



BHG Retail REIT's FY 2023

Gross Revenue of S\$62.0 million

**Ongoing Tenancy Rejuvenation Efforts to Enhance Shopper's Experience
Healthy Occupancy Rate of 95.6%**

SINGAPORE, 23rd February 2024 – BHG Retail Trust Management Pte. Ltd., the Manager of BHG Retail REIT, is pleased to announce the results of BHG Retail REIT for the full year period ended 31 December 2023 ("FY 2023").

BHG Retail REIT registered an amount to be distributed to unitholders¹ of S\$2.2 million in FY 2023, lower compared to the corresponding period last year. This was mainly due to the weakening of Renminbi against the Singapore Dollar and higher interest expense. The distribution per unit ("DPU") of 0.08 Singapore cents will be paid to Unitholders on 28 March 2024.

Ms Chan Iz-Lynn, Chief Executive Officer of BHG Retail Trust Management Pte. Ltd., said, "The Manager's proactive portfolio management effort contributed to the resilience of BHG Retail REIT's portfolio in a challenging environment. Despite the challenges, BHG Retail REIT's portfolio of quality assets continued to exhibit resiliency. Occupancy rate remained strong at 95.6%, with a weighted average lease expiry of 3.3 years (by Gross Rental Income) and 5.9 years (by Net Lettable Area). In RMB term, our portfolio valuation increased by 0.4% year-on-year, demonstrating its underlying strength.

In FY 2023, the Manager continued to be proactive in improving the resilience of its tenancy mix with the introduction of new tenants from diverse sectors including lifestyle, F&B and retail, as part of the malls' tenancy rejuvenation efforts. In tandem with the improving consumer sentiments, the REIT continued to engage its shoppers and communities through marketing activities such as the Halloween and mural painting events at Beijing Wanliu, the public square basketball competition and piano concert events at Hefei Changjiangxilu, among others, in 2H 2023.

Footnote:

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.

Our quality portfolio of retail malls in high population density neighbourhoods are well-positioned to capitalise on China's economic recovery. Looking forward, the Manager will remain focused on executing its current strategy of refreshing and optimising its malls' tenant mix, remaining prudent in its capital management, and pursuing yield-accretive acquisition opportunities."

Robust Financial Position and Prudent Capital Management

BHG Retail REIT's appraised independent valuation in Renminbi was RMB 4,723.0 million as at 31 December 2023, an increase of RMB 20.0 million (0.4%), from the independent valuation of RMB 4,703.0 million as at 31 December 2022.

As at 31 December 2023, the REIT's gearing ratio remained healthy at 39.9%. Total borrowings drawn down aggregated to S\$302.4 million, with more than 80% of borrowings denominated in Singapore dollars, and the remaining denominated in Renminbi.

In addition to the natural hedge provided by the Renminbi-denominated debt to the matching revenue stream, about 50.2% of the offshore debt has been hedged from a floating rate to a fixed rate via interest rate swap instruments.

Outlook

China's gross domestic product¹ ("GDP") for 2023 increased 5.2% year-on-year to RMB 126.0 trillion, broadly in line with market consensus of 5.3% expansion². 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-year¹, the higher growth rate was driven in main by food and beverages, clothing and jewelries 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 2024³, the upgrade reflects carryover from stronger-than-expected growth in 2023 and increased government spending on capacity building against natural disasters.

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 average⁴.

Footnotes:

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

ABOUT BHG RETAIL REIT (<http://www.bhgreit.com>)

BHG Retail REIT is the first pure-play China Retail REIT sponsored by a leading China integrated retail group. The REIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 11 December 2015. The principal investment strategy of BHG Retail REIT is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate which is used primarily for retail purposes (whether either wholly or partially), as well as real estate-related assets in relation to the foregoing, with an initial focus on China.

As at 31 December 2023, the REIT's portfolio comprises six retail properties, Beijing Wanliu (60%), Chengdu Konggang, Hefei Mengchenglu, Hefei Changjiangxilu, Xining Huayuan, Dalian Jinsanjiao located in Tier 1, Tier 2 and other cities of significant economic potential in China. The portfolio gross floor area of about 311,691 sqm, has a committed occupancy of 95.6% as at 31 December 2023.

As at the latest date of valuation, total appraised value was approximately RMB 4,723 million. Under voluntary right of first refusal agreements, properties may potentially be offered to BHG Retail REIT as future pipeline assets.

ABOUT THE REIT MANAGER

BHG Retail REIT is managed by BHG Retail Trust Management Pte. Ltd., an indirect wholly owned subsidiary of the Sponsor, Beijing Hualian Department Store Co., Ltd. The Manager's key financial objectives are to provide Unitholders of BHG Retail REIT with an attractive rate of return on their investment through regular and stable distributions to Unitholders and to achieve long-term sustainable growth in distribution per unit and net asset value per Unit, while maintaining an appropriate capital structure for BHG Retail REIT.

ABOUT THE SPONSOR

BHG Retail REIT is the first retail REIT sponsored by an established PRC home-grown retail property operator, Beijing Hualian Department Store Co., Ltd. (the "Sponsor"). Established in May 1998, the Sponsor is a listed company on the Shenzhen Stock Exchange (stock code: 000882). The Sponsor is one of the first companies to be engaged in retail property management in China whose focus is mainly on the ownership and management of community retail properties. These properties are positioned as one-stop family-oriented destinations for the community in

its locality, with shopping, dining, recreational and entertainment facilities to cater to an extensive variety of communal needs.

For further information and enquiries:

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IMPORTANT NOTICE

The value of units in BHG Retail REIT (“Units”) and the income derived from them, if any, may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, BHG Retail Trust Management Pte. Ltd., as manager of BHG Retail REIT (the “Manager”) or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of BHG Retail REIT is not necessarily indicative of its future performance.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of BHG Retail REIT (“Unitholders”) may only deal in their Units through trading on the SGX-ST. Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

This press release may contain forward-looking statements that involve risks and uncertainties. Such forward-looking statements and/or financial information involve a number of factors, risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, the present and future business strategies, the environment in which BHG Retail REIT will operate in the future, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, property expenses and governmental and public policy changes, and the continued availability of financing. The actual results, performance or achievements of BHG Retail REIT or the Manager, or industry results, may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and/or financial information, as these statements and financial information reflect the Manager’s current views concerning future events and necessarily involve risks, uncertainties and assumptions. Prospective investors and Unitholders are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the Manager on future events.