



DASIN RETAIL TRUST
大信商用信托

(a business trust constituted on 15 January 2016
under the laws of the Republic of Singapore)

UPDATE ON PROGRESS OF CONSENSUAL DEBTS RESTRUCTURING EXERCISE

The Board of Directors (the “**Board**”) of Dasin Retail Trust Management Pte. Ltd. (the “**Trustee-Manager**”), as trustee-manager of Dasin Retail Trust (the “**Trust**”), wishes to announce the information set out below in response to a query from the Singapore Exchange Securities Trading Limited (the “**SGX Queries**”) in relation to the announcement made by the Trust on SGXNet dated 31 July 2023, entitled “Update on application for further extension of time”.

SGX Query

“It is disclosed in the 31 July 2023 Announcement that, the Trustee-Manger will continue to negotiate the terms of debt restructuring with the Lenders and explore options which include but are not limited to, (i) engaging CBRE and JLL to dispose retail malls of the Trust within 24-month timeframe in an orderly and structured manner; and (ii) to search for other potential strategic investors. It is envisaged that the time required by the lenders to obtain the in-principle approval internally and for the debt restructuring agreement to be prepared and executed is about two months.

Please provide an update with regard to its debt restructuring efforts, including actions taken by the Trustee-Managers to-date.”

Trustee-Manager’s response to SGX Query

Restructuring efforts

The 24-month timeframe to dispose the retail malls of the Trust in an orderly and structured manner (which was referred to in the Trust’s unaudited financial statements for the financial year ended 31 December 2022 announced on 10 July 2023) is one of the principal terms of the restructuring. Further, the Lenders require the major unitholder(s) of the Trust to pre-approve the sale of retail malls at or above minimum selling prices, provided requisite majority lenders approval is obtained when an offer is received, and subject to the pre-approval being legal.

The Lenders deemed pre-approval from the major unitholder(s) for sale of retail malls as a “deal-breaker”.

The major unitholder(s) referred to by the Lenders are Mr. Zhang Zhencheng and Sino Ocean Capital Holding Limited, who are the controlling unitholders of the Trust.

In October 2023, the Board and Lenders were informed that the CEO of the Trustee-Manager indicated that the single largest controlling unitholder of the Trust has agreed to provide the pre-approval of the sale of retail malls, subject to minimum selling price levels.

Around the same time, following the issuance of notices of demands by certain Lenders (as announced on 11 August 2023, 14 August 2023 and 4 September 2023), the Trustee-Manager and FTI Consulting (Singapore) Pte Ltd (“**FTI**”) engaged certain Lenders in order to de-escalate the situation and persuade the relevant parties to continue working towards achieving a consensual restructuring. The Management of the Trust also held discussions on the restructuring term sheet with some of the Offshore Lenders in mid-September 2023.

Pursuant to further feedback provided by Lenders to FTI on the proposed restructuring terms, on 18 October 2023, a call was held between representatives of the Management of the Trust, members of the Board of the Trustee-Manager, the Lenders and FTI to address queries raised by Lenders and to try to reach a consensus on the terms of the proposed restructuring term sheet. Key issues discussed during the call include (i) any collection plan for the Trust’s long outstanding accounts receivables from third and related parties; (ii) disposal of the malls; (iii) loan principal and interest repayment plan; and (iv) appointment of a monitoring accountant.

With respect to the key issues discussed:

(a) **Collection plan for the Trust’s long outstanding accounts receivables from third and related parties**

During the call on 18 October 2023, the Lenders requested for, and the Trust has provided the Lenders with, certain information and documents in relation to the recovery of receivables, and is still in the process of considering certain requests made by the Lenders during the call.

(b) **Disposal of the malls**

The Lenders were informed during the call on 18 October 2023 that both the Management of the Trust and the major unitholder of the Trust are supportive of the Lenders’ desire for the Trust to repay the loans through funds generated from the sale of one or two properties, and that the Trust has appointed a new valuer, Savills Real Estate Valuation (Guangzhou) Company Ltd, in November 2023 to conduct a fresh valuation of its properties as suggested by the Lenders. Management further informed the Lenders that they would schedule a meeting with CBRE (Shanghai) Consulting Management Co., Ltd, Guangzhou Branch (“**CBRE**”) and Jones Lang LaSalle Real Estate Advisory Limited (“**JLL**”) (both were appointed as marketing agents for the properties owned by the Trust in July 2023).

Both CBRE and JLL have, since July 2023, generally been working along the following timelines to organise sale of retail malls in an orderly and structured manner:

- (i) Preparation – 4 weeks;
- (ii) