

1Q 2020

BUSINESS UPDATES

12 May 2020

CREATING VALUE. PURSUING GROWTH.



BHG RETAIL REIT

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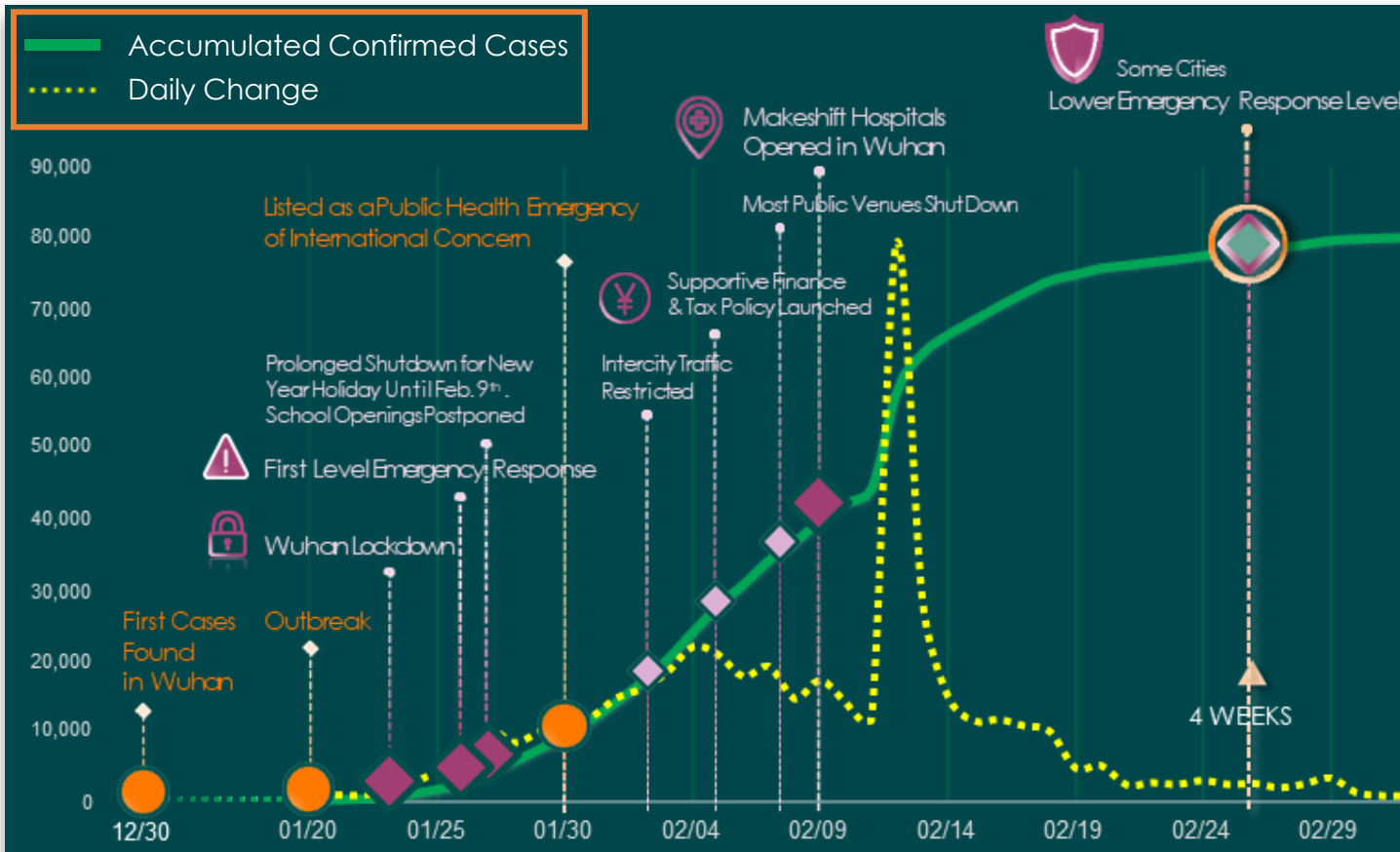


COVID-19 China

COVID-19: China

The Chinese government has rolled out monetary measures to maintain liquidity and stability in the financial markets, and extended fiscal relief to affected corporates and individuals as well as to stimulate investment and consumption.

Extracted from CBRE Research: China's Response To COVID-19 (April 2020)



- January 2020:** The Chinese government took stringent measures to contain the pandemic. These included the lockdown of Hubei Province, general travel restrictions, social distancing measures, closure of public facilities, usage of designated delivery areas.
- February 2020:** Chinese authorities urged key industries related to the national economy and the people's livelihood to resume work.
- March 2020:** China adopted a progressive approach in reopening different parts of the country and business sectors.



