

BHG RETAIL REIT

PHILLIP SECURITIES

19 APRIL 2022



ANCHORING FOUNDATIONS. STAYING RESILIENT.

Content

- Overview
- FY 2021 Key Highlights
- Investment Overview
- Looking Forward



Brief Introduction

Listed on SGX Mainboard
on the 11 December 2015

Singapore's First Pure-Play China
Retail REIT Established
By A China-Based Group
("Beijing Hualian Group")

Investment Mandate

Income-producing real estate used primarily for retail purposes, with an initial focus on China

Number of
Properties
6

Valuation
of AUM¹
4.7
RMB billion



- Multi-tenanted
- Master-leased

1. Based on independent valuation from Knight Frank Petty Limited as at 31 December 2021.

MULTI-TENANTED

Beijing Wanliu



Hefei Mengchenglu



Chengdu Konggang



Hefei Changjiangxilu



MASTER-LEASED

Xining Huayuan



Dalian Jinsanjiao



The Big Picture: Our Value Proposition

Strategy

- One-stop destination malls
- Located in High Density Residential Neighbourhoods (Recurring Visitor-ships)
- Rising Chinese Residents' income + Consumption upgrade

Quality

- Track Record of Healthy occupancy rate and rental growth
- Capital Management
- Financially Strong & Committed Sponsor Group
 - Retail Conglomerate
 - Networks

Growth

- Hefei Changjiangxilu Acquisition (April 2019)
 - NAV per Unit & DPU accretive
- Visible & Substantial Sponsor Pipeline
- Continual Asset Enhancements

FY 2021 Key Highlights

Delivering Commendable Results



RESILIENT PORTFOLIO

- Portfolio occupancy of 97.0%
- Healthy retention rate and rental growth
- Staggered lease expiries



COMMENDABLE FY 2021 FINANCIAL PERFORMANCE

- Gross revenue up 16.6% year-on-year
- Amount to be distributed to unitholders grew 17.2% year-on-year



PROACTIVE CAPITAL MANAGEMENT

- Healthy gearing of 34.1%
- Substantial debt headroom
- About 50% of total loans are hedged via interest rate swaps



**Financially Strong &
Committed Sponsor Group**

Beijing Hualian Group (BHG)

One of the Leading Chinese Retailers Headquartered in Beijing



BHG: Financially Strong & Committed Sponsor Group

Retail Malls

More than 30 Retail Malls owned and/or under management
Beijing Hualian Department Store Co., Ltd.

- Listed on Shenzhen Stock Exchange (1998)
- Market cap of RMB 5.4 Billion¹
- Wide network of retail malls across China
- With focus on community retail malls well located in areas of high population density.

<http://www.bhgmall.com.cn>



Sponsor

1. Bloomberg data as of 22 March 2022.



Supermarkets

More than 150 Supermarkets across entire China
Beijing Hualian Hypermarket Co., Ltd.

- Listed on Shanghai Stock Exchange in 2001
- Market cap of RMB 3.5 Billion¹
- Anchor / master-lease tenants at every property in the REIT's portfolio
- Attracts recurring footfall while providing stable income and step-up.

<http://zc.beijing-hualian.com/>



1. Bloomberg data as of 22 March 2022



BHG: Financially Strong & Committed Sponsor Group

SKP

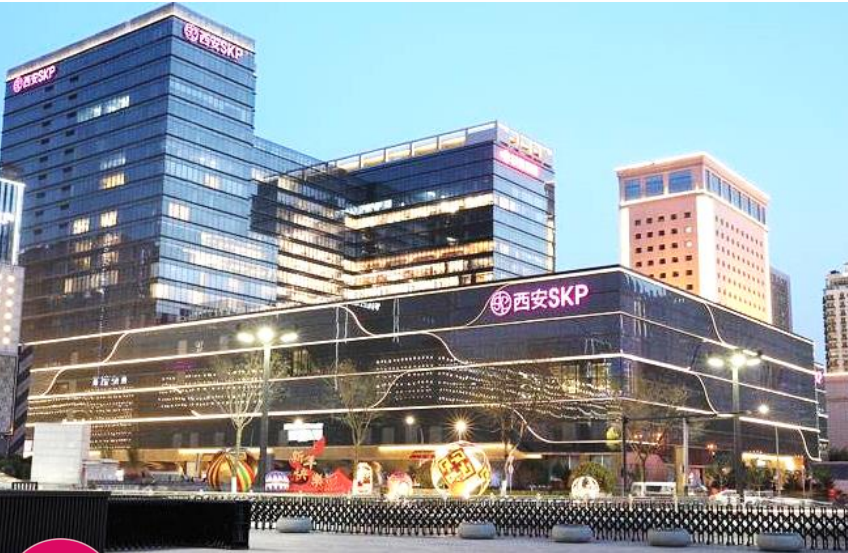
SKP Luxury Department Stores

SKP Operates SKP Beijing, SKP Xi' An, and SKP-S

- Amongst the Largest Luxury Department Stores in China
- SKP Beijing: Located at Beijing's prime Central Business District, as one of Beijing's landmark shopping places

<http://www.skp-beijing.com>

- SKP Xi' An: Opened in May 2018
- SKP-S: Opened in Dec 2019



ANCHORING FOUNDATIONS. STAYING RESILIENT.

