

Dasin Retail Trust

Securing regular income from Chinese consumers



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SINGAPORE | REAL ESTATE (BUSINESS TRUST) | INITIATION

16 January 2018

- 16% organic growth (CAGR) for next two years from higher rental revenue
- Substantial inorganic ROFR pipeline that can quadruple Dasin's assets
- Initiate coverage with a BUY and a target price of S\$0.98, 26.5% upside

Company Background

Dasin Retail Trust (Dasin) was listed on 20 January 2017 with three retail malls worth S\$944.7mn. Just five months after listing, Dasin announced a yield accretive acquisition – Shiqi Metro Mall, for S\$248.2mn. The current four malls in the portfolio span 243,632 sqm of net lettable area, all located in Zhongshan City, Guangdong Province, China. The Sponsor - Zhongshan Dasin Real Estate - has made available to Dasin a ROFR pipeline of 19 properties (10 completed properties and nine under development, across four cities - Zhongshan, Foshan, Zhuhai, Macau). Dasin's distribution policy entitles unitholders to receive 100% of distributable income to unitholders for FY17 and FY18, followed by 90% of distributable income to unitholders in respect of FY19 and onwards.

Investment Merits

- Healthy organic growth.** We are expecting organic rental growth of 16% CAGR for the next two years for Dasin. Growth will come from across almost all lease types, as almost 90% of leases are with built-in fixed escalation in rent and/or linked to tenant turnover.
- Available pool to quadruple assets.** There is a ready ROFR pipeline of 19 properties across four cities that could see Dasin's GFA potentially expanding by ~3.9x. In the near term, Dasin could exercise an option to acquire Doumen Metro Mall in Zhuhai. Based on net lettable area, this could become Dasin's largest acquisition. Dasin's gearing at 31.4% provides it with a debt headroom of S\$209mn for acquisitions, assuming a gearing limit of 45%.
- Tapping on the vibrant Zhongshan economy.** Retail sales in Zhongshan have been growing at a CAGR of almost 14% over the past ten years. This is on the back of robust GDP per capita gains of 9.0% (10-year CAGR).

Risk Factors

There are two relevant risk factors for Dasin:

- Income support:** The Sponsor has waived their entitlement to dividends for five years from FY17 to FY21. This waiver begins in FY17, where 54.7% of total units will not be entitled to dividends. The final year of entitlements will be in FY21. FY21 will witness a material change in waived entitlements, from 34.6% in FY20 to 14.8% in FY21.
- Currency exposure to RMB:** Rental collected is denominated in RMB. There is minimal hedging on the currency side and investors are essentially exposed to RMB fluctuations.

We initiate Dasin with a BUY. Our target price is S\$0.98, implying 26.5% total upside together with a dividend yield of 10.2% (FY17e).

The report is produced by Phillip Securities Research under the 'SGX StockFacts Research Programme' (administered by SGX) and has received monetary compensation for the production of the report from the entity mentioned in the report.

BUY (Initiation)

LAST DONE PRICE	SGD 0.85
FORECAST DIV	SGD 0.095
TARGET PRICE	SGD 0.98
TOTAL RETURN	26.5%

COMPANY DATA

BLOOMBERG CODE:	DASIN SP
O/S SHARES (MN):	552
MARKET CAP (USD mn / SGD mn):	355 / 470
52 - WK HI/LO (SGD):	0.89 / 0.77
3M Average Daily T/O (mn):	0.50

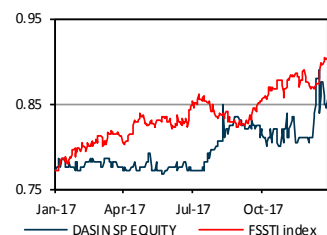
MAJOR SHAREHOLDERS (%)

AQUA WEALTH HOLDINGS LIMITED	60.1%
CHINA ORIENT ASSET MANAGEMENT CO	9.4%
BOUNTY WAY INVESTMENTS LIMITED	5.2%
ZHANG ZHONGMING	0.7%

PRICE PERFORMANCE (%)

	1M TH	3M TH	1Y R
COMPANY	4.9	3.0	-
STIRETURN	1.76	6.94	2150

PRICE VS. STI



Source: Bloomberg, PSR

KEY FINANCIALS

SGD ('000)	1HFY 16*	FY 17e	FY 18e	FY 19e
Gross Revenue	19,375	58,843	75,186	79,214
NPI	15,171	47,601	57,141	60,203
Dist Inc.	-	21,573	27,774	27,047
P/NAV (x)	-	0.56	0.56	0.57
ROE (%)	13%	2.2%	3.0%	3.3%
DPU (Cents)**	-	8.64	9.52	8.77
Dist yield %	-	10.2%	11.2%	10.3%

Source: Company Data, PSR est.

*IPO prospectus provides financial figures up to 1HFY2016

**DPU is computed after income support waiver

Valuation Method

DDM (Cost of equity 8.12%, Terminal Growth 0%)

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THE BUSINESS TRUST

Dasin Retail Trust (Dasin) is a business trust listed on the SGX Mainboard. It is primarily invested in retail assets in China. Dasin listed on 20 January 2017 with three malls and subsequently acquired a fourth mall just five months after listing. All the four malls are in Zhongshan.

THE SPONSOR

The Sponsor* of Dasin is Zhongshan Dasin Real Estate Co. Ltd, which is a leading developer of residential and retail properties in Zhongshan and presently owns a 60.1% stake in Dasin. The owners of Zhongshan Dasin Real Estate are Mr. Zhang Zhongming, Mr. Zhang Kaicheng and Mr. Zhang Jiucheng.

*Other businesses of the Sponsor include restaurants (Xin Xuan Tea House, Xin Xuan Restaurant, Dasin Seafood City), hotels (Dasin Convention Centre Hotel, Dasin Holiday Inn Hotel, Dasin Crowne Plaza), technology (Zhongshan Dasin Pass Intelligent Technology), education (Dasin Shiqi Central Primary School), finance (Zhongshan Dasin Microfinance).

THE ASSETS

Dasin currently holds four malls in its portfolio, valued at RMB7,469 (S\$1,532m):

- Xiaolan Metro Mall** – 2nd largest mall in the portfolio. Annual footfall of 22mn due to its situation within the main trade area which contains approximately 18.4% of Zhongshan's total population and its close proximity to large-scale residential communities, Xiaolan Town Government and Zhongshan Xiaolan Middle School. Mall has enjoyed 100% occupancy for the past nine years.
- Ocean Metro Mall** – The newest and fastest growing mall in the portfolio. Located at the heart of the new commercial city centre, with a "first mover" status in its primary trade area. In the portfolio, this mall has the lowest proportion of fixed rent leases (3% by GRI).
- Dasin E-Colour** – Smallest mall in the portfolio. Caters to the younger crowd as it is located opposite the only University in Zhongshan – which has a student capacity of 20,000. Highest proportion of fixed rent leases (33% by GRI) within the portfolio.
- Shiqi Metro Mall** – The largest mall in the portfolio. It is also Zhongshan's first shopping mall. Dasin acquired the mall in June 2017 at S\$248mn, a 57.8% discount to market value. This acquisition raised DPU by 32.2%.

