarket Resizing Exercise

As part of our overall leasing strategy to unlock the potential of certain spaces, the Manager completed a supermarket resizing exercise at basement one of Beijing Wanliu in 2H 2020. This asset enhancement initiative which reduced the supermarket's area from 7,231.8 sqm to 4,180.3 sqm, paved way for 19 new retail and F&B tenants. This increased the mall's the variety of our retail & F&B offerings, invigorated the recovered area, and gave the enhanced cluster a renewed appearance. As a result of the exercise, the original area saw a significant growth in both average rent and total rental income.

Chengdu Outdoor Night Market

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

Robust Financial Position and Astute Capital Management

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.

The Manager remains prudent in its capital management strategy. Gearing remained healthy at 35.7%. As of 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.

Outlook

China's gross domestic product² ("GDP") grew 6.5% in the fourth quarter ("4Q 2020") and 2.3% year-on-year for FY 2020. With stringent precautionary measures at the beginning of the COVID-19 outbreak, the nation's GDP contracted 6.8% in the first quarter 2020. Following an expeditious control of the pandemic, its economy

experienced a V-shaped recovery. China registered GDP growth of 3.2% and 4.9% year-on-year in the second and third quarter 2020, respectively.

Retail sales² of consumer goods were up 4.6% year-on-year for the 4Q 2020, and down 3.9% year-on-year for the FY 2020. Recovery in the nation's retail sales of consumer goods trailed its GDP performance, with year-on-year change of -15.8%, -1.8%, +3.3%, and 4.6%, in March, June, September and December 2020, respectively.

In tandem with other economic performance, China's urban residents' disposable income² and consumption expenditure¹ also recovered progressively (since moderating at the inception of COVID-19). Disposable income per capita of urban residents grew 5.7% in the 4Q 2020 and 3.5% year-on-year in FY 2020. Expenditure per capita of urban residents was +1.0% in 4Q 2020 and -3.8% year-on-year for FY 2020.

Footnote:

2. Source: National Bureau of Statistics 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 2020, 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 93.5% as at 31 December 2020.

As at the latest date of valuation, total appraised value was approximately RMB 4,659 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:

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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.