

# 1 H 2020

# Results Presentation

7 August 2020



## **BHG RETAIL REIT**

**CREATING VALUE. PURSUING GROWTH.**



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# 1H 2020 Updates



Photo of Haidilao 海底捞 Restaurant @ Hefei Mengchenglu

# 1H 2020 Updates: COVID-19

## 1Q 2020

- 4 malls (located in Beijing, Chengdu, Xining, Dalian) remained open daily in 1H 2020. Daily operating hours for these malls were reduced by about two hours in the 1Q 2020.
- 2 malls (namely, Hefei Mengchenglu and Hefei Changjiangxilu) underwent temporary closure from 7 February 2020 to 10 March 2020. This followed after Hefei's authorities' order to close certain Hefei's public venues temporarily (which included shopping malls).

## 2Q 2020

- All malls resumed normal operating hours (since end March 2020).
- As at 30 June 2020, committed occupancy rate remains healthy at 92.9%, and more than 90% of stores have resumed business.

## Rental Reliefs Amid COVID-19 for Qualifying Tenants

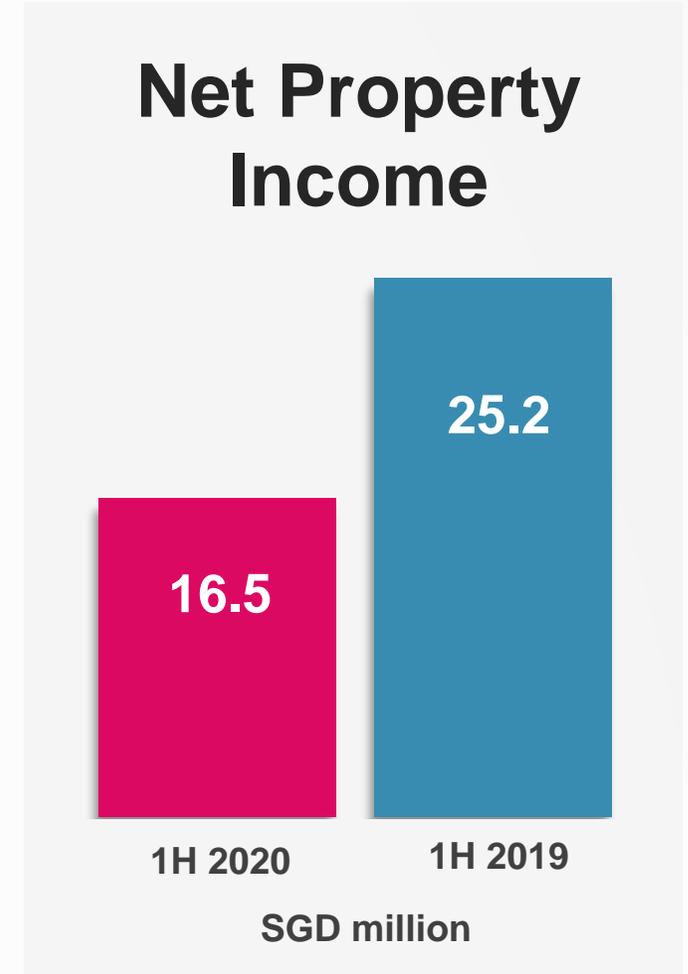
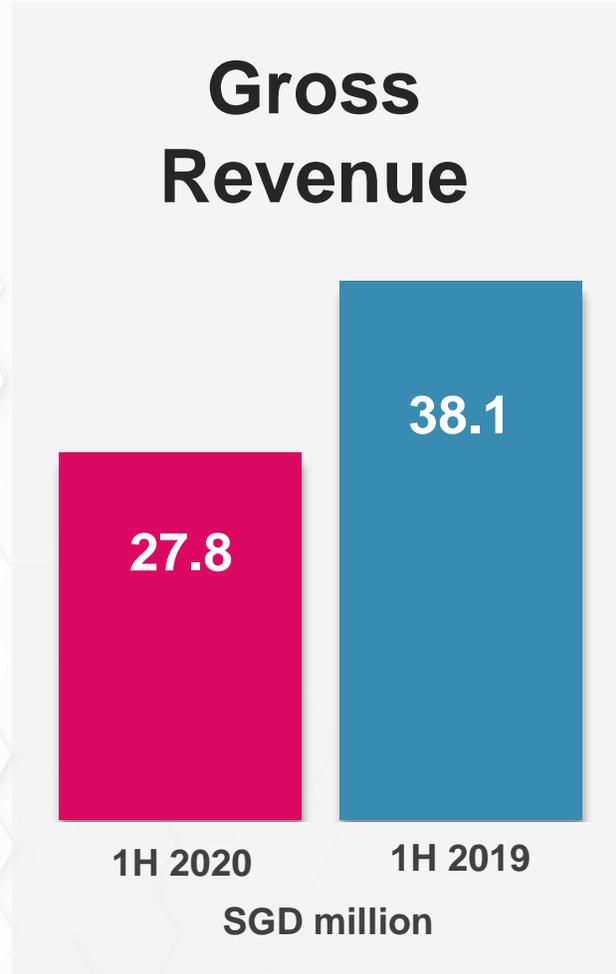
- As a socially-responsible owner of retail malls that operate in the community space, BHG Retail REIT is offering relief arrangements to qualifying tenants.
- These include rental rebates to help our valued tenants tide over the COVID-19 situation, and reinforce our relationship with them.





