

# BHG Retail REIT

## 1H 2023 Results Presentation



8 August 2023



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Photo of Hefei Mengchenglu

# 1H 2023 Key Highlights



**31.1**  
(SGD million)  
**Gross Revenue**  
in 1H 2023

**17.9**  
(SGD million)  
**Net Property Income** in  
1H 2023

**0.35**  
(SGD cents)  
**Distribution per Unit** in  
1H 2023<sup>1</sup>



**95.8%**  
**Portfolio**  
**Occupancy**<sup>2</sup>

**39.3%**  
**Gearing**<sup>2</sup>

**Revitalising Tenancies**  
**Enhancing Experiences**



**+5.5%**  
**China GDP**  
**Growth**  
in 1H 2023<sup>3</sup>  
(y-o-y)

**+4.9%**  
**Disposable**  
**income**  
**per capita for urban residents**  
in 1H 2023<sup>3</sup> (y-o-y)

**+8.2%**  
**China Retail Sales**  
**Growth**  
in 1H 2023<sup>3</sup>  
(y-o-y)

1. For the 1H 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.

2. As at 30 June 2023.

3. Source: National Bureau of Statistics of China.

# Financial Update



Photo of Beijing Wanliu

# 1H 2023 Financial Update

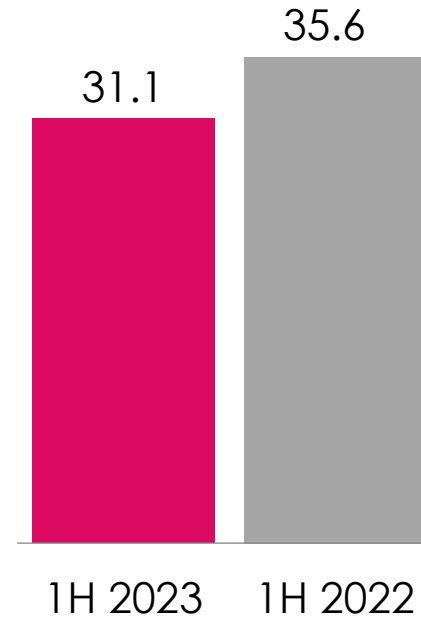
**Gross Revenue**  
1H 2023  
**31.1**  
SGD million

**Net Property Income**  
1H 2023  
**17.9**  
SGD million

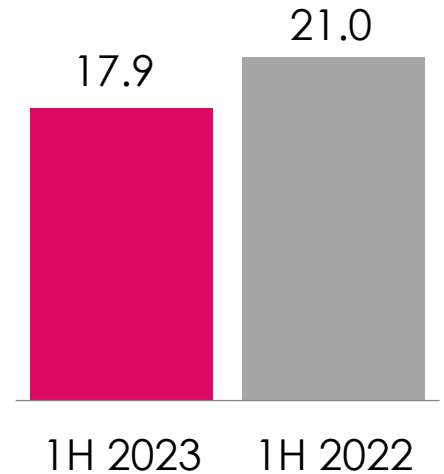
**Amount to be distributed  
to Unitholders<sup>1,2</sup>**  
1H 2023  
**1.8**  
SGD million

**Distribution per Unit<sup>1,2</sup>**  
1H 2023  
**0.35**  
SGD cents

**Gross Revenue**  
SGD million



**Net Property Income**  
SGD million



1. For the 1H 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.
2. Lower year-on-year (y-o-y) mainly due to weakening of RMB against SGD and higher interest expenses.

# 1H 2023 Distribution Payment

## Distribution Details

|                             |                                |
|-----------------------------|--------------------------------|
| Distribution Period         | 1 January 2023 to 30 June 2023 |
| Distribution Per Unit (SGD) | 0.35 cents per unit            |

## Distribution Timetable

|                    |                   |
|--------------------|-------------------|
| Ex-Date            | 16 August 2023    |
| Books Closure Date | 17 August 2023    |
| Payment Date       | 28 September 2023 |

# Balance Sheet and Capital Management

| Balance Sheet (SGD million)                       | As at 30 June 2023 |
|---|--------------------|
| Investment Properties                             | 876.9              |
| Total Assets                                      | 928.7              |
| Total Liabilities                                 | 379.5              |
| Net Assets  | 549.2              |
| Net Asset Value Per Unit <sup>1</sup> (SGD cents) | 0.74               |

| Healthy Gearing<br>with Debt Headroom for Growth  | As at 30 June 2023 |
|---|--------------------|
| Aggregated Borrowings Drawn Down                  | \$299.9m           |
| Gearing Ratio <sup>2</sup>                        | 39.3%              |
| Average Cost of Debt <sup>3</sup>                 | 5.7%               |
| Net Asset Value Per Unit <sup>1</sup> (SGD cents) | 0.74               |