Figure 1: Xiaolan Metro mall



Source: Company

Figure 2: Ocean Metro Mall



Source: Company

Figure 3: Dasin E-Colour



Source: Company

Figure 4: Shiqi Metro Mall



Source: Company

Figure 5: Summary of the four malls

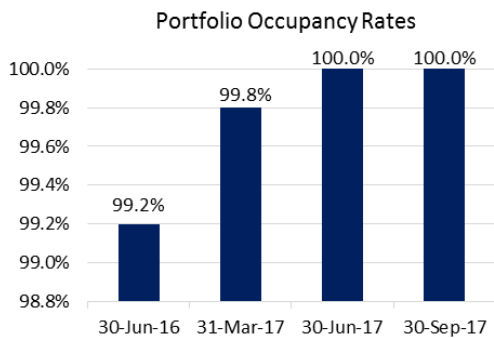
Mall	District in Zhongshan	NLA (k sqm)	Lease use expiry (years)	WALE by rental (years)	Commence	Occupancy Sep-17	NPI (\$\$ mn)	Acquisition Valuations (\$\$ mn)	Valuations Sep-17 (\$\$ mn)	Notable Tenants
Xiaolan Metro Mall	Xiaolan	77.7	26	3.2	Sep-05	100%	322	481	Bank Of China, Chow Tai Fook	
Ocean Metro Mall	Dongqu	66.9	29	6.2	Dec-14	100%	261	369	McDonald's, Carrefour	
Dasin E-Colour	Shiqi	12.6	24	2.6	May-15	100%	45	67	Nike, Adidas	
Shiqi Metro Mall	Zhongshan	86.4	24	3.0	May-04	100%	250	615	McDonald's, Starbucks	
		243.6		3.7			878	1532		

Source: Company, PSR

LEASE STRUCTURE OF MALLS

a. Occupancy: All four malls registered 100% occupancy as at 30 September 2017.

Figure 6: Strong occupancy levels since IPO

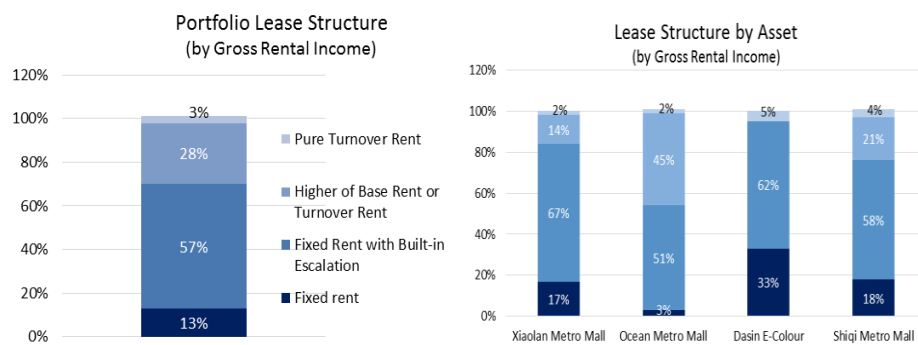


Source: Company, PSR

b. Lease types: Dasin’s portfolio of lease structure largely comprises of higher of base rent or turnover rent (28% by GRI) and fixed rent with built-in escalation (57% by GRI). This structure will provide predictability of the organic growth in the portfolio. In our models, we are estimating a 5-9% annual escalation rate for the leases with built-in escalation and a 5-40% renewal rate for the leases due to expire in each respective year.

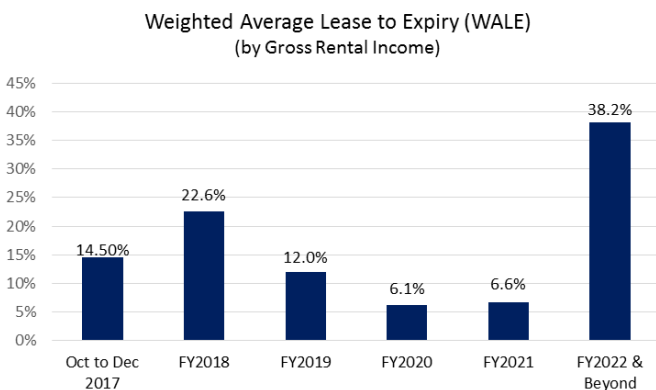
Figure 7 (LHS): Dasin’s leases have a small fixed rent contribution

Figure 8 (RHS): Dasin E-Colour is the only mall without a “Higher of Base Rent or Turnover Rent” component



Source: Company, PSR

Figure 9: Upside from ~23% leases expiring in FY2018



Source: Company, PSR

c. Diversified Tenant Mix: Dasin's tenant base is well diversified. To reduce concentration on a single sector, Dasin has calibrated a tenant mix whereby no trade sector accounts for more than 25% of its portfolio GRI. The exposure to fashion is 14% and department stores 9%, by GRI. The focus for Dasin is on necessity spending (Supermarket/Hypermarket 5% and Home Furnishings 9%) and lifestyle (28% from F&B and Leisure & Entertainment).

Figure 10: Dasin's tenant mix (by GRI) is comparable to CMT's and CRCT's, with relatively lower exposure to fashion/F&B but larger in IT/department store

Category	CapitaLand Mall Trust	CapitaLand Retail China Trust	DASIN	
Supermarket / Hypermarket	4.1%	8.0%	5.0%	Necessity spending
Home Furnishings	2.6%	2.0%	9.0%	
Food & Beverage / Food court	30.0%	25.0%	20.0%	Lifestyle
Leisure & Entertainment	4.6%	2.0%	8.0%	
Services	6.4%	4.0%	4.0%	
Sports & Fitness	5.4%	3.0%	2.0%	
Department Store	6.1%	6.0%	9.0%	Higher correlation with e-commerce
Fashion	13.4%	30.0%	14.0%	
IT & Electronics	1.2%	1.0%	9.0%	
General Retail / Others	26.2%	19.0%	20.0%	

Source: CapitaLand Mall Trust, CapitaLand Retail China Trust, Company, PSR

OVERVIEW OF ZHONGSHAN

Zhongshan is part of the Guangdong province and located West of the mouth of the Pearl River Delta* (PRD) region. It lies opposite Hong Kong and Macau (Figure 11). Travel time from Hong Kong to Zhongshan is 1.5 hours by ferry. Zhongshan is separated into 6 subdistricts and 18 towns, with Xiaolan Town, Zhongshangang subdistrict and Shiqi subdistrict the most heavily populated (Figure 21). Another large property developer that originates from Zhongshan is Agile Group (3383 HK).

Some of the well-known industries in Zhongshan are light fittings (dubbed "China Lighting Capital"), locks ("Lock City of the South"), electronics acoustics (production base for major brand such as JBL, Onkyo, Toshiba), games and amusement industry, rosewood furniture and Torch Hi-tech Industrial Development Zone.

*Pearl River Delta - considered the world's workshop or 'Factory of the World', refers to the dense network of cities that covers nine prefectures of the province of Guangdong (Guangzhou, Shenzhen, Zhuhai, Dongguan, Zhongshan, Foshan, Huizhou, Jiangmen, Zhaoqing) (Source: Wikipedia).