# 1H 2020 Financial Updates Amid COVID-19

<b>Gross Revenue</b> <b>139.8</b> RMB million	<b>Net Property Income</b> <b>83.1</b> RMB million
<b>Gross Revenue</b> <b>27.8</b> SGD million	<b>Net Property Income</b> <b>16.5</b> SGD million
<b>Amount to be Distributed to Unitholders<sup>1</sup></b> <b>4.3</b> SGD million	<b>Distribution per Unit<sup>1</sup></b> <b>0.89</b> Singapore Cents



1. In 1H 2020, approximately S\$0.5 million of the amount available for distribution has been retained in anticipation of higher operational expenses and working capital requirements of the REIT's enlarged portfolio.



# 1H 2020 Distribution Payment

## Distribution Details

Distribution Period	1 January 2020 to 30 June 2020
Distribution Per Unit (SGD)	0.89 cents per unit

## Distribution Timetable

Ex-Date	8 September 2020
Books Closure Date	9 September 2020
Payment Date	28 September 2020



# Robust Financial Position

As at 30 June 2020

SGD million

Investment Properties	929.4
Total Assets	980.5
Total Liabilities	382.5
Net Assets	598.0
Net Asset Value Per Unit <sup>1</sup>	S\$0.83



Photo of Chengdu Konggang

1. Based on Net assets attributable to Unitholders.



# Capital Management

As at 30 June 2020

Aggregated borrowings drawn down  
**S\$ 291.9 mil**

Gearing Ratio<sup>1</sup>

**35.9%**

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

**3.9%**

Interest Coverage Ratio<sup>3</sup>  
**2.6 x**

- 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 Unitholders divided by total assets attributable to Unitholders. MAS gearing ratio was revised 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 4.7% per annum if amortisation of loan establishment and other related fees are included.
3. Interest Coverage Ratio is calculated by dividing the trailing 12 months adjusted EBITDA by the trailing 12 months interest expense (inclusive of amortisation of transaction costs).

# Property Updates



Photo of Chengdu Konggang



# Portfolio Overview

## MULTI-TENANTED



**Beijing Wanliu**  
北京万柳



**Hefei Mengchenglu**  
合肥蒙城路



**Chengdu Konggang**  
成都空港



**Hefei Changjiangxilu**  
合肥长江西路



## MASTER-LEASED



**Xining Huayuan**  
西宁花园



**Dalian Jinsanjiao**  
大连金三角



# Portfolio Overview<sup>1</sup>

**6**  
Properties

**4,707.0**  
(RMB million)  
Valuation<sup>2</sup>

**180,556**  
Net Lettable Area  
(NLA)

**92.9%**  
Committed  
Occupancy Rate

**6.9** Years  
Weight Ave. Lease  
Expiry by NLA

	Beijing Wanliu	Chengdu Konggang	Hefei Mengchenglu	Hefei Changjiangxilu	Xining Huayuan	Dalian Jinsanjiao
Valuation <sup>2</sup> (RMB million)	2,502.0 <sup>3</sup>	662.0	603.0	492.0	280.0	168.0
NLA (sqm)	54,878	39,553	23,095	26,878	15,345	20,807
Committed Occupancy Rate	93.7%	88.8%	89.9%	90.0%	100.0%	100.0%
WALE (NLA) years	3.5	4.1	4.7	5.4	14.5	14.5

1 As at 30 June 2020.

2 Based on independent valuation from Jones Lang LaSalle Corporate Appraisal and Advisory Limited as at 31 December 2019.

