

BHG RETAIL REIT

SGX - Tiger Brokers

21 OCTOBER 2021



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- Overview
- 1H 2021 Key Highlights
- Investment Overview
- China's Retail & Consumer Trends
- Looking Forward



Brief Introduction

Listed on SGX Mainboard
on the 11 December 2015

Singapore's First Pure-Play China
Retail REIT Established
By A China-Based Group
("Beijing Hualian Group")

Investment Mandate

Income-producing real estate used primarily for retail purposes, with an initial focus on China.

Number of
Properties

6

Valuation
of AUM¹
4.7
RMB billion



- Multi-tenanted
- Master-leased

1. Based on independent valuation from Knight Frank Petty Limited as at 31 December 2020.

MULTI-TENANTED

Beijing Wanliu



Hefei Mengchenglu



Chengdu Konggang



Hefei Changjiangxilu



MASTER-LEASED

Xining Huayuan



Dalian Jinsanjiao



The Big Picture: Our Value Proposition

Strategy

- One-stop destination malls
- High Density Residential Neighbourhoods (Recurring Visitor-ships)
- Rising Chinese Residents' income + Consumption upgrade

Quality

- Track Record of Healthy occupancy rate and rental growth.
- Capital Management
- Financially Strong & Committed Sponsor Group
 - Retail Conglomerate
 - Networks

Growth

- Hefei Changjiangxilu Acquisition (April 2019)
 - NAV per Unit & DPU accretive
- Visible & Substantial Sponsor Pipeline
- Continual Asset Enhancements

1H 2021 Key Highlights

Delivering Commendable Results



RESILIENT PORTFOLIO

- Portfolio occupancy of 93.0%
- Healthy retention rate and rental growth.
- Staggered lease expiries



COMMENDABLE 1H 2021 FINANCIAL PERFORMANCE

- Gross revenue up 23.5% year-on-year
- Distribution per Unit¹ up 25.8% year-on-year



PROACTIVE CAPITAL MANAGEMENT

- Healthy gearing of 34.9%
- Substantial debt headroom
- About 50% of total loans hedged via interest rate swaps.



**Financially Strong &
Committed Sponsor Group**

Beijing Hualian Group (BHG)

One of the Leading Chinese Retailers Headquartered in Beijing



BHG: Financially Strong & Committed Sponsor Group

Retail Malls

More than 30 Retail Malls owned and/or under management
Beijing Hualian Department Store Co., Ltd.

- Listed on Shenzhen Stock Exchange (1998)
- Market cap of RMB 5.2 Billion¹
- Wide network of retail malls across China
- With focus on community retail malls well located in areas of high population density.

<http://www.bhgmall.com.cn>



Sponsor

1. Bloomberg data as of 18 October 2021.



Supermarkets

More than 150 Supermarkets across entire China
Beijing Hualian Hypermarket Co., Ltd.

- Listed on Shanghai Stock Exchange in 2001
- Market cap of RMB 3.5 Billion¹
- Anchor / master-lease tenants at every property in the REIT's portfolio
- Attracts recurring footfall while providing stable income and step-up.

<http://zc.beijing-hualian.com/>



1. Bloomberg data as of 18 October 2021.



BHG: Financially Strong & Committed Sponsor Group

SKP

SKP Luxury Department Stores

SKP Operates SKP Beijing, SKP Xi' An, and SKP-S

- Amongst the Largest Luxury Department Stores in China
- SKP Beijing: Located at Beijing's prime Central Business District, as one of Beijing's landmark shopping places
<http://www.skp-beijing.com>
- SKP Xi' An: Opened in May 2018
- SKP-S: Opened in Dec 2019



International Retail Partnerships

- Secure distributorships for international renowned brands
- Partnering brands are featured in the REIT's portfolio
- Joint venture with Costa Coffee for the entire Northern China

COSTA





贤合庄 卤味 火锅 B1

UNIQLO 优衣库 2楼
LifeWear 服适人生

铁公鸡

唱吧 麦颂 KTV 4F

华联影院

旺顺

Investment Overview



Photo of Beijing Wanliu 北京万柳照片

Investment Overview

- 1 Growing China Economic Fundamentals
- 2 Resilient Sustainable Strategy:
Situated in Densely Populated Residential Neighborhoods
- 3 Robust Quality Assets & Performance
- 4 Track Record of Strong Asset Enhancement
and Asset Management Capabilities

Growing China Economic Fundamentals¹

China's GDP Is Expected To Continue Its Growth Post-Pandemic

Gross Domestic Product Growth

+8.6%

2010-2020
GDP CAGR
Growth

+12.7%

1H 2021 GDP
Growth
y-o-y

- Delivering a third of global GDP growth.
- China's economy underwent a sound recovery momentum in 1H 2021. GDP grew 12.7% year-on-year to RMB 53.2 trillion in 1H 2021.
- World most populous country, increasing focus on domestic consumer market.

