



**BHG RETAIL REIT**  
**ANNUAL GENERAL MEETING**  
26 April 2024



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- Financial Update
- Portfolio Update
- Looking Forward



Photo of Hefei Mengchenglu

# Financial Update



Photo of Beijing Wanliu

# FY 2023 Financial Update

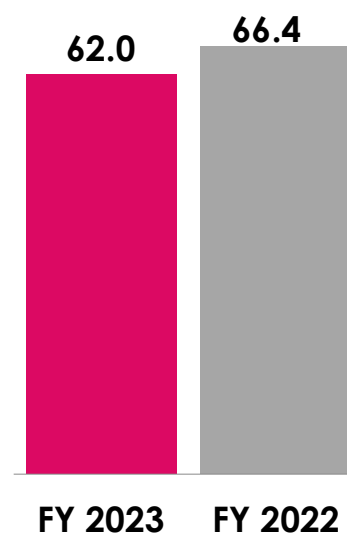
**Gross Revenue**  
FY 2023  
**62.0**  
S\$ million

**Net Property Income**  
FY 2023  
**35.0**  
S\$ million

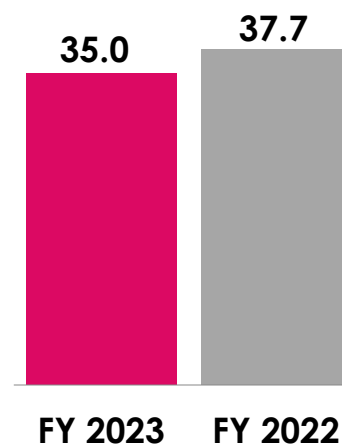
**Amount to be distributed  
to Unitholders<sup>1,2</sup>**  
FY 2023  
**2.2**  
S\$ million

**Distribution per Unit<sup>1,2</sup>**  
FY 2023  
**0.43**  
S\$ cents

**Gross Revenue<sup>3</sup>**  
S\$ million



**Net Property Income<sup>3</sup>**  
S\$ million



1. For the FY 2023, approximately S\$0.2 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 mainly due to weakening of RMB against SGD and higher interest expenses.
3. Decreased due to weakening of RMB against SGD. However, Gross Revenue and Net Property Income for FY 2023 were higher than FY2022 in RMB term.

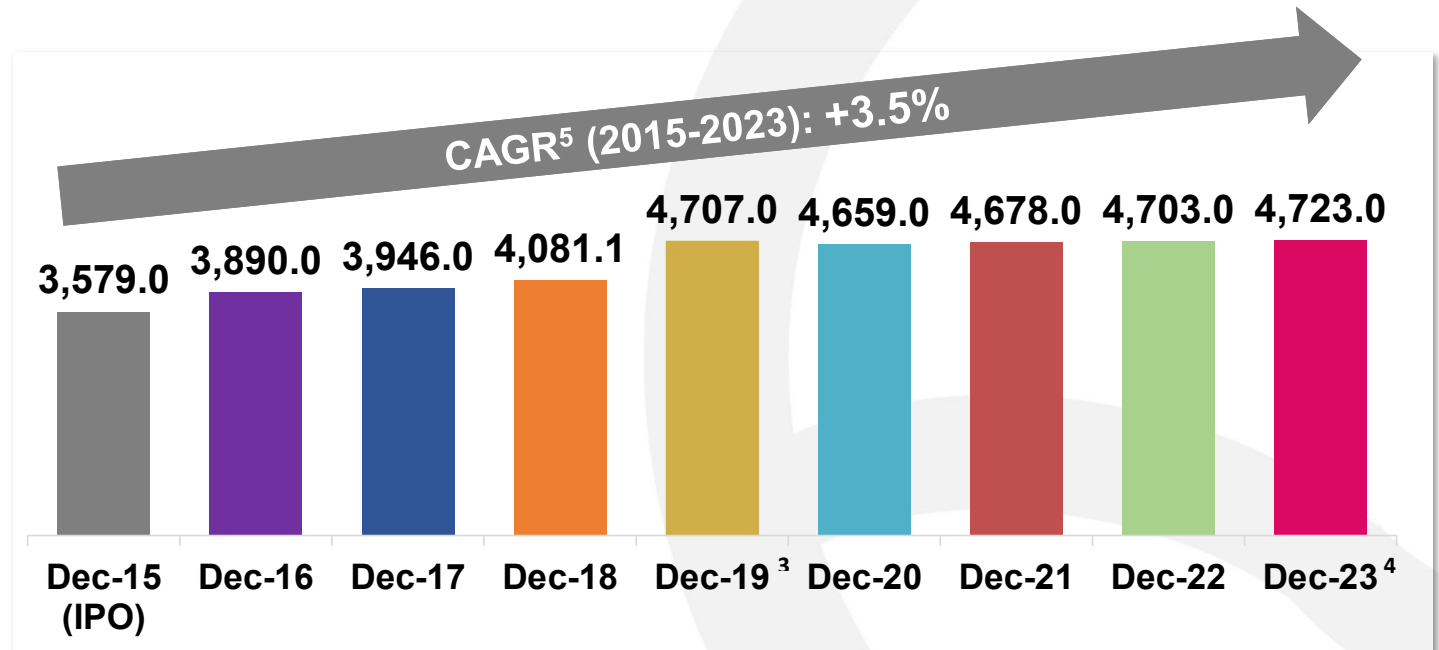
# Portfolio Assets Under Management<sup>1,2</sup>

Valuations Remain Stable

Independent  
Valuation  
31 Dec 2023<sup>4</sup>

RMB 4,723m

+0.4%  
year-on-year



1. Based on 100% contribution from Beijing Wanliu.
2. Based on annual valuation from independent valuers.
3. Includes the valuation of Hefei Changjiangxilu Mall which was acquired on 2 April 2019.
4. Based on independent valuation from Colliers International (Hong Kong) Limited as at 31 December 2023.
5. Compound Annual Growth Rate.

# Capital Management

## Completion of Refinancing Exercise in March 2022

- **Commitment secured for:**
  - **Offshore Facilities of S\$252.0m**
  - **Two Onshore Facilities of RMB 192.5m and RMB 104.5m**
- **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 2023

Aggregated Borrowings Drawn Down	Gearing Ratio <sup>1</sup>	Average Cost of Debt <sup>2</sup>
<b>S\$302.4m</b>	<b>39.9%</b>	<b>5.6%</b>

- **More than 80% of borrowings are denominated in Singapore dollars (offshore borrowings)**
- **Approximately 50% of offshore syndicated borrowings hedged via interest rate swaps instruments**

1. Based on total loans and borrowings principal attributable to Unitholders divided by total assets attributable to Unitholders.  
2. Average cost of debt will be approximately 6.4% per annum if amortisation of loan establishment fee is included.

REFRESH, REJUVENATE, RE-ENERGISE

# Portfolio Update



Photo of Chengdu Konggang

# Portfolio Overview

## MULTI-TENANTED



Beijing Wanliu



Hefei Mengchenglu



Chengdu Konggang



Hefei Changjiangxilu



## MASTER-LEASED



Xining Huayuan



Dalian Jinsanjiao



# Resilient Community-Focused Portfolio Recurring Neighbourhood Traffic

Gross Floor  
Area<sup>1</sup>  
**311,691**  
sqm

Valuation<sup>2</sup>  
**RMB 4,723m**

Committed  
Occupancy  
Rate<sup>1</sup>  
**95.6%**

- One-stop destination malls that serve adjacent communities
- Surrounded by densely populated residential properties
- Strong focus on experiential and lifestyle segments
- Underpinned by rising resident income and domestic consumption

1. As at 31 December 2023.

2. Based on independent valuation from Colliers International (Hong Kong) Limited as at 31 December 2023



## Track Record of High Occupancy Rate and Healthy Leasing Demand

OCCUPANCY RATE	2016 <sup>1</sup>	2017 <sup>1</sup>	2018 <sup>1</sup>	2019 <sup>1</sup>	2020 <sup>1</sup>	2021 <sup>1</sup>	2022 <sup>1</sup>	2023 <sup>1</sup>
● Beijing Wanliu	99.5%	100%	100%	96.2%	92.7%	96.1%	94.1%	98.1%
● Chengdu Konggang	91.3%	96.8%	97.0%	94.7%	96.4%	98.0%	96.6%	96.1%
● Hefei Mengchenglu	100.0%	100.0%	96.2%	95.1%	81.7% <sup>3</sup>	91.3%	91.1%	92.6%
● Hefei Changjiangxilu <sup>2</sup>	N.A.	N.A.	N.A.	97.6%	92.4%	98.2%	92.7%	86.3%
● Xining Huayuan	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
● Dalian Jinsanjiao	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Portfolio (NLA Weighted)</b>	<b>97.6%</b>	<b>99.7%</b>	<b>98.7%</b>	<b>96.7%</b>	<b>93.5%</b>	<b>97.0%</b>	<b>95.2%</b>	<b>95.6%</b>

1. As at 31 December.

2. Hefei Changjiangxilu Mall was acquired on 2 April 2019.

● Multi-tenanted ● Master-leased

北京华联蒙城路购物中心  
BHG  
Mall

生·活·超·市  
LIFESTYLE MARKET

# Revitalising Tenancies Enhancing Experiences

*In FY 2023, we sought out opportunities to improve the overall experience and appeal of our assets to shoppers and tenants*

Photo of Hefei Mengchenglu

# Proactive Asset Management

## Chengdu Konggang: Asset Enhancement Initiatives



- Rejuvenation of basement area
- Refreshed tenants with appealing F&B eateries and stores

ATIONS. STAYING RESILIENT

# Proactive Asset Management

## Hefei Changjiangxilu: Asset Enhancement Initiatives



- **Reduced supermarket size at basement**
- **Introduced new varieties of F&B eateries and stores**

# New Lifestyle and Retail Offerings In our Malls

TREK Bicycle  
单车



Fan Zhi Gu Anime Cosplay  
番之谷



XiaoYi Mobile  
小蚁手机之家



MYHAIR  
发廊



Dr X Eye Clinic  
羽视眼科



VR  
幻影星空



# Popular F&B Selections

LuYouWo Braised Snacks  
卤优渥 卤味



Chun Zi Beef Rice  
春子牛肉汤饭



MAN Fried Chicken  
满巍明 生炸鸡架



Come Wonka Bubble Tea  
卡旺卡 奶茶



Jun Xi Jia BBQ  
俊熙家 烤肉



Luckin Coffee  
瑞幸咖啡



# New Tenants In Our Malls (Fashion and Children)

**Bosideng Winter Wear**  
波斯登 羽绒服



@ Beijing Wanliu

**Wan Ke Lai Fashion Outlet**  
万客来 服装超市



@ Hefei Mengchenglu

**Hong Dou Children Wear**  
红豆童装



@ Hefei Changjiangxilu

**Mr Dabin Men Wear**  
大斌先生 男装



@ Chengdu Konggang

**Summer Bella Woman Wear**  
夏贝芮拉 女装



@ Beijing Wanliu

**Hostoyo Children Wear**  
皇室童缘



@ Chengdu Konggang



REFRESH, REJUVENATE, RE-ENERGISE

# Engaging Communities Creating Lasting Memories

- *Customers continue to desire social interactions and physical events*
- *We continued to engage with surrounding communities through various physical events during the year*

Photo of Chengdu Konggang

# Engaging Shoppers and Communities



Mural Painting @ Beijing Wanliu



Public Square Dancing Event @ Chengdu Konggang



Pokemon Competition @ Beijing Wanliu



Pink Music Fest @ Hefei Mengchenglu

# Children & Family Activities



Halloween Pumpkin DIY @ Beijing Wanliu



Halloween Tour Around @ Chengdu Konggang



Christmas DIY Art & Craft @ Beijing Wanliu



Parent-Child Art & Craft @ Hefei Mengchenglu

# Our Sustainability Journey

## Environmental, Social and Governance (ESG)



# 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 consider and address these ESG issues 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

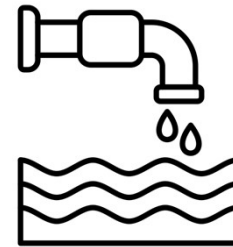
## Energy Efficiency



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 and 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

## 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

# Our Sustainability Journey: Social (CSR Initiatives)

Gift Packs to Elderlies 孤寡老人爱心慰问活动



Visit to the Community 爱心慰问活动



Community Health Checkup 社区体检



Fun Activities to Engage The Elderlies



# Our Sustainability Journey: Governance

	<b>Awards</b>	<b>Results</b>	<b>Year</b>
1	<b>Best Retail REIT (for companies with less than US\$1 billion in market capitalisation) Asia Pacific Best of the Breed REITs Awards 2023™</b>	<b>Platinum</b>	<b>2023</b>
2	<b>Best Investor Relations Asia Pacific Best of the Breed REITs Awards 2023™</b>	<b>Platinum</b>	<b>2023</b>
3	<b>Best Corporate Communications and Investor Relations Team The Global CSR &amp; ESG Awards 2023™</b>	<b>Platinum</b>	<b>2023</b>
4	<b>Best Community Programme Award The Global CSR &amp; ESG Awards 2023™</b>	<b>Bronze</b>	<b>2023</b>
5	<b>CSR &amp; ESG Leadership Award The Global CSR &amp; ESG Awards 2023™</b>	<b>Bronze</b>	<b>2023</b>





# Looking Forward

Photo of Beijing Wanliu

# China Macroeconomic Outlook

China	
GDP Growth (year-on-year)	+5.2%
Disposable income per capita of urban residents (year-on-year)	+4.8%
Retail Sales of Consumer Goods Growth (year-on-year)	+7.2%

## FY 2023

- China's gross domestic product<sup>1</sup> ("GDP") for 2023 increased 5.2% year-on-year to RMB 126.0 trillion, broadly in line with market consensus of 5.3% expansion<sup>2</sup>.
- Disposable income per capita of urban residents grew 4.8% year-on-year in 2023 while retail sales of consumer goods increased 7.2% year-on-year<sup>1</sup>, the higher growth rate was driven in main by food and beverages, clothing and jewellery sales which grew by 20.4%, 12.9% and 13.3% respectively.
- The International Monetary Fund (IMF) raised its China's GDP outlook for 2024, revising it from 4.2% in October 2023 to 4.6% in January 2024<sup>3</sup>, the upgrade reflects carryover from stronger-than-expected growth in 2023 and increased government spending on capacity building against natural disasters. In the 5th March 2024 National People Congress's meeting, Premier Li Qiang announced the government's GDP growth target of 5% for FY 2024, signalling additional stimulus could be in the pipeline.
- According to CBRE, China retail property market is poised to benefit from further recovery in domestic consumption in 2024. Demand for store leases in 2024 will continue to be driven by the dining, entertainment, sports and beauty categories. Benefiting from a sustained recovery in demand, nationwide vacancy decreased for a second consecutive quarter and rental is starting to stabilise. Location and project will remain differentiated, with high-quality regional shopping centers expected to outperform the market average<sup>4</sup>.

1. Source: National Bureau of Statistics of China.  
 2. Bloomberg (15 January 2024): China Set to Reach 2023 GDP Goal as Focus Shifts to New Year..  
 3. IMF (30 January 2024): World Economic Outlook Update - Moderating Inflation and Steady Growth Open Path to Soft Landing  
 4. CBRE (February 2024): China Figures Q4 2023

# Looking Forward

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 rent 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 and 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 relation to quality income-producing properties from the Sponsor's pipeline as well as third-party vendors



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# Thank you

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