- Above 80% of borrowings are denominated in Singapore dollars (offshore borrowings)
- Approximately 50% of offshore borrowings hedged via interest rate swaps

1. Based on net assets attributable to Unitholders.

2. Based on total loans and borrowings principal attributable to Unitholdings divided by total assets attributable to Unitholders.

3. Weighted average cost of debt will be approximately 6.5% per annum if amortisation of loan establishment fee is included.

# Portfolio Update



好利来  
CAKE HEAD  
Bakery Cafe

HOL

STARBUCKS COFFEE

BURGER KING 汉堡王

Photo of Chengdu Konggang



# Portfolio Overview

## MULTI-TENANTED



Beijing Wanliu



Hefei Mengchenglu



Chengdu Konggang



Hefei Changjiangxilu



## MASTER-LEASED



Xining Huayuan



Dalian Jinsanjiao

# Portfolio Overview<sup>1</sup>

6  
Properties

4,703.0  
(RMB million)  
Valuation<sup>2</sup>

179,920  
Net Lettable Area  
(NLA) sqm

95.8%  
Committed  
Occupancy Rate

5.4 Years  
Weighted Ave.  
Lease Expiry by NLA

|   | Beijing<br>Wanliu    | Chengdu<br>Konggang | Hefei<br>Mengchenglu | Hefei<br>Changjiangxilu | Xining<br>Huayuan | Dalian<br>Jinsanjiao |
|---|----------------------|---------------------|----------------------|-------------------------|-------------------|----------------------|
| Valuation <sup>2</sup><br>(RMB million) | 2,527.0 <sup>3</sup> | 667.0               | 587.0                | 483.0                   | 274.0             | 165.0                |
| NLA (sqm)                               | 52,232               | 39,486              | 25,087               | 26,963                  | 20,807            | 15,345               |
| Committed<br>Occupancy Rate             | 96.9%                | 97.6%               | 90.0%                | 91.1%                   | 100.0%            | 100.0%               |
| WALE (NLA) years                        | 3.5                  | 3.1                 | 3.6                  | 4.0                     | 11.5              | 11.5                 |

1. As at 30 June 2023.

2. Based on independent valuation from Colliers International (Hong Kong) Limited as at 31 December 2022.

3. Based on 100% interest of Beijing Wanliu. Valuation of Beijing Wanliu based on 60% interest amounted to RMB 1,516.2 million.

