

# Proposed Acquisition of Shunde Metro Mall and Tanbei Metro Mall

5 December 2019



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Tanbel Metro Mall

# ACQUISITION OVERVIEW

# Transaction Overview

Proposed Acquisition is subject to Unitholders' approval at an Extraordinary General Meeting to be convened on 20 December 2019

<p><b>Proposed Acquisition</b></p>	<ul style="list-style-type: none"> <li>100% of the shares in the Singapore Holdco (as defined in the Circular<sup>(1)</sup>), from the vendor, which holds the Properties:             <ul style="list-style-type: none"> <li>Shunde Metro Mall in Shunde district, Foshan City; and</li> <li>Tanbei Metro Mall in Dongshen Town, Zhongshan City</li> </ul> </li> </ul>
<p><b>Aggregate Agreed Property Value<sup>(2)</sup></b></p>	<ul style="list-style-type: none"> <li>S\$375.0m</li> </ul>
<p><b>Total Acquisition Cost</b></p>	<p>S\$333.0m comprising:</p> <ul style="list-style-type: none"> <li>Share consideration (representing the cash outlay) of S\$65.1m;</li> <li>Repayment of existing indebtedness of S\$247.8m;</li> <li>Acquisition fee of S\$2.4m payable in units to the Trustee Manager; and</li> <li>Estimated professional and other fees and expenses of S\$17.7m</li> </ul>
<p><b>Method of Financing</b></p>	<ul style="list-style-type: none"> <li>Combination of debt, equity financing and internal funding</li> <li>Equity financing in the form of a private placement</li> </ul>



# Summary of the Properties

<p><b>2 Assets in Foshan and Zhongshan Cities</b></p>	<p><b>Occupancy<sup>(1)</sup></b></p>	<p><b>Aggregate Agreed Property Value S\$375.0m</b></p>
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Strengthening of foothold in the Greater Bay Area ("GBA")

- Shunde Metro Mall: 99.3%
- Tanbei Metro Mall: 92.3%

Discount to Independent Valuations



# Summary of Properties

Property	Shunde Metro Mall	Tanbei Metro Mall
Location	No. 1 Rainbow Road, Xincheng District, Dehe Community Residents Committee, Daliang Street Office, Shunde District, Foshan City	Keyihaoyuan, No. 153, Xierma Road, Tanbei, Dongsheng Town, Zhongshan City
Month of Commencement of Operations	November 2018	March 2018
GFA	Approximately 177,276 sqm	Approximately 13,640 sqm
Net Lettable Area (“NLA”)	Approximately 66,678 sqm	Approximately 8,952 sqm
Number of Storeys	Nine storeys (Six storeys above ground and three floors underground)	Four storeys above ground
Car Park Lots	Approximately 1,411	-
Permitted Land Use	Retail, wholesale, catering, hotel, commercial finance, entertainment and other commercial service, press and publication	Commercial and residential
Expiry of Land Use Rights	6 March 2057	23 September 2038 <sup>(1)</sup>
Valuation	<ul style="list-style-type: none"> <li>▪ D&amp;P <sup>(2)</sup>: S\$487.5m (RMB2,530.0m) <sup>(3)</sup></li> <li>▪ JLL <sup>(4)</sup>: S\$486.5m (RMB2,525.0m) <sup>(3)</sup></li> </ul>	<ul style="list-style-type: none"> <li>▪ D&amp;P <sup>(2)</sup>: S\$14.1m (RMB73.0m) <sup>(3)</sup></li> <li>▪ JLL <sup>(4)</sup>: S\$14.6m (RMB75.6m) <sup>(3)</sup></li> </ul>
Agreed Property Value	S\$364.3m (RMB1,890.8m)	S\$10.7m (RMB55.6m)
Occupancy Rate	99.3%	92.3%
Weighted Average Lease Expiry (“WALE”)	By gross rental income (“GRI”) for the month of August 2019: 5.2 years By NLA: 9.0 years	By GRI for the month of August 2019: 7.7 years By NLA: 7.5 years
Trade Names of Well-Known Tenants	Jinyi Cinemas, AEON, Suning, Haidilao Restaurant, Starbucks, Häagen-Dazs, Pizza Hut and KFC	Dasin Shinwa Supermarket and Xin Garden
Pro forma Net Property Income (“NPI”) Yield for FY2018 <sup>(5)</sup>	4.3%	10.7%

**Notes:**

1. The land use rights registered in respect of the Tanbei Property commenced from 24 September 1998 and will expire on 23 September 2068. Under the relevant PRC laws and regulations, the maximum term of the land use right granted depends on the type of use of the land. The Tanbei Property was originally part of a mixed development comprising residential and commercial properties, with a land use right tenure of 70 years. When the land use rights for the mixed development were separated, the Tanbei Property, which is subject to commercial use, was granted land use right tenure which remained at 70 years by the relevant authorities. There is no assurance that the extra 30 years of land use right tenure will not be revoked by the government authorities in the future. In view of this, the Trustee-Manager has negotiated with the Vendor and the Sponsor to purchase the Tanbei Property at a valuation based on 40 years of land use right, expiring on 23 September 2038. The benefit of any remaining land use rights after 23 September 2038 shall accrue to the benefit of Dasin Retail Trust.