Steadily Growing Urban Residents Income

Disposable income per capita for urban residents

+6.5%

2013-2020
CAGR Growth

+12.6%

1H 2021 Growth
y-o-y

- Chinese residents' income continued to grow in 1H 2021. Disposable income per capita of urban residents grew 12.6% year-on-year in 1H 2021.
- 1H 2021 employment remained stable, with the surveyed urban unemployment rate maintaining at 5.0% (Dec 2019: 5.2%).

Post-Pandemic Retail Sales Growth Underpinned by Consistent Residents' Income Growth

Retail Sales Growth

+9.0%

2010-2020
CAGR Growth

+23.0%

1H 2021 Growth
y-o-y

- Retail sales of consumer goods rose 23.0% year-on-year to RMB 21.2 trillion in 1H 2021.

1. Source: National Bureau of Statistics of China.

2 Resilient Sustainable Strategy: Situated in Densely Populated Residential Neighborhoods



Stable & Recurring Neighbourhood Visitorships (Against Backdrop of Healthily Growing Residents' Income & Spending)

Beijing Wanliu



Typical Characteristics of Surrounding Neighbourhoods

- Residents population of about 200,000 to 300,000 within 3km radius.
- Suburban community, visitor profiles include:
 - People who drop-by the mall to shop for groceries or essential items before heading home after work.
 - Families who choose to eat out, and shop around after a meal.
 - Parents/Grand parents bringing children for enrichment classes.
 - Whole family coming to mall to attend events organized by the mall.

2 Resilient Sustainable Strategy: Situated in Densely Populated Residential Neighborhoods

Stable & Recurring Neighbourhood Visitorships
(Against Backdrop of Healthily Growing Residents' Income & Spending)

Chengdu Konggang



Hefei Mengchenglu

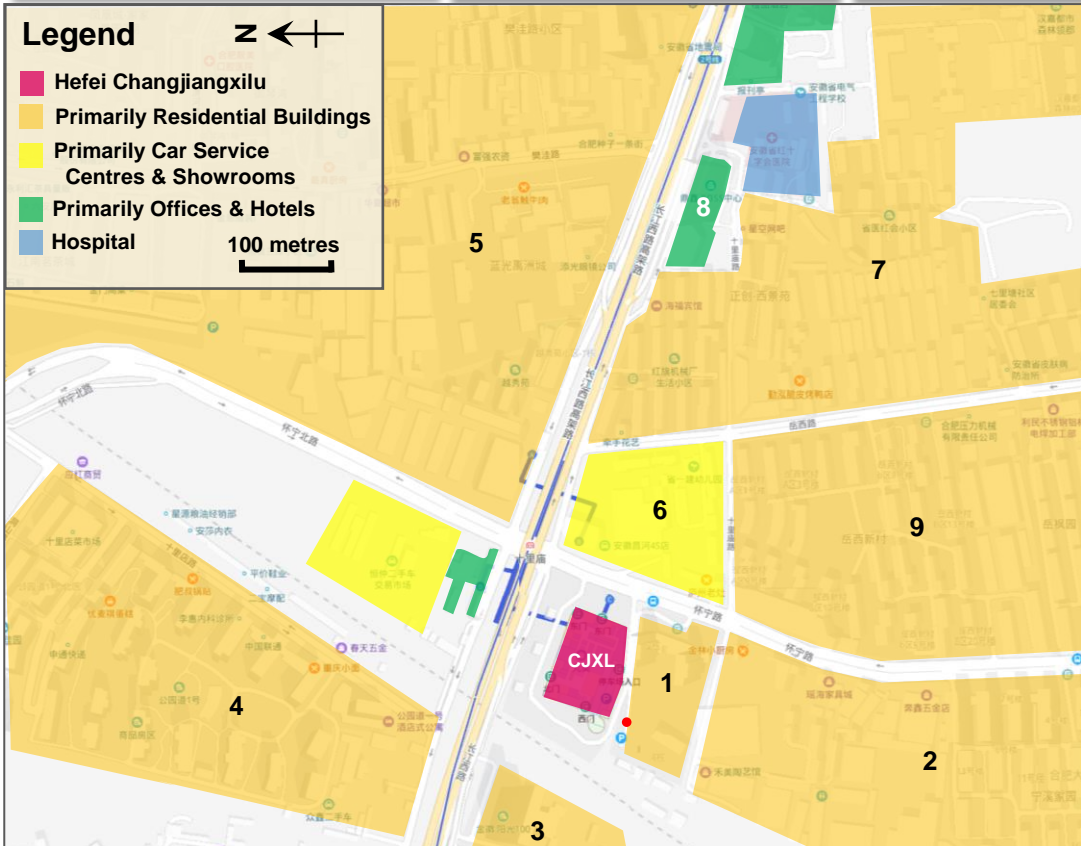


Resilient Sustainable Strategy: Situated in Densely Populated Residential Neighborhoods



