

**3Q 2020**

# **BUSINESS UPDATES**

**9 November 2020**

**CREATING VALUE. PURSUING GROWTH.**



**BHG RETAIL REIT**



# Content

- 3Q 2020 Updates
- Portfolio Overview
- Capital Management
- Looking Forward



Photo of Hefei Mengchenglu



# 3Q 2020 Updates



Photo of Beijing Wanliu



# 3Q 2020 Updates

## BHG Retail REIT

Committed  
Occupancy Rate  
(30 Sep 2020)

**91.5%**

*Remained healthy*

- All malls have returned to their usual operating hours.
- Trade segments previously prohibited from operating (e.g Cinemas, Enrichment schools) reopened in 3Q 2020, since closing early of this year.
- In line with regulations at respective cities, save for Beijing Wanliu, all other multi-tenanted malls have resumed onsite marketing events.
- Relatively stricter measures are still ongoing in Beijing, the capital city.

Photo of Hefei Mengchenglu (3Q 2020)



Photo of Chengdu Konggang (3Q 2020)



# Normalising COVID-19 Preventive Measures

## Maintain Frequent Cleaning & Disinfecting

## Continue Proactive Preventive Checks

Passenger Lift  
@ Beijing Wanliu



Escalator  
@ Chengdu Konggang



Safe Entry Check & Thermal Scan  
@ Beijing Wanliu



Thermal Scan  
@ Hefei Mengchenglu



Reception  
@ Beijing Wanliu



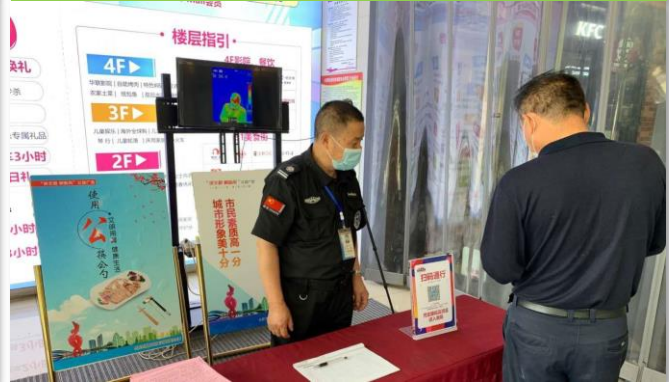
Indoor Seat  
@ Hefei Mengchenglu



Temperature Check  
@ Chengdu Konggang



Safe Entry Check & Thermal Scan  
@ Hefei Changjiangxilu





# Newly Launched Night Market @ Chengdu Konggang



Photo of Chengdu Konggang Exterior



Photo of Chengdu Konggang Exterior

- Officially Launched on 1<sup>st</sup> October 2020.
- In response to Chinese government's guidance to boost "Night Economy 夜间经济", as most sales are typically generated between 6pm and 10pm.
- Ushered in 13 unique tenants providing F&B eateries as well as culturally innovative products.
- Added about 120 square meters of lettable area.
- Further enhanced the vibrancy, visibility and appeal of the mall to surrounding community.
- Enriched the exterior's content and F&B selections.



Photo of Chengdu Konggang Exterior



# Staying Connected with Omnichannel Visitors

## BHG Mall Launched E-Commerce Platform. Sharing Online Capability Across All BHG Malls.

**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
北京华联天时名苑购物中心	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

自助积分 每日签到 门店活动 积分换礼 积分抽奖

新会员专区 限时抢购

全部 美食 娱乐 生活 购物

B1 遛弯儿市集 B1全新亮相 免费领 立即领取

F1 麦当劳 麦辣鸡翅一对 ¥5 原价11.5 免费领 立即领取

北京华联购物中心

北京华联成都空港购物中心

请输入搜索内容...

