



BHG Retail REIT's FY 2021

Gross Revenue up 16.6% year-on-year

Amount Available for Distribution up 17.2% year-on-year

Strong Occupancy Rate at 97.0%

SINGAPORE, 25th February 2022 – BHG Retail Trust Management Pte. Ltd., the Manager of BHG Retail REIT, is pleased to announce the results of BHG Retail REIT for the full year period ended 31 December 2021 (“FY 2021”).

FY 2021 gross revenue and net property income (“NPI”) of S\$70.6 million and S\$41.8 million increased by 16.6% and 14.9% year-on-year, respectively, amidst progressive recovery. FY 2021 amount to be distributed to unitholders¹ grew 17.2% year-on-year to S\$11.1 million. Full year distribution per unit (“DPU”) of 2.17 Singapore cents was 11.3% higher year-on-year. For the second half year period ended 31 December 2021 (“2H 2021”), gross revenue and NPI of S\$36.3 million and S\$21.2 million were up 10.8% and 6.6% year-on-year, respectively. 2H 2021 amount to be distributed to unitholders of S\$5.4 million translated to a DPU of 1.05 Singapore cents, which will be paid to respective Unitholders on the 31 March 2022.

BHG Retail REIT’s malls continued to exhibit healthy leasing demands in FY 2021. Committed occupancy rate remained strong at 97.0%, as at 31 December 2021. Overall rents for new and renewed leases continued to improve.

Ms Chan Iz-Lynn, Chief Executive Officer of BHG Retail Trust Management Pte. Ltd., said, “we are pleased to report a set of commendable performance in FY 2021. BHG Retail REIT’s underlying portfolio demonstrated resilience, achieving robust occupancies and healthy retention rates. Notwithstanding this, the Manager will remain cautious about the risks of COVID-19 resurgence that may affect the pace of further market recovery. We will continue to refresh our malls’ offerings, pursue further growth opportunities, and remain an attractive long-term yield-play investment to our unitholders.”

Footnote:

1. For the FY 2021, approximately \$1.2 million of the amount available for distribution has been retained for operational expenses and working capital requirements of the REIT.

Robust Financial Position and Astute Capital Management

As of 31 December 2021, BHG Retail REIT's appraised independent valuation was S\$992.7 million. The portfolio valuation represents an increase of S\$49.5 million (5.2%) from the independent valuation as at 31 December 2020 of S\$943.2 million. Overall valuation in Renminbi of RMB 4,678.0 million was up by RMB 19.0 million (0.4%) year-on-year.

The Manager remains prudent in its capital management strategy. The REIT's gearing ratio remained healthy at 34.1%. As of 31 December 2021, total borrowings drawn down aggregated to S\$296.1 million, with more than 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 8.1% year-on-year to RMB 114.4 trillion for the full year 2021. The average³ two-year growth for 2021 was 5.1% year-on-year.

Retail sales² of consumer goods rose 12.5% year-on-year to RMB 44.1 trillion in 2021. Consumption expenditure contributed 65.4% to China's GDP growth in 2021 compared to 54.3% in 2020. According to CBRE⁴, China's consumption remains strong despite sporadic COVID-19 outbreaks. Steady recovery in leasing demand drove rental growth.

Chinese residents' income grew in tandem with the economy during the year. Disposable income per capita² of urban residents grew 8.2% year-on-year in 2021.

Notwithstanding the resurgence of cases, the Chinese authorities have been swift in curbing widespread and extended period of outbreaks since the onset of the pandemic. BHG Retail REIT's portfolio of retail properties, situated in high population density neighbourhoods, will continue to be underpinned by residents' rising income, stable employment and China's emphasis on domestic consumption.

Footnotes:

2. Source: National Bureau of Statistics of China.
3. The National Bureau of Statistics of China has disclosed the "average two-year growth rate (year-on-year)", in light of irregular fluctuations arising from the COVID outbreak in 2020. The average two-year growth (year-on-year) is the geometric mean of the growth with the data of the same period in 2019 as the base (ie 2019 vis-à-vis 2020, and 2020 vis-à-vis 2021).
4. Source: CBRE Market View.

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 2021, 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 97.0% as at 31 December 2021.

As at the latest date of valuation, total appraised value was approximately RMB 4,678 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.