

# FY 2022 Results Presentation

24 February 2023

*Anchoring Foundations. Staying Resilient.*



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# FY 2022 Key Highlights



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.
2. As at 31 December 2022.
3. Source: National Bureau of Statistics of China.

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# Financial Update



Photo of Beijing Wanliu

# FY 2022 Financial Update

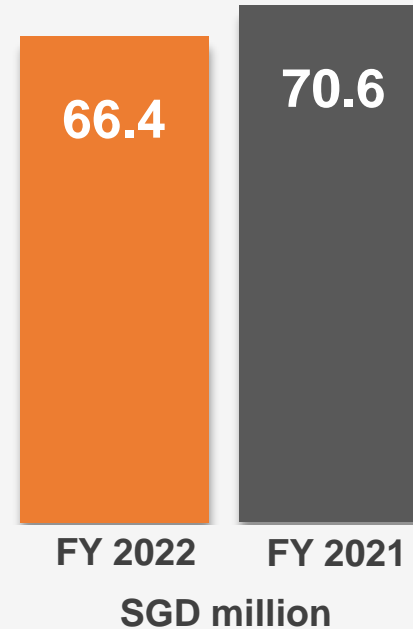
**Gross Revenue**  
FY 2022  
**66.4**  
SGD million

**Net Property  
Income**  
FY 2022  
**37.7**  
SGD million

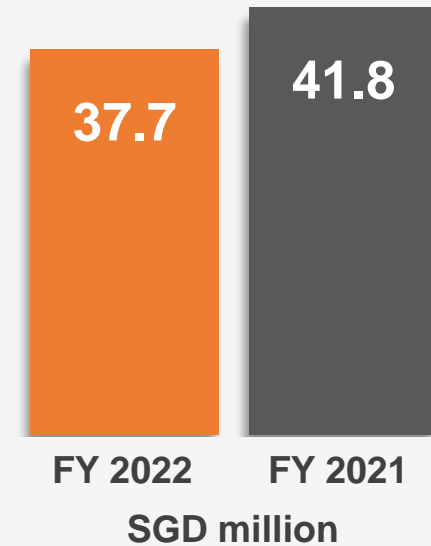
**Amount to be  
distributed to  
Unitholders<sup>1,2</sup>**  
FY 2022  
**6.0**  
SGD million

**Distribution per  
Unit<sup>1,2</sup>**  
FY 2022  
**1.17**  
SGD cents

## Gross Revenue



## Net Property Income



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.
2. Lower year-on-year largely attributed to rental rebates provided to support tenants in FY 2022 due to the COVID-19 situation in China while no rental rebates were given in FY 2021, as well as higher interest expenses, and one-off refinancing expenses incurred during the refinancing exercise completed in mid-March 2022.



# 2H 2022 Distribution Payment

## Distribution Details

Distribution Period	1 July 2022 to 31 December 2022
Distribution Per Unit (SGD)	0.41 cents per unit

## Distribution Timetable

Ex-Date	3 March 2023
Books Closure Date	6 March 2023
Payment Date	31 March 2023



# Robust Financial Position

As at 31 December 2022

SGD million

Investment Properties	912.2
Total Assets	959.2
Total Liabilities	375.2
Net Assets	583.9
Net Asset Value Per Unit <sup>1</sup> (SGD cents)	0.79



1. Based on net assets attributable to Unitholders.



# Capital Management

## Completion of Refinancing Exercise in March 2022

- **Commitment secured for:**
  - Offshore Facilities of S\$252.0m
  - Onshore Facilities of RMB 297.0m
- **No significant refinancing requirements until 2025**
- **Reflects lenders' confidence and support in BHG Retail REIT's long-term growth strategy**

## Healthy Gearing With Debt Headroom For Growth

### As at 31 December 2022

Aggregated borrowings drawn down

**S\$297.2m**

Gearing Ratio

**37.7%**

Average Cost of Debt<sup>2</sup>

**4.4%**

Interest Coverage Ratio<sup>3</sup>

**2.2x**

- **Above 80% of borrowings are denominated in Singapore dollars ("Offshore")**
- **About 42% of offshore loans hedged via interest rate swaps**

1. Based on total loans and borrowings principal attributable to Unitholdings 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 approximately 5.3% 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.