3 Based on 60% interest of Beijing Wanliu, valuation of the mall amounted to RMB 1,501.2 million.

● Multi-tenanted  
● Master-leased



# Track Record of Healthy Leasing Demand & High Occupancy Rate

● Multi-tenanted ● Master-leased

Occupancy Rate	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	30 Jun 2020
Beijing Wanliu	99.5%	100%	100%	96.2%	93.7%
Chengdu Konggang	91.3%	96.8%	97.0%	94.7%	88.8%
Hefei Mengchenglu	100%	100.0%	96.2%	95.1%	89.9%
Hefei Changjiangxilu	N.A.	N.A.	N.A.	97.6%	90.0%
Xining Huayuan	100%	100%	100%	100%	100%
Dalian Jinsanjiao	100%	100%	100%	100%	100%
Portfolio (NLA Weighted)	97.6%	99.7%	98.7%	96.7%	92.9%



# Staggered Lease Expiries

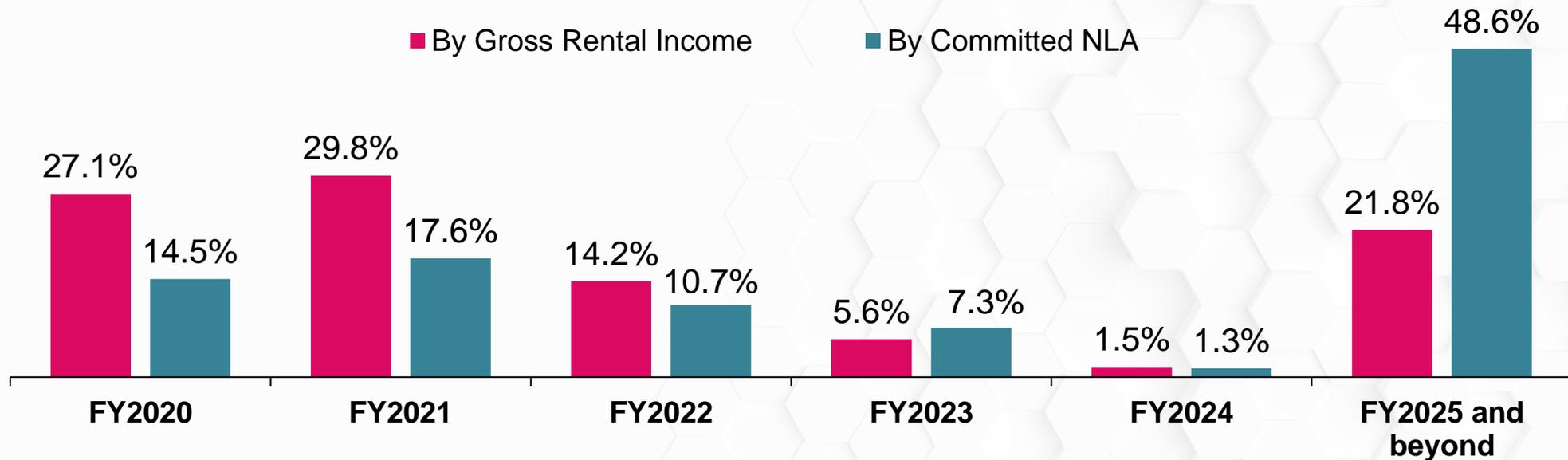
Weighted average lease expiry (WALE)  
as at 30 June 2020

