

BHG RETAIL REIT

REITS SYMPOSIUM : 21 MAY 2022



ANCHORING FOUNDATIONS. STAYING RESILIENT.

Content

- Overview
- Key Investment Merits
- Our Value Proposition



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



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

MULTI-TENANTED

Beijing Wanliu



Chengdu Konggang



Hefei Mengchenglu



Hefei Changjiangxilu



MASTER-LEASED

Xining Huayuan



Dalian Jinsanjiao



The Big Picture

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

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



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 4.8 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 5 May 2022.



ANCHORING FOUNDATIONS. STAYING RESILIENT.

Supermarkets

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

- Listed on Shanghai Stock Exchange in 2001
- Market cap of RMB 3.3 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 5 May 2022



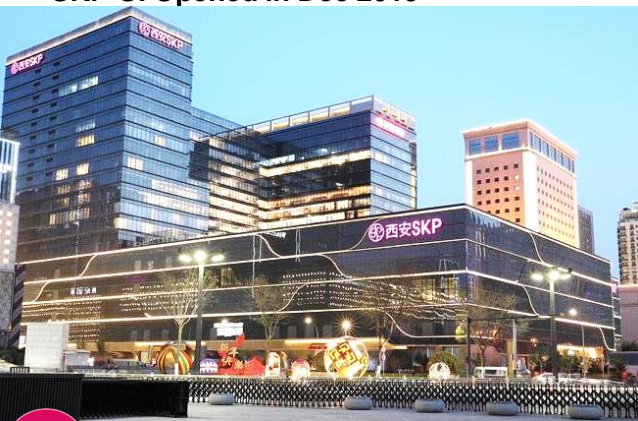
BHG RETAIL REIT : CORPORATE PRESENTATION 6

BHG: Financially Strong & Committed Sponsor Group

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





Key Investment Merits



Photo of Beijing Wanliu 北京万柳照片

Key Investment Merits

- 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



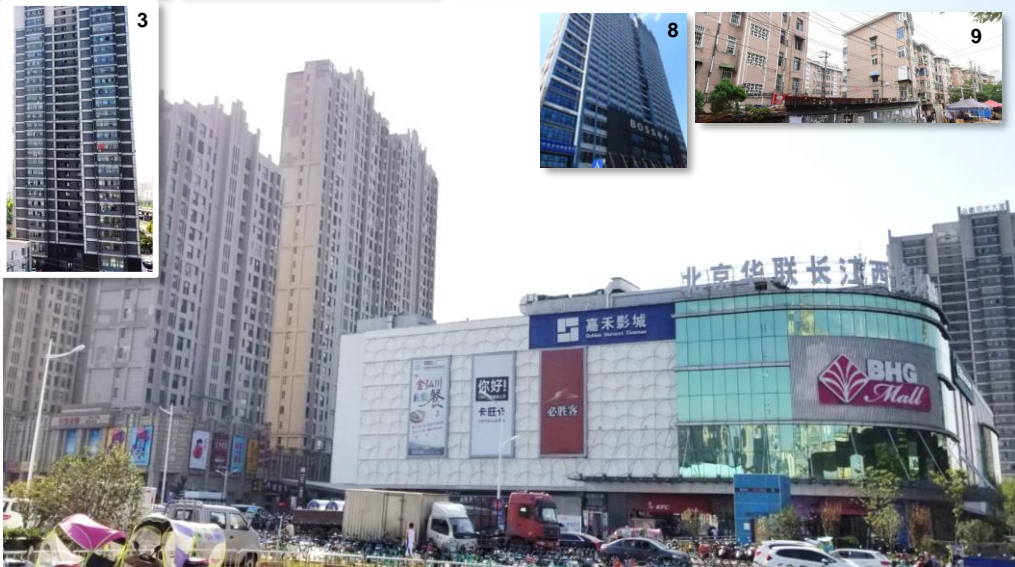
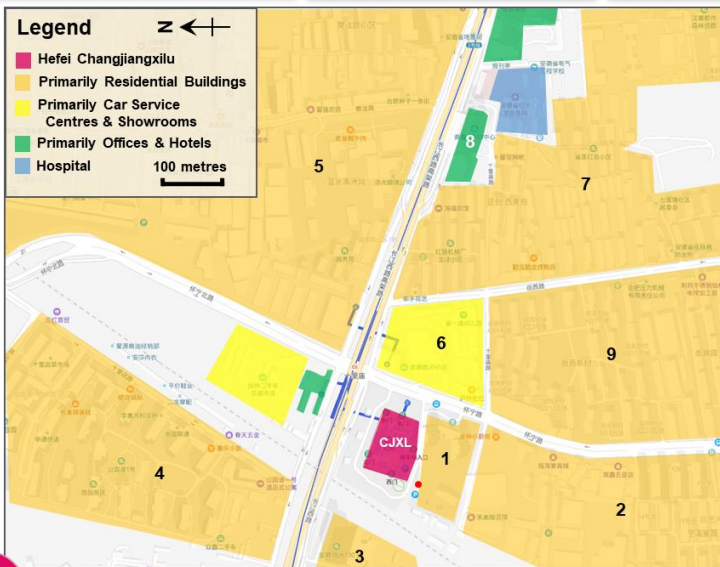
Hefei Mengchenglu



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	31 Mar 2022
● Beijing Wanliu	99.5%	100%	100%	96.2%	92.7%	96.1%	96.0%
● Chengdu Konggang	91.3%	96.8%	97.0%	94.7%	96.4%	98.0%	98.1%
● Hefei Mengchenglu	100.0%	100.0%	96.2%	95.1%	81.7% ³	91.3%	92.0%
● Hefei Changjiangxilu ²	N.A.	N.A.	N.A.	97.6%	92.4%	98.2%	98.1%
● Xining Huayuan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
● Dalian Jinsanjiao	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Portfolio (NLA Weighted)	97.6%	99.7%	98.7%	96.7%	93.5%	97.0%	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

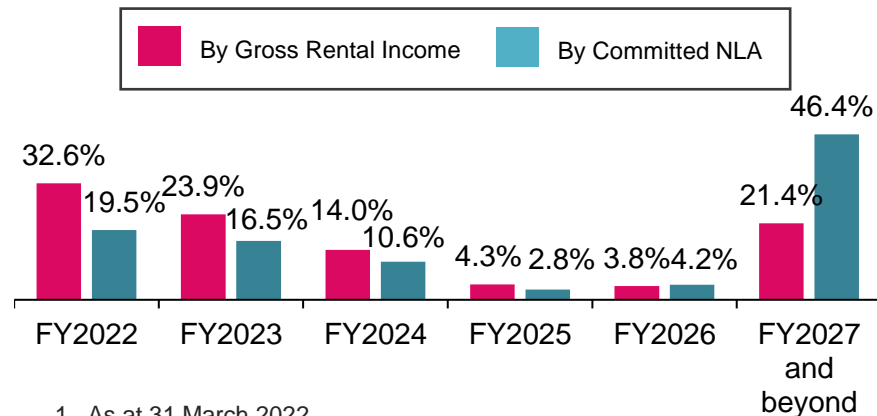
Lease Expiry Profile¹

Staggered Lease Expiries

Weighted average lease expiry (WALE)