● Multi-tenanted  
● Master-leased

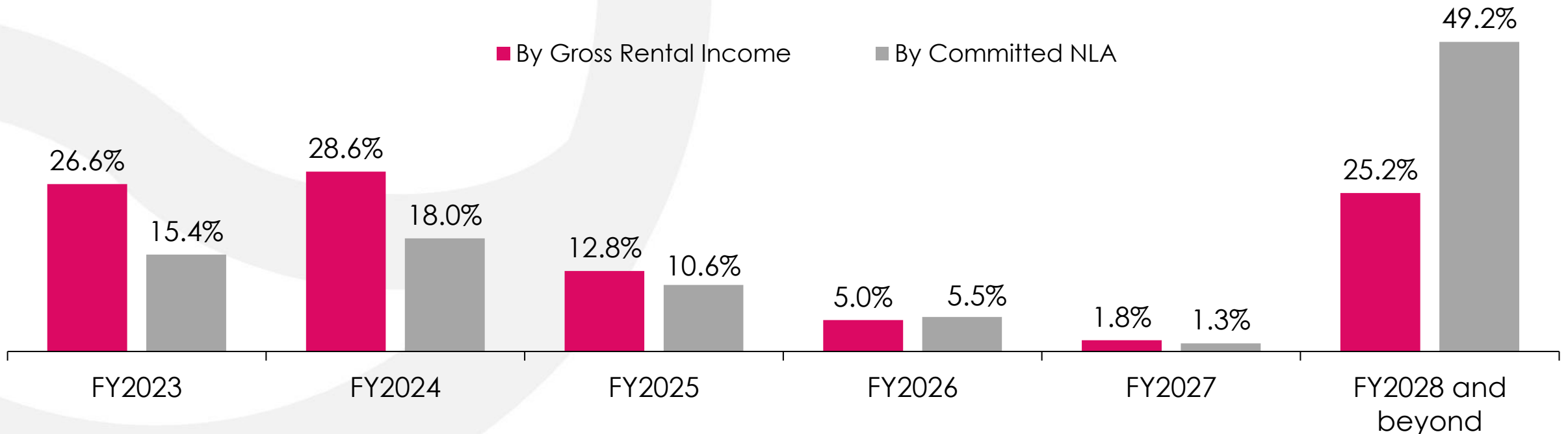
# Lease Expiry Profile

## Weighted Average Lease Expiry (WALE) as at 30 June 2023

By Gross Rental Income: 3.3 years

By Committed NLA: 5.4 years

## Lease Expiry Profile as at 30 June 2023

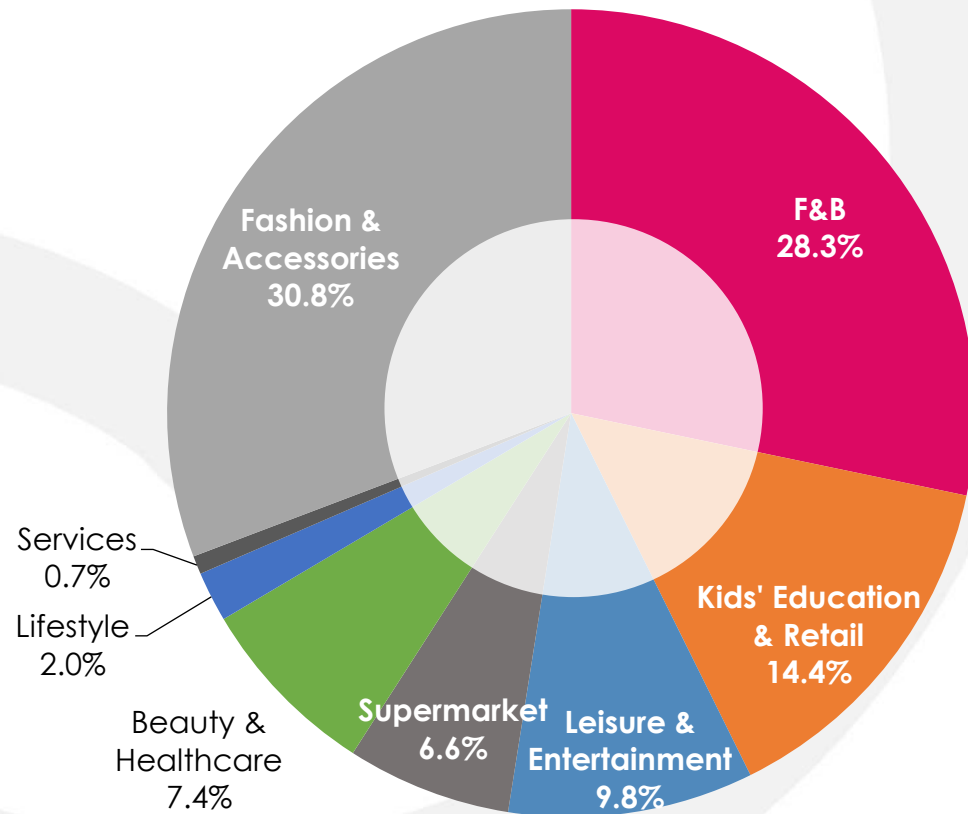


# Diversified Tenant Mix

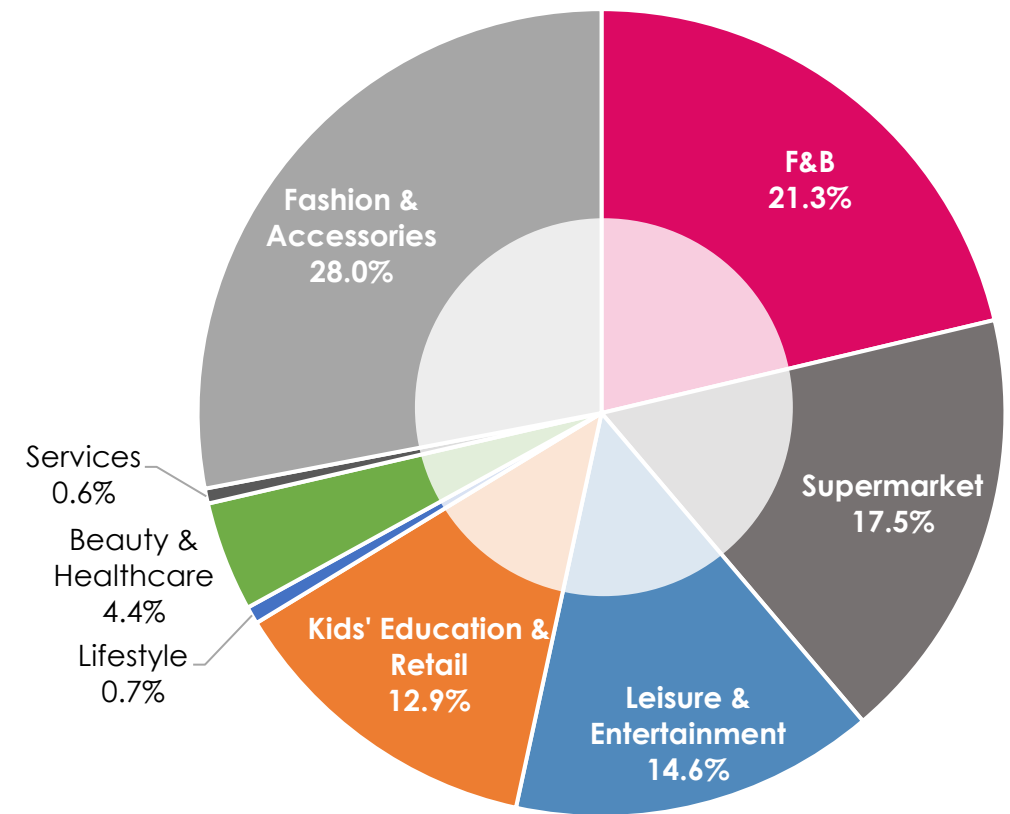
- Close to 69% of Gross Rental Income and 72% of Net Lettable Area from experiential segment (exclude fashion & accessories)

## Multi-tenanted Malls (As at 30 June 2023)

### Breakdown of Gross Rental Income by Trade Sector



### Breakdown of Net Lettable Area by Trade Sector



北京华联蒙城路购物中心



生·活·超·市  
LIFESTYLE MARKET

# Revitalising Tenancies Enhancing Experiences

必胜客  
午市套餐  
30元起

广告位招租

广告位招租

广告位招租

广告位招租

阳光保险集团 人壽

# New Lifestyle and Retail Offerings In our Malls

Leke Fitness 乐刻健身



@ Beijing Wanliu

Migao Roller Skating 米高轮滑



@ Hefei Changjiangxilu

Zhuanzhuan 转转



@ Chengdu Konggang

Reflower 花点时间



@ Beijing Wanliu

Timier House 婷美小屋



@ Beijing Wanliu

Kaadas Smart Locks 凯迪仕智能锁



@ Beijing Wanliu

# New Tenants In Our Malls (Fashion and Children)

CMUOUX 彩木欧宣