BHG SELECT

好物直播

SALE \ 热销商品 Live-Broadcast (Upcoming/Past)

颈椎腰椎坐卧难忍, 用它一抹就能舒缓

芳香纾缓按摩油 ¥198

377VC 烟酰胺靓肤面膜 30ml\*6 ¥88

377VC 烟酰胺靓肤面膜 30ml\*20片 ¥198

会员 品牌 停车 商城 我的

- The BHG Mall online platform is launched amid COVID-19 via Wechat Mini-Program.
- Keep customers apprise 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.



# Attractive Promotional Initiatives in 3Q 2020

## Joint Initiative Promotions

- Spending of RMB 300 at Cinema, for RMB 300 worth of vouchers from Supermarket, Muji, H&M, C&A.
- 1-1 worth of vouchers for amount spent

## Retail Vouchers

- Retail & dining vouchers with attractive discount.
- Shoppers can purchase the discounted vouchers online and in the mall, and use them at participating brands.
- Limited to specific time period.

**华联影院** BHG Wanhua Mall  
300元购华联影院  
10张套票  
送300元代金券

抢购时间：  
9月18日(周五)限量抢购  
(50人次)



### 100元超市代金券

(单笔消费满 300 元使用一张, 以此类推)

9月19日至10月18日法定节假日均可使用



### 100元 MUJI 代金券

(单笔消费满 300 元使用一张, 可叠加其它优惠, 例如折扣、满减等, 以此类推)

9月19日至10月18日法定节假日均可使用



### 50元 H&M 代金券

(消费满 100 元使用一张, 可叠加其它优惠, 例如折扣、满减等, 以此类推)

9月19日至10月18日法定节假日均可使用



### 50元 C&A 代金券

(消费满 100 元使用一张, 可叠加其它优惠, 例如折扣、满减等, 以此类推)

9月19日至10月18日法定节假日均可使用

**MUJI**  
無印良品

**MUJI 限时特惠  
套装代金券**

300元代金券限购872元套餐使用  
200元代金券限购622元套餐使用  
100元代金券限购426元套餐使用

有效期: 7月3日-7月12日

BHG Wanhua Mall  
北京华联万柳购物中心

**MUJI**  
無印良品

**300元代金券**

限购872元套餐使用

有效期: 7月3日-7月12日

**美食通吃**

9月26日至10月26日期间  
可使用四次 (共四次)

黑松白鹿 kumashika 2008  
天意坊  
摔阳粥人 CHAO ZHOU REN  
绿茶  
野教  
旺顺阁  
馒头煎饼 青团 青团 青团 青团

本通吃卡可与店内活动共享  
(不含大众点评80元团100元)

仅需100元  
可享受正餐4次6折优惠  
每单不超过200元  
200元以上部分按店铺正常优惠政策付款  
如店内无优惠, 按原价支付

**150团200**  
大餐餐饮

2F会员中心  
大餐代金券  
150团200  
使用时间: 2020.07.04 - 2020.07.10  
详情请咨询店内工作人员

**优惠说明**

1. 本券在北京华联空港购物中心使用, 但仅限参与“150团200”活动的商户使用;
2. 使用时间: 2020.7.4-2020.7.10;
3. 此券每人限购1张 (2张100元代金券), 同一店铺单次消费满100元即可使用1张, 最多可用2张, 礼券不找零, 不兑换。