BHG RETAIL REIT : CORPORATE PRESENTATION 8



Investment Overview



Photo of Beijing Wanliu 北京万柳照片

Investment Overview

- 1 **Growing China Economic Fundamentals**
- 2 **Resilient Sustainable Strategy:
Situated in Densely Populated Residential Neighborhoods**
- 3 **Robust Quality Assets & Performance**
- 4 **Track Record of Strong Asset Enhancement
and Asset Management Capabilities**

1 Growing China Economic Fundamentals¹

Gross Domestic Product (GDP) Growth

GDP Continues to Grow

+8.1%
2021 GDP Growth
y-o-y

+7.8%
2012-2021
GDP CAGR
Growth

- China's economy underwent a sound recovery momentum in 2021.
- GDP grew 8.1% year-on-year to RMB 114.4 trillion in 2021.
- World most populous country, increasing focus on domestic consumer market.

Disposable income per capita for urban residents

Urban Residents' Income Grew Steadily Amid Pandemic

+8.2%
2021 Growth
y-o-y

+7.0%
2012-2021
CAGR Growth

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

Retail Sales Growth

Retail Sales Growth Underpinned by Consistent Residents' Income Growth

+12.5%
2021 Growth
y-o-y

+7.9%
2012-2021
CAGR Growth

- Retail sales 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.

1. Source: National Bureau of Statistics of China.

2 Resilient Sustainable Strategy: Situated in Densely Populated Residential Neighborhoods

Stable & Recurring Neighbourhood Visitorships (Against Backdrop of Healthily Growing Residents' Income & Spending)

Beijing Wanliu



Typical Characteristics of Surrounding Neighbourhoods

- Residents population of about 200,000 to 300,000 within 3km radius.
- Suburban community, visitor profiles include:
 - People who drop-by the mall to shop for groceries or essential items before heading home after work.
 - Families who choose to eat out, and shop around after a meal.
 - Parents/Grand parents bringing children for enrichment classes.
 - Whole family coming to mall to attend events organized by the mall.

2 Resilient Sustainable Strategy: Situated in Densely Populated Residential Neighborhoods

Stable & Recurring Neighbourhood Visitorships
(Against Backdrop of Healthily Growing Residents' Income & Spending)

Chengdu Konggang



Hefei Mengchenglu

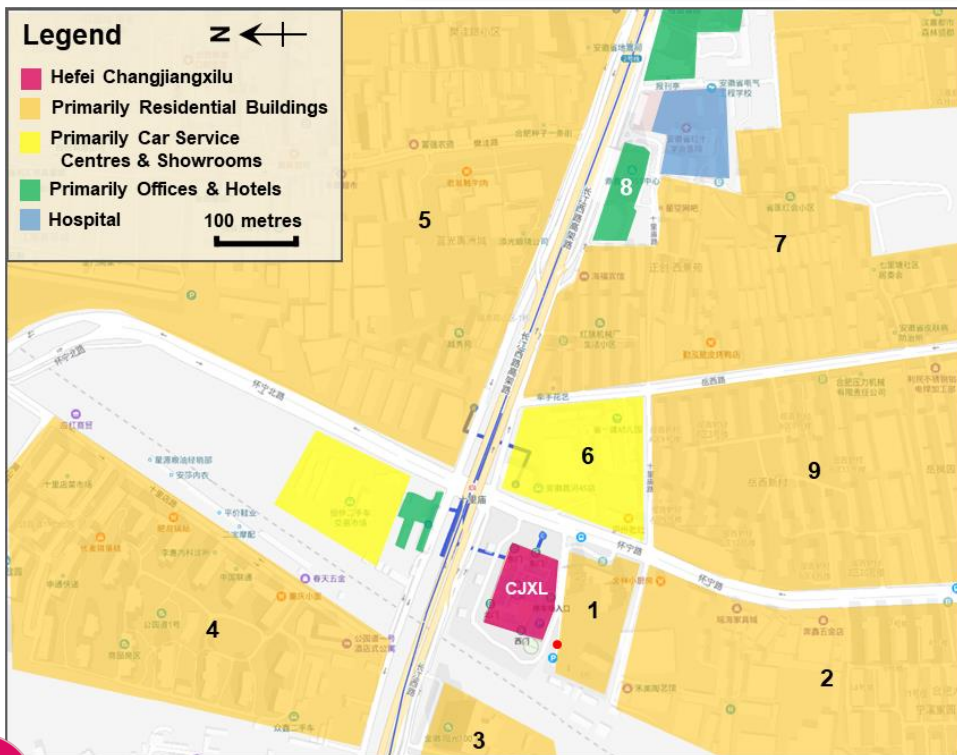


2

Resilient Sustainable Strategy: Situated in Densely Populated Residential Neighborhoods

Hefei Changjiangxilu (十里庙 Shilimiao Community, Shushan District)

Catchment population within a 3-kilometre radius of approximately 200,000, 50 local communities.