COVID-19: BHG Retail REIT

Malls' Operations

- Temporary closure of stores at Hefei Mengchenglu & Hefei Changjiangxilu, from 7 Feb 2020 to 10 Mar 2020 (other than certain F&B outlets providing delivery services and the supermarkets).
- All malls save for the two Hefei properties remained open throughout 1Q 2020.

Malls' Operating Hours

- Malls operated with slight (~2hours) reduction in operating hours.
- Malls have progressively resumed normal operating hours since end March 2020.

Stores Opening

- More than 90% of stores have resumed business as at early May 2020.
- Committed occupancy rate remains high at 94.7% as at 31 March 2020.

Rental Relief for Qualifying Tenants

- Due to the COVID-19 pandemic, tenants' businesses have been adversely impacted in 1Q 2020.
- 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.





Regular Cleaning & Disinfecting

**Outdoor Seats
@ Hefei Mengchenglu**



**Mall Entrance
@ Chengdu Konggang**



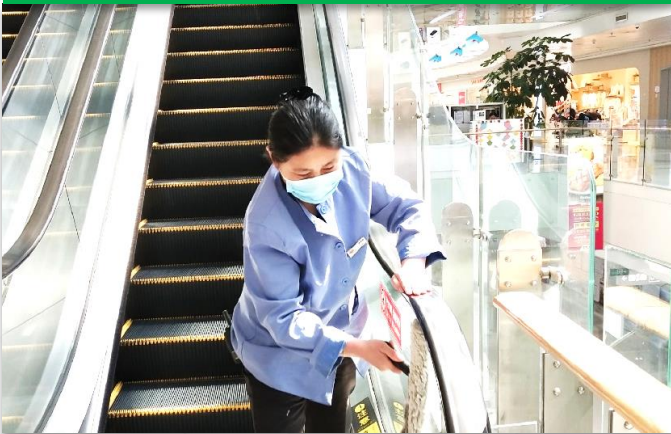
**Information Counter
@ Hefei Mengchenglu**



**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





1Q 2020 Updates

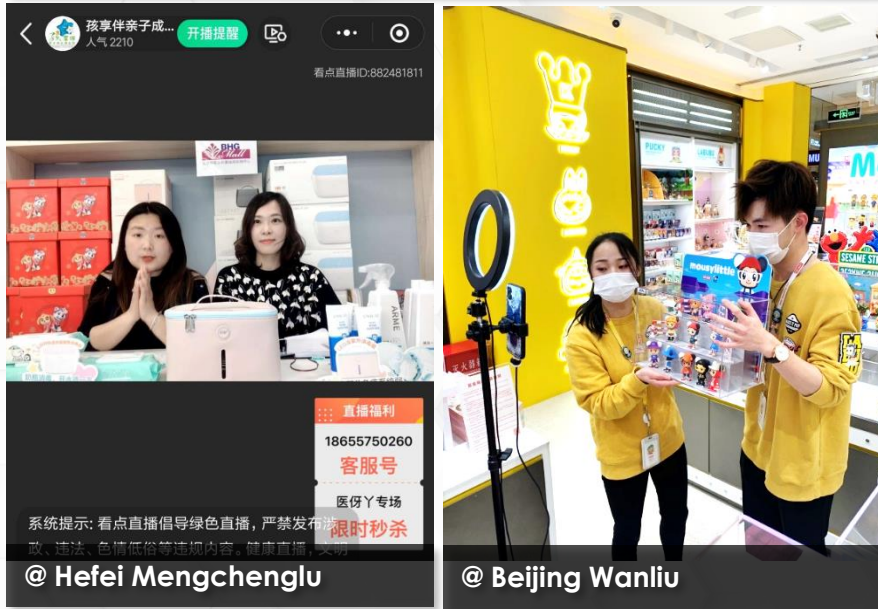


Photo of Beijing Wanliu



Innovative New Retail @ Work

LIVE BROADCASTING



- Real-time in-shop experience.
- Interactions at the comfort and convenience of shoppers.
- Live broadcast launched via malls' and tenants' platforms for example wechat and 爱逛直播间.

PRECAUTIONARY MEASURES VIDEO



Video Recording
@ Hefei Changjiangxilu

Entrance Thermal-scan
@ Hefei Changjiangxilu

- Mall management staff, on-site security and cleaning, and business operators jointly endorse resilience of measures.
- Display of measures adopted. Thus, seek to ease shoppers' hesitation of physical visits.
- Video clips aired on Wechat, Douyin, and other online platforms.

WECHAT GROUPCHAT



@ Hefei Mengchenglu

- Establish an exclusive BHG mall's wechat group with participating merchants and members.
- Efficient channel to communicate promotions, events, as well as mall information.