150元购买



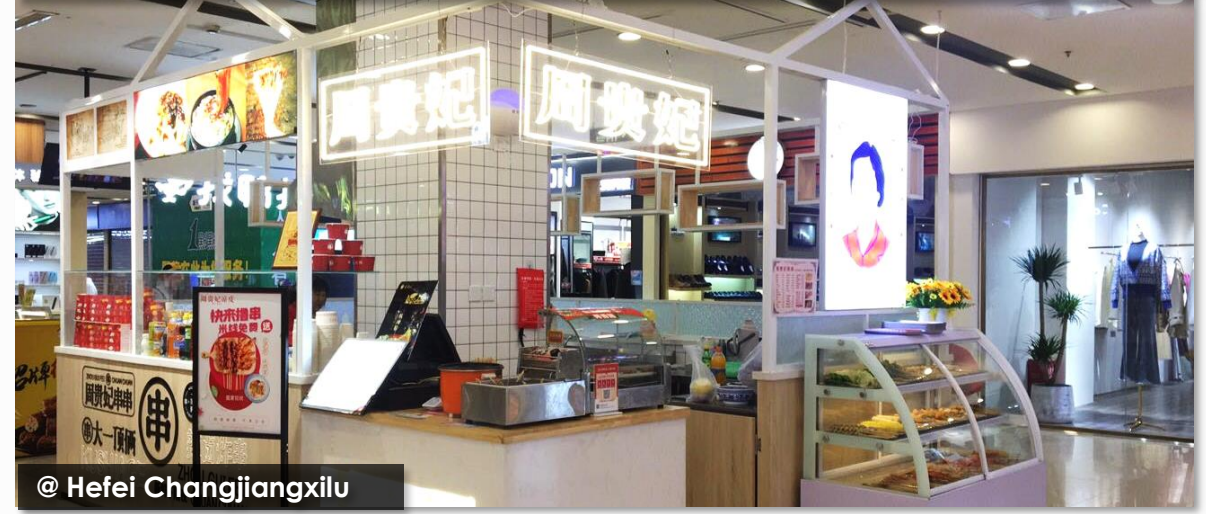


# New Tenants in 3Q 2020: Refreshing Our Malls' Offerings

Kappa Kids



周贵妃 Zhou Gui Fei



Dr Kong



小橙子 Little Orange Theatrical Education





# 3Q 2020: Resumption of Onsite Events

## Children-Focused Events



Fire-Safety Awareness @ Chengdu Konggang



Story-telling @ Hefei Changjiangxilu



Children Fun Games @ Chengdu Konggang



Story-telling @ Hefei Mengchenglu



# 3Q 2020: Resumption of Onsite Events

## Children-Focused Events





# 3Q 2020: Resumption of Onsite Events

## Street Dance Competitions





# 3Q 2020: Resumption of Onsite Events

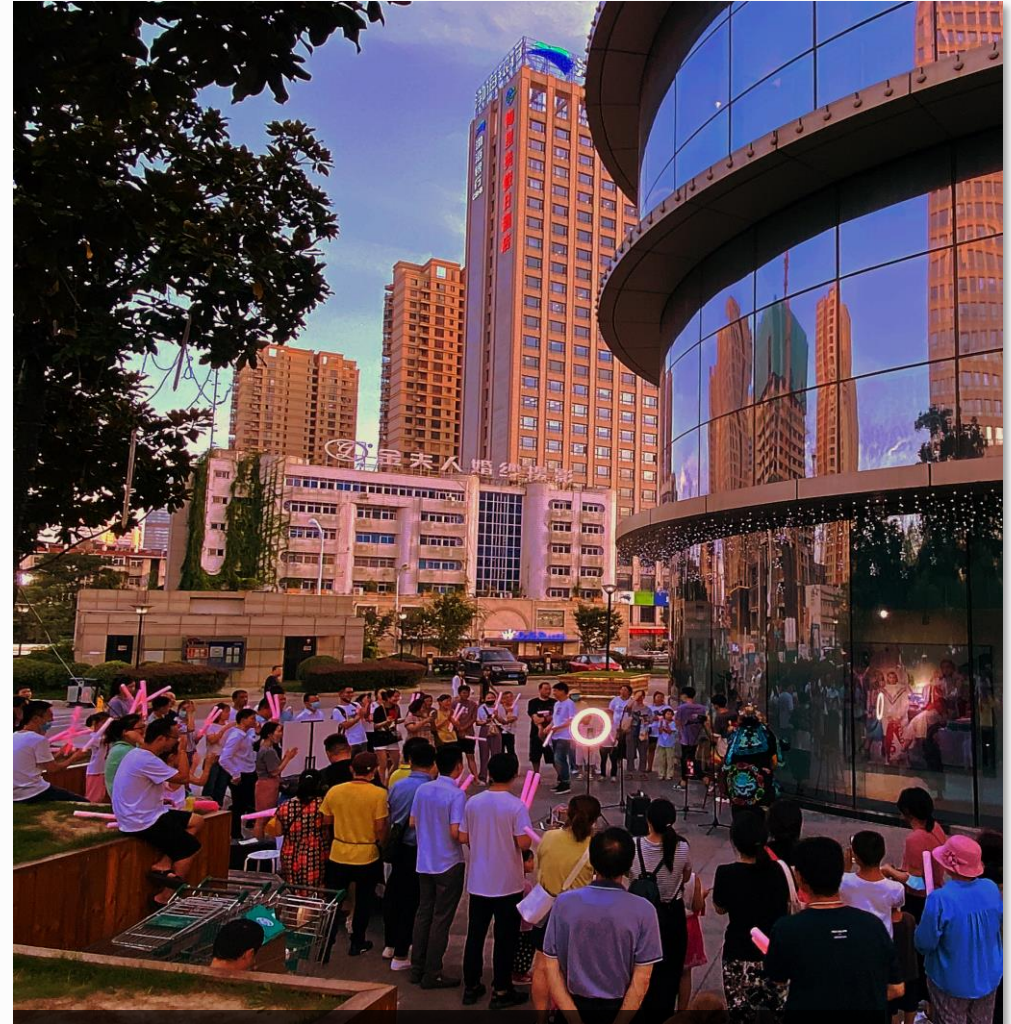
## Other Community Events



Qixi Festival Promotional Event @ Beijing Wanliu



"I'm Here For Love" Event @ Hefei Changjiangxilu



Community Fluorescent Night Party @ Hefei Mengchenglu



# 3Q 2020: Doing Our Part For Communities

## Movie Outing (For the less abled)



@ Hefei Changjiangxilu

## Charity Flea Market



@ Hefei Mengchenglu

## Provision of Refreshments for Luyang District's Fire Brigade



@ Hefei Mengchenglu



**BHG**  
*Mall*

北京华联空港购物中心

# Portfolio Overview



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>

**178,538**  
Net Lettable Area  
(NLA)

**91.5%**  
Committed  
Occupancy Rate

**6.8** 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 (100%) 1,501.2 (60%)	662.0	603.0	492.0	280.0	168.0
NLA (sqm)	52,689	39,638	23,233	26,826	20,807	15,345
Committed Occupancy Rate	93.0%	90.8%	78.4% <sup>3</sup>	89.3%	100.0%	100.0%
WALE (NLA) years	3.4	3.9	4.8	5.4	14.3	14.3

<sup>1</sup> As at 30 September 2020.

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

<sup>3</sup> Ongoing tenancy rejuvenation.