Hefei Changjiangxilu (十里庙 Shilimiao Community, Shushan District)

Catchment population within a 3-kilometre radius of approximately 200,000



3 Robust Quality Assets & Performance



Track Record of High Occupancy Rate and Healthy Leasing Demand

OCCUPANCY RATE	2016 ¹	2017 ¹	2018 ¹	2019 ¹	2020 ¹	30 Jun 2021
● Beijing Wanliu	99.5%	100%	100%	96.2%	92.7%	94.4%
● Chengdu Konggang	91.3%	96.8%	97.0%	94.7%	96.4%	92.5%
● Hefei Mengchenglu	100%	100.0%	96.2%	95.1%	81.7%	80.8% ³
● Hefei Changjiangxilu ²	N.A.	N.A.	N.A.	97.6%	92.4%	92.5%
● Xining Huayuan	100%	100%	100%	100%	100%	100%
● Dalian Jinsanjiao	100%	100%	100%	100%	100%	100%
Portfolio (NLA Weighted)	97.6%	99.7%	98.7%	96.7%	93.5%	93.0%

1. As at 31 December

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

3. Ongoing tenancy rejuvenation.

● Multi-tenanted ● Master-leased

3 Robust Quality Assets & Performance



Lease Structure

Defensive Lease Structure

Majority of leases takes the higher of either

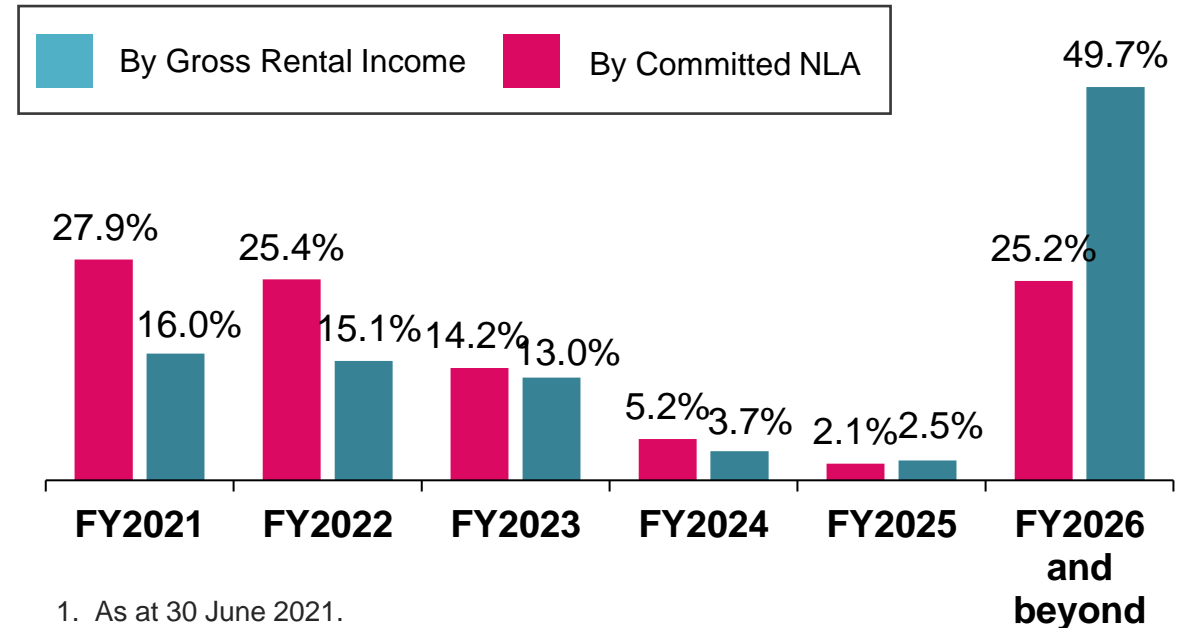
- “Base rent” or
 - “A Percentage of Gross Turnover”.
- ✓ Protected by high % of fixed rents
 - ✓ Enjoy upside from the turnover rents
 - ✓ Majority of leases also comes with rental escalation