Integrating Traditional & New Retail Interactions

RESUMPTION OF IN-MALL EVENTS



By Chengdu Konggang

ONLINE CONTEST + REWARDS



By Chengdu Konggang

- Online contests giving out Red Packets as rewards which can be exchanged for gift items.
- These initiatives encourage mall memberships and further spending.

F&B VOUCHERS



By Hefei Mengchenglu



By Hefei Changjiangxilu

- In-mall marketing activities re-introduced progressively.

Doing Our Part For Communities

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



Visitorship Recovery: Easing of Sentiments

Beijing Wanliu



Chengdu Konggang



Hefei Mengchenglu



Hefei Changjiangxilu





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 Overview¹

6
Properties

4,707.0
(RMB million)
Valuation²

180,399
Net Lettable Area
(NLA)

94.7%
Committed
Occupancy Rate

6.4 Years
Weight Ave. Lease
Expiry by NLA

	Beijing Wanliu	Chengdu Konggang	Hefei Mengchenglu	Hefei Changjiangxilu	Xining Huayuan	Dalian Jinsanjiao
Valuation ² (RMB million)	2,502.0 (100%) 1,501.2 (60%)	662.0	603.0	492.0	280.0	168.0
NLA (sqm)	54,878	39,244	23,120	27,005	15,345	20,807
Committed Occupancy Rate	95.0%	91.2%	92.0%	94.3%	100.0%	100.0%
WALE (NLA) years	3.6	4.0	4.9	5.4	14.8	14.8

¹ As at 31 March 2020.

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

● Multi-tenanted
● Master-leased



Lease Expiry Profile

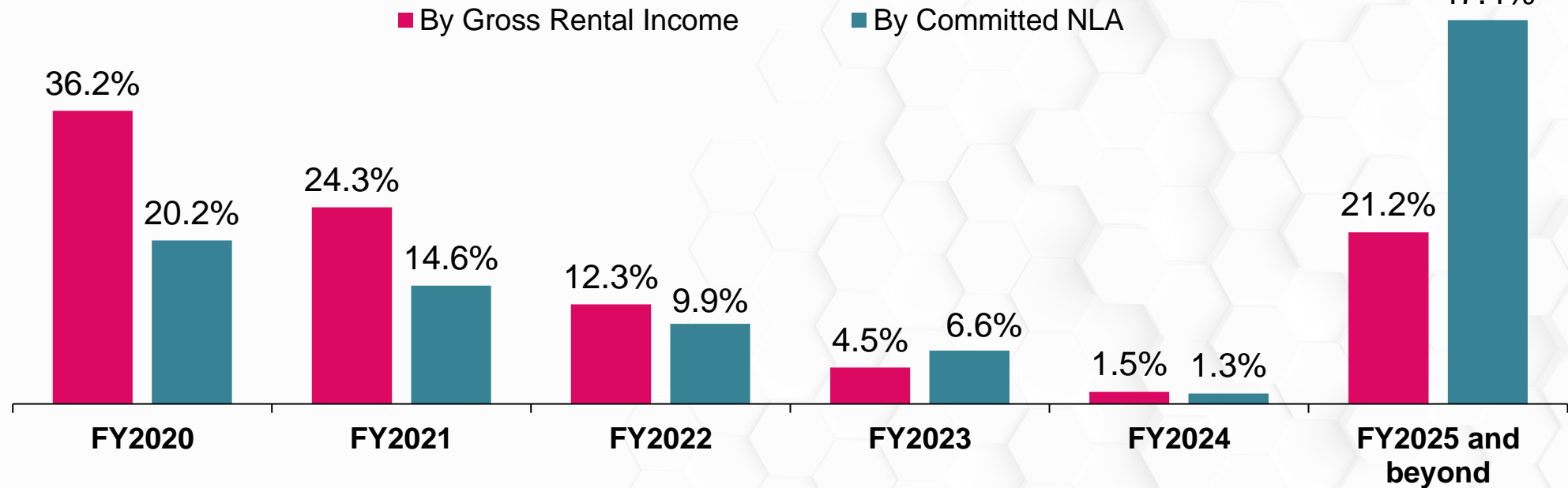
**Weighted average lease expiry (WALE)
as at 31 March 2020**

