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GST Reg No: M90367530Y

Business Trust: Dasin Retail Trust
(Trustee-Manager: Dasin Retail Trust Management Pte. Ltd.)

Stock code: CEDU

Meeting details:

Date: 29 April 2021

Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. In a year where the coronavirus pandemic sent the world into a tailspin, the trust proceeded with its acquisitions of Shunde Metro Mall and Tanbei Metro Mall in the second half of FY2020.

Total distribution per unit (“DPU”) for the financial year ended 31 December 2020 was 3.94 cents, a decrease of 42% from FY2019 DPU of 6.82 cents in FY2019. Would the trust/trustee-manager provide unitholders with greater clarity on the following operational and strategic matters? Specifically:

- (i) **Chief executive officer:** Ms. Wang Qiu was appointed chief executive officer (CEO) of the trustee-manager on 13 March 2020. As the CEO of the trustee-manager, she is responsible for leading the growth and development of Dasin Retail Trust, and for overseeing its overall operations. **Would Ms. Wang provide unitholders with an update of the operations in the malls, the sentiment on the ground in the Greater Bay Area, her priorities and focus for the trust for the year in a presentation during the AGM?**
- (ii) **Dasin E-Colour:** Occupancy at the mall fell the most, from 96.3% to 86.0% as at 31 December 2020. **What were the reasons for the significant decrease in occupancy?**
- (iii) **Lease termination:** On 10 November 2020, the trust announced that it had entered into an agreement with Zhongshan East Youyuecheng Store Management Co., Ltd. to terminate the lease agreement dated 26 December 2014 in relation to the lease of Superior City Department Store at Ocean Metro Mall, following a mutual agreement. The Superior City Lease Agreement was for a term of 15 years from 28 December 2014 to 27 December 2029. **What was the basis for the trustee-manager to agree to the termination when it did not have a suitable replacement lined up? Can the trustee-manager confirm that payments from the tenant are current and not in default? Should the trustee-manager carry out any asset enhancement initiatives, what is the targeted ROI?**
- (iv) **Asset Enhancement Initiative (AEI):** In addition, the AEI at Ocean Metro Mall saw approximately 9,085 sqm of furniture and home [furnishing] space reconfigured into a children’s education area, resulting in a positive rental reversion of about 46.0%. **Has the trustee-manager completed the tenant mix optimisation at Ocean Metro Mall?** In Note 28 (page 170 – Operating segments), the breakdown of revenue by mall and by trade sector can be seen. **Are there opportunities for the trust to convert “home furnishings” spaces to educational usage in the other malls?**

Q2. On 14 April 2021, the trustee-manager announced that it was in advanced stage of discussion and negotiations with its lender on the refinancing of the trust's onshore and offshore syndicated term loans that are due in July 2021. The offshore facilities were last extended by 6 months in January 2021 after the trustee-manager entered into a supplemental agreement with the lender.

The trustee-manager expressed its confidence that the refinancing exercise will be completed prior to the maturity date of the term loans.

Nevertheless, the independent auditors have included an emphasis of matter in respect of the material uncertainty related to the ability of the trust and its subsidiaries to refinance their existing borrowings before they become due for repayment.

(i) What is causing the delay to obtain an extension/renewal of the facilities?

In addition, in January 2020, the trustee-manager entered into a second supplemental agreement to extend the maturity date of the loans of S\$102.4 million and USD62.0 million under its offshore syndicated term loan facilities by one year, from 20 January 2020 to 20 January 2021. The latest extension obtained in January 2021 was for only 6 months.

(ii) Can the trustee-manager help unitholders understand if it is prudent to extend the offshore loan on a 1-year/6-month basis?

(iii) Has the board evaluated the group's debt level and debt maturity profile and provided guidance to the trustee-manager on securing borrowings with an expiry profile that better matches the trust's cash flows?

(iv) With the benefit of hindsight, would it have been prudent to delay the acquisitions of Shunde Metro Mall and Tanbei Metro Mall given that the acquisitions were announced before the COVID-19 pandemic and that the trust's financial position may have been weakened by the acquisitions?

Q3. As disclosed in Note 15 (page 157 – Units in issue), in July 2020, the trust issued 120.5 million units at an issue price of \$0.78000 per unit in respect of a private placement exercise for the acquisition of Shunde Metro Mall and Tanbei Metro Mall. The last reported net asset value per unit was \$1.37 as at 31 December 2019 (announced on 29 June 2020) and \$1.28 as at 30 June 2020 (only announced on 13 August 2020).

Similarly, the trust had carried out a private placement in FY2019. On 12 September 2019, the trust issued 82.4 million units at an issue price of \$0.83600 per unit in a private placement exercise for the acquisition of Doumen Metro Mall. Prior to the placement, the net asset value per unit was \$1.34.

The two private placements were carried out at a discount to NAV of approximately 43% and 38% respectively.

- (i) **Does the trustee-manager understand the negative NAV-impact for unitholders when the trustee-manager repeatedly carries out private placement at significant discount of 38%-43% to NAV?**
- (ii) **Did the board, especially the independent directors, unanimously approve the private placements? If so, what was the basis for the board to approve the private placements and the issue prices?**

The private placements were carried out to fund the acquisitions of Doumen Metro Mall, Shunde Metro Mall and Tanbei Metro Mall.

- (iii) **Can the trustee-manager clarify if the acquisitions were accretive to unitholders?**

Acquisition fees of \$1.69 million and \$2.28 million were paid in FY2019 and FY2020 respectively.

- (iv) **Can the trustee-manager help unitholders understand the increase in the base fees due to the acquisition of Doumen Metro Mall in FY2019 and the acquisitions of Shunde Metro Mall and Tanbei Metro Mall in FY2020?**
- (v) **Would the board be reviewing the trust's financial position and evaluate how it could fund its strategic growth plans without creating undue dilution for unitholders?**

[^]On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)



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