2. Duff & Phelps China (HK) Limited.

3. Based on illustrative exchange rate of S\$1.00=RMB5.19.

4. Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

5. The pro forma NPI yield of the Property for FY2018 is computed by dividing the pro forma NPI of the Property for FY2018 by the Agreed Property Value. The pro forma NPI and NPI yield have been provided for illustrative purposes only and should not be construed as a representation, projection or forecast of future NPI.



Shunde Metro Mall

# KEY ACQUISITION RATIONALE

# Key Acquisition Rationale

1

Strengthening of foothold in the fast-developing Greater Bay Area

2

Strategic acquisition of strong-performing assets

3

Enlarged portfolio providing greater income resilience

4

Improvement in portfolio occupancy, WALE and land lease tenure

5

Attractive value proposition

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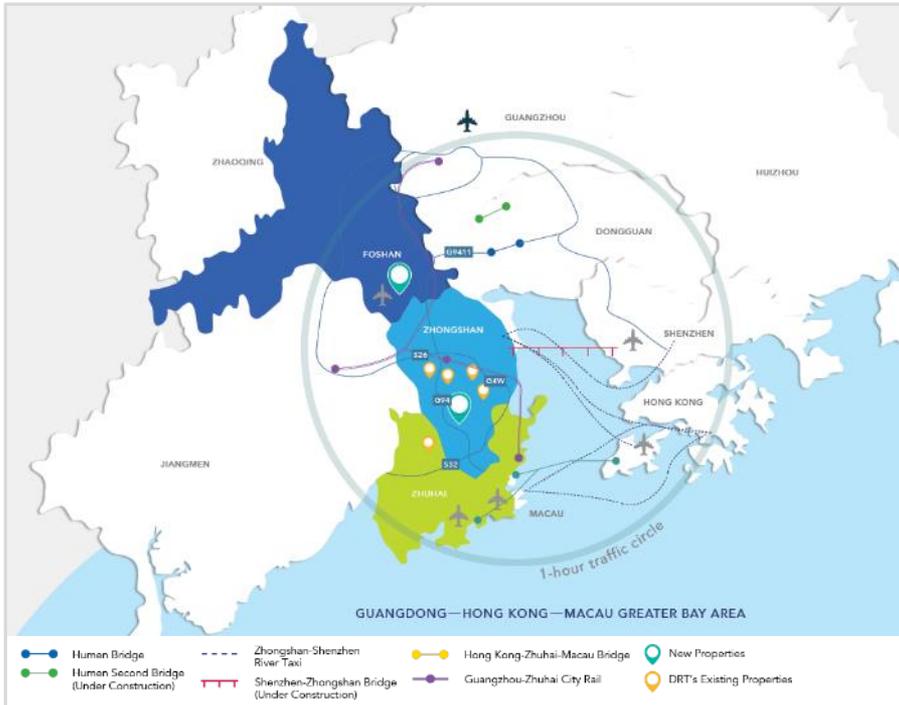
Positive impact on the Enlarged Portfolio

7

Increase in market capitalisation and free float

# Strengthening of Foothold in the Fast-developing Greater Bay Area

GBA is well-positioned to be the beneficiary of the purchasing power of the neighbouring PRC cities such as Guangzhou and Shenzhen, as well as Hong Kong and Macau which attracts a steady stream of overseas visitors

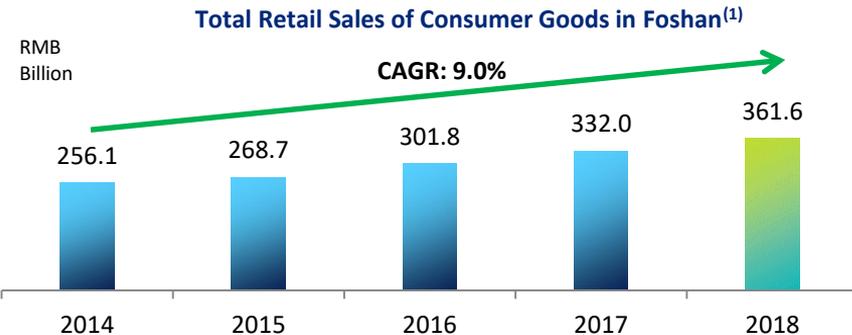
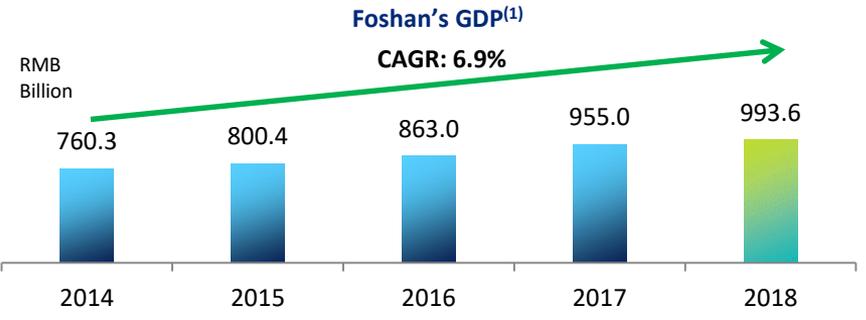