3 Robust Quality Assets & Performance

Track Record of High Occupancy Rate and Healthy Leasing Demand

| OCCUPANCY RATE | 2016 ¹ | 2017 ¹ | 2018 ¹ | 2019 ¹ | 2020 ¹ | 2021 ¹ |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| ● Beijing Wanliu | 99.5% | 100% | 100% | 96.2% | 92.7% | 96.1% |
| ● Chengdu Konggang | 91.3% | 96.8% | 97.0% | 94.7% | 96.4% | 98.0% |
| ● Hefei Mengchenglu | 100% | 100.0% | 96.2% | 95.1% | 81.7% ³ | 91.3% |
| ● Hefei Changjiangxilu ² | N.A. | N.A. | N.A. | 97.6% | 92.4% | 98.2% |
| ● Xining Huayuan | 100% | 100% | 100% | 100% | 100% | 100% |
| ● Dalian Jinsanjiao | 100% | 100% | 100% | 100% | 100% | 100% |
| Portfolio (NLA Weighted) | 97.6% | 99.7% | 98.7% | 96.7% | 93.5% | 97.0% |

1. As at 31 December

2. Hefei Changjiangxilu Mall was acquired on 2 April 2019

3. This was due to ongoing tenancy rejuvenation

● Multi-tenanted ● Master-leased



3 Robust Quality Assets & Performance

Lease Structure

Defensive Lease Structure

- ✓ Protected by base rents
- ✓ Enjoy upside from the turnover rents
- ✓ Majority of leases also come with rental escalation

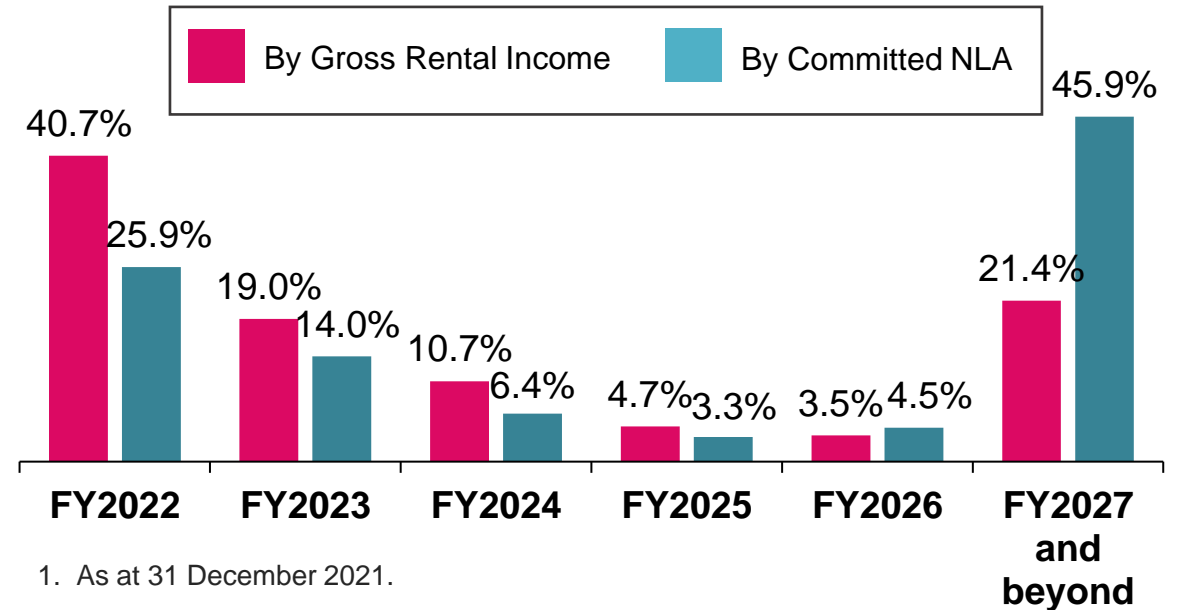
Lease Expiry Profile¹

Staggered Lease Expiries

Weighted average lease expiry (WALE)