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# Portfolio Update



Photo of Chengdu Konggang

# Portfolio Overview

## MULTI-TENANTED



Beijing Wanliu



Hefei Mengchenglu



Chengdu Konggang



Hefei Changjiangxilu



## MASTER-LEASED



Xining Huayuan



Dalian Jinsanjiao



# Portfolio Valuation Increased 0.5% Year-on-Year<sup>1</sup>

**6**  
Properties

**4,703.0**  
(RMB million)  
Valuation<sup>2</sup>

**179,555**  
Net Lettable Area  
(NLA) sqm

**95.2%**  
Committed  
Occupancy Rate

**5.5** Years  
Weighted Ave.  
Lease Expiry by NLA

	Beijing Wanliu	Chengdu Konggang	Hefei Mengchenglu	Hefei Changjiangxilu	Xining Huayuan	Dalian Jinsanjiao
Valuation <sup>2</sup> (RMB million)	2,527.0 <sup>3</sup>	667.0	587.0	483.0	274.0	165.0
NLA (sqm)	52,253	39,095	25,087	26,968	20,807	15,345
Committed Occupancy Rate	94.1%	96.6%	91.1%	92.7%	100.0%	100.0%
WALE (NLA) years	3.6	3.4	2.7	4.0	12.0	12.0

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

2. Based on independent valuation from Colliers International (Hong Kong) Limited as at 31 December 2022.

3. Based on 100% interest of Beijing Wanliu. Valuation of Beijing Wanliu based on 60% interest amounted to RMB 1,516.2 million.