Lease Expiry Profile¹

Staggered Lease Expiries

Weighted average lease expiry (WALE)

By Gross Rental Income:	3.8 years
By Committed NLA:	6.6 years



1. As at 30 June 2021.

3 Robust Quality Assets & Performance

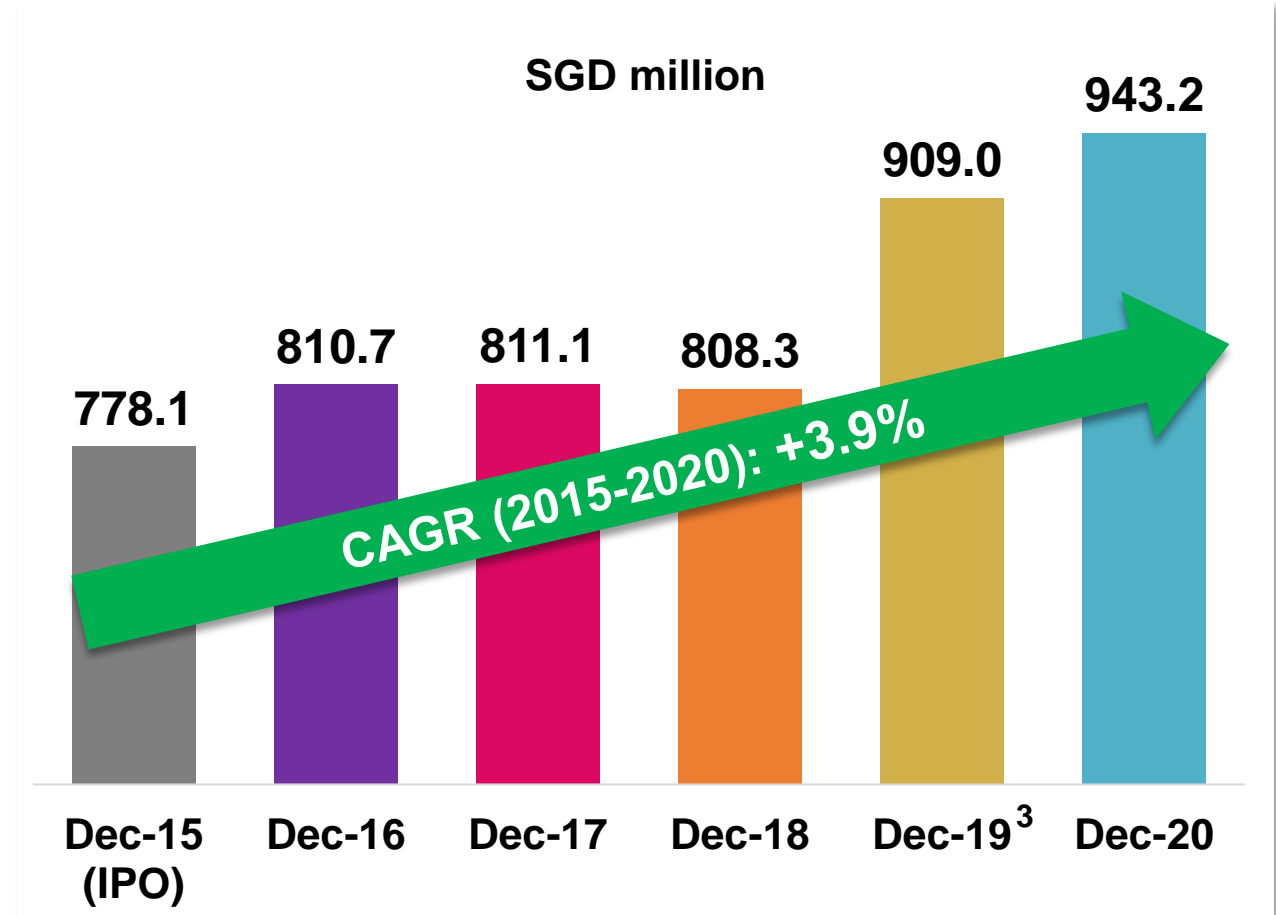


Solid Assets-Backed Financial Position

Valuation of Investment Properties^{1,2}: Dec 2015-2020 CAGR of ▲3.9% p.a.

Extracted Statement of Financial Position
As at 30 June 2021 (SGD million)

Investment Properties	970.1
Total Assets	1,023.2
Total Liabilities	384.9
Net Assets	638.3
Net Asset Value Per Unit ¹	S\$0.89



1. Based on 100% contribution from Beijing Wanliu.
 2. Based on annual valuation from independent valuers.
 3. Includes contribution from Hefei Changjiangxilu Mall which was acquired on 2 April 2019.