- **Foshan City** and **Zhongshan City**'s populations are projected to grow at a higher growth rate than the projected national average from 2018 to 2023
- Projected net inflow of residents to Foshan City and Zhongshan City is expected to stimulate greater consumption demand in the near future
- Proposed acquisition will further expand Dasin Retail Trust's presence beyond Zhongshan City and Zhuhai City
- Increase the number of portfolio assets situated in the GBA, thereby strengthening its foothold in the region

# Strengthening of Foothold in the Fast-developing Greater Bay Area (cont'd)

## Foshan City

GDP of Foshan in 2018 <sup>(1)</sup>	RMB993.6bn
GDP CAGR (2014-2018) <sup>(1)</sup>	6.9%
Total Retail Sales CAGR (2014-2018) <sup>(1)</sup>	9.0%
Resident population of Foshan as at end-2018 <sup>(1)</sup>	~7.7m



Key infrastructure map of Foshan

### Strong Economic Growth<sup>(1)</sup>

- Shunde's GDP per capita is higher than the national average in 2018
- The per capita urban household disposable income of Shunde was larger than the national and Guangdong average in 2018, which shows stronger purchasing power and better living standards of residents in Shunde
- Foshan is positioned to be an industrial belt for advanced equipment manufacturing on the west bank of the GBA

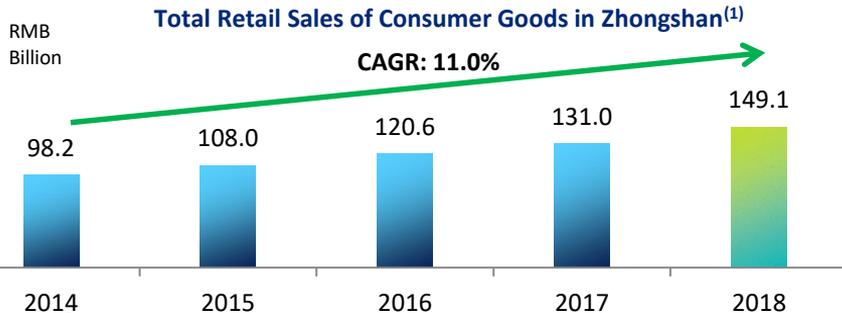
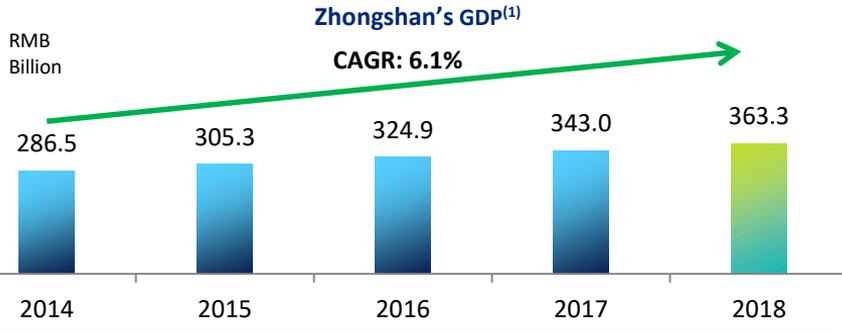
### Favorable Geographical Location<sup>(1)</sup>

- Well-established transport system, with mature network of air, railway, highway, river and public transportation
- A new airport at Gaoming District of Foshan, as one of the key airports of Guangdong Province, is being planned

# Strengthening of Foothold in the Fast-developing Greater Bay Area (cont'd)

## Zhongshan City

GDP of Zhongshan in 2018 <sup>(1)</sup>	RMB363.3bn
GDP CAGR (2014-2018) <sup>(1)</sup>	6.1%
Total Retail Sales CAGR (2014-2018) <sup>(1)</sup>	11.0%
Resident population of Zhongshan as at the end of 2018 <sup>(1)</sup>	~3.3m



Key infrastructure map of Zhongshan

### ■ Strong Economic Growth<sup>(1)</sup>

- Zhongshan ranked 6<sup>th</sup> among all cities in Guangdong Province in terms of GDP in the past 5 years
- The per capita urban household disposable income of Zhongshan was higher than the national average in 2018