Figure 11: Map of Guangdong province, China

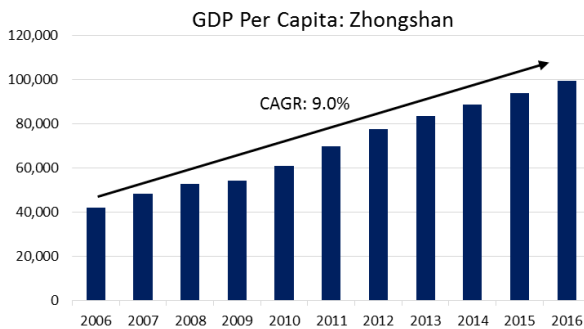


Source: Company

- **Land size:** 1,800 sq km
- **Population:** 3.23mn
- **GDP:** RMB320.28bn (+6.4% YoY)
- **GDP per Capita:** RMB99,471 per Capita (+5.8% YoY)
- **Retail sales:** RMB120.58bn (+10.9% YoY)

source: CEIC 2016

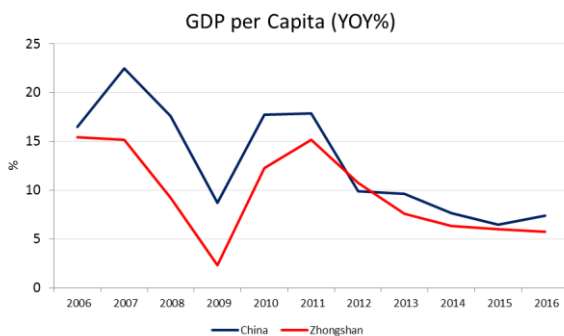
Figure 12: Zhongshan’s GDP per capita expanding at 9.0% CAGR



Source: CEIC, PSR

GDP per Capita is set for further upside with the Government looking into proposals on increasing the minimum living allowance. (source: Zhongshan Municipal Government)

Figure 13: GDP per Capita YOY% comparison with China

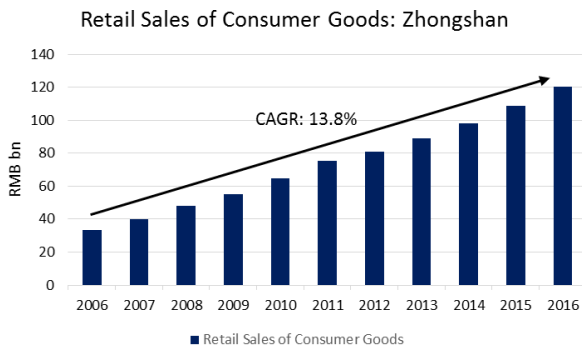


Source: CEIC, PSR

The implementation of the Shenzhen-Zhongshan Bridge may cause a spillover effect of retail demand due to the relatively higher housing prices in Shenzhen, which may provide an impetus for some residents to live in Zhongshan and work in Shenzhen thus increasing the population and consumer base in Zhongshan. (Source: CBRE)

Vibrant Retail market in Zhongshan

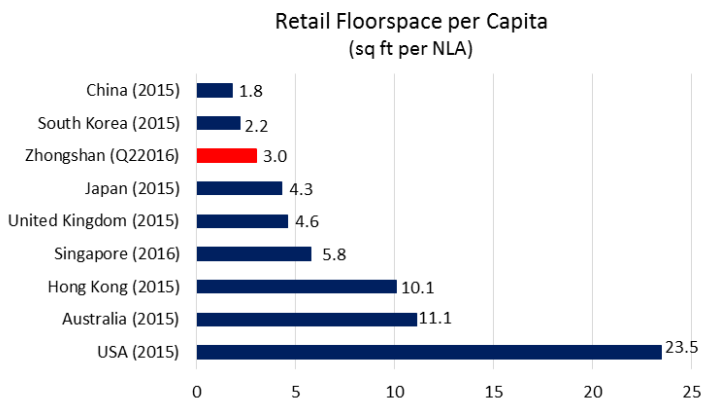
Figure 14: Retail sales have been on a steady uptrend over the past ten years



Source: CEIC, PSR

Supply dynamics: The total good grade retail stock as of August 2016 is estimated at approximately 1,280,224 sqm of GFA. Good-grade retail properties are defined as mid- to mid-upper positioned shopping malls and department stores generally comprising above 30,000 sqm and 10,000 sqm of retail space respectively. (Source: CBRE)

Figure 15: Zhongshan has a higher retail floorspace per capita than China, which points to a large amount of untapped retail space in old, inefficient or low-quality suburban areas



Source: CapitaLand Mall Trust’s 2016 Annual Report, Company, PSR

Recalibration of retail format

Given that Shiqi Metro Mall – the first shopping mall in Zhongshan – commenced operations only in 2004, the retail market is still in a relatively “nascent” stage and in recent years have been recalibrating its retail formats to suit the various consumer preferences as well as to buffer against the onslaught of e-commerce.

In recent years, many retail properties in Zhongshan have been undergoing repositioning initiatives in response to changing consumer preferences and the impacts of e-commerce. In general, such properties are seeking a higher proportion of entertainment, F&B, and lifestyle retailers. Such repositioning will typically cause a temporary decrease in occupancy level as old retailers exit and new retailers fit out their space. (Source: CBRE)

Figure 16: Zhongshan’s recalibration of retail format to gain impetus towards convergence of rental levels with PRD constituents Guangzhou and Hong Kong



Source: JLL, Company, PSR

Hong Kong and Zhongshan are currently at polar ends of each other in terms of average shopping centre rents. We believe the development of the PRD region would help alleviate this disparity and cause for further appreciation of rental levels in Zhongshan.

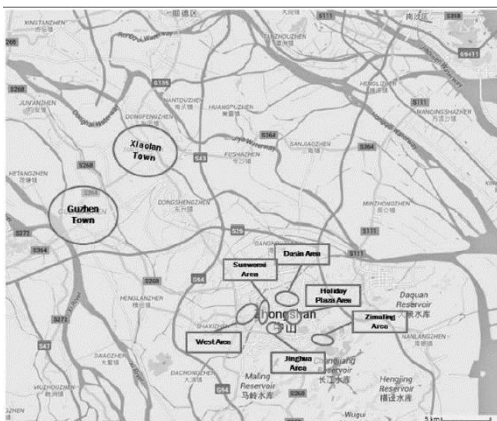
Figure 17: Major Future Retail Properties as of August 2016

Est. Opening Year	Project Name	Location	Est. Retail GFA (sqm)	Planned Format	Status as of August 2016
2017	Seaport City Phase 1	Xiaolan Town	90,000	Shopping Mall	Under Construction
2018	Seaport City Phase 2	Xiaolan Town	30,000	Shopping Mall	Land Cleared
2018	Lihe Plaza Guzhen Town Branch	Guzhen Town	50,000	Shopping Mall	Under Construction
2018	Shiqi Dasin Phase 2	Dasin Area	65,821	Shopping Mall	Under Construction
2018	Perfect Eagle Plaza	Holiday Plaza Area	100,000	Shopping Mall	Under Construction
N/A	Ligao Plaza	West Area	100,000	Shopping Mall	Under Construction
2018	Skyline International Plaza	Zimaling Area	50,000	Shopping Mall	Under Construction
2019	Huafa Plaza	Sunwenxi Area	70,000	Shopping Mall	Land Cleared

Source: Company, CBRE

Figure 18: Major retail areas of Zhongshan

Source: Google, CBRE



- Major retail areas are in Zhongshan’s core urban areas (Sunwenxi Area, Jinghua Area, Dasin Area, Holiday Plaza Area, West Area and Zimaling Area) while suburban malls are located a significant distance from the core urban areas (Xiaolan Town and Guzhen Town).
- Shiqi Metro Mall, located in the Dasin Area, is the first shopping mall in Zhongshan.