By Gross Rental Income: 3.6 years

By Committed NLA: 6.0 years



1. As at 31 December 2021.

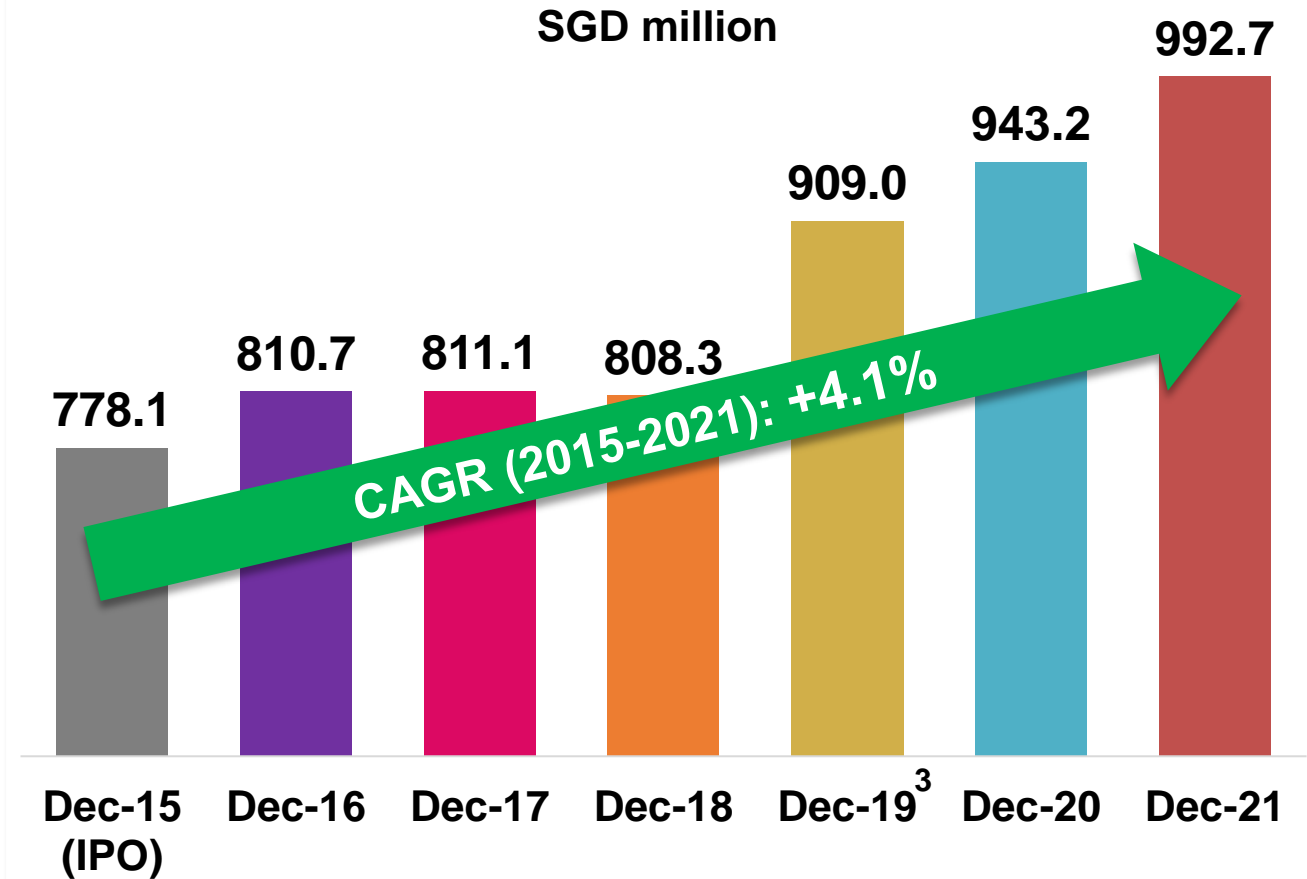
3 Robust Quality Assets & Performance

Solid Assets-Backed Financial Position

Extracted Statement of Financial Position
As at 31 December 2021 (SGD million)

| | |
|--|---------|
| Investment Properties | 992.7 |
| Total Assets | 1,044.6 |
| Total Liabilities | 387.8 |
| Net Assets | 656.8 |
| Net Asset Value Per Unit ¹ (SGD cents) | 0.92 |

Valuation of Investment Properties^{1,2}: Dec 2015-2021 CAGR of ▲4.1% p.a.



1. Based on 100% contribution from Beijing Wanliu.
2. Based on annual valuation from independent valuers.
3. Includes contribution from Hefei Changjiangxilu Mall which was acquired on 2 April 2019.



3 Robust Quality Assets & Performance

Financial Performance 2016 to 2019

Consistently Higher Gross Revenue and NPI Year After Year (Prior to COVID-19)