By Gross Rental Income: 3.5 years

By Committed NLA: 5.9 years



1. As at 31 March 2022.

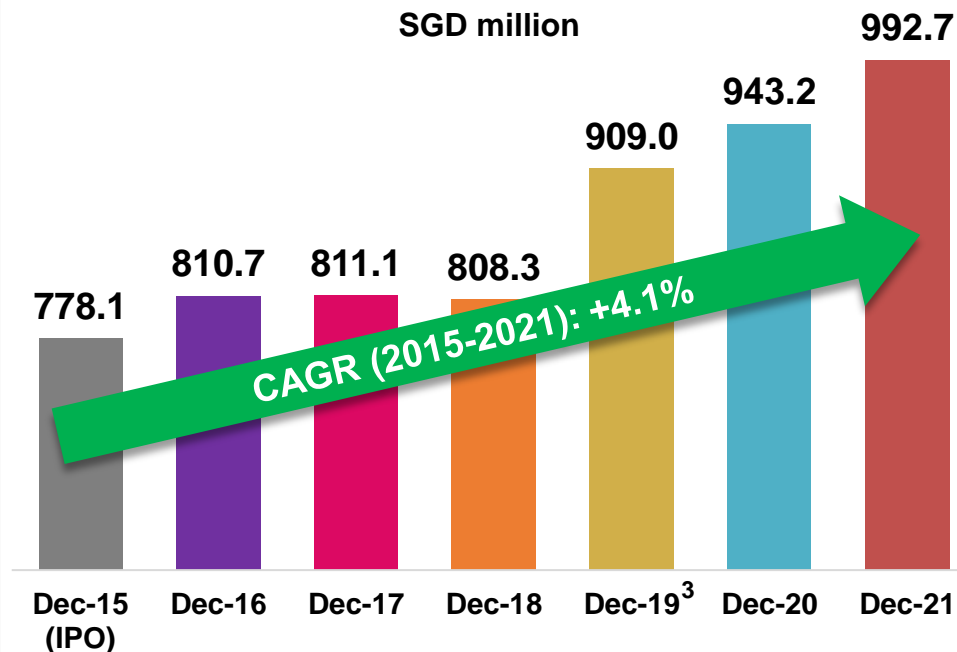
3 Robust Quality Assets & Performance

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)

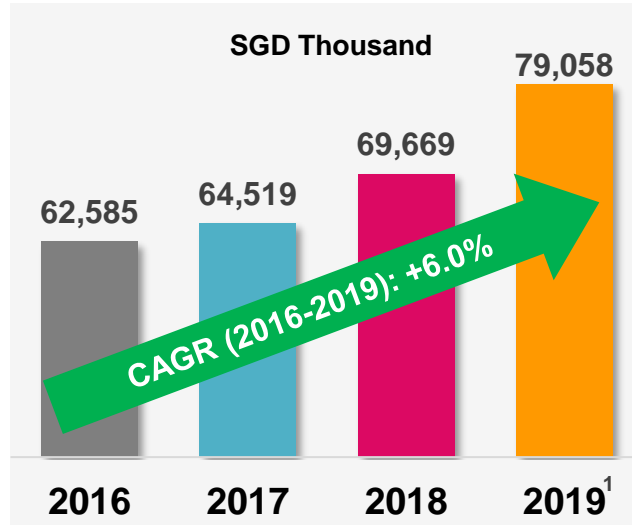
Gross Revenue
CAGR
2016-2019

▲ 6.0%

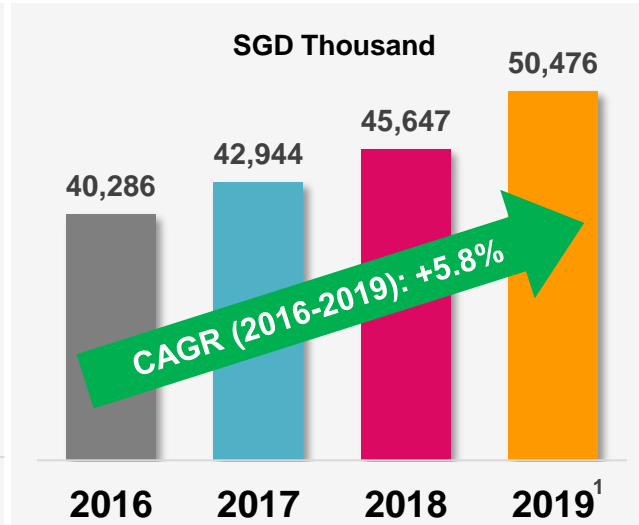
Net Property
Income
CAGR
2016-2019

▲ 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

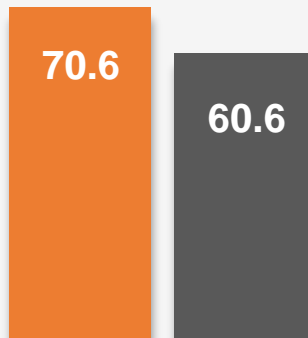
Healthy Recovery in FY 2021 vs FY2020



FY 2021 vs FY 2020

Gross Revenue

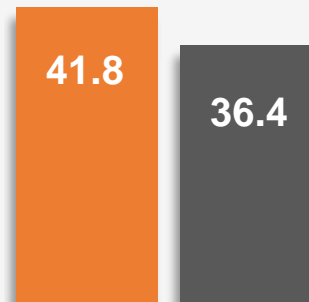
▲ 16.6%



FY 2021 FY 2020
SGD million

Net Property Income

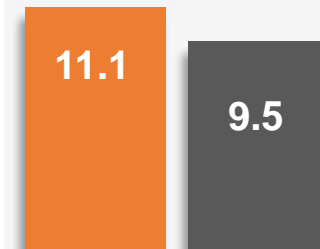
▲ 14.9%



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.