INVESTMENT MERITS

We find Dasin attractive at these levels for several reasons:

- Healthy organic growth:** We are expecting organic rental growth (CAGR) of 16% for the next two years for Dasin. Growth will come from across almost all lease types – 19.8% of which are from leases with built-in escalation and 16.3% from rental reversion of lease expiries (Figure 18).

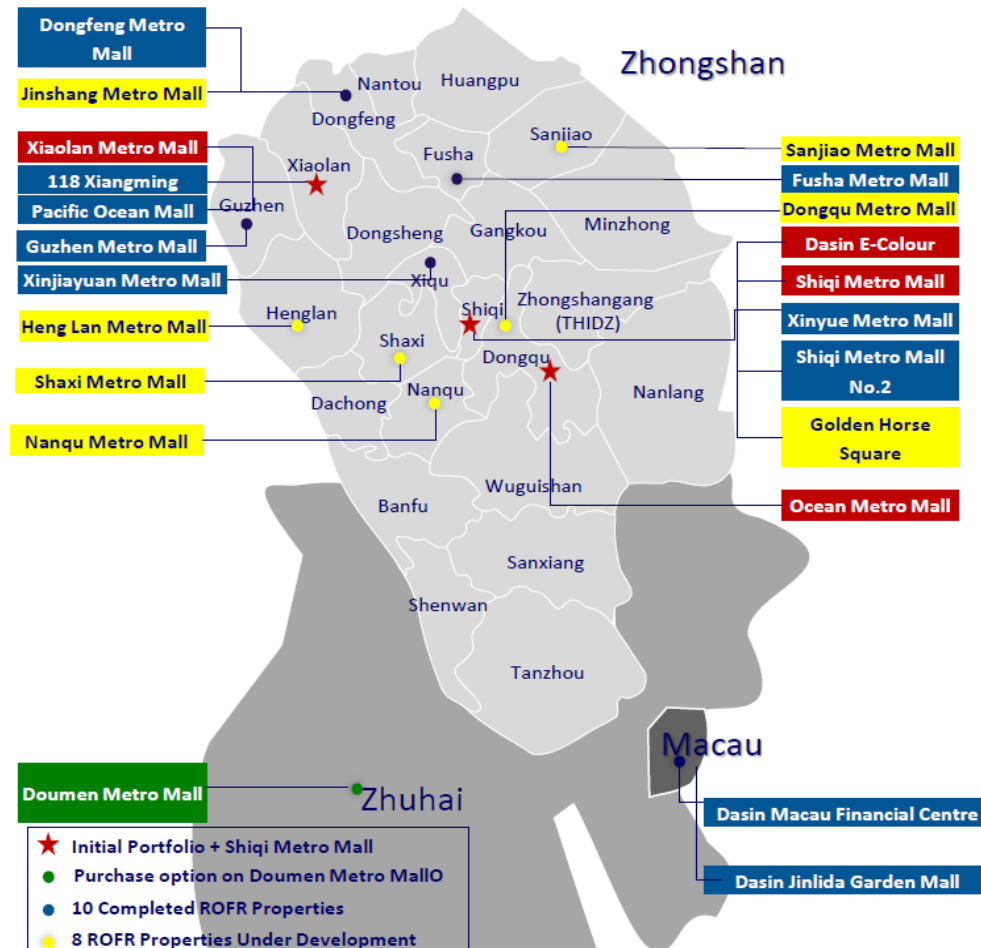
Figure 19: Organic growth stemming from lease step-ups and rental reversions

Property revenue breakdown	FY2017e	FY2018e	FY2019e	CAGR growth
Xiaolan Metro Mall	24,168	26,414	27,744	7%
Ocean Metro Mall	18,200	18,957	20,161	5%
Dasin E-Colour	3,091	3,363	3,829	11%
Shiqi Metro Mall	13,384	26,450	27,479	43%
Gross Rental Income	58,843	75,186	79,214	16%

Source: PSR estimates

- Acquisition pipeline that can quadruple assets:** The Sponsor has given Dasin a ROFR pipeline of 19 properties in Zhongshan, Foshan Zhuhai and Macau. Of these 19 properties, 10 have been completed, eight are under development and one is a purchase option (Doumen Metro Mall).

Figure 21: ROFR assets – majority of which are in Zhongshan

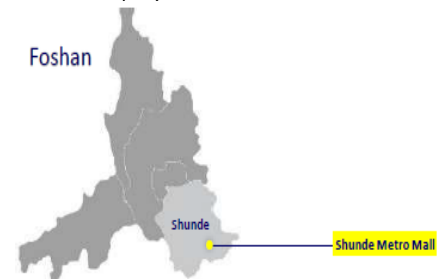


Source: Company

Figure 20: ~3.9x acquisition pipeline

Pipeline of acquisitions	GFA (000 sqm)
Dasin current 4 malls	434
Additions:	
+ Doumen Metro Mall (Call Option)	168
+ Completed 10 ROFR properties	639
+ Under development 8 ROFR properties	452
	<u>1,693</u>

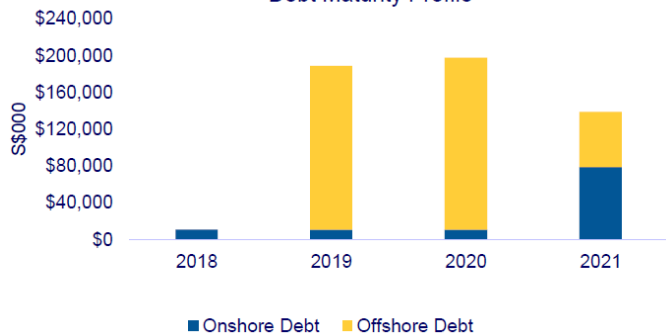
Source: Company, PSR



Dasin’s gearing stands at a healthy 31.4%, which implies a debt headroom of S\$209m

to deploy into inorganic growth strategies.

Figure 22: No major refinancing until 2019
Debt Maturity Profile

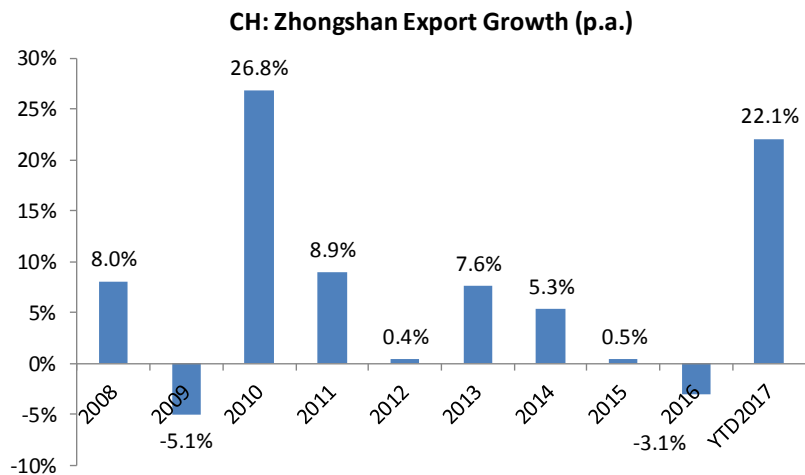


Source: Company

3. **Tap into Zhongshan’s vibrant economy:** Zhongshan’s economy has been growing at a CAGR of 12% over the past decade.