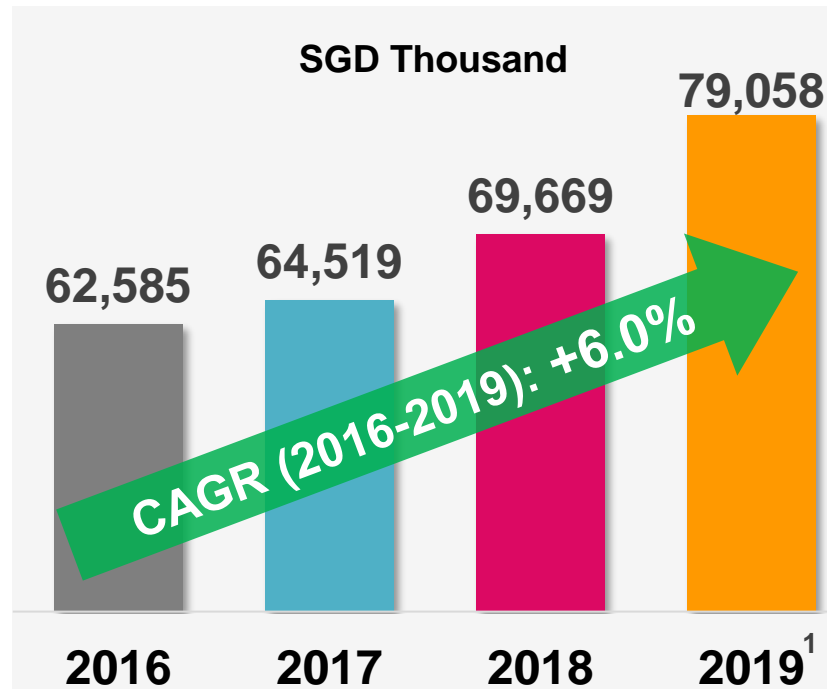
Gross Revenue
CAGR
2016-2019

▲ 6.0%

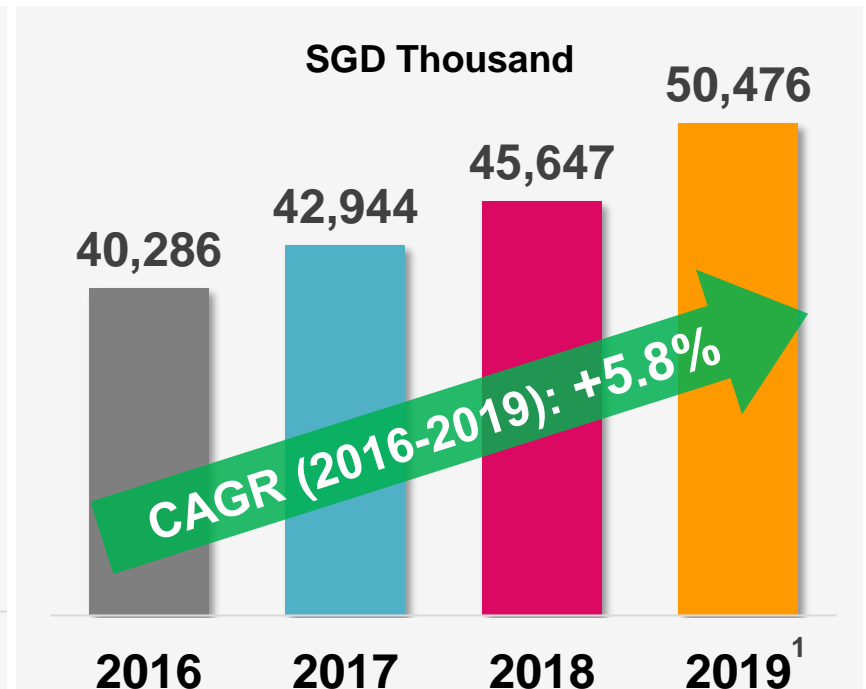
Net Property
Income
CAGR
2016-2019

▲ 5.8%

Gross Revenue



Net Property Income



1. Includes contribution from Hefei Changjiangxilu Mall which was acquired on 2 April 2019.



3 Robust Quality Assets & Performance

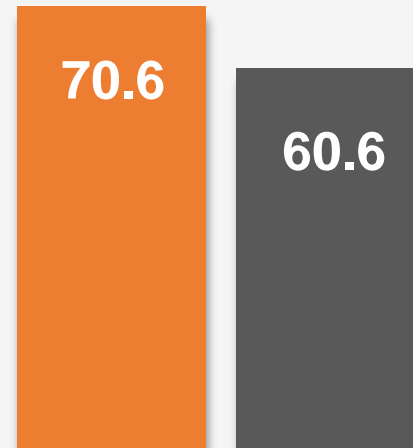
Healthy Recovery in FY 2021 vs FY2020



FY 2021 vs FY 2020

Gross Revenue

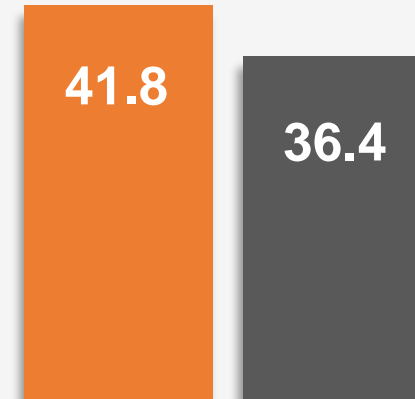
▲ 16.6%



FY 2021 FY 2020
SGD million

Net Property Income

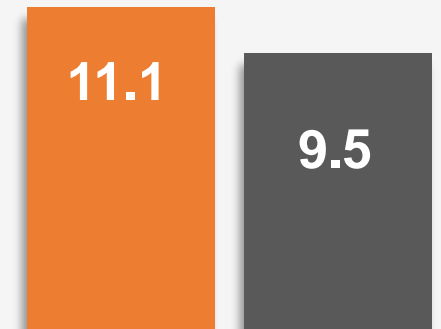
▲ 14.9%



FY 2021 FY 2020
SGD million

Amount to be Distributed to Unitholders¹

▲ 17.2%



FY 2021 FY 2020
SGD million

¹ In FY 2021, approximately S\$1.2 million of the amount available for distribution had been retained in anticipation of higher operational expenses and working capital requirements of the REIT.