### ■ Strategic Location with good accessibility<sup>(1)</sup>

- Zhongshan is an important hub in the GBA with an annual port cargo throughput of 119.7m tons in 2018
- The Shenzhen-Zhongshan bridge is under construction and is expected to be completed in 2024
- A subway is under construction which will connect Shenzhen, Foshan, Guangzhou and Zhongshan

# Strategic Acquisition of Strong-Performing Assets

## Shunde Metro Mall



### Strategic Location with Good Connectivity<sup>(1)</sup>

- Located in Daliang Town of Shunde District, Shunde Metro Mall benefits from its surrounding convenient transportation network
- Approximately within a five-kilometre straight-line distance to the Shunde Bus Terminal and Shunde College Railway Station, with another subway station being constructed relatively nearby
- It is expected that there will be a direct walkway link between the subway station and Shunde Metro Mall
- Within walking distance of the Sheraton Hotel and the InterContinental Hotel
- Key geographical location allows the mall to be easily accessible to shoppers and also benefits from travellers traveling to and from the Shunde District

### Sizeable Catchment in Shunde District<sup>(1)</sup>

- Daliang Town is the district centre and has the largest residential population in the Shunde District
- Large scale residential communities, universities and colleges and relatively mature commercial zone within Daliang Town and the nearby Ronggui Town
- Approximately one kilometer straight line distance between Shunde Metro Mall and Shunde district government office
- These municipal facilities and the high residential population provide a large catchment population for the Shunde Property

# Strategic Acquisition of Strong-Performing Assets

## Tanbei Metro Mall



### Strategic Location with Good Accessibility <sup>(1)</sup>

- Strategically located in the centre of Dongsheng Town, Tanbei Metro Mall is well served by the road network in the town and is located near the entrance of the G105 Expressway
- Approximately within a five-kilometre straight-line distance to the Dongsheng Bus Terminal and Dongsheng Railway Station
- Expected to have a substantial footfall given its key geographical location that allows the mall to be accessible to consumers

### Increasing Catchment in Dongsheng Town <sup>(1)</sup>

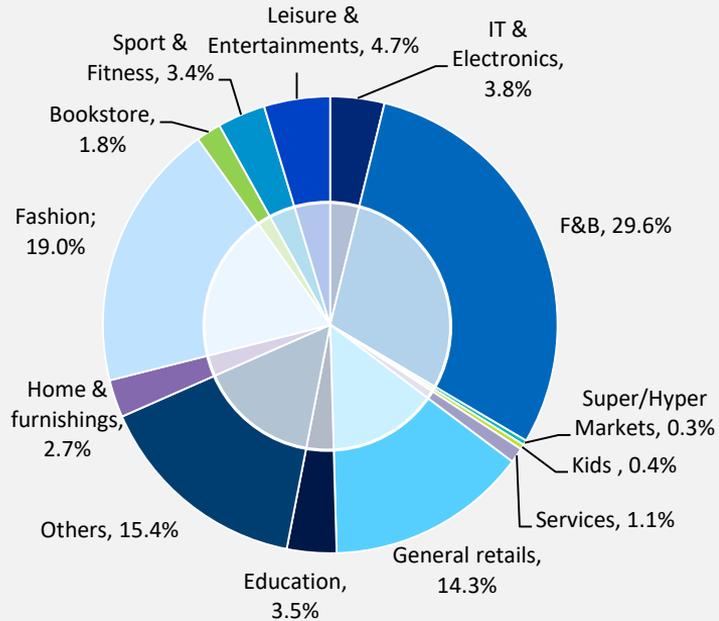
- Situated near a number of residential communities with hospitals and schools
- In addition, more schools, hospitals and a commercial zone are being planned to be built in Dongsheng Town
- First shopping mall in Dongsheng Town and well-positioned to capitalise on the anticipated increase in the catchment population