The outlook for consumer spending in Zhongshan will be buoyant. This is reflected in the robust recovery in exports. Exports rebounded to 6-year highs in 2017.

Figure 23: Robust exports will underpin this year’s economy



Source: CEIC, PSR

RISK FACTORS

1. **Income support:** The Sponsor has waived their entitlement to dividends for five years from FY17 to FY21. This waiver begins in FY17, where 54.7% of total units will not be entitled to dividends. The final year of entitlements will be in FY21. FY21 will experience a material change in waived entitlements, from 34.8% in FY20 to 14.8% in FY21.
2. **Currency exposure to RMB:** Rental collected is denominated in RMB. There is minimal hedging on the currency side and investors are essentially exposed to RMB fluctuations.

VALUATION

We initiate DASIN with a BUY and a target price of S\$0.98, 26.5% upside.

Our target price is based on a four-year projection, cost of equity of 8.12% and terminal growth rate of 0%, on the underlying basis that the income support arrangement would drop off in FY21.

Figure 24: Dasin enjoys the highest yield amongst retail trust

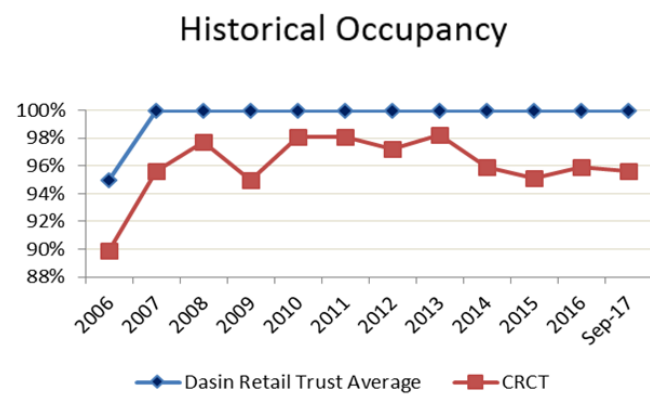
Company	1 Mth Perf.	3 Mth Perf.	YTD Perf.	Target Price	Share Px S\$	Mkt Cap (US\$ m)	FY16	PE FY17E	FY18E	P/BV FY16	Dividend Yield
REIT - Retail											
CapitaLand Mall Trust	-1.9%	0.0%	-3.3%	2.01	2.06	5,522	15.6	18.0	18.0	1.1	5.4%
Mapletree Commercial	3.1%	7.4%	2.5%	1.71	1.66	3,612	13.8	19.4	18.2	1.2	5.2%
Mapletree Greater CH	5.0%	8.2%	2.4%	1.28	1.26	2,685	9.5	19.0	18.6	1.0	5.8%
SPH REIT	1.0%	2.4%	0.0%	1.06	1.05	2,036	17.1	20.4	20.0	1.1	5.3%
Frasers Centrepoint Trust	0.9%	3.7%	0.9%	2.14	2.26	1,581	10.8	17.3	19.0	1.1	5.3%
Starhill Global	-1.3%	-2.6%	-1.9%	0.81	0.76	1,253	16.5	14.9	14.3	0.8	6.6%
Capitaland Retail China	3.1%	0.3%	1.9%	1.66	1.65	1,205	15.0	15.9	14.3	1.0	6.1%
Dasin Retail Trust	4.9%	3.0%	-3.4%	0.98	0.85	355	45.2	44.7	26.1	0.8	10.2%
	1.2%	3.2%	-0.1%	0.5%		18,249	13.7	18.4	17.9	1.1	5.6%

Source: PSR, Bloomberg

QUICK COMPARISON WITH CAPITALAND RETAIL CHINA TRUST

The Sponsor/manager's ability to retain tenants is evident in the 100% occupancy achieved for its portfolio malls over the last decade.

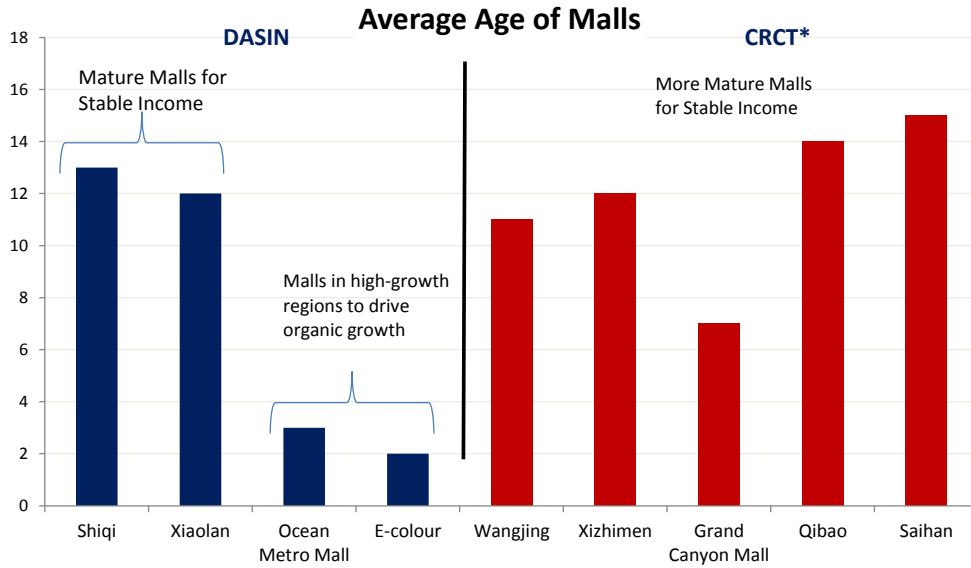
Figure 25: Comparison of CRCT's and Dasin's 10-year occupancy



Source: Company

Additionally, Dasin comprises a good mix of stable and high growth malls. These high growth malls are expected drive 16% organic growth (CAGR) over the next 2 years as the malls and districts they are located in mature. This would mitigate the impact of the gradual fall-off in waiver distributions from 2018-2021. Dongqu District - where Ocean Metro Mall is located in - for instance, is expected to develop and mature over the next 7-10 years as it turns into a new commercial centre.