3 Robust Quality Assets & Performance

Capital Management: Healthy Gearing With Debt Headroom For Growth

As at 31 December 2021

Aggregated borrowings drawn down
S\$296.1m

Gearing Ratio¹
34.1%

Average Cost of Debt²
3.9%

Interest Coverage Ratio³
2.8x

- More than 80% of borrowings are denominated in Singapore dollars and US dollars (“Offshore”).
- About 60% of offshore loans hedged via interest rate swaps.
- Completion of refinancing exercise in March 2022.



1. Based on total principal loans and borrowings 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 S-REITs greater flexibility to manage their capital structure and to raise debt financing.
2. Average cost of debt will be 4.7% per annum if amortisation of loan establishment fee is included.
3. Interest coverage ratio means a ratio that is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees.

4

Track Record of Strong Asset Enhancement

Beijing Wanliu (2018~2019):
Anchor Tenant Resize (Hai Di Lao Level 4 & 5)



Beijing Wanliu (2020):
Supermarket Resizing and Enhancement on B1



Chengdu Konggang (2017):
Sports Zone Enhancement (B1 AEI + New Tenancies)



Chengdu Konggang (2018~2019):
Exterior Upgrade in 2018 and Addition of Container-Style Food Lane in 2019



E-commerce platform: Staying Connected with Omnichannel Visitors

Select Mall

北京 其他地区

当前门店: 暂无当前门店信息请自选门店

| | |
|--------------|----|
| 北京华联公益西桥购物中心 | 44 |
| 北京华联亦庄力宝购物中心 | 44 |
| 北京华联万柳购物中心 | 44 |
| 北京华联天时尚苑购物中心 | 44 |
| 北京华联常营购物中心 | 44 |
| 北京华联肖家河购物中心 | 44 |
| 北京华联武夷花园购物中心 | 44 |

自助积分 每日签到 门店活动 积分换礼 积分抽奖

新会员专区 限时抢购

全部 美食 娱乐 生活 购物

B1 遛弯儿市集 B1全新亮相 免费领 立即领取

F4 麦当劳 麦辣鸡翅一对 免费领 立即领取

会员 品牌 停车 商城 我的

- The BHG Mall online platform is launched amid COVID-19 via Wechat Mini-Program.
- Sharing online capability across all BHG Malls.
- Keep customers apprised of promotional items & events.
- Provide a convenient and regular way for customers to stay connected with our malls.
- Reward points to enhance customers' loyalty to both BHG malls as well as retailers.

Innovative New Retail @ Work



Live Broadcasts

- By Internet celebrities, retailers, and malls
- Combination of various style/format for example:
 - (1) In-store retail exploration
 - (2) Product introduction and awareness
 - (3) Promotional deals
 - (4) Showcasing skills & dining experience

Wechat Groups

- Exclusive BHG mall's WeChat group with participating merchants and members
- Efficient channel to communicate promotions, events, as well as mall information



Revitalising Tenancies Enhancing Experiences

In 2021, we took the opportunity to further elevate the appeal of our tenant offerings

Anchoring Foundations. Staying Resilient.

New Western Cafes and Cuisines

Wagas



@ Beijing Wanliu

Goodwood 良木缘



@ Chengdu Konggang

Popular Chinese Restaurant Chains

Chao Dao Chuan Chuan Hot Pot
超岛串串火锅



@ Beijing Wanliu

Haidilao Hot Pot 海底捞火锅



@ Chengdu Konggang

Jiang Bian Cheng Wai
江边城外



@ Chengdu Konggang



Dining Options to Cater to Local Diners

Hai Xian Gang 海仙港 (Seafood Buffet)



Mu Tong Ji 木桶记



Iconic Retail Offerings

Decathlon



NIO 蔚来



YOUNG (BY LINING)



Curating Unique New Experiences

CTC 首泰 (Mixed Martial Arts School)



SUPERMONKEY 超级猩猩健身 (Gym)



Guang He Xiong Mao 光合熊猫 (Yoga and Wellness)



Tian Xin Meng Chong 甜心萌宠 (Pet Shop)



Curating Unique New Experiences

Tmall Musical Instrument Experience Hall



@ Beijing Wanliu

Rock Star 音乐培训



@ Beijing Wanliu

RYB Learning Center



@ Hefei Changjiangxilu





Engaging Communities

- Customers continue to desire social interactions and physical events.
- We continued to engage with surrounding communities through various physical events during the year.

Anchoring Foundations. Staying Resilient.