Finelycup 梵妳卡波



Haobo 好波



361° Sports



Madai Arcade 麻哒商城



Children's Playground 梦思彤



# Popular F&B Selections

AGan Guokui 阿甘锅盔



Galaxy Food Court 银河美食广场



Blue Frog Bar & Grill 蓝蛙



Hey Tea 喜茶



Su Xiangji 酥祥记



Yi Xun Mao Cai 壹寻冒菜





# Engaging Communities Creating Lasting Memories



# Engaging Shoppers and Communities



Street Dance Competition @ Beijing Wanliu



Public Square Dancing Event @ Hefei Changjiangxilu



Music Festival @ Beijing Wanliu



E-Sports Event @ Hefei Changjiangxilu

# Children & Family Activities



Parent-Child Art & Craft @ Beijing Wanliu



Children's Concert @ Hefei Changjiangxilu



Father's Day Event @ Beijing Wanliu



Parent-Child Art & Craft @ Hefei Mengchenglu

# Our Sustainability Journey

## Environmental, Social and Governance (ESG)



# Environmental, Social and Governance (ESG)

## Background

- We are cognisant of ESG issues that are relevant for BHG Retail REIT and our stakeholders
- Proactively strive to consider and address these ESG issues during our business strategy formulation
- Started annual sustainability reporting and issued first Sustainability Report in FY 2018



