



BHG Retail REIT's FY 2022

Completion of Refinancing Exercise in March 2022

Gross Revenue of S\$66.4 million

Strong Occupancy Rate of 95.2%

Portfolio Valuation up 0.5%

SINGAPORE, 24th February 2023 – BHG Retail Trust Management Pte. Ltd., the Manager of BHG Retail REIT, is pleased to announce the results of BHG Retail REIT for the full year period ended 31 December 2022 ("FY 2022").

BHG Retail REIT registered an amount to be distributed to unitholders¹ of S\$6.0 million in FY 2022, lower compared to the corresponding period last year. This was mainly due to rental rebates provided to support tenants' business recovery in FY 2022, as well as higher interest expenses, and one-off refinancing expenses incurred during the refinancing exercise completed in March 2022. The distribution per unit ("DPU") of 0.41 Singapore cents will be paid to Unitholders on 31 March 2023.

Ms Chan Iz-Lynn, Chief Executive Officer of BHG Retail Trust Management Pte. Ltd., said, "BHG Retail REIT's performance in FY 2022 was impacted by disruptions caused by the COVID-19 situation in China and provisions of rental rebates to assist tenants with their business recovery. Despite the challenges, BHG Retail REIT's portfolio of quality assets continued to exhibit resiliency. Our portfolio valuation increased by 0.5% year-on-year, demonstrating its underlying strength. In addition, BHG Retail REIT's occupancy rate remained strong at 95.2%, with healthy retention rates achieved as at 31 December 2022.

Through prudent capital management, we successfully completed our refinancing exercise in 2022, despite the challenging business environment, reflecting the lenders' confidence and support in BHG Retail REIT's long-term growth strategy. With the new facilities in place, there are no other significant refinancing exercises required until 2025.

Footnote:

1. For the FY 2022, approximately S\$0.7 million of the amount available for distribution has been retained for operational expenses and working capital requirements of the REIT.

With the distinctive goal of building our malls into retail destinations of choice, the Manager sought out opportunities to improve the overall experience and appeal of our assets to shoppers and tenants in FY 2022. This commitment was demonstrated in the revitalisation of Hefei Mengchenglu, where we created a new entrance linked to basement 1 to enhance shopper traffic flow, improve connectivity and circulation between ground and the basement levels, and infusing greater accessibility and convenience in its revamped layout.

Through refreshing our line-up of tenants with offerings that resonate with our shoppers and working with our existing tenants to create satisfying experiences for our consumers, the vibrancy of our tenant mix was furthered enhanced in FY 2022, where a wide range of popular F&B, retail, and lifestyle brands were introduced as part of the malls' tenancy rejuvenation efforts.

Some of the new relevant lifestyle and sustainable offerings introduced included global providers of smart devices and electric vehicles, such as 'Huawei' at Chengdu Konggang, 'Samsung' at Beijing Wanliu, and 'Honor' at Hefei Changjiangxilu. In addition, Chengdu Konggang's exterior area, Yuelai Square, was also rejuvenated with appealing F&B pushcarts and container-style stores.

The retail sector is expected to be one of the main beneficiaries of China's shift from zero-covid policy to reopening of its economy. With retail activities set to pick up and riding on the back of the lifting of COVID-19 restrictions in January 2023, the Manager will remain focused on refreshing our line-up of tenants with offerings that resonate with our shoppers, and pursue accretive acquisition opportunities so as to remain as an attractive long-term yield-play investment to our unitholders."

Robust Financial Position and Prudent Capital Management

BHG Retail REIT's appraised independent valuation in Renminbi was RMB 4,703.0 million as at 31 December 2022, an increase of RMB 25.0 million (0.5%), from the independent valuation of RMB 4,678.0 million as at 31 December 2021.

The refinancing exercise for the loans due in 2022 was completed in March 2022, and as at 31 December 2022, the REIT's gearing ratio remained healthy at 37.7%. Total borrowings drawn down aggregated to S\$297.2 million, with more than 80% of borrowings denominated in Singapore 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 42% of the offshore debt has been hedged from a floating rate to a fixed rate via interest rate swap instruments.

Outlook

China's gross domestic product¹ ("GDP") for 2022 increased by 3.0% year-on-year to RMB 212.0 trillion, beating market consensus of 1.8% expansion². Disposable income per capita of urban residents grew by 4.1% year-on-year in 2022 while retail sales of consumer goods fell by 0.2% year-on-year¹.

The International Monetary Fund (IMF) raised its China's GDP outlook for 2023, from 4.4% in October 2022 to 5.2% in January 2023, supported by the reopening of its economy following the lifting of COVID-19 restrictions³.

China's shift from zero-covid policy to reopening since early December 2022 is seen as hugely beneficial to the real estate sector. Retailer expansion is expected to pick up from 2Q 2023, underpinned by rising demand for prime retail space and bottoming of rents⁴.

Footnotes:

1. Source: National Bureau of Statistics of China.
2. The Business Times (17 January 2023): China's economy expands 3% in 2022 as zero-Covid policy hurts growth.
3. IMF (30 January 2023): Global economy to slow further amid signs of resilience and China re-opening.
4. CBRE (December 2022): China's shift from zero-covid to reopening seen as hugely beneficial to real estate.

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 31 December 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 95.2% as at 31 December 2022.

As at the latest date of valuation, total appraised value was approximately RMB 4,703 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.

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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.