Photo of Chengdu Konggang

Sports & Active Lifestyle Events



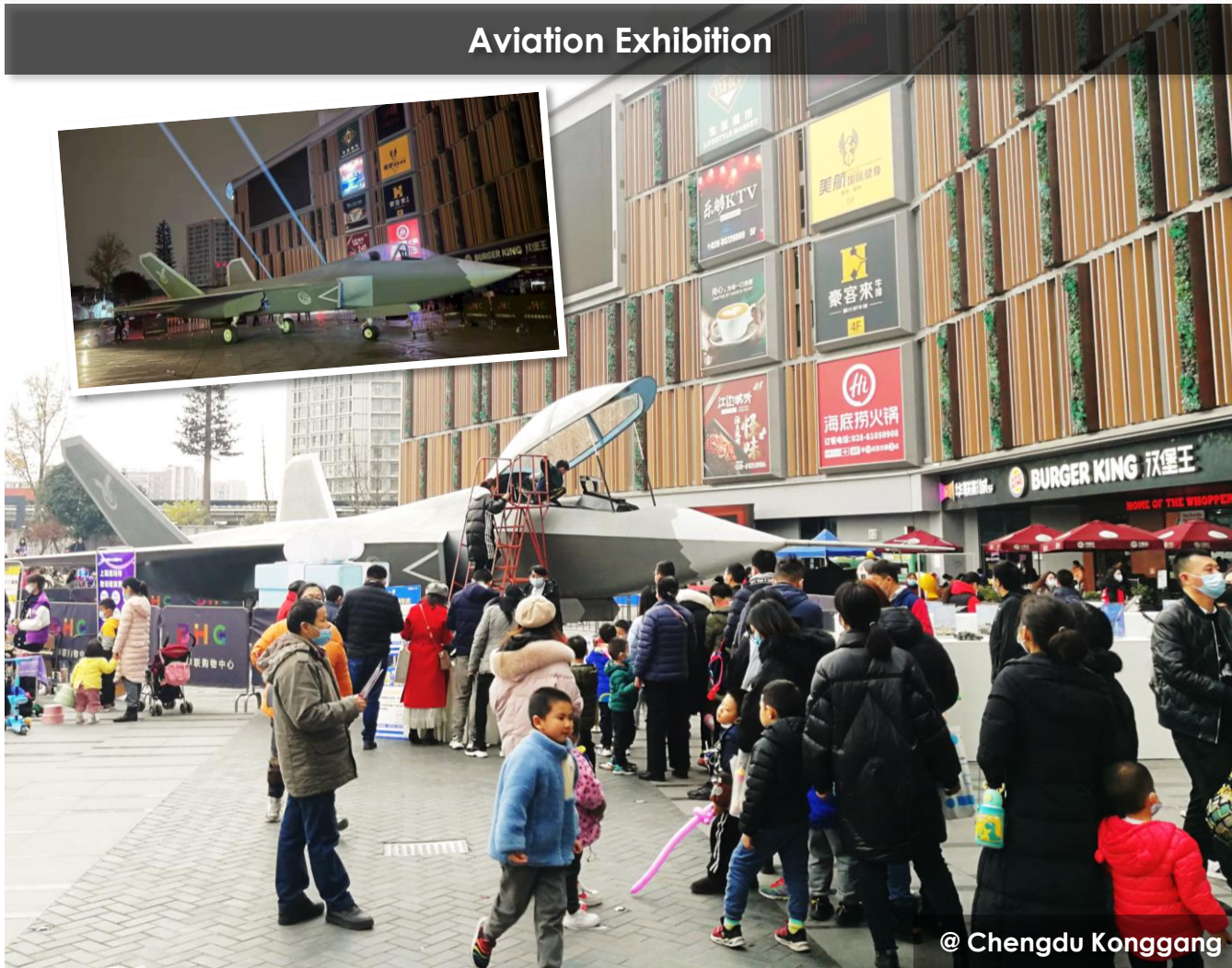
Children & Family Activities

Story-telling Session



@ Hefei Changjiangxilu

Aviation Exhibition



@ Chengdu Konggang

Art Workshop



@ Hefei Changjiangxilu



Children & Family Activities

Halloween Celebration



@ Hefei Changjiangxilu

Mid-Autumn Festival Performance



@ Hefei Mengchenglu

Children Art & Craft



@ Beijing Wanliu



Cultural & Traditional Activities



Night-Market Carnivals & Other Marketing Activities

Series of Night-Market Carnivals



@ Hefei Changjiangxilu

Singles Dating Event



@ Hefei Mengchenglu



@ Hefei Changjiangxilu

Flower Arrangement Class



@ Hefei Changjiangxilu



Investment Overview

- 1 Growing China Economic Fundamentals
- 2 Resilient Sustainable Strategy:
Situated in Densely Populated Residential Neighborhoods
- 3 Robust Quality Assets & Performance
- 4 Track Record of Strong Asset Enhancement
and Asset Management Capabilities

Our Sustainability Journey

Environmental, Social and Governance (ESG)