● Multi-tenanted  
● Master-leased

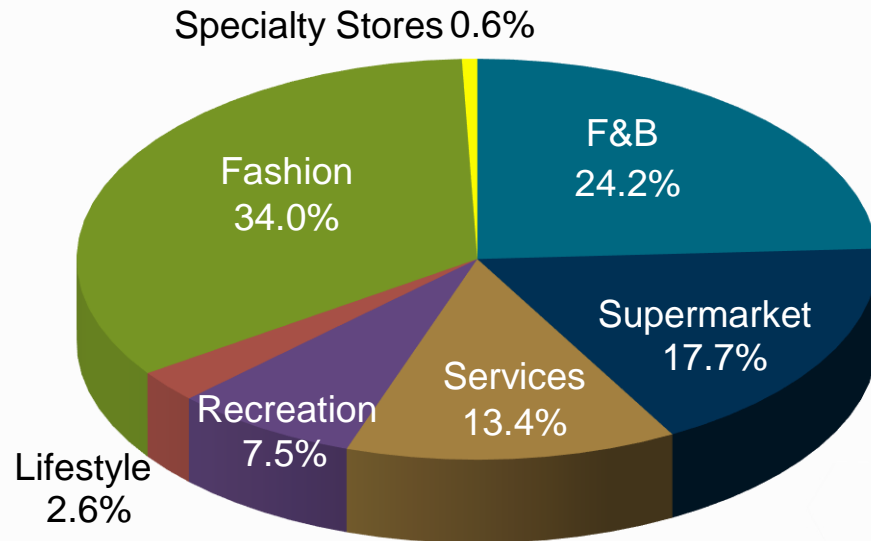


# Well Diversified Portfolio Tenant Mix

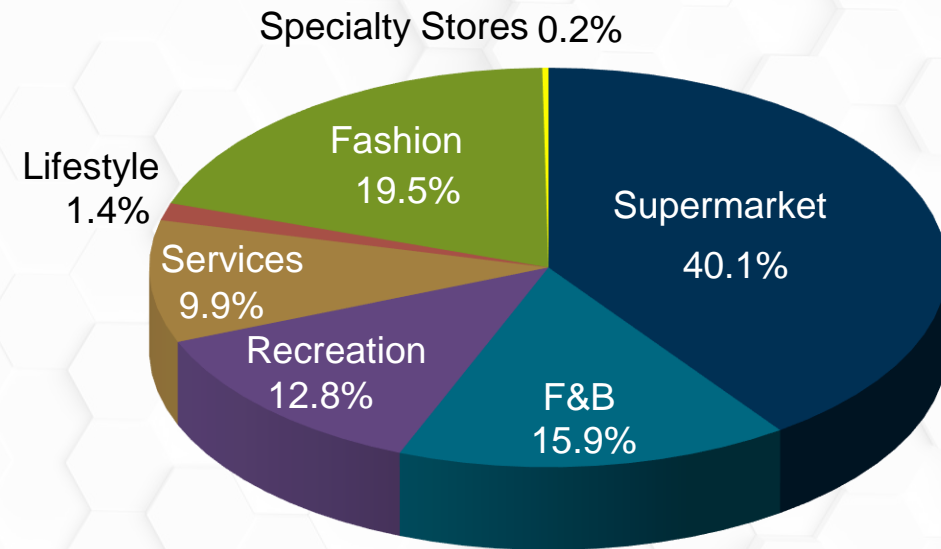
*More than 65% of Gross Rental Income and About 80% of Net Lettable Area from experiential segment (exclude fashion and specialty stores)*