● **Multi-tenanted**  
● **Master-leased**



# Lease Expiry Profile

**Weighted average lease expiry (WALE)  
as at 31 December 2022**

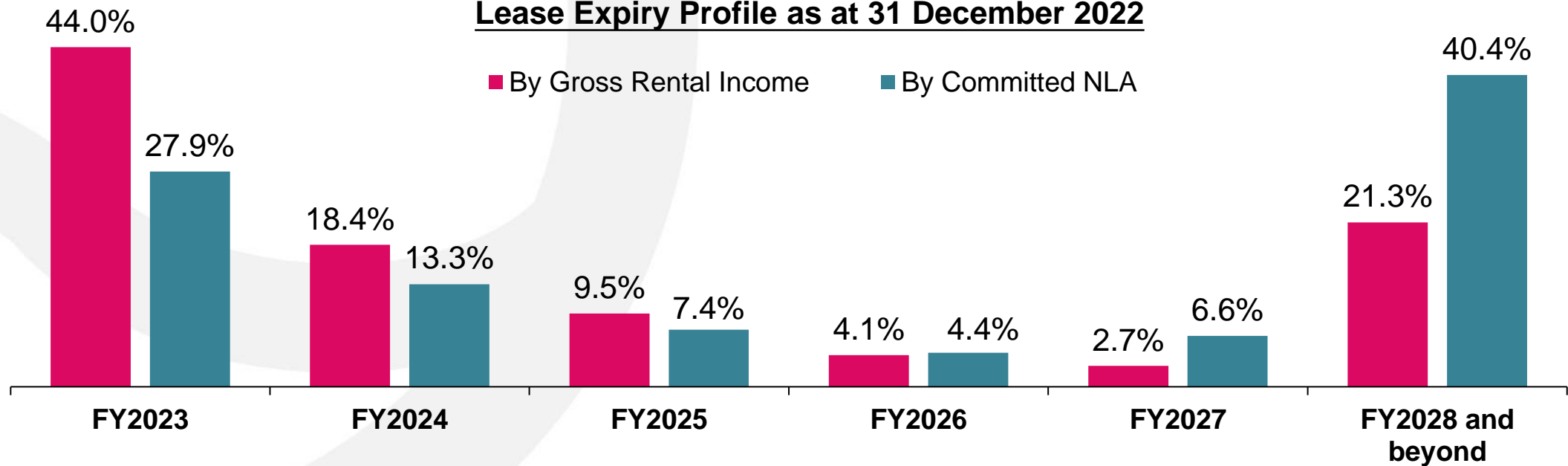
**By Gross Rental Income: 3.4 years**

**By Committed NLA: 5.5 years**



Photo of Beijing Wanliu

## Lease Expiry Profile as at 31 December 2022

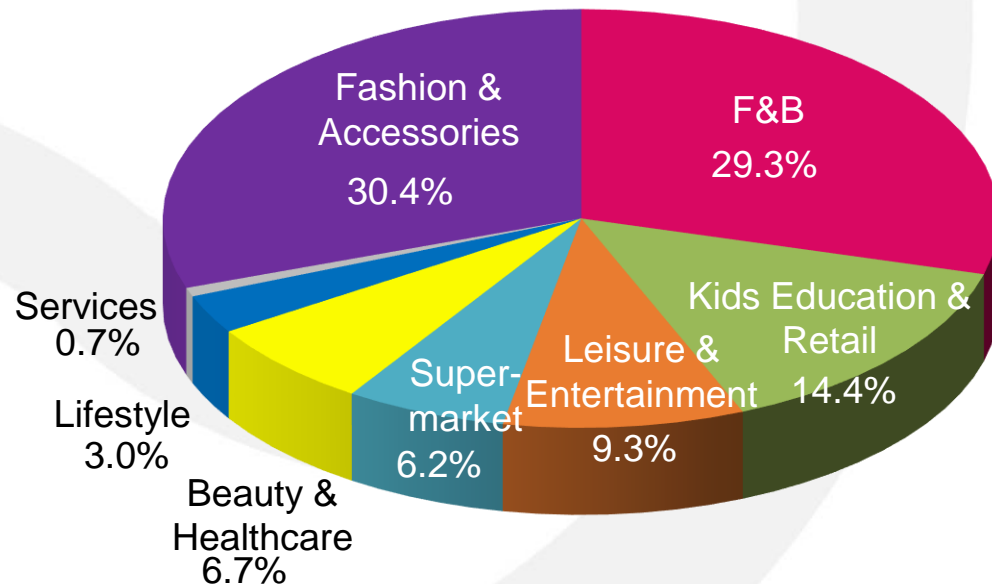


# Diversified Tenant Mix

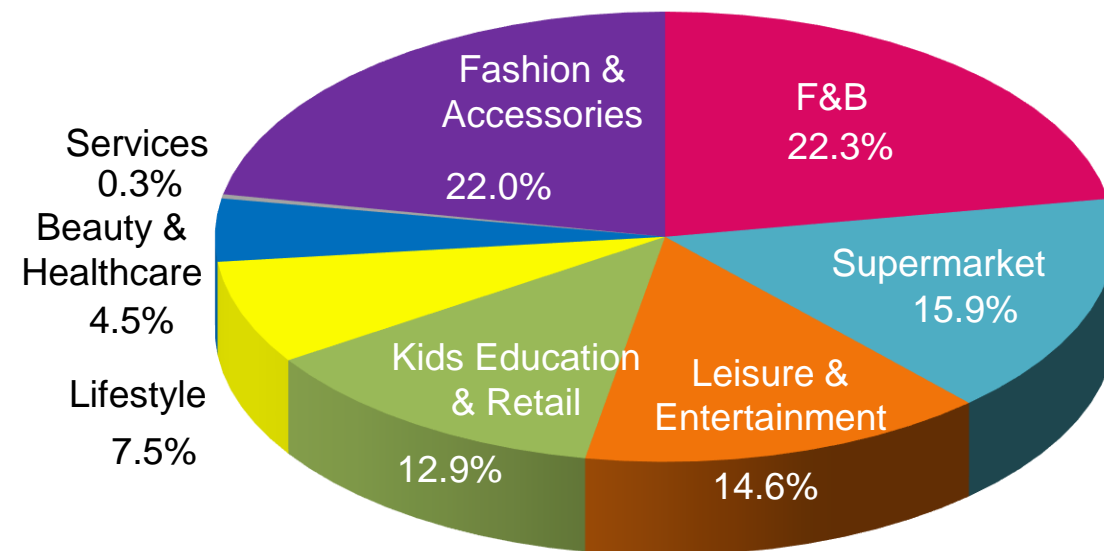
*Close to 69% of Gross Rental Income and 78% of Net Lettable Area from experiential segment (exclude fashion & accessories)*

