



BHG Retail REIT's 1H 2024

**Gross Revenue and Net Property Income grew 4.2% and 3.5% Respectively
in RMB Term**

Portfolio Committed Occupancy Rate At 96.8%

Ongoing Tenancy Rejuvenation Efforts to Enhance Shopper's Experience

SINGAPORE, 8th August 2024 – BHG Retail Trust Management Pte. Ltd., the Manager of BHG Retail REIT (“Manager”), announced today the results of BHG Retail REIT (or the “REIT”) for the first half year period (“1H 2024”) ended 30 June 2024.

In 1H 2024, BHG Retail REIT registered an amount to be distributed to unitholders¹ of S\$1.3 million. The distribution per unit (“DPU”) of 0.25 Singapore cents will be paid to Unitholders on 27 September 2024.

Ms Chan Iz-Lynn, Chief Executive Officer of BHG Retail Trust Management Pte. Ltd., said, “The Manager’s proactive portfolio management effort contributed to the resilience of BHG Retail REIT’s portfolio in a challenging environment. As at 30 June 2024, the REIT’s portfolio occupancy rate was at 96.8%, with a weighted average lease expiry of 3.2 years (by gross rental income) and 5.3 years (by net lettable area). In RMB term, gross revenue and net property income grew 4.2% and 3.5% year on year in 1H 2024, reflecting resilience and ongoing recovery in the underlying portfolio.

In 1H 2024, the Manager continued to be proactive in enhancing the vibrancy of its tenant mix with the introduction of new tenants from diverse sectors including lifestyle, F&B and retail, as part of the malls’ tenancy rejuvenation efforts.

In tandem with the improving consumer sentiments, the REIT continued to engage its shoppers and communities through marketing activities such as the “Need BHG Day” and Burger Guessing Competition at Beijing Wanliu, as well as the outdoor musical concert and children mini concert at Chengdu Konggang, among others, in 1H 2024.

¹ For the 1H 2024, approximately S\$0.1 million of the amounts available for distribution has been retained for operational expenses and working capital requirements of the REIT.

Our quality portfolio of retail malls in high population density neighborhoods are well positioned to capitalize on China's economic recovery. Looking forward, the Manager will remain focused on executing its strategy of refreshing and optimizing its malls' tenant mix, remaining prudent in its capital management, and pursuing yield-accretive acquisition opportunities."

Capital Management

As at 30 June 2024, the REIT's gearing ratio was 39.8%. Total borrowings drawn down aggregated to S\$301.2 million, with more than 80% of borrowings denominated in Singapore dollars, and the remaining denominated in Renminbi.

Approximately 50% of the REIT's offshore debt has also been hedged from a floating interest rate to a fixed interest rate via interest rate swap instruments, so as to mitigate the effects of volatility in the interest rates

Outlook

China's 1H 2024 gross domestic product ("GDP") grew 5.0% year-on-year to RMB 61.7 trillion. Disposable income per capita of urban residents grew 4.6% year-on-year in 1H 2024 while retail sales of consumer goods increased 3.7% year-on-year, driven mainly by food and beverages, communication equipment as well as sport and recreational article sales which grew by 7.9%, 11.3% and 11.2% respectively².

The International Monetary Fund (IMF) raised its China's GDP outlook for 2024, revising it from 4.6% in January 2024 to 5.0% in May 2024, the upgrade reflects strong Q1 GDP data and recent policy measures³.

Following the July 2024 Third Plenum's pledge to prioritize consumption growth, the Chinese government unveiled a 20-point plan in August 2024 to stimulate consumer spending. Key measures include financial support for small and medium-sized enterprises, personal income tax adjustments, and policies aimed at cultivating new consumption trends⁴.

According to CBRE, performance of retailers in China generally had been softened in 1H 2024 with the exception of a few niche brands, selected lifestyle retailers and new

² National Bureau of Statistics of China.

³ IMF (28 May 2024): IMF Staff Completes 2024 Article IV Mission to the People's Republic of China.

⁴ The Business Times (5 August 2024): China Rolls Out Action Plan on Boosting Domestic Consumption.

F&B concepts which are performing well and are still expanding. The firm expects eventual recovery on the back on population's accumulated savings during Covid and supportive government policies in both housing and bank financing⁵.

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 2024, 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 96.8% as at 30 June 2024.

As at the latest date of valuation, total appraised value was approximately RMB 4,723 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.

⁵ CBRE (July 2024): Asia Pacific Retail Trends Q2 2024 | Creating Resilience.

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.