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





Revitalising Tenancies Enhancing Experiences

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

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)



@ Hefei Mengchenglu

Mu Tong Ji 木桶记



@ Hefei Mengchenglu

Iconic Retail Offerings

Decathlon



NIO 蔚来



YOUNG (BY LINING)





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

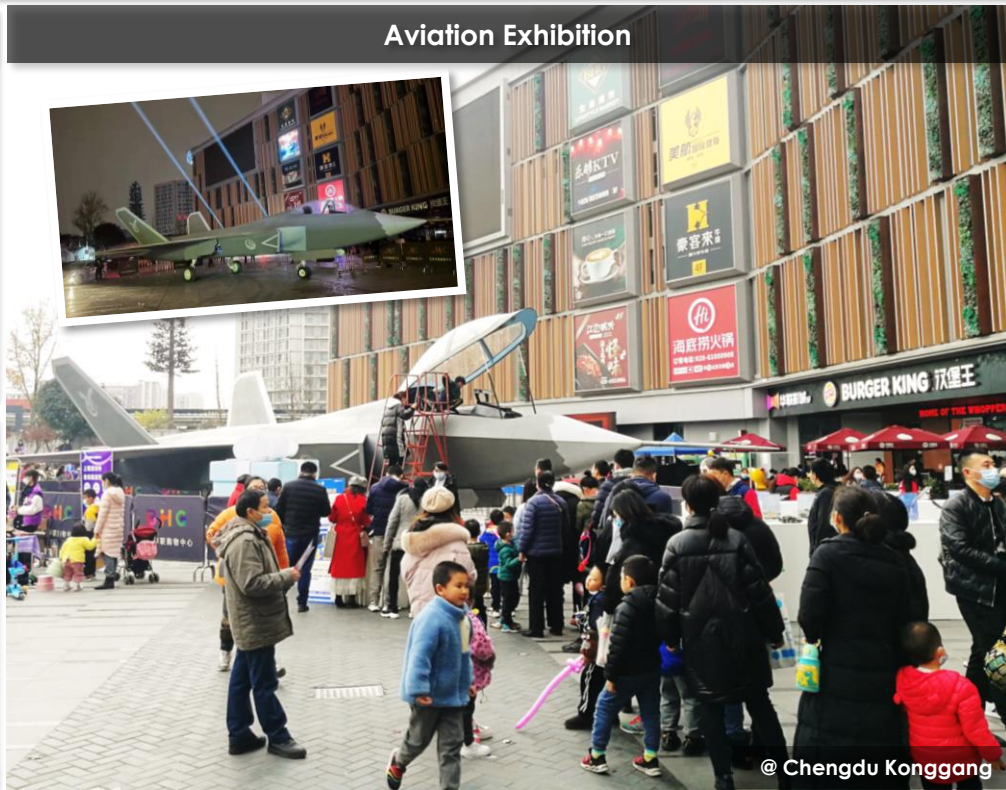


Children & Family Activities

Story-telling Session



Aviation Exhibition



Art Workshop



Cultural & Traditional Activities



E-commerce platform: Staying Connected with Omnichannel Visitors

北京华联购物中心

北京华联成都空港购物中心

请输入搜索内容...

BHG SELECT

好物直播

SALE \ 热销商品

Live-Broadcast (Upcoming/Past)

芳香舒缓按摩油 ¥198

377VC 烟酰胺护肤面膜 30ml*6 ¥88

377VC 烟酰胺护肤面膜 30ml*20片 ¥198

会员 品牌 停车 商城 我的

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 4

北京华联亦庄力宝购物中心 4

北京华联万柳购物中心 4

北京华联天时名苑购物中心 4

北京华联常营购物中心 4

北京华联肖家河购物中心 4

北京华联武夷花园购物中心 4

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

逛哪儿市集 B1全新亮相 免费领 立即领取

免费大餐等你抢

麦当劳 麦辣鸡翅一对 ¥5 免费领 立即领取

- 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

Key Investment Merits

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

Our Value Proposition

Robust Strategy

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

Quality Assets & Management

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

Visible Growth

- Continual Asset Enhancements
- Proactive Asset Management
- Hefei Changjiangxilu Acquisition
- Visible & Substantial Sponsor Pipeline





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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>