# Strong Operational Performance and Tenant Mix

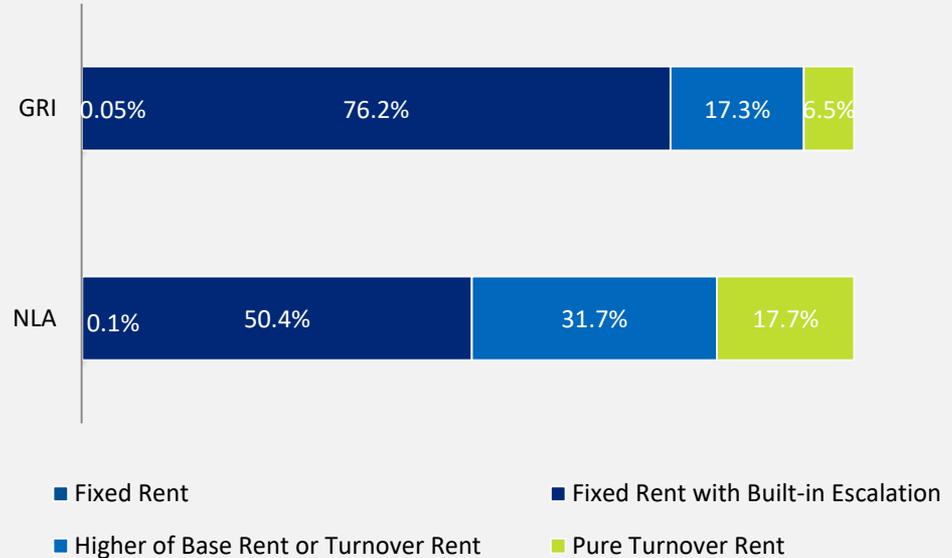
## Shunde Metro Mall

- High occupancy rate of approximately 99.3%<sup>(1)</sup>

Tenant Mix (By GRI)<sup>(1)</sup>



Lease Structure<sup>(1)</sup>

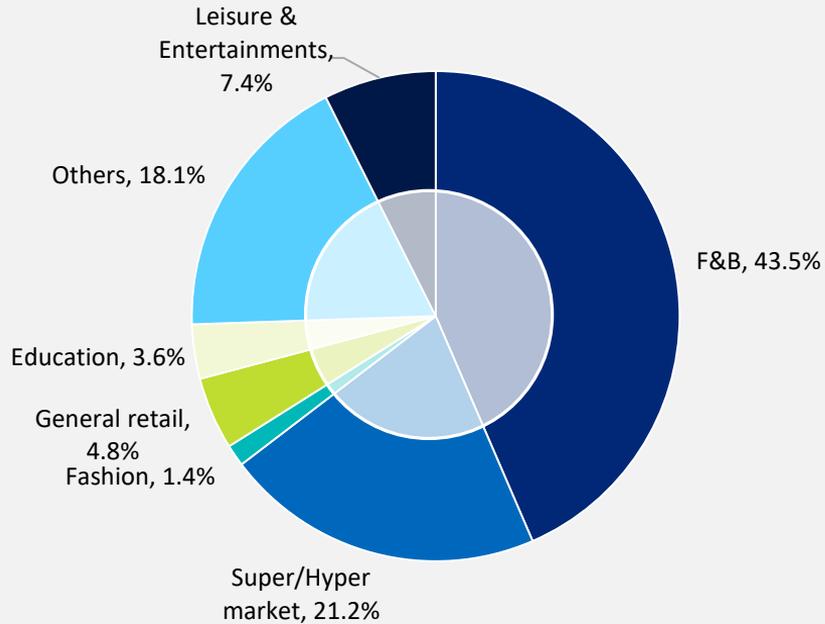


# Strong Operational Performance and Tenant Mix

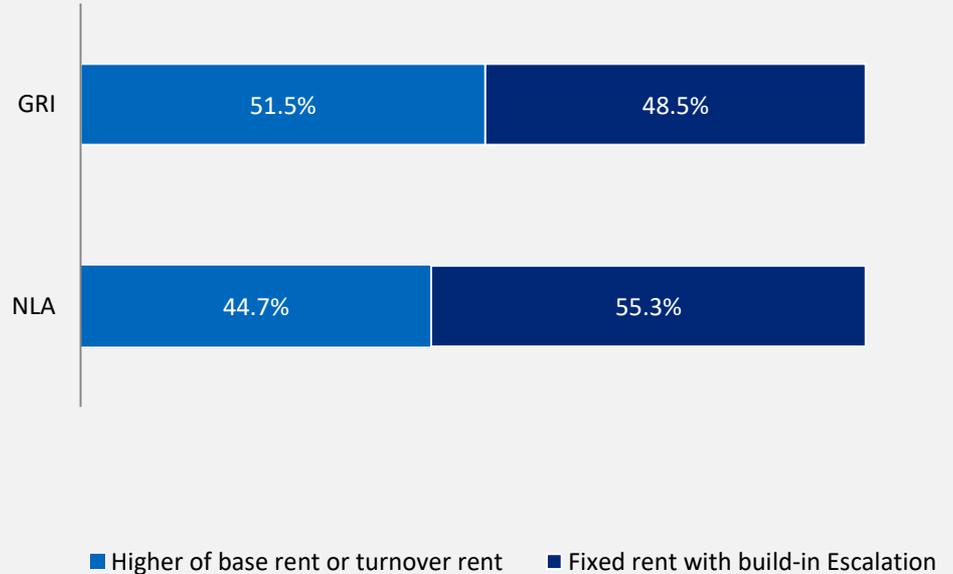
## Tanbei Metro Mall

- **Healthy occupancy rate of approximately 92.3%<sup>(1)</sup>**

### Tenant Mix (By GRI)<sup>(1)</sup>



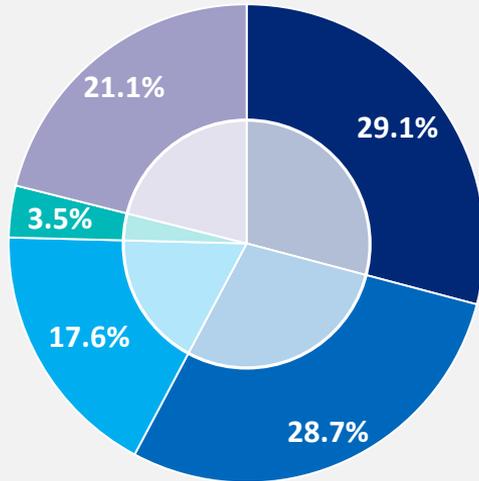
### Lease Structure<sup>(1)</sup>



# Enlarged Portfolio Providing Greater Income Resilience

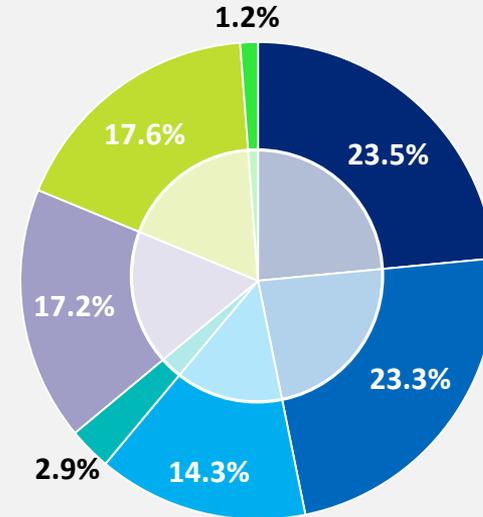