By Gross Rental Income: 3.7 years

By Committed NLA: 6.9 years



## Lease Expiry Profile as at 30 June 2020



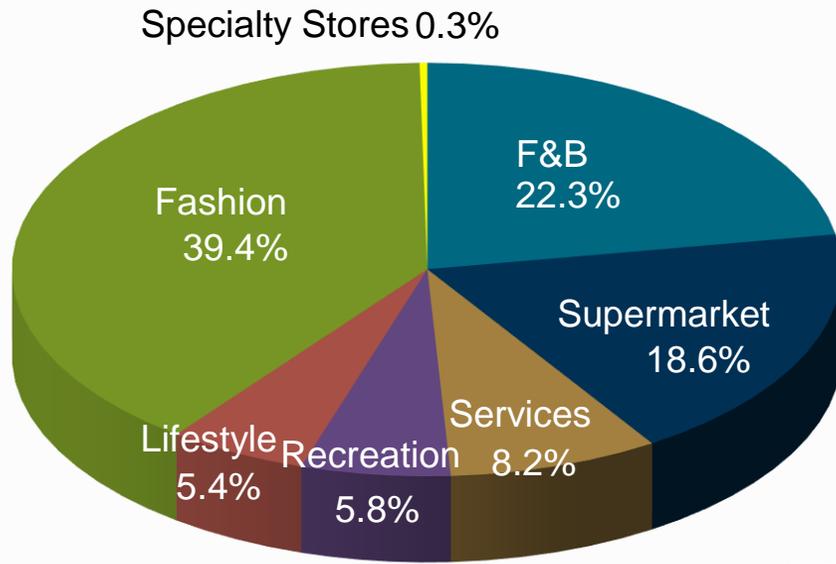


# Diversified Portfolio Tenant Mix

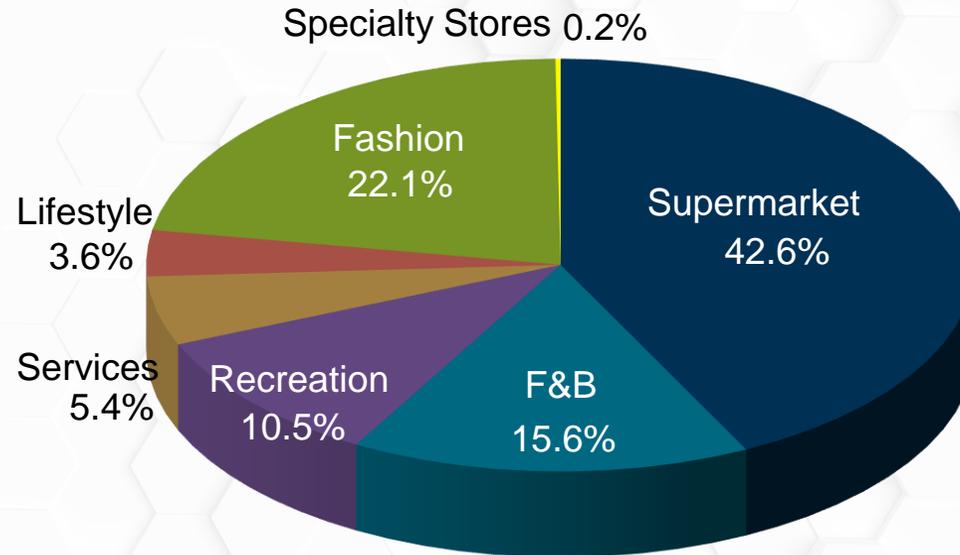
*More than 60% of Gross Rental Income and Close to 80% of Net Lettable Area from experiential segment (exclude fashion and specialty stores)*

As at 30 June 2020

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



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





# Regular Cleaning & Disinfecting

**Outdoor Seats  
@ Hefei Mengchenglu**



**Mall Entrance  
@ Chengdu Konggang**



**Information Counter  
@ Hefei Mengchenglu**



**Cargo Lift  
@ Chengdu Konggang**



**Escalator  
@ Beijing Wanliu**



**Nursing Room  
@ Hefei Mengchenglu**





# Creating A Clean & Safe Community Space

**Staffs' Regular Temperature Checks @ Chengdu Konggang**



**QR Code Health Declaration & Recording of Visitors @ Hefei Mengchenglu**



**Shoppers' Temperature Scan @ Chengdu Konggang**



**Manual Health Declaration & Recording of Visitors (without Smartphone) @ Hefei Mengchenglu**



**Thermal Scan & Provision of Hand Sanitiser @ Beijing Wanliu**



**Hand Sanitiser For Shoppers @ Chengdu Konggang**





# Live Broadcast: Reinventing Retail Experience

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.

