



Securities Investors Association (Singapore)

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: admin@sias.org.sg www.sias.org.sg

UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Dasin Retail Trust Management Pte. Ltd.

Security: Dasin Retail Trust

Meeting details:

Date: 18 April 2019

Time: 2.30 p.m.

Venue: The Westin Singapore 12 Marina View, Asia Square Tower 2 Singapore 018961

Company Description

Dasin Retail Trust specializes in the investments and owns, develops, and operates land, uncompleted developments, and income-producing real estate properties in Greater China, mainly for retail use.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=CEDU)

1. The trust's net asset value per unit slipped from \$1.53 as at 31 December 2017 to \$1.39 as at 31 December 2018. This was due to a drop in the valuation of the malls by 1.1% from RMB7,551 million to RMB7,466 million. In SGD terms, the portfolio valuation dropped by 4.7% due to the weakening RMB.

However, the net asset value per unit dropped by (9.2)% during the financial year.

The manager has identified the foreign exchange risk as a material risk. It disclosed that the trust is exposed to fluctuations of the Chinese Renminbi ("RMB") and United States Dollar ("USD") against the Singapore Dollar ("SGD").

To finance its RMB assets, the group has used the following:

- RMB394.0 million (S\$78.0 million) onshore syndicated term loan (the "Onshore Facility")
- SGD242.0 million offshore syndicated term loan
- USD134.3 million (S\$182.9 million) offshore syndicated term loan; equivalent to S\$424.9 million in aggregate (the "Offshore Facilities")

- (i) Having identified foreign exchange risk as a material risk to the group, what deliberations did the board have over the currency mismatch?**
- (ii) Would the audit committee help unitholders understand if obtaining the offshore facilities in SGD and USD is a prudent way to fund its assets that are denominated and receive cash flow in RMB?**
- (iii) What are the options available to the trust to hedge the currency mismatch?**

2. As noted in the Letter to unitholders, the trust has a pipeline of 20 "Right of First Refusal" properties from the Sponsor as at 31 December 2018. Of these 20 assets, 14 are completed properties and 6 are properties under development. The ROFR properties are located in Zhongshan, Zhuhai, Shunde and Macau of the Greater Bay Area.

As seen in the snapshot from SGX Stockfacts, the trust trades at 0.62x Price-to-book value and has a distribution yield of approximately 8.35%.



(Source: <https://www2.sgx.com/securities/stock-screener?page=1&code=CEDU>)

- (i) Given that the trust is trading at 0.62x P/B and has a distribution yield of 8.35%, does it affect the trust's ability to make accretive acquisitions?
- (ii) Should the manager make an acquisition for the trust, what are the likely ways to finance the acquisition that would be DPU accretive?
- (iii) Has the board set an internal limit to the aggregate leverage for the trust?

3. As shown in the operations review, the group achieved commendation rental reversion of between 7.0% to 18.4% for its new leases in the four malls (page 23).

New Lease Renewal/Rental Reversion

New Lease & Renewals	Number of New Lease/Renewals in 2018 ⁽¹⁾	Variance Over Preceding Rental
Shiqi Metro Mall	96	7.5%
Xiaolan Metro Mall	84	8.7%
Ocean Metro Mall	63	7.0%
Dasin E-Colour	45	18.4%
DRT Portfolio	288	8.2%

⁽¹⁾ Does not include leases with turnover rent and leases for new space created due to reconfiguration of units.

(Source: 2018 Annual report)

This could be attributed to the manager's pro-active lease management strategies. For instance, at Xiaolan Metro Mall, the space used by a leisure and entertainment business was converted to house five famous restaurants.

- (i) How much more value-adding lease management can the manager deliver at the malls?**
- (ii) Can the manager disclose the rental reversion rate on a like-for-like basis (excluding the impact of repositioning)?**
- (iii) In addition, while only 8.2% of the net lettable area is due for renewal in FY2019, it accounts for 24.2% of the gross rental income.**

Lease Expiry for 2019

	No. of Leases ⁽¹⁾	NLA		GRI ⁽³⁾	
		sqm	% of Total ⁽²⁾	RMB	% of Total
Xiaolan Metro Mall	81	3,677	1.5%	2,504,971	9.7%
Dasin E-Colour	38	6,006	2.5%	570,663	2.2%
Ocean Metro Mall	69	6,251	2.6%	1,239,005	4.8%
Shiqi Metro Mall	80	3,837	1.6%	1,939,567	7.5%
Total	268	19,771	8.2%	6,254,206	24.2%

⁽¹⁾ Based on the signed lease agreements on or before 31 December 2018.

⁽²⁾ Based on the total NLA ended 31 December 2018.

⁽³⁾ Based on the GRI of December 2018.

Can the manager help unitholders understand the challenges and opportunities in FY2019 to renew the expiring leases?

How confident is the manager in renewing the leases at similar/better rental rates to maintain/improve the trust's net property income?

A copy of the questions for the Annual Report for the financial year ended 31 December 2017 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Dasin%20Retail%20Trust&cid=6481,4521>



Securities Investors Association (Singapore)

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: admin@sias.org.sg www.sias.org.sg

UEN No: S99SS0111B

GST Reg No: M90367530Y

The company's response could be found here: -----