- Following the Acquisition, no single property is expected to contribute to more than 23.5% of DRT's consolidated revenue for FY2018 on a pro forma basis, compared to 29.1% before the Acquisition

Existing Portfolio<sup>(1)</sup> (By GRI)



■ Shiqi Metro Mall   
 ■ Xiaolan Metro Mall   
 ■ Ocean Metro Mall  
■ Dasin E-Colour   
 ■ Doumen Metro Mall

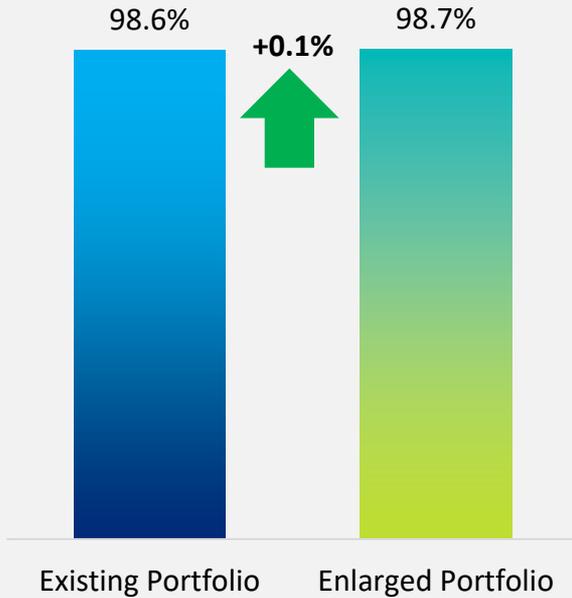
Enlarged Portfolio<sup>(1)</sup> (By GRI)



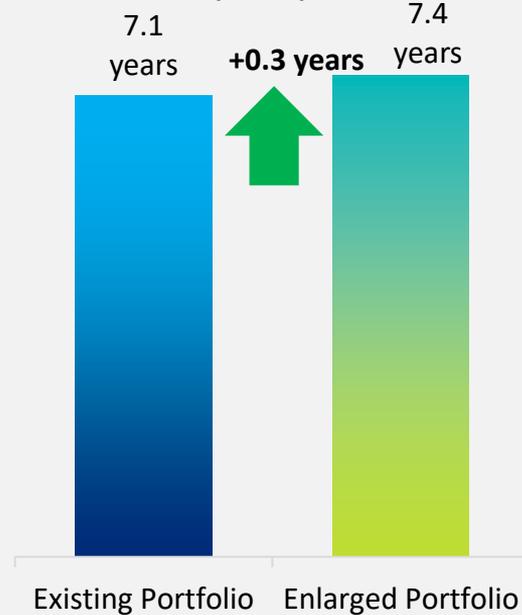
■ Shiqi Metro Mall   
 ■ Xiaolan Metro Mall   
 ■ Ocean Metro Mall  
■ Dasin E-Colour   
 ■ Doumen Metro Mall   
■ Shude Metro Mall  
■ Tanbei Metro Mall