## Climate Change

- We recognise that climate change has a widespread and severe impact on the environment we live in
- Constantly finding ways to reduce carbon emissions and started exploring innovative solutions for our retail properties
- Started climate risk assessment and scenario analysis in FY 2021 for our retail properties located in China



# Our Sustainability Journey: Environmental

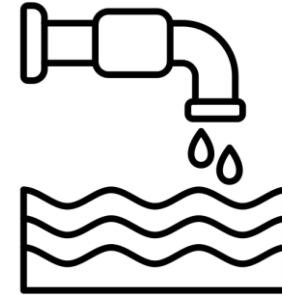
## Energy Efficiency



Established energy savings plan to ensure energy efficiency through lighting management efforts and optimisation of air-conditioning system output, such as:

- ✓ Installing motion sensor-based and timing-controlled lights and LED lights;
- ✓ Installing air curtains, strip curtains and sunshades to dissipate excess heat, keeping the mall interior cool without requiring a high system output;
- ✓ Regular readjustment of system output based on actual weather conditions and temperature to minimise energy wastage

## Water Management



- Implemented practices to control and manage water wastage such as:
  - ✓ Utilising water-efficient flushing cisterns;
  - ✓ Installing motion sensor water faucets;
  - ✓ Reducing tap flow rate

# Our Sustainability Journey: Social (CSR Initiatives)

CNY Gift Packs to Elderlies 孤寡老人爱心慰问活动



Tree Planting Programme 植树节



Movies for the Disabled 残疾人公益观影活动



Calligraphy Workshop with Visually Impaired Artist



# Our Sustainability Journey: Governance

| Awards  | Results  | Year |
|---|----------|------|
| 1 Best Retail REIT (for companies with less than US\$1 billion in market capitalisation)<br>Asia Pacific Best of the Breed REITs Awards 2023™ | Platinum | 2023 |
| 2 Best Investor Relations<br>Asia Pacific Best of the Breed REITs Awards 2023™  | Platinum | 2023 |
| 3 Best Corporate Communications and Investor Relations Team<br>(The Global CSR & ESG Awards 2022™ )   | Platinum | 2022 |
| 4 Best Community Programme Award<br>(The Global CSR & ESG Awards 2022™)   | Platinum | 2022 |
| 5 CSR & ESG Leadership Award<br>(The Global CSR & ESG Awards 2022™)   | Platinum | 2022 |



# Looking Forward



Photo of Beijing Wanliu

# China Macroeconomic Outlook

| China  |       |
|--|-------|
| GDP Growth (y-on-y)                                      | +5.5% |
| Disposable income per capita of urban residents (y-on-y) | +4.9% |
| Retail Sales of Consumer Goods Growth (y-on-y)           | +8.2% |

## 1H 2023

- China's 1H2023 gross domestic product ("GDP") grew 5.5% year-on-year to RMB 59.3 trillion. 1H 2023 disposable income per capita of urban residents grew 4.9% year-on-year, while retail sales of consumer goods was up 8.2% year-on-year<sup>1</sup>
- Fitch Ratings reported that even though recent data point to a fading rebound from the reopening at end-2022, China's GDP growth should still remain above the 2023 government target of 5%. It expects China's GDP to grow at 5.6% in FY 2023 as the economy normalises following weak consumption growth in FY 2022<sup>2</sup>
- China's top leaders pledged at the Politburo meeting in July 2023 to step up economic policy adjustments, focusing on expanding domestic demand, boosting confidence and preventing risks, signalling more stimulus steps<sup>3</sup>
- In July 2023, the Federal Reserve raised its benchmark interest rate to its highest level since 2001, by 25 basis points to a range of 5.25% to 5.50%, following three interest rate hikes in 1H 2023. It also signalled the possibility of more interest rate hikes amid improving economic prospects<sup>4</sup>

1. Source: National Bureau of Statistics of China.

2. Source: National Development and Reform Commission.

3. Fitch Ratings (18 July 2023): China's Growth to Remain Above Target as Recovery Momentum Fades.

# Looking Forward

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 rent 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 and 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 relation to quality income-producing properties from the Sponsor's pipeline as well as third-party vendors



Photo of Beijing Wanliu

# Disclaimer

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# Thank you

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