## Showcasing Chef's Culinary Skills



Wang Shun Ge Restaurant 旺顺阁 @ Beijing Wanliu

**In-Store Exploration (Fashion)**

北京华联购物... 670 观看

好物直播间 BHG SELECT

Forever NAE

有颗: 直接点链接头嘛

lilym: 帽子好酷

lilym: 哇 我要帽子

Oo简单o...: 一个账号只能送一个金鼠

1005

Oldfilm 老电影 @ Hefei Mengchenglu

**Product Introduction (Childcare products)**

北京华联购物中心 1063 观看

好物直播间

无念~勿念 进入直播间

颜善银: 医仔丫666

安徽茂宸...: 医仔丫666

小蝴蝶: 医仔丫666

巴比色: 医仔丫666

728

Yi Ya Ya 医仔丫 @ Hefei Mengchenglu

**Promotional Deals For Grabs (Limited Time)**

北京华联购物... 2221 观看

好物直播间

已开奖

港岛妹妹、进入直播间

玲: 冰丝席

A花花朵: 冰丝席

Luckystar: 冰丝席

lorna: 休息了哇

港岛妹妹: 怎么领奖啊

54135

Promotional Deals (By Mall) @ Chengdu Konggang



# Live Broadcast: Reinventing Retail Experience

## Fashion



戈格烏女装 @ Hefei Changjiangxilu

## Lego Toys for Children



Lego @ Beijing Wanliu

## Body Care Products Usage



Chando 自然堂 @ Hefei Changjiangxilu

## Dining Experience



Haidilao 海底捞 @ Hefei Mengchenglu

## Mobile Devices Demonstration



Huawei @ Beijing Wanliu

# Resumption of In-Mall Events & Activities

Rice Dumpling Making (Dragon Boat Festival)



@ Hefei Mengchenglu

Art & Craft Experience



@ Chengdu Konggang

Story Telling Session



@ Hefei Changjiangxilu

Children Cooking Class



@ Hefei Mengchenglu



# Promotional Initiatives

## Retail Cards With Attractive Discount

### BHGMALL Select (甜蜜计划)

**甜蜜计划**  
BHGMALL SELECT

收**300团500**  
心意卡

欢迎挑选心意好礼  
(特例商品除外)

抢购及使用时间: 5月18日-5月24日

活动说明:  
每个ID限团2次;  
团购券将以5张100元现金抵用券形式发放到顾客账户中;  
单笔订单可叠加使用, 单张小票最多收500元现金券;  
现金抵用券不找零, 不兑现, 退货后抵用券将退还至顾客账户中。

By Beijing Wanliu

### Happy Card (开心卡)

**开心卡**  
Happy card

50团60 400团600  
现金券

抢券时间: 4月30日-5月10日  
使用时间: 餐饮 5月1日-6月1日  
儿童教育 娱乐 健身 影院等体验业态 5月1日-10月31日

现金券不找零、不兑现, 无门槛可叠加使用;  
餐饮限到店堂食使用, 截止日期6月1日;  
线下购买儿童教育、娱乐等产品,  
每单产品限一次性核销2张开心卡(最高1200元),  
收券截止10月31日;

扫描二维码  
点击“我的”→点击首页  
进入小程序选购

咨询电话: 82589600

- Retail cards available at attractive discounted value.
- Shoppers can grab these on wechat app, then visit the mall to redeem and purchase items from participating brands within the mall. Limited to specific time period.

## F&B Discounts & Cash Vouchers

4.10-4.19

50团100  
春暖花开/逛吃逛吃才过瘾

欢乐礼包

4月10日10:00  
大众点评 50团100元欢乐礼包

礼包内容: 50元无门槛现金券1张  
10元无门槛现金券5张

By Hefei Mengchenglu

- Discounts offered via Da Zhong Dian Ping 大众点评, a popular app that provides Groupon-like deals with consumers' ratings.