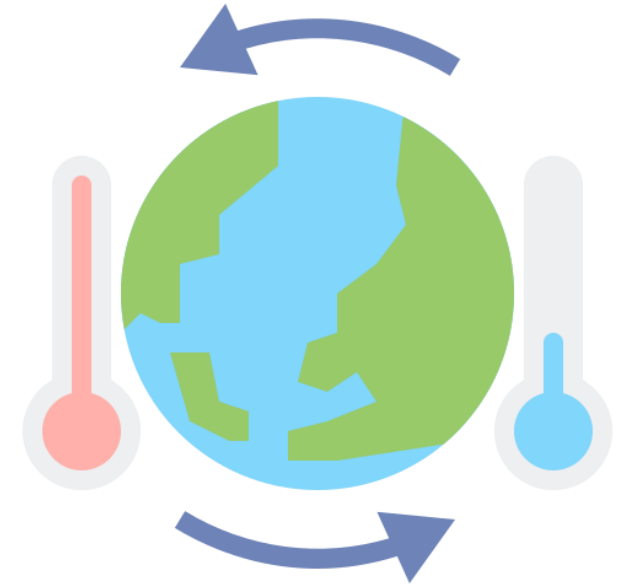
Our Sustainability Journey

Background

- **We are cognisant of Environmental, Social and Governance (ESG) issues that are relevant for BHG Retail REIT and our stakeholders**
- **Proactively strive to address these ESG issues which are taken into account during our business strategy formulation**
- **Started annual sustainability reporting and issued first Sustainability Report in FY 2018**

Climate Change

- **We recognise that climate change has a widespread and severe impact on the environment we live in**
- **Constantly finding ways to reduce carbon emissions and started exploring innovative solutions for our retail properties**
- **Started climate risk assessment and scenario analysis in FY 2021 for our retail properties located in China**



Our Sustainability Journey: Environmental

Water Management

Implemented practices to control and manage water wastage. Such as:

- ✓ Utilising water-efficient flushing cisterns;
- ✓ Installing motion sensor water faucets;
- ✓ Reducing tap flow rate



Energy Efficiency

Established energy savings plan to ensure energy efficiency through lighting management efforts and optimisation of air-conditioning system output, such as:

- ✓ Installing motion sensor-based & timing-controlled lights and LED lights;
- ✓ Installing air curtains, strip curtains and sunshades to dissipate excess heat, keeping the mall interior cool without requiring a high system output;
- ✓ Regular readjustment of system output based on actual weather conditions and temperature to minimise energy wastage



Our Sustainability Journey: Social (CSR Initiatives)

Complimentary Public Health Check 慈善义诊



Clothes Collection & Redistribution



Donation of Refreshments to Public Service Officers



Gifts Donation to ItsRainingRaincoats



Our Sustainability Journey: Governance

| Awards | Results | Year |
|---|-----------------|-------------|
| 1 Best Corporate Communications and Investor Relations (The Global Good Governance Awards™ 2021) | Platinum | 2021 |
| 2 Best Governed and Transparent Company (The Global Good Governance Awards™ 2021) | Silver | 2021 |
| 3 Asia Pacific Best of the Breed REITs Awards™ 2020 (Retail REIT category with market capitalisation of less than US\$1 billion) | Gold | 2020 |



Photo of Hefei Changjiangxilu

Looking Forward

Notwithstanding the near-term uncertainties and headwinds from COVID-19, the Manager remains focused and committed to proactively managing the existing portfolio, as well as to pursue growth.

Creating Organic Value

Proactive Asset Management

- Reinforce community positioning of our malls
- Improve rents while maintaining healthy occupancy rates
- Build firm partnerships with tenants, and demonstrate proactive tenant management
- Proactive marketing strategies
- Tap on the Sponsor's (Beijing Hualian Department Store Co., Ltd.) and Beijing Hualian Group's retail network and experience

Proactive Asset Enhancement

- Identify opportunities to improve the malls
- Achieve better efficiency or higher rental potential
- Upgrade existing facilities and reconfigure existing spaces

Pursuing Acquisition Growth

- Completed acquisition of Hefei Changjiangxilu in April 2019.
- We will continue to explore acquisition opportunities in both right of first refusal and third party quality income-producing retail properties.



Photo of Beijing Wanliu



Disclaimer

This presentation may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements and/or financial information as a result of a number of factors, risks, uncertainties and assumptions. These forward-looking statements speak only as at the date of this presentation. No assurance can be given that future events will occur, that projections will be achieved, or that assumptions are correct. 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 or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), property expenses, governmental and public policy changes, and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements and/or financial information, as these statements and/or financial information reflect the Manager's current views concerning future events and necessarily involve risks, uncertainties and assumptions.

The information contained in this presentation has not been independently verified. No representation or warranty, expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. None of BHG Retail Trust Management Pte. Ltd., the manager of BHG Retail Real Estate Investment Trust ("BHG Retail REIT", and the manager of BHG Retail REIT, the "Manager"), DBS Trustee Limited (as trustee of BHG Retail REIT) (the "Trustee"), or any of their respective advisors, representatives or agents shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this presentation or its contents or otherwise arising in connection with this presentation.

The value of units in BHG Retail REIT ("Units") and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, the Trustee, or any of their respective 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 the future performance of BHG Retail REIT. Similarly, the past performance of the Manager is not indicative of the future performance of the Manager.

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

This presentation is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of BHG Retail REIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contractor commitment whatsoever.



Thank you

For further information and enquiries:

BHG Retail Trust Management Pte. Ltd.

Contact: (65) 6805 8288 Email: ir@bhgreit.com

Website: <http://www.bhgreit.com>