## Multi-tenanted Malls (As at 31 December 2022)

**Breakdown of Gross Rental Income by Trade Sector**



**Breakdown of Net Lettable Area by Trade Sector**



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# Revitalising Tenancies

## Enhancing Experiences



Photo of Hefei Mengchenglu



# New Lifestyle and Sustainable Offerings In our Malls

Huawei 华为



24 Hours Smart Fitness Gym 小蛮熊运动



@ Hefei Mengchenglu



@ Chengdu Konggang



Facial Spa 洗脸熊



@ Beijing Wanliu

# New Tenants In Our Malls (Retail and Children)

YAZAN 雅赞



Exull 依思Q



WOW Colour



Chow Tai Fook 周大福



Linkfamily 林克宝宝



Children's Learning 快乐启点







# Popular F&B Chains Opening In Our Malls

### Papa Johns 棒!约翰



@ Beijing Wanliu

### Xiangcun Story 湘村故事



@ Hefei Changjiangxilu

### Outdoor Container-Style F&B Stores



### Tong Ge Meat Store 桐哥肉铺



@ Beijing Wanliu

### Yan Yu Fried Skewers 宴媯炸串



@ Hefei Changjiangxilu

### 煎饼道



@ Chengdu Konggang

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# *Engaging Communities* *Creating Lasting Memories*



Photo of Chengdu Konggang



# Children & Family Activities



Children's Performance @ Chengdu Konggang



Flower Arrangement @ Beijing Wanliu



National Day Event @ Hefei Changjiangxilu



# Children & Family Activities



Beer and Food Festival @ Chengdu Konggang



Parent-Child Art & Craft @ Beijing Wanliu



Children's Carnival @ Chengdu Konggang



Flower Arrangement @ Hefei Changjiangxilu

# Our Sustainability Journey

## Environmental, Social and Governance (ESG)



# Our Sustainability Journey

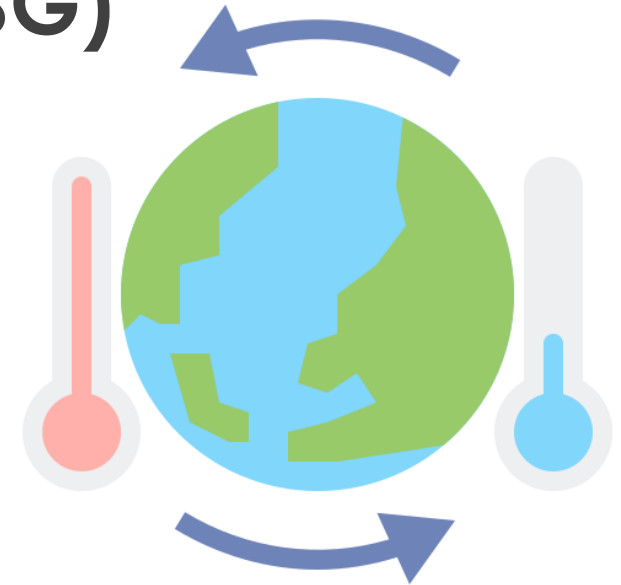
## Environmental, Social and Governance (ESG)

### Background

- ***We are cognisant of ESG issues that are relevant for BHG Retail REIT and our stakeholders***
- ***Proactively strive to address these ESG issues which are taken into account during our business strategy formulation***
- ***Started annual sustainability reporting and issued first Sustainability Report in FY 2018***