# Improvement in Portfolio Occupancy, WALE and Land Lease Tenure

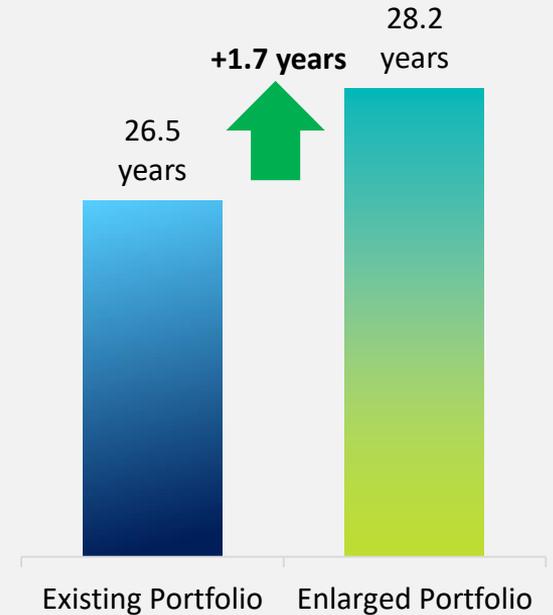
## Occupancy Rate<sup>(1)</sup>



## Weighted Average Lease Expiry (WALE)<sup>(1)</sup>



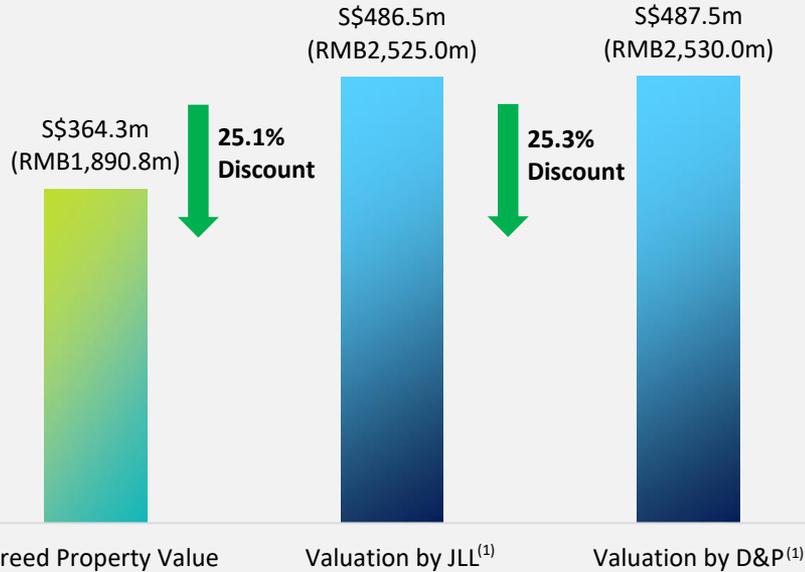
## Remaining Land Lease Tenure<sup>(1)</sup>



# Attractive Value Proposition

- The Property provides an attractive value proposition, given the discount of the agreed property values from the independent valuations of the Properties by the Independent Valuers

