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REIT: BHG Retail REIT
(Manager: BHG Retail Trust Management Pte. Ltd.)

Stock code: BMGU

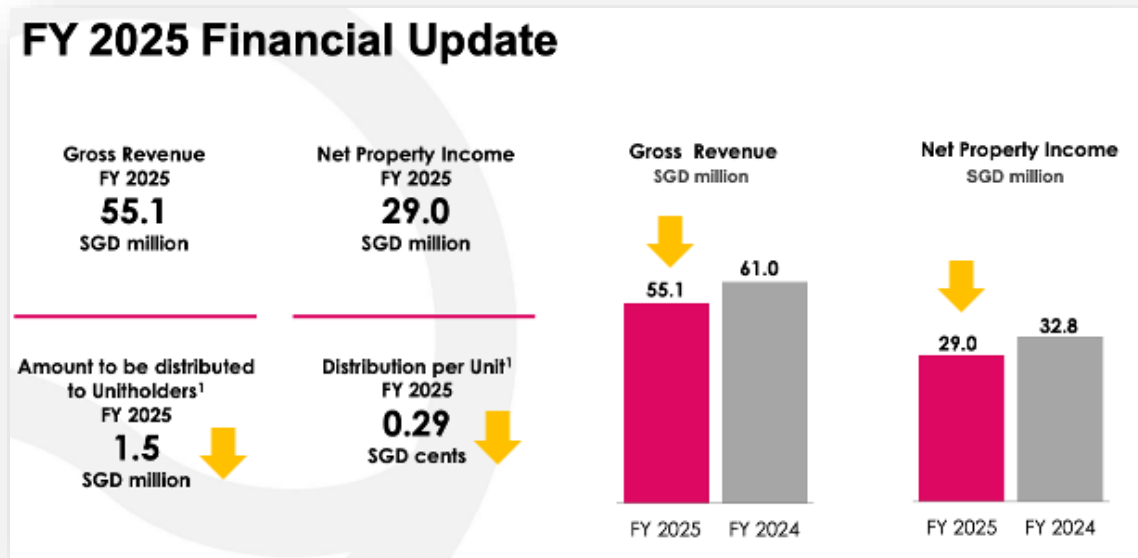
Meeting details:

Date: 28 April 2026

Time: 10.30 a.m.

Venue: Raffles City Convention Centre, Level 4, Minto Room, 80 Bras Basah Rd, Singapore 189560

Q1. As noted in the letter to unitholders, gross revenue and net property income of the REIT were affected by softer leasing conditions and rental support extended to selected tenants.



(Source: <https://links.sgx.com/FileOpen/BHG%20REIT-Result%20Presentation%202H%202025.ashx?App=Announcement&FileID=876556>; emphasis added)

Rental support has been provided to the master-lessors of Dalian Jinsanjiao and Xining Huayuan. Gross revenue from these two properties declined from about RMB28-29 million over FY2021 to FY2023, to RMB21.1 million in FY2024, and further to RMB18.8 million in FY2025. While gross revenue from Dalian Jinsanjiao improved slightly, gross revenue from Xining Huayuan continued its slide by another RMB2.5 million in FY2025.

Gross Revenue	RMB'000		S\$'000	
	FY 2025	FY 2024	FY 2025	FY 2024
Multi-tenanted				
Beijing Wanliu	181,828	197,094	33,069	36,625
Chengdu Konggang	63,610	63,894	11,569	11,873
Hefei Changjiangxilu	22,372	27,457	4,069	5,102
Hefei Mengchenglu	16,402	18,531	2,983	3,443
	284,212	306,976	51,690	57,043
Master-leased				
Xining Huayuan	10,512	12,978	1,912	2,412
Dalian Jinsanjiao	8,268	8,085	1,504	1,502
	18,780	21,063	3,416	3,914
Portfolio	302,992	328,039	55,106	60,957

(Source: annual report 2025)