By Gross Rental Income: 3.7 years

By Committed NLA: 6.4 years



Lease Expiry Profile as at 31 March 2020



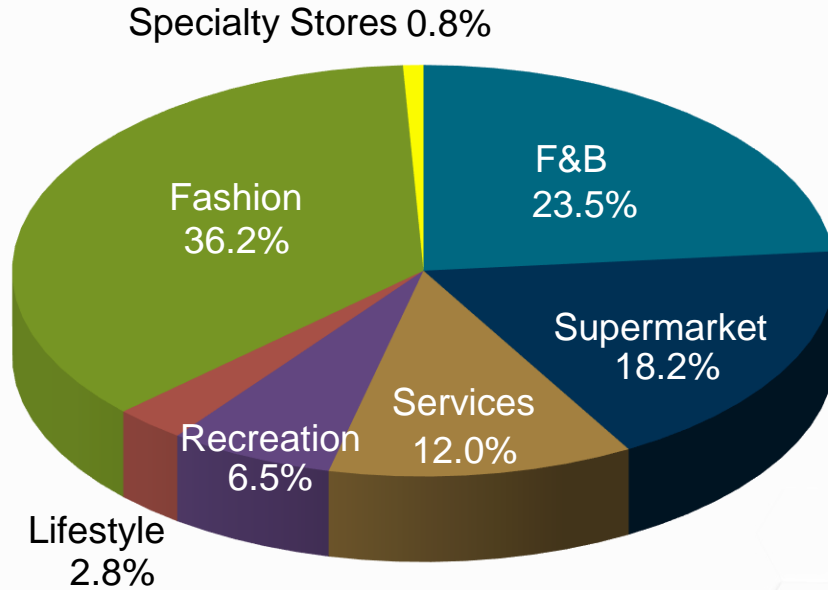


Well Diversified Portfolio Tenant Mix

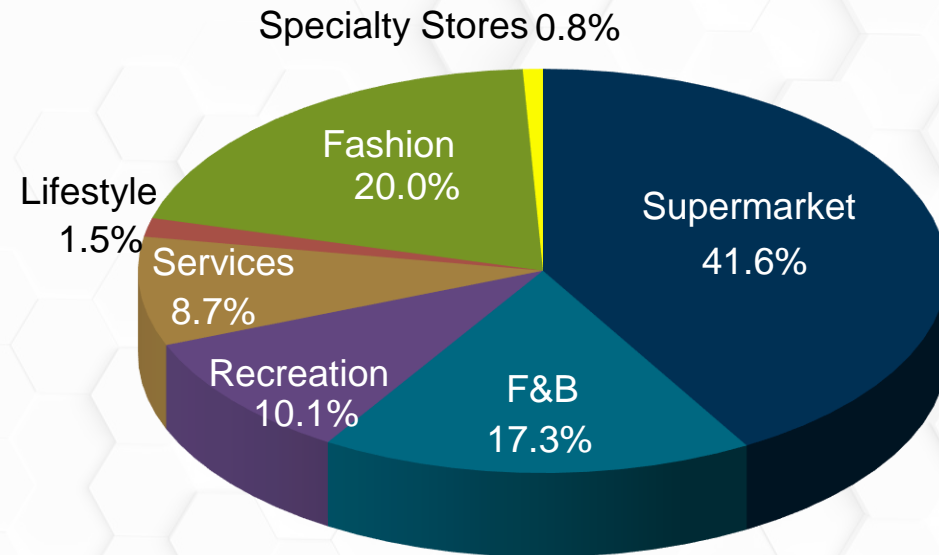
Over 60% of Gross Rental Income and Close to 80% of Net Lettable Area from experiential segment (exclude fashion and specialty stores)

As at 31 March 2020

Breakdown of Gross Rental Income by Trade Sector



Breakdown of Net Lettable Area by Trade Sector





Capital Management

Photo of Hefei Mengchenglu



Capital Management

As at 31 March 2020

Aggregated borrowings drawn down
S\$ 294.6 mil

Gearing Ratio¹
35.3 %

Average Cost of Debt²
4.2%

Interest Coverage Ratio³
2.8 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).



Looking Forward





Looking Forward

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 Sponsor and Group retailer 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
- Explore acquisition opportunities in both Right of First Refusal (“ROFR”) and third party quality income-producing retail properties

China Macroeconomic Outlook Manoeuvring Through Unprecedented Times

- As a result of containment measures for COVID-19 adopted across the nation, China registered a year-on-year decline in the 1Q 2020 economic performance.
- Chinese authorities have rolled out a combination of monetary and fiscal measures to support its economy.
- People's Bank of China implemented monetary policies such as reserve requirement ratio cuts, and expansion of special re-lending quota.
- In addition, fiscal and other support measures announced include reduction of property tax, land use tax, social security fund contribution, utilities, etc
- Notwithstanding this near-term headwind, the Manager remains sanguine. BHG Retail REIT’s long-term strategy is well-positioned to benefit from China’s rising residents’ income and consumption upgrade.



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Thank you

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