## Shunde Metro Mall

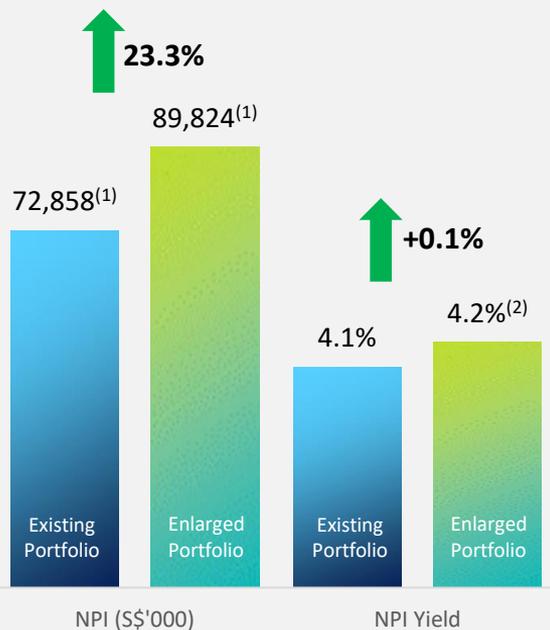


## Tanbei Metro Mall

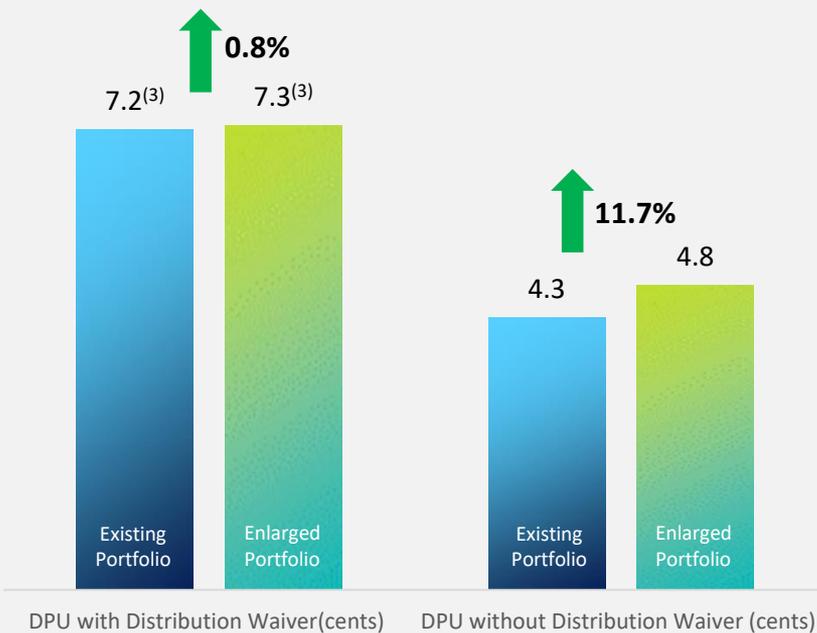


# Positive Impact on the Enlarged Portfolio

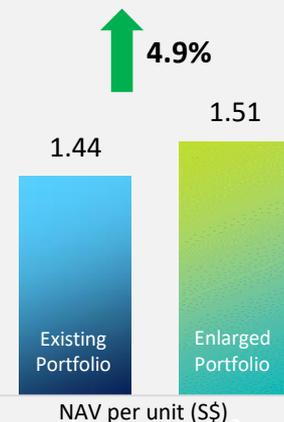
## NPI & NPI Yield



## Distribution Per Unit (DPU)



## NAV Per Unit<sup>(4)</sup>



### Notes:

- As applicable, assuming that (a) the Doumen Property, Shunde Property and Tanbei Property had commenced operations in January 2018; (b) all tenancy agreements as at 30 September 2019 were in place since 1 January 2018; (c) turnover rental income for the Doumen Property in FY2018 is based on the actual turnover rent for the first 9 months ended 30 September 2019 and extrapolated for the remaining 3 months; (d) turnover rental income for the Shunde Property and Tanbei Property are based on the actual turnover rent for the first 8 months extrapolated to 12 months; (e) other income for the Doumen Property is based on the annualised actual financial performance for the first 9 months ended 30 September 2019 and other adjustments; (f) other income for the Shunde Property and Tanbei Property are based on the actual financial performance for first 8 months and 4 months estimates with certain adjustments; (g) the Doumen Property had achieved an operating cost structure similar to the stabilised operating cost structure of the 2018 Portfolio, with operating expenses (excluding property related tax) representing approximately 14.0% of the rental revenue of the Doumen Property; (h) the Shunde Property and Tanbei Property had operating expenses (excluding property related tax) representing approximately 8.0% of the rental revenue of the Shunde Property and Tanbei Property; and (i) the trustee fee and management base fee were payable since 1 January 2018 (see paragraph 7.1 of the Circular for further details).
- The pro forma NPI yield of the Enlarged Portfolio for FY2018 is computed by dividing the pro forma NPI of the Enlarged Portfolio for FY2018 (computed by adding the pro forma NPI of the Properties for FY2018 to the NPI of the Existing Portfolio for FY2018) by the value of the Enlarged Portfolio (assuming that the value of the Properties is the Aggregated Agreed Property Value). The pro forma NPI and NPI yield have been provided for illustrative purposes only and should not be construed as a representation, projection or forecast of future NPI.
- As applicable, assuming that an interest rate of 4.96% per annum on the S\$210.0 million loan drawn down for the acquisition of the Doumen Property, and an interest rate of 4.60% per annum on the S\$225.5 million loan drawn down for the acquisitions of the Shunde Property and Tanbei Property. DPU is derived after taking into consideration 263,811,038 Units as at 31 December 2018 held by Aqua Wealth and Bounty Way that are subject to a distribution waiver (see paragraph 7.1 of the Circular for further details).
- As at 31 December 2018.

# Increase in Market Capitalisation and Free Float

**Up to 120.0 million<sup>(1)</sup>**

New Units issued  
under the  
Private Placement



Payment of  
acquisition fee in  
the form of acquisition  
fee Units of  
**~3 million<sup>(1)</sup> Units**  
to Trustee-Manager

**~123 million<sup>(1)</sup>**  
New Units



**19.1%<sup>(1)</sup>**  
of the total number  
of Units in issue  
as at the Latest  
Practicable Date

The increase in the  
total number of Units  
in issue, which results  
in an increase in  
market capitalisation  
and free float,  
potentially improving  
the trading liquidity  
of the Units.

# THANK YOU

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