- (i) **What is the basis and governance framework for granting rental support to master-lessees, including the approval process, performance conditions and limits on such support?**
- (ii) **Can the manager provide transparency on the underlying operating performance of the master-leased properties, including occupancy rates, tenant retention and rental reversions, on a see-through basis?**
- (iii) **Given the continued decline in revenue and the need for rental support, how does the manager assess the sustainability of the master lease arrangements, particularly for Xining Huayuan where gross rental has fallen by 40%? Should the master lessee seek a revision of lease terms, what negotiating leverage does the manager realistically retain?**
- (iv) **On page 194, the manager disclosed that a rental discount of \$2.05 million was granted to the controlling unitholder. This exceeds the total FY2025 distributable income to unitholders of \$1.5 million. Can the independent directors clarify whether this discount is separate from rental support, and explain the commercial rationale, approval process and basis for determining the quantum? How are the interests of unitholders prioritised in this arrangement?**

Q2. In March 2025, the manager refinanced its secured term loan facilities for a further three years, incurring one-off refinancing costs. As disclosed previously, transaction costs relating to refinancing were \$7.2 million for the refinancing done in FY2022.

As at 31 December 2025, while the average cost of debt is 4.2%, the all-in cost of debt is approximately 5.0% p.a. when amortisation of loan establishment fees is included.

Key Financial Indicators	
As at 31 December 2025	
Gearing ¹	41.6%
Interest cover ratio (times) ²	1.7
Weighted average term to maturity (years)	2.3
Average cost of debt ³	4.2%

(Source: annual report 2025)

Against a portfolio valuation of RMB4.69 billion, the group generated gross revenue of RMB303.0 million, implying a yield of approximately 6.46%. This suggests a relatively narrow spread over the all-in cost of debt, before accounting for operating expenses, fees and other costs. Distribution per unit has declined to 0.29 Singapore cents for FY2025, with the second half distribution falling to 0.07 cents.

- (i) How sensitive is distribution per unit to changes in interest rates? What proportion of borrowings is fixed or hedged, and what are the outcomes of management’s scenario analysis under different interest rate and revenue assumptions, including downside cases where distributions may be materially reduced or suspended?**

20. FINANCE INCOME AND FINANCE COSTS

	Group		REIT	
	2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Finance income:				
- financial institutions	25	91	-	-
Finance costs:				
- amortisation of borrowing costs	(2,233)	(2,450)	(1,799)	(2,319)
- interest expenses on loans and borrowings	(13,829)	(16,846)	(13,940)	(17,220)
- interest expenses on lease liability	(25)	(8)	-	-
	(16,087)	(19,304)	(15,739)	(19,539)
Net finance costs recognised in statement of total return	(16,062)	(19,213)	(15,739)	(19,539)

Distribution Statements

Year ended 31 December 2025

	Note	Group		REIT	
		2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
Amount available for distribution to Unitholders at beginning of the year		1,377	517	1,377	517
Total loss for the year attributable to Unitholders		(1,818)	(2,283)	(8,722)	(12,568)
Distribution adjustments	A	3,456	5,144	10,360	15,429
Income for the year available for distribution to Unitholders		1,638	2,861	1,638	2,861
Amount retained ⁽ⁱ⁾		(164)	(286)	(164)	(286)
Income for the year to be distributed to Unitholders		1,474	2,575	1,474	2,575

(Adapted from annual report 2025)

With a weighted average term of maturity of 2.3 years, the REIT would have to refinance in two years' time. As shown above, even the amortisation of borrowing costs is more than the income distributed to unitholders.

- (ii) What efforts has the manager made to identify alternative sources of funding and optimise all-in cost of debt? Is the REIT locked into any particular sources of financing, or facing challenges in attracting new lenders who can offer competitive rates?

- (iii) Given that onshore loans appear to be cheaper, why does the REIT remain dependent on offshore and SGD-denominated loans rather than onshore RMB facilities? What are the specific challenges, if any, in accessing onshore financing?

Q3. The price performance of the REIT since its IPO in December 2015 is shown below. The REIT currently trades near historical lows at approximately 45 cents. According to SGX StockFacts¹, the price-to-book ratio is 0.65 times.



(Source: <https://sg.finance.yahoo.com/quote/BMGU.SI/>)

- (i) What has been the total unitholder return over the past 5 and 10 years?
- (ii) In light of the sustained underperformance and valuation discount, have the independent directors initiated or considered a comprehensive strategic review of the REIT?

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

¹ <https://investors.sgx.com/market/securities?code=BMGU&type=reits&lang=en>



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