### Climate Change

- ***We recognise that climate change has a widespread and severe impact on the environment we live in***
- ***Constantly finding ways to reduce carbon emissions and started exploring innovative solutions for our retail properties***
- ***Started climate risk assessment and scenario analysis in FY 2021 for our retail properties located in China***



# Our Sustainability Journey: Environmental

## Water Management

**Implemented practices to control and manage water wastage.**

**Such as:**

- ✓ **Utilising water-efficient flushing cisterns;**
- ✓ **Installing motion sensor water faucets;**
- ✓ **Reducing tap flow rate**



## Energy Efficiency

**Established energy savings plan to ensure energy efficiency through lighting management efforts and optimisation of air-conditioning system output, such as:**

- ✓ **Installing motion sensor-based & timing-controlled lights and LED lights;**
- ✓ **Installing air curtains, strip curtains and sunshades to dissipate excess heat, keeping the mall interior cool without requiring a high system output;**
- ✓ **Regular readjustment of system output based on actual weather conditions and temperature to minimise energy wastage**



# Our Sustainability Journey: Social (CSR Initiatives) in 2022

CNY Gift Packs to Elderlies 孤寡老人爱心慰问活动



Tree Planting Programme 植树节



Movies for the Disabled 残疾人公益观影活动



Calligraphy Workshop with Visually Impaired Artist





# Our Sustainability Journey: Governance

Awards	Results	Year
<b>1 Best Corporate Communications and Investor Relations Team (The Global CSR &amp; ESG Awards 2022™ )</b>	<b>Platinum</b>	<b>2022</b>
<b>2 Best Community Programme Award (The Global CSR &amp; ESG Awards 2022™)</b>	<b>Platinum</b>	<b>2022</b>
<b>3 CSR &amp; ESG Leadership Award (The Global CSR &amp; ESG Awards 2022™)</b>	<b>Platinum</b>	<b>2022</b>





# Looking Forward



Photo of Beijing Wanlu

# China Macroeconomic Outlook

China	FY 2022	Look Forward
GDP Growth (year-on-year)	+3.0%	<ul style="list-style-type: none"> <li>China's gross domestic product<sup>1</sup> ("GDP") for 2022 increased 3.0% year-on-year to RMB 212.0 trillion, beating market consensus of 1.8% expansion<sup>2</sup></li> <li>Disposable income per capita of urban residents grew 4.1% year-on-year in 2022 while retail sales of consumer goods fell 0.2% year-on-year<sup>1</sup></li> <li>The International Monetary Fund (IMF) raised its China's GDP outlook for 2023, revising it from 4.4% in October 2022 to 5.2% in January 2023, supported by the reopening of the economy following the lifting of its COVID-19 restrictions<sup>3</sup></li> <li>China's shift from zero-covid to reopening since early December 2022 is seen as hugely beneficial to real estate, with the retail sector set to be one of the main beneficiaries. Retailer expansion is expected to pick up from 2Q 2023, underpinned by rising demand for prime retail space and bottoming of rents<sup>4</sup></li> </ul>
Disposable income per capita for residents (year-on-year)	+4.1%	
Retail Sales Growth (year-on-year)	-0.2%	

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.



# Looking Forward

Notwithstanding the near-term uncertainties and headwinds from COVID-19, the Manager remains focused and committed to proactively manage the existing portfolio, as well as to pursue growth.

## Creating Organic Value

### Proactive Asset Management

- Reinforce community positioning of our malls
- Improve rents while maintaining healthy occupancy rates
- Build firm partnerships with tenants, and demonstrate proactive tenant management
- Proactive marketing strategies
- Tap on the Sponsor's (Beijing Hualian Department Store Co., Ltd.) and Beijing Hualian Group's retail network and experience

### Proactive Asset Enhancement

- Identify opportunities to improve the malls
- Achieve better efficiency or higher rental potential
- Upgrade existing facilities and reconfigure existing spaces

## Pursuing Acquisition Growth

- Completed acquisition of Hefei Changjiangxilu in April 2019
- We will continue to explore acquisition opportunities in both right of first refusal and third party quality income-producing retail properties



Photo of Beijing Wanliu

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# Thank you

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