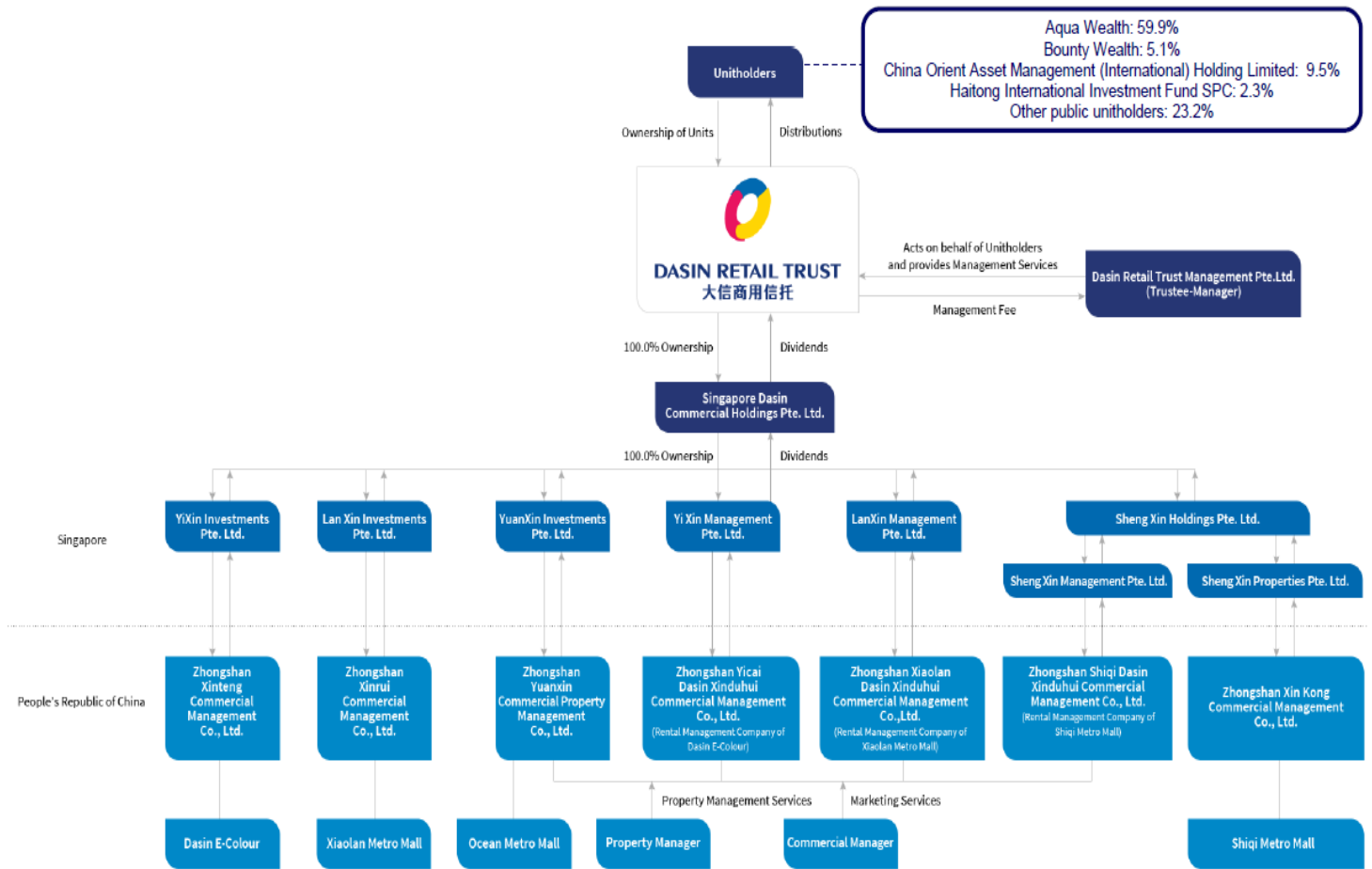
Figure 26: Dasin’s growth to be driven by high-growth malls



Source: Company Annual Reports, PSR
 *CRCT's main Multi tenanted malls

APPENDIX 1 – REIT STRUTURE

Figure 27: Dasin’s REIT structure



Source: Company

APPENDIX 2 - SITE VISIT NOTE

We were hosted to a site visit by the management of Dasin Retail Trust to their four retail malls in Zhongshan, Guangdong (3 in IPO portfolio and the recently acquired Shiqi Metro in June 2017).

Site Visit Highlights

Leveraging on parent's market leader position in Zhongshan. Dasin's Sponsor, Zhongshan Dasin Real Estate Co. Ltd, is a leading developer of good-grade retail malls in Zhongshan, with a c.40% market share of the entire retail market by GFA. The retail landscape is very fragmented and the next competitor's market share is a distant 13%. The Sponsor's strong network of malls, gives it an edge to attract and retain quality tenants. This was evident in the presence of reputable international/regional brands such as McDonald's and Watsons in all the malls we visited, except for Dasin E-Colour, which is a much smaller mall about 1/6 the size of the average of the other 3 in NLA terms. The manager's ability to retain tenants is also evident in the 100% occupancy in portfolio malls over the past decade.

Sponsor building "ecosystems" within and outside malls. Each of the malls we visited had their own captive shopper base. Dasin E-Colour for instance, was located next to the only university in Zhongshan (Figure 40) and a Dasin-developed residential project. Ocean Metro Mall is located within a new commercial city centre and across the road to Zhongshan Expo Centre which attracts additional heavy footfall with regular events.

Within the malls, the Sponsor's "Big 5" concept to develop retail malls (Big Supermarket, Big F&B, Big Entertainment, Big Department Store, Big Home Furnishings) to develop a mega-mall holistic shopping experience not purchasable online worked well to draw in shopper traffic. This was particularly evident in the strong crowds in supermarkets (especially local supermarket chain RT-mart) (Figures 30 and 35) and in-house developed restaurant chain Xin Garden (Figure 32). We observed a preference amongst the Chinese for local supermarket brands such as RT-mart as opposed to foreign brands such as Carrefour despite similar pricing. Shopper traffic in supermarkets was healthy even for off-peak weekday afternoons.

Innovative strategies to capture footfall and boost tenant sales. Besides the typical weekly events such as live performances at the shopping malls' central atriums, we witnessed several other unique measures undertaken by the mall developer/manager to draw shopper traffic, such as having theme parks, vegetable/pet farms at mall rooftops where shoppers (especially kids) can grow their own greens and visit them at the farms on a regular basis.

Figure 28: Outer façade of Shiqi Metro Mall acquired in June 2017. Contributes c.35% to FY18e revenue.



Figure 29: Central Atrium of Shiqi Metro Mall. Regular events are held here to attract shopper traffic.



Figure 30: Bustling crowd at local supermarket RT-mart 大润发 (Shiqi) on a Thursday afternoon.



Figure 31: Wildly popular mini-KTV booths in Dasin malls and China. Recently these booths can also be seen in Singapore.



Figure 32: Chinese restaurant Xin Garden. Crowds were healthy on a Friday noon with c.70% of tables occupied



Figure 33: Live seafood selection at Xin Garden. Average spending per pax at the restaurant ranges from RMB150-180.