3 Robust Quality Assets & Performance



Financial Performance 2016 to 2019

Consistently Higher Gross Revenue and NPI Year After Year (Prior to COVID-19)

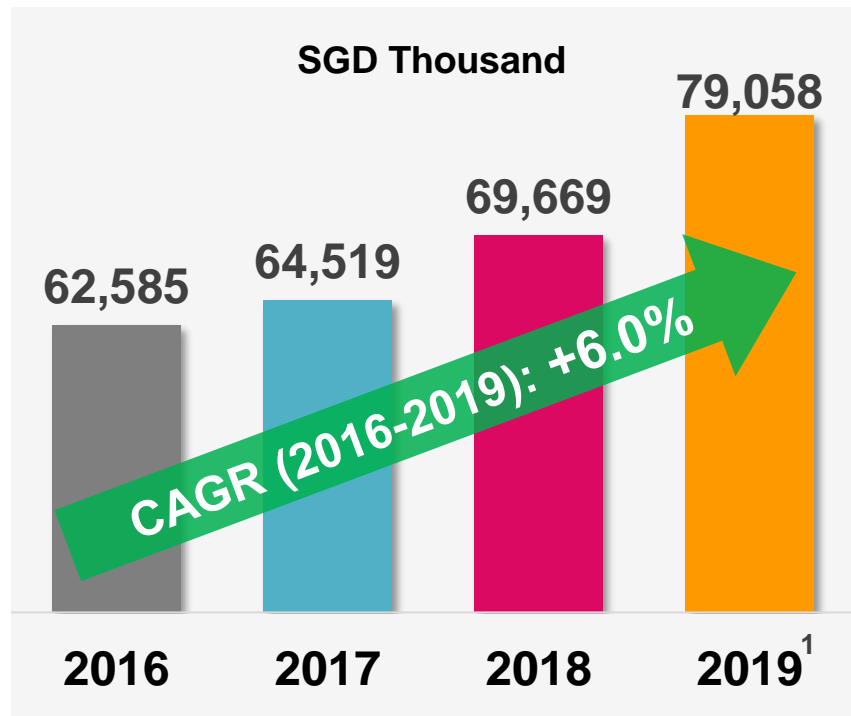
Gross Revenue
CAGR
2016-2019

▲ 6.0%

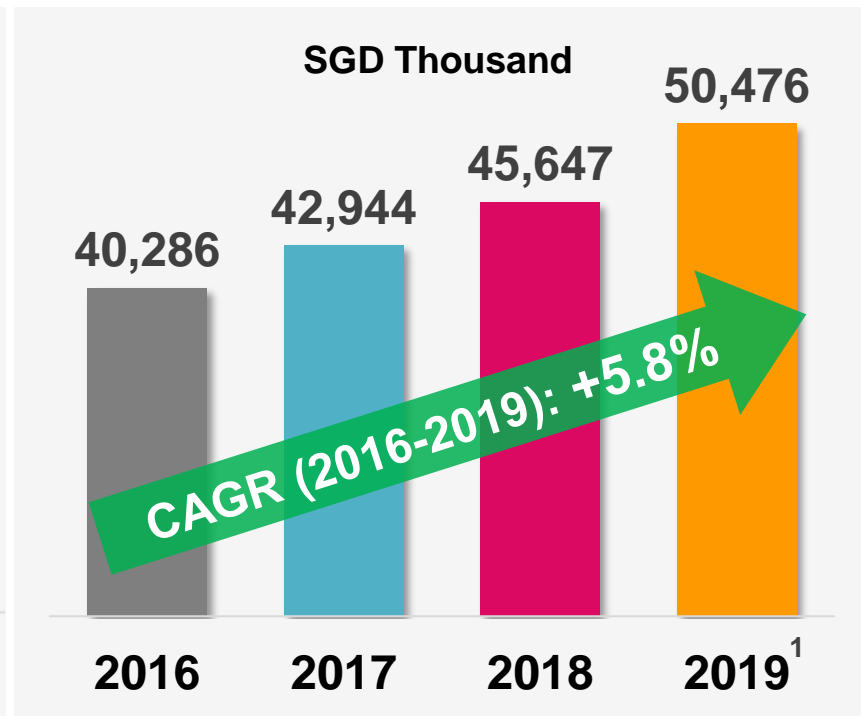
Net Property
Income
CAGR
2016-2019

▲ 5.8%

Gross Revenue



Net Property Income



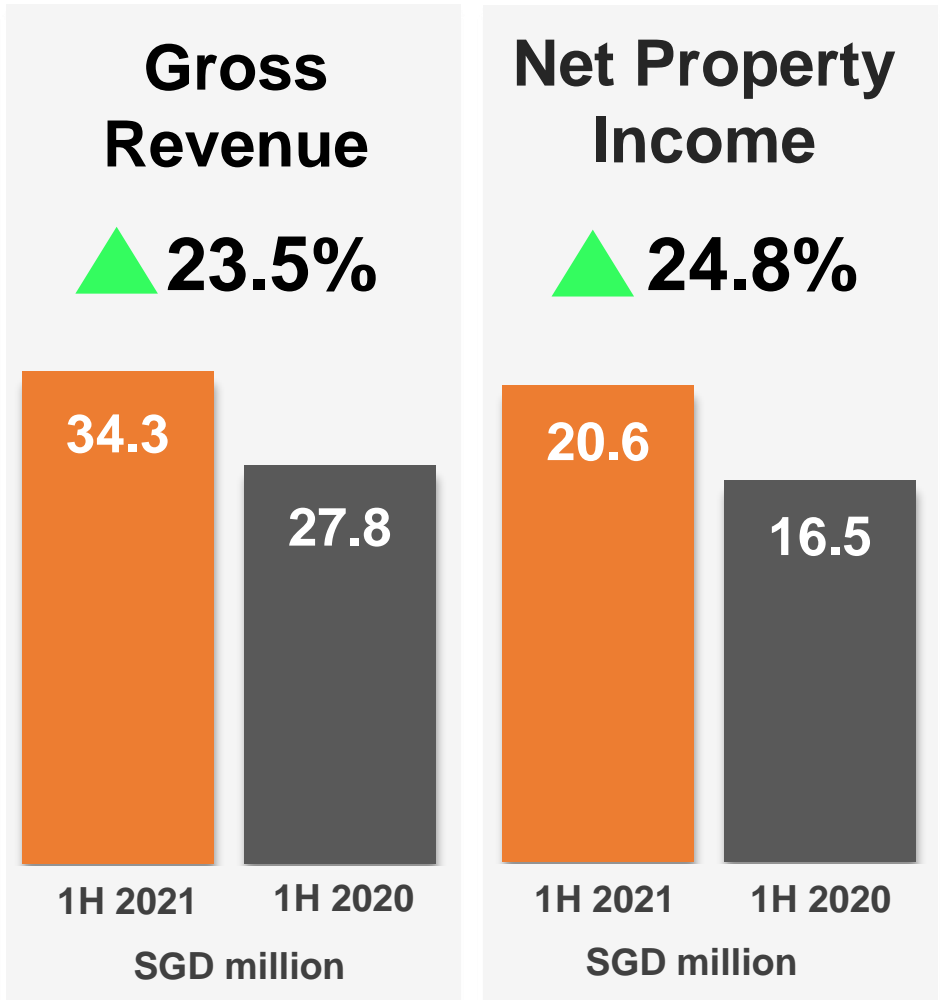
1. Includes contribution from Hefei Changjiangxilu Mall which was acquired on 2 April 2019.

Commendable Recovery in 1H 2021

Gross Revenue
1H 2021
34.3
SGD million

Net Property Income
1H 2021
20.6
SGD million

1H 2021 vs 1H 2020 (year-on-year)



3 Robust Quality Assets & Performance

Proactive Capital Management Healthy Gearing With Debt Headroom For Growth

As at 30 June 2021

Aggregated borrowings drawn down
S\$296.6m

Gearing Ratio¹

34.9%

Average Cost of Debt²

3.7%

Interest Coverage Ratio³

2.6x

- More than 80% of borrowings are denominated in Singapore dollars and US dollars (“Offshore”).
- About 60% 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 4.5% 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.

Track Record of Strong Asset Enhancement

Beijing Wanliu (2018~2019):
Anchor Tenant Resize
(Hai Di Lao Level 4 & 5)



Beijing Wanliu (2020):
Supermarket Resizing and
Enhancement on B1



Hefei Mengchenglu (2019):
Enhancement on B1 & B2



Chengdu Konggang (2018~2019):
Exterior Upgrade in 2018 and Addition of
Container-Style Food Lane in 2019



Chengdu Konggang (2017):
Sports Zone Enhancement
(B1 AEI + New Tenancies)



Staying Connected with Omnichannel Visitors BHG Mall Launched an E-commerce platform

Select Mall

北京	其他地区
当前门店: 暂无当前门店信息请自选门店	
北京华联公益西桥购物中心	44
北京华联亦庄力宝购物中心	44
北京华联万柳购物中心	44
北京华联天时尚苑购物中心	44
北京华联常营购物中心	44
北京华联肖家河购物中心	44
北京华联武夷花园购物中心	44

Live-Broadcast (Upcoming/Past)

商品名称	价格
377VC 烟酰胺靓肤面膜 30ml*6	¥88
377VC 烟酰胺靓肤面膜 30ml*20片	¥198

- The BHG Mall online platform is launched amid COVID-19 via Wechat Mini-Program.
- Sharing online capability across all BHG Malls.
- Keep customers apprised of promotional items & events.
- Provide a convenient and regular way for customers to stay connected with our malls.
- Reward points to enhance customers' loyalty to both BHG malls as well as retailers.

Innovative New Retail @ Work



Live Broadcasts

- By Internet celebrities, retailers, and malls.
- Combination of various style/format for example:
 - (1) In-store retail exploration
 - (2) Product introduction and awareness
 - (3) Promotional deals
 - (4) Showcasing skills & dining experience.

Wechat Groups

- Exclusive BHG mall's WeChat group with participating merchants and members.
- Efficient channel to communicate promotions, events, as well as mall information.

Marketing Events: Children & Family Activities



Marketing Events: Lunar CNY Celebrations

Couplet Writing Community Engagement



@ Chengdu Konggang

Lunar Chinese New Year Children's Performance



@ Hefei Mengchenglu

Chinese Cabbage Give-Away



@ Hefei Changjiangxilu

CNY Art & Craft



@ Chengdu Konggang





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- 1 **Growing China Economic Fundamentals**
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and Asset Management Capabilities**

Our Sustainability Journey: Environmental

Water Management

- Implemented practices to control and manage water wastage.
- Through initiatives:
 - ✓ 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.
- Such as:
 - ✓ Installing motion sensor-based lights and LED lights and
 - ✓ Regular maintenance to ensure air-conditioning systems run efficiently.



Our Sustainability Journey: CSR Initiatives

Donation of Daily Necessities to Neighbouring Police Patrol Post



Complimentary Refreshments for Public Service Officers



Donation of Daily Necessities to Mature Residential Neighbourhood & Epidemic Control Volunteers



Our Sustainability Journey: CSR Initiatives

Community Movie Outing



Charity Flea Market



Donation of Daily Necessities to for Luyang District's Fire Brigade



Our Sustainability Journey: Governance

Awards	Results	Year
<p>1 Asia Pacific Best of the Breed REITs Awards™ 2020 (Retail REIT category with market capitalisation of less than US\$1 billion)</p>	Gold	2020
<p>2 Best Corporate Communications and Investor Relations (The Global Good Governance Awards™ 2020)</p>	Platinum	2020
<p>3 Best Governed and Transparent Company (The Global Good Governance Awards™ 2020)</p>	Gold	2020



Photo of Hefei Changjiangxilu



China's Retail & Consumer Trends



Photo of Costa Coffee @ Beijing Wanliu

China's Consumer Trends: Post-Pandemic

High demand for products and services that provide comfort at home.¹

(What Are Chinese Buying More Apart From Groceries & Food?)

- Exercise equipment
- Books
- Expensive home furnishings goods (e.g latex mattresses, silk quilts, smart bathroom mirrors and electrically heated towel racks.)
- Pet-related products and virtual support services are also growing.

1. World Economic Forum: New shopping trends revealed in post-lockdown China



Visitation ▼

Spending ▲

China's Consumer Trends: Post-Pandemic

According to Mckinsey & Company

Traffic fell and baskets expanded

	Traffic # transaction			Basket Size in Value Avg. value per transaction		
	During vs pre	After-1 st mon vs pre	After-2 nd mon vs pre	During vs pre	After-1 st mon vs pre	After-2 nd mon vs pre
100% = avg. in Dec 2019						
A Hypermarket/supermarket	-31	-23	-20	70	29	26
Convenience store	-49	-27	-12	124	49	22
Drugstores/parapharmacies	0	-6	-19	16	20	60
Food specialized retailer	-68	-38	-17	28	10	0
Foodservice	-78	-47	-33	47	36	15
Beauty specialized retailer	-76	-39	-8	38	9	10
B Apparel specialized retailer	-88	-46	-26	-21	-23	-19
Department store	-56	-35	-11	-54	-33	-21

A Consumers drastically reduce the number of shopping trips but increase their baskets significantly, resulting in sales growth in supermarket and CVS

B While ~95% of apparel stores and department store have re-opened, traffic still ~20% below pre-COVID-19 levels

