



## UPDATE ON BHG RETAIL REIT'S OPERATIONS IN RELATION TO DEVELOPMENTS OF THE NOVEL CORONAVIRUS SITUATION IN CHINA

**SINGAPORE, 30<sup>th</sup> January 2020** – BHG Retail Trust Management Pte. Ltd., as manager of BHG Retail REIT (the “**REIT Manager**”) wishes to keep our stakeholders abreast of BHG Retail REIT’s operations in relation to the developments of the Novel Coronavirus (2019-nCoV) in various Chinese cities. BHG Retail REIT has six properties. Of the six properties, four are multi-tenanted, namely Beijing Wanliu, Chengdu Konggang, Hefei Mengchenglu and Hefei Changjiangxilu. The remaining two properties, Xining Huayuan and Dalian Jinsanjiao, are master-leased to BHG Hypermarket Co., Ltd. All existing properties, as well as Badaling Outlets (the outlet mall which BHG Retail REIT is proposing to acquire), continue to operate and to serve its respective communities and customers, albeit with a reduction in operating hours of the properties in line with local government guidelines. BHG Retail REIT will continually review the operating hours of its malls in line with local conditions and regulations.

As a socially responsible and diligent retail conglomerate, Beijing Hualian Group (including Beijing Hualian Department Store Co., Ltd. as the sponsor of BHG Retail REIT (the “**Sponsor**”), the REIT Manager and the respective property managers) endeavor to undertake proactive and vigilant 2019-nCoV prevention and control, with guidance from the respective local authorities.

Some of the preventive measures adopted at the properties’ level pursuant to guidelines from health authorities include providing face masks to employees; setting up temperature scans at entrances; stepping up efforts to clean and disinfect facilities and public areas; limiting activities with mass gatherings; putting in place contact tracing procedures to monitor the well-being of employees, tenants’ employees and visitors. Further, a 2019-nCoV task force has been set up by the Sponsor, to ensure speed and precision in establishing preventive measures and in any incident management.

With the continuing development of the 2019-nCoV situation, the full financial impact of the 2019-nCoV on BHG Retail REIT cannot be ascertained at this stage. Notwithstanding this near-term headwind, the REIT Manager believes that BHG Retail

REIT's long-term strategy is well-positioned to benefit from China's rising residents' income and consumption upgrade.

The REIT Manager will continue to monitor developments of the situation and provide any material updates at the appropriate juncture.

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#### **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 30 September 2019, 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 98.6% as at 30 September 2019.

As at the latest date of valuation, total appraised value was approximately RMB 4,566.9 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:

Nigel Nai Zi  
Investor Relations Manager  
BHG Retail Trust Management Pte. Ltd.  
Contact: (65) 6805 8283  
Email: ir@bhgreit.com

### **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.