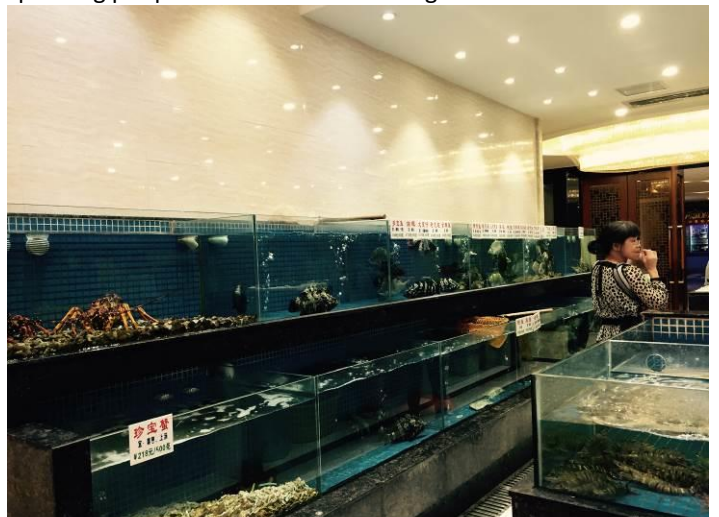


Figure 34: Central Atrium of Xiaolan Mall. Prominent tenants include McDonalds, KFC, Chow Tai Fook, Nike, Adidas.



Figure 36: Vibrant crowds at grand opening of Shiqi Metro Mall II (part of ROFR pipeline).



Figure 38: Rooftop of Ocean Metro Mall with farming plots for kids to cultivate green fingers.



Figure 35: Live seafood section at RT-mart (Xiaolan). Local supermarket chains remain popular amongst Chinese vs foreign brands.



Figure 37: Shiqi II Opening: First partnerships for Dasin with several renowned fashion brands, including H&M and Uniqlo.



Figure 39: Crowds at horticulture event for kids at Ocean Metro Mall rooftop.



Figure 40: Only university in Zhongshan, situated right opposite Dasin E-Colour.



Source: Company, PSR

Figure 41: Dasin E-colour (extreme left), together with adjacent Dasin-developed residential project.



APPENDIX 3 – Almost everything about Dasin

Name	Dasin Retail Trust. Listed on Mainboard of the SGX-ST on 20 January 2017 @ S\$0.80.																			
Assets	4 retail malls in Zhongshan valued at S\$1.5bn																			
Sponsor	Zhongshan Dasin Real Estate, with 59.9% stake (via Aqua Wealth Holdings Limited)																			
Trustee-Manager	Dasin Retail Trust Management Pte. Ltd																			
Dividends	To distribute 100% of distributable income in FY17 and FY18. And at least 90% distributable income in FY19 onwards																			
Gearing	Maximum gearing shall not at any time exceed 45%																			
Lease Structure	13% fixed rent, 57% fixed rent with built-in escalation, 28% higher of base rent or turnover rent, 3% pure turnover rent																			
ROFR	19 properties in Zhongshan, Zhuhai and Macau. Of these 19 properties, 10 have been completed, eight are under development and one is a purchase option (Doumen Metro Mall)																			
Top 5 tenants	Superior City Department Store, Jane Eyre Furniture Mall, RT-Mart, Xin Xuan Hotel Restaurant, Dong Du Hui Nightclub																			
Dasin Merchant Investment	Dasin Merchant Investment is wholly-owned by the Zhang Vendors. Dasin Merchant own 80% stake in Yuan Yang Dasin Food																			
Xiaolan Master Lease	<p>10-year lease from Sep17 with Dasin Merchant Investment.</p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: right;"><u>RMB mn</u></th> <th></th> </tr> </thead> <tbody> <tr> <td>Sep-Dec17 rental</td> <td style="text-align: right;">0.7</td> <td></td> </tr> <tr> <td>2018 rental</td> <td style="text-align: right;">21.6</td> <td></td> </tr> <tr> <td>2019-27 rental</td> <td style="text-align: right;">5% p.a. escalation</td> <td></td> </tr> <tr> <td>Security deposit</td> <td style="text-align: right;">21</td> <td></td> </tr> <tr> <td>Contribution to Dasin 2018 NPI</td> <td style="text-align: right;">6.2%</td> <td></td> </tr> </tbody> </table>			<u>RMB mn</u>		Sep-Dec17 rental	0.7		2018 rental	21.6		2019-27 rental	5% p.a. escalation		Security deposit	21		Contribution to Dasin 2018 NPI	6.2%	
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Dasin E-colour Master Lease	<p>3 year leases for various units that commence from Mar16 to Mar19.</p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: right;"><u>RMB mn</u></th> <th></th> </tr> </thead> <tbody> <tr> <td>4th floor to 9th floor (various units)</td> <td style="text-align: right;">0.25</td> <td>1st year</td> </tr> <tr> <td>4th floor to 9th floor (various units)</td> <td style="text-align: right;">0.28</td> <td>2nd year</td> </tr> <tr> <td>4th floor to 9th floor (various units)</td> <td style="text-align: right;">0.32</td> <td>3rd year</td> </tr> <tr> <td>Contribution to Dasin 2018 NPI</td> <td style="text-align: right;">1.1%</td> <td></td> </tr> </tbody> </table>			<u>RMB mn</u>		4th floor to 9th floor (various units)	0.25	1st year	4th floor to 9th floor (various units)	0.28	2nd year	4th floor to 9th floor (various units)	0.32	3rd year	Contribution to Dasin 2018 NPI	1.1%				
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Taxes	<p>Real estate tax:</p> <p>a) Self-use property is 1.2% p.a. on 70%-90% of the original cost of the self-used property</p> <p>b) Lease-out property is 12.0% per annum on the rental income received</p> <p>Withholding tax: 5% if Singapore Holding Co because resident in Singapore and beneficial owner for the dividends (otherwise 10% rate).</p> <p>Corporate tax:</p> <p>a) 25% for China property companies and rental management company</p> <p>b) 17% for Dasin Retail Trust</p> <p>VAT: 11% for real estate industry paid by tenant but there are transition. 3 IPO malls VAT is simplified method is 5%. Transition in 3 years from May16.</p> <p>Local surcharges: Education surcharge at 3.0%, City construction tax at 1.0%, 5.0% or 7.0%, local education surcharge at 2.0%</p>																			

Financials

Statement of Total Return and Distribution Statement

Y/E Dec, SGD ('000)	FY15 [^]	1HFY16 ^{##}	FY17e	FY18e	FY19e
Gross Revenue	32,208	19,375	58,843	75,186	79,214
Property operating expenses	(7,271)	(4,204)	(11,242)	(18,044)	(19,011)
Net Property Income	24,937	15,171	47,601	57,141	60,203
Trustee-Manager's fees	(5,452)	(1,365)	(3,353)	(4,137)	(4,137)
Others	(912)	(470)	(4,884)	(1,000)	(1,000)
Net finance income/(expenses)	(11,811)	(5,906)	(20,408)	(26,400)	(27,770)
Net Income	6,762	7,430	18,574	25,605	27,296
Net change in fair value of investment properties	-	-	(1,371)	-	-
Profit before income tax	6,762	7,430	17,203	25,606	27,296
Income tax expense	(4,482)	(2,162)	(5,161)	(7,682)	(8,189)
Profit for the period	2,280	5,269	10,995	17,924	19,108
Distribution adjustments	-	-	11,077	9,850	9,850
Distributable profit	-	-	21,573	27,774	27,047

Per share data (Cents)

Y/E Dec	FY15 [^]	1HFY16 ^{##}	FY17e	FY18e	FY19e
NAV	-	-	153	151	150
DPU	-	-	8.6	9.5	8.8