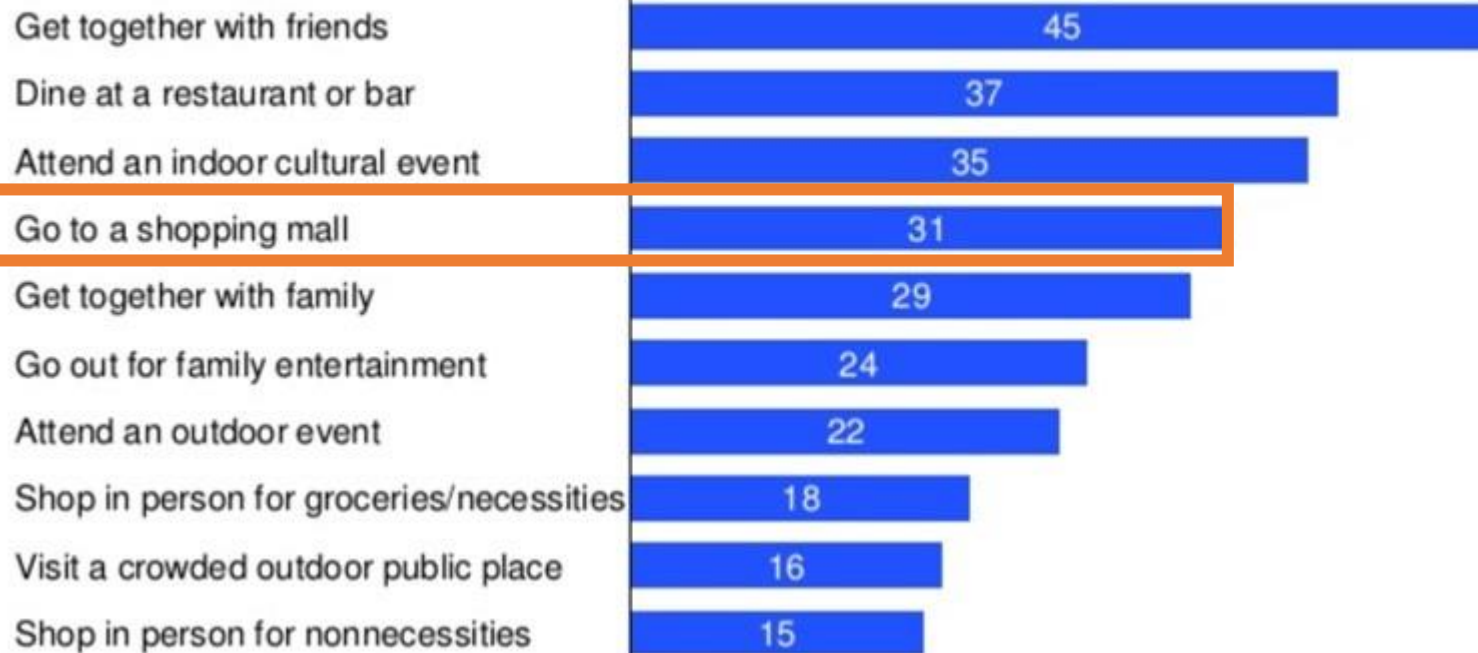
Source: MIYA payment data engine, McKinsey China retail POS analysis 20191201–20200510

China's Consumer Trends: Post-Pandemic

According to Mckinsey: COVID-19 China Consumer Pulse Survey (February-March 2021)

Top activities eager to get back to

% of respondents for whom the activity is in their top 3 choices



- Almost all Chinese Consumers Already Going Back to Work Outside Their Home, and
- Are Eager to Engage in Social Activities

Further integration of Physical & Online Retail

According to Bain & Company¹

- Retailers are engaging consumers via more touchpoints (omnichannel)
- Internet giants are going offline
- Traditional retailers continue to go online
- Not only competition, but also cooperation.



JD.com Mall in Xi'an

September 2021: JD.com's first brick-and-mortar mall set to open in Xi'an on 30th September 2021².



Costco Shanghai

July 2021: Costco China announced its plans to open 7 stores, mainly located in Shanghai, Guangdong, Suzhou and Zhejiang³.

1. Source: Bain & Company: China Retail Trends in the Post-Covid-19 Era (8 Jul 2021)
2. Source: Nikkei Asia: JD.com's first brick-and-mortar mall set to open in Xi'an (17 Sep 2021)
3. Source: Daxue Consulting: Success of Costco in China (18 Sep 2021)



Looking Forward

Notwithstanding this near-term headwind, 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 high 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



Thank you

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