



BHG Retail REIT's 1H 2022

Gross Revenue up 3.6% year-on-year

Robust Occupancy Rate of 97.6%

SINGAPORE, 12th August 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 first half year period (“1H 2022”) ended 30 June 2022.

BHG Retail REIT’s 1H 2022 gross revenue and net property income of S\$35.6 million and S\$21.0 million grew by 3.6% and 1.8% year-on-year, respectively, on the back of improved occupancies. 1H 2022 amount to be distributed to unitholders¹ of S\$3.9 million translated to a distribution per unit (“DPU”) of 0.76 Singapore cents, which will be paid to Unitholders on the 28 September 2022.

Ms Chan Iz-Lynn, Chief Executive Officer of BHG Retail Trust Management Pte. Ltd., said, “we are pleased to report a positive set of results for 1H 2022. These results were underpinned by the REIT’s resilient portfolio with a robust portfolio occupancy rate of 97.6% and healthy retention rates achieved, as at end-June 2022.

Moving ahead, the Manager will remain focused on its existing strategy, continue to optimise its malls’ offerings and pursue yield-accretive acquisition opportunities, in line with its vision to remain an attractive long-term yield-play investment to its Unitholders.”

Update on Asset Enhancement Initiative at Hefei Mengchenglu

In line with our strategy to continuously enhance our assets and refresh the malls’ offerings, the Manager improved the accessibility of Hefei Mengchenglu by creating a new entrance to enhance shopper traffic flow, improve connectivity and circulation between ground and the basement levels, where a wide range of interesting offerings with popular F&B, retail and lifestyle brands were also introduced as part of the mall’s

Footnote:

1. For the 1H 2022, approximately S\$0.4 million of the amount available for distribution has been retained for operational expenses and working capital requirements of the REIT.

tenancy rejuvenation efforts. In addition, the mall introduced a Flower Emporium - a flower theme gallery and nursery boasting more than 300 varieties of flowers and plants for sale alongside experiential concepts such as cafe, tea house, nail spa, photography studio, flower arrangement workshop, painting and calligraphy studios to create a multi-sensory experience.

Robust Financial Position and Prudent Capital Management

All refinancing requirements in 2022 have been completed and as at 30 June 2022, total borrowings drawn down aggregated to S\$300.1 million, with more than 80% of borrowings denominated in Singapore dollars, and the remaining denominated in Renminbi. The REIT's gearing ratio remained healthy at 35.7%.

Outlook

China's gross domestic product² ("GDP") grew 2.5% year-on-year to RMB 56.3 trillion in 1H 2022, despite downward pressures. Disposable income per capita of urban residents² increased 3.6% year-on-year in 1H 2022. China's economy showed signs of recovery as retail sales of consumer goods rose 3.1% year-on-year in June, reversing the negative growths in April and May 2022. Purchasing manager's index also recorded its first expansion in June 2022, after three consecutive months of contraction³.

In response to downward pressures due to the Covid-19 pandemic and external factors, Governor Yi Gang said in a meeting of G-20 central bank governors and finance ministers that China's central bank will step up the implementation of its prudent monetary policy to provide stronger economic support⁴.

Footnotes:

2. Source: National Bureau of Statistics of China.
3. Xinhua (15 July 2022): China's economy secures positive Q2 growth, steam gathering for further recovery.
4. The Business Times (17 July 2022): China central bank governor pledges stronger support to economy.

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 30 June 2022, 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 97.6% as at 30 June 2022.

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.