



## **BHG Retail REIT's 1H 2021**

### **Gross Revenue up 23.5% year-on-year**

### **Distribution per Unit<sup>1</sup> up 25.8% year-on-year**

### **Strong Occupancy Rate at 93.0%**

**SINGAPORE, 12<sup>th</sup> August 2021** – 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 2021”) ended 30 June 2021.

1H 2021 gross revenue and net property income (“NPI”) of S\$34.3 million and S\$20.6 million outperformed the corresponding period last year (ie. 1H 2020) by 23.5% and 24.8% year-on-year, respectively. 1H 2021 amount to be distributed to unitholders<sup>1</sup> grew 33.1% year-on-year to S\$5.8 million. Distribution per unit (“DPU”) rose 25.8% year-on-year to 1.12 Singapore cents, and will be paid to respective Unitholders on the 28 September 2021.

BHG Retail REIT’s commendable recovery in 1H 2021 was largely underpinned by the portfolio’s healthy occupancy, retention and gradual up-tick in new leasing demand. Committed occupancy rate remained strong at 93.0% as at 30 June 2021. Rents for new and renewed leases in 1H 2021 continued to see progressive recovery.

***Ms Chan Iz-Lynn, Chief Executive Officer of BHG Retail Trust Management Pte. Ltd.,*** said, “BHG Retail REIT turned in a set of creditable results in 1H 2021. Through dedicated efforts to enhance our assets, rejuvenate brands, and reinvent offerings, we continued to observe healthy demand for our leasing spaces. Looking forward, we will continue to elevate the appeal and vibrancy of our community-focused malls; leverage on high population density heartlands; and capitalise on the longer-term residents’ income growth and consumption upgrade. In addition to growing organically, we will continue to seek potential DPU yield-accretive acquisition opportunities, and give fresh impetus to the REIT’s next phase of growth.”

Footnote:

1. For the 1H 2021, approximately \$0.6 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**

The Manager remains prudent in its capital management strategy. The REIT's gearing ratio remained healthy at 34.9%. As of 30 June 2021, total borrowings drawn down aggregated to S\$296.6 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 economy underwent a sound recovery momentum in the first half 2021 ("1H 2021"). Gross domestic product<sup>2</sup> ("GDP") grew 12.7% year-on-year to RMB 53.2 trillion in 1H 2021. The average<sup>3</sup> two-year growth for 1H 2021 was 5.3% year-on-year. GDP growth for 1Q 2021 and 2Q 2021 were 18.3% and 7.9% year-on-year, respectively. According to the Chinese authorities, the nation's economy is expected to maintain its recovery trend in the second half and achieve a full year economic expansion of over 6% in 2021.

Retail sales<sup>2</sup> of consumer goods rose 23.0% year-on-year to RMB 21.2 trillion in 1H 2021. The average<sup>3</sup> two-year growth for 1H 2021 was 4.4% year-on-year. Retail sales of consumer goods growth for 1Q 2021 and 2Q 2021 were 33.9% and 13.9% year-on-year, respectively.

Chinese residents' income continued to grow in 1H 2021. Disposable income per capita<sup>2</sup> of urban residents grew 12.6% year-on-year in 1H 2021. The average<sup>3</sup> two-year growth for 1H 2021 was 7.4% year-on-year. Employment remained stable, with the surveyed urban unemployment rate maintaining at 5.0% (Dec 2019: 5.2%).

In tandem with China's ongoing transition towards a full recovery, BHG Retail REIT has made commendable recovery in 1H 2021. Looking ahead, the Manager will remain sensitive to evolving retail trends, continue to refresh our offerings, so as to maintain the malls' relevancy to our consumers.

### 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).

### **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 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 93.0% as at 30 June 2021.

As at the latest date of valuation, total appraised value was approximately RMB 4,659 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:

Nigel Nai Zi  
Investor Relations Manager  
BHG Retail Trust Management Pte. Ltd.  
Contact: (65) 6805 8283  
Email: [ir@bhgreit.com](mailto:ir@bhgreit.com)

## **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.