满百减百

堂食开胃季

北京华联合肥长江  
西路购物中心

By Hefei Changjiangxilu

¥100 现金券

副券 ¥100 现金券

限时 17:00 限时抢购

## Advertisements of Discounts & Events

**THE NORTH FACE 震撼开抢**

直播时间:4月17日 20:00

2020新品上市 直播间每满100减10元  
全场包邮 直播现场惊喜抽奖

参与抽奖有机会获得以下奖品

棒球帽 价值198  
背包 价值498

关注公众号  
点击下方“商场简介”进入“直播间”

By The North Face

**AFU 薰衣草的味道 用力呼吸 看见奇迹**

AFU 就是精油!

直播时间:5月14日 14:30

①直播间折后单笔订单每满100减10元 全场包邮  
②到店自取即送蒸汽眼罩一贴  
③购买睡眠喷雾或薰衣草精油可送5贴蒸汽眼罩

关注公众号  
点击下方“商场简介”进入“直播间”

By AFU

**LEGO 拼实力 玩真格**

直播时间:6月5日 14:30

①直播间下单每满100减10元, 上不封顶, 到店自提送精美贴纸  
②消费满1999元 赠 价值299元指定赠品1个  
③消费满1299元 赠 价值149-169元指定赠品1个  
④消费满699元 赠 价值99元指定拼砌礼盒1个  
⑤消费满369元 赠 价值39元30341拼砌包1个

关注公众号  
点击下方“商场简介”进入“直播间”

By Lego

- Collaborations between malls and tenants to advertise via social media platforms, WeChat apps and webpages.
- Continue to stay engaged with shoppers and provide attractive discounts to appeal to customers.
- Advertisements can also include Live Broadcast invitations.

## Online Contest & Rewards

2020-03-10 11:27

**园艺大赏**

—BHG MALL 园艺大赛—

已结束

2020-03-11 14:04

96 选手数

8 总

守护天使·儿童绘画比赛

2020-03-20 14:04

已结束

—致敬逆行者—  
**众志成城 战疫情**  
儿童绘画比赛

By Chengdu Konggang

- Online contests provide rewards which can be exchanged for gift items.
- Encourage mall memberships and further spending.



# Doing Our Part For The Communities

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



Complimentary Refreshments for Public Service Officers



Blood Donation Campaign



Donation of Daily Necessities to Neighbouring Police Patrol Post



Complimentary Traditional Chinese Medicine (TCM) Consultation



# Visitorship Recovery

## Beijing Wanliu



## Chengdu Konggang



## Hefei Mengchenglu



## Hefei Changjiangxilu





# Outlook





# China Macroeconomic Update

GDP Growth  
2Q 2020  
**+3.2%**  
(year-on-year)

Retail Sales  
June 2020  
**-1.8%**  
(year-on-year)

Disposable income  
per capita  
1H 2020  
**+1.5%**  
(year-on-year)

- Faced with significant disruption led by the COVID-19 outbreak, China's gross domestic product<sup>1</sup> ("GDP") contracted by 1.6% year-on-year in 1H 2020. The nation delivered a stronger-than-expected rebound of 3.2% year-on-year growth in 2Q 2020, from a 6.8% year-on-year decline in 1Q 2020.
- Disposable income<sup>1</sup> per capita of urban residents grew 1.5% year-on-year in 1H 2020. Retail sales<sup>1</sup> of consumer goods fell 11.4% year-on-year to RMB 17.2 trillion for the 1H 2020. Total retail sales of consumer goods recovered to -1.8% year-on-year in June 2020. Online retail sales of physical goods increased by 14.3% to RMB 4.3 trillion, accounting for 25.2% of the total retail sales of social consumer goods.
- China's central bank<sup>3</sup> reiterated in July 2020 that a variety of monetary tools will be used by the nation to grow at notably higher rates than last year. These include, required reserve ratio reductions, interest rate cuts, and re-lending to enable M2 money supply and aggregate financing. In addition to the above, fiscal and other support measures were also announced in 1H 2020, they include reduction of property tax, land use tax, social security fund contribution, utilities etc.

Sources:

1. National Bureau of Statistics of China.
2. UOB Global Economics & Markets Research (16 July 2020): China: 2Q GDP rebound came in above expectation.
3. Xinhua (20 July 2020): China's central bank injects liquidity into market.



# 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



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# Thank you

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