As at 30 September 2020

### Breakdown of Gross Rental Income by Trade Sector



### Breakdown of Net Lettable Area by Trade Sector





# Lease Expiry Profile

**Weighted average lease expiry (WALE)  
as at 30 September 2020**

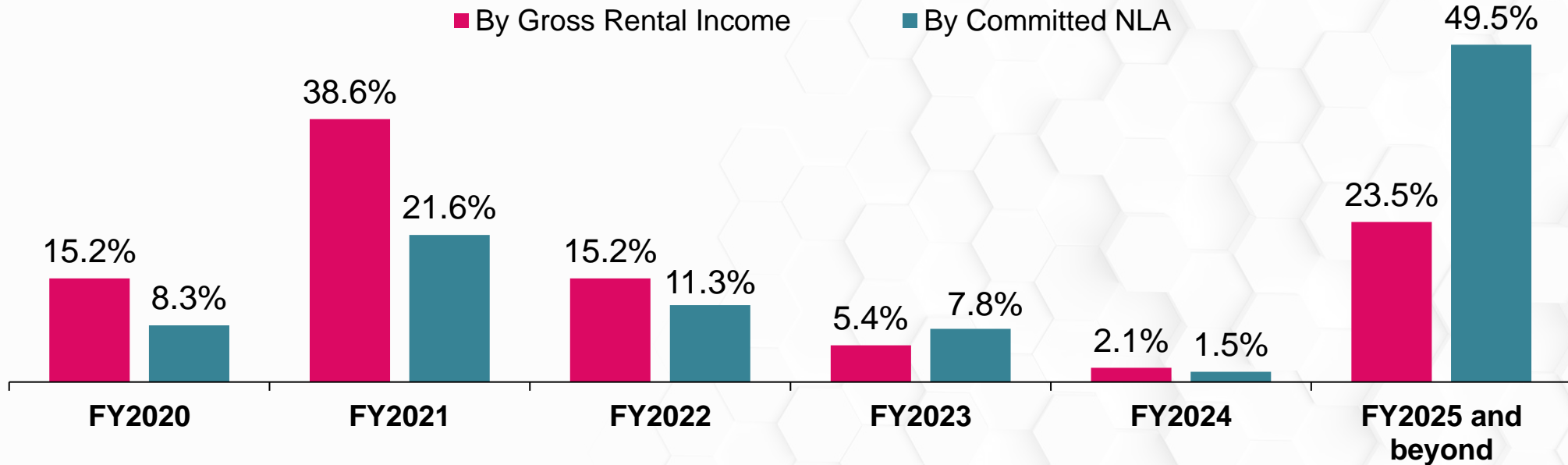
**By Gross Rental Income: 3.7 years**

**By Committed NLA: 6.8 years**



Photo of Beijing Wanliu

## Lease Expiry Profile as at 30 September 2020





# Awards & Accolades

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





# Capital Management

Photo of Hefei Mengchenglu



# Capital Management

As at 30 September 2020

Aggregated borrowings drawn down  
**S\$ 296.4 mil**

Gearing Ratio<sup>1</sup>  
**35.7 %**

Average Cost of Debt<sup>2</sup>  
**4.2%**

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

- Above 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 5.0% 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).



# Outlook





# China Macroeconomic Update<sup>1</sup>

GDP Growth  
3Q 2020

**+4.9%**  
(year-on-year)

Retail Sales  
September 2020

**+3.3%**  
(year-on-year)

Disposable  
income per capita  
9M 2020

**+2.7%**  
(year-on-year)

- China's economic recovery accelerated in the third quarter 2020. According to the preliminary estimates, the gross domestic product (GDP)<sup>1</sup> of China was RMB 72.3 trillion for the 9M 2020, a year-on-year growth of 0.7% at comparable prices.  
(GDP growth<sup>1</sup> year-on-year: 1Q 2020: -6.8%, 2Q 2020: +3.2%, 3Q 2020: +4.9%)
- Disposable income<sup>1</sup> per capita of urban residents grew 2.7% year-on-year in 9M 2020. Retail sales<sup>1</sup> of consumer goods were down 7.2% year-on-year to RMB 27.3 trillion for the 9M 2020. Total retail sales of consumer goods grew 3.3% year-on-year in September 2020. Online retail sales of physical goods increased from RMB 5.8 trillion to RMB 6.6 trillion (+15.3% year-on-year), and accounted for 24.3% of the total retail sales of social consumer goods.
- According to the International Monetary Fund, which is forecasting a 1.9% GDP growth for China in 2020, the nation is the only major economy that is expected to grow this year<sup>2</sup>. Notwithstanding the gradual recovery, the government has rolled out a raft of measures including more fiscal spending, tax relief and cuts in lending rates and banks' reserve requirements to revive the coronavirus-hit economy and support employment<sup>3</sup>.

Sources:

1. National Bureau of Statistics of China.
2. Forbes (19 October 2020): China's economy continues rebound with 4.9% growth in third quarter.
3. Reuters (19 October 2020): China's economic recovery quickens as consumption returns.





# 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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