Cash Flow

Y/E Dec, SGD ('000)	FY15 [^]	1HFY16 ^{##}	FY17e	FY18e	FY19e
CFD					
Net Income	6,762	7,430	17,203	25,606	27,296
Adjustments	17,039	7,288	20,452	26,492	27,862
WC changes	(15,867)	(3,242)	54,972	(7,109)	1,174
Cashflow from ops	7,934	11,476	92,626	44,988	56,332
Income tax (paid)/refunded	(340)	(703)	(3,690)	(7,682)	(8,189)
Net cash from/(used) for ops	7,594	10,773	88,936	37,306	48,143
CFI					
Acquisition of subsidiaries	-	-	(524,440)	-	-
Others	(66)	(2,480)	369	-	-
Cashflow from investing activities	(73)	(2,480)	(524,071)	-	-
CFF					
Distributions paid	-	-	(15,927)	(27,774)	(27,047)
Issuance of units	-	-	146,415	-	-
Loans, net of repayments	-	-	374,497	-	-
Others	(7,521)	(8,294)	(43,155)	(26,400)	(27,770)
Cashflow from financing	(7,521)	(8,294)	470,313	(54,174)	(54,817)
Net change in cash	-	-	35,178	(16,868)	(6,674)
CCE, end	15,942	15,942	54,642	37,775	31,101

Source: Company, Phillip Securities Research (Singapore) Estimates

[#]IPO prospectus provides financial figures up to 1HFY2016

[^]Based on currency conversion rate of RMB4.83/1SGD as per prospectus

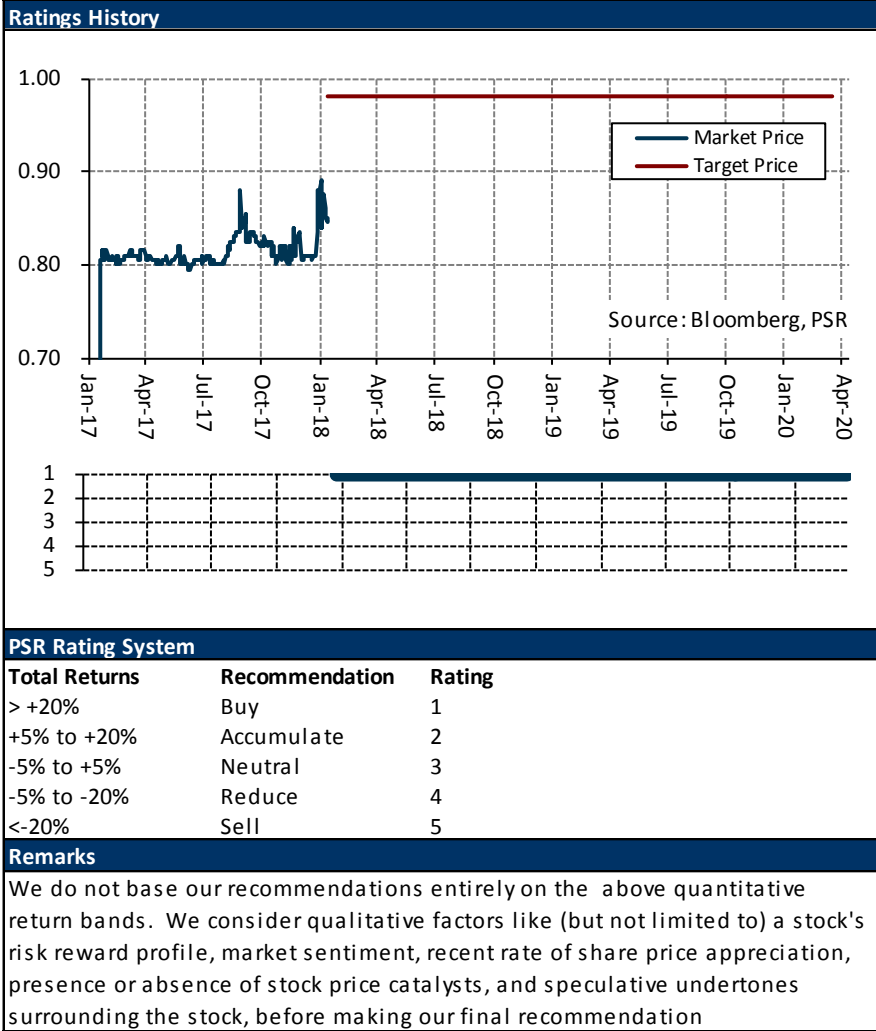
*Forward multiples & yields based on current market price; historical multiples & yields based on historical market price.

Balance Sheet

Y/E Dec, SGD ('000)	FY15 [^]	1HFY16 ^{##}	FY17e	FY18e	FY19e
ASSETS					
Trade and other receivables	3,028	3,413	-	-	-
Investment properties	944,720	944,720	1,532,377	1,532,377	1,532,377
Plant and equipment	880	776	289	289	289
Non Current Assets	948,629	948,910	1,532,666	1,532,666	1,532,666
Trade and Other Receivables	2,449	2,858	10,083	12,883	13,574
Cash and Cash Equivalents	15,942	15,942	54,642	37,775	31,101
Available for sale investments	-	2,484.5	-	-	-
Current Assets	18,391	21,285	64,725	50,658	44,675
Total Assets	967,019	970,195	1,597,391	1,583,324	1,577,341
LIABILITIES					
Loans and borrowings	248,219	248,219	483,457	469,258	304,258
Rental deposits	2,551	2,872	-	-	-
Deferred tax liabilities	151,710	151,710	248,700	248,700	248,700
Non Current liabilities	402,481	402,802	732,157	717,958	552,958
Loans and borrowings	-	-	801	15,000.0	180,000.0
Trade and other payables	7,489	6,261	18,932	9,022	9,506
Tax payable	1,166	1,545	2,563	1,758	1,956
Current Liabilities	7,806	7,806	22,296	25,780	191,461
Total Liabilities	411,136	410,608	754,453	743,738	744,419
EQUITY					
Shareholder Equity	555,883	559,587	842,938	839,586	832,922

Valuation Ratios

Y/E Dec	FY15 [^]	1HFY16 ^{##}	FY17e	FY18e	FY19e
P/NAV (x)	-	-	0.56	0.56	0.57
Distribution yield (%)	-	-	10.2%	11.2%	10.3%
NPI yield (%)	2.6%	1.6%	3.1%	3.7%	3.9%
Growth & Margins (%)	FY15[^]	1HFY16^{##}	FY17e[#]	FY18e	FY19e
Growth					
Revenue	51.6%	33.40%	-	27.8%	5.4%
Net property income (NPI)	81.0%	46.70%	-	20.0%	5.4%
DPU	-	-	-	10.1%	-7.8%
Margins					
NPI margin	77.4%	78.3%	80.9%	76.0%	76.0%
Net Income Margin	21.0%	38.4%	31.6%	34.1%	34.5%
Key Ratios					
Gearing	25.7%	25.6%	30.3%	30.6%	30.7%
ROA	0.7%	0.8%	1.2%	1.6%	1.7%
ROE	1.2%	1.3%	2.2%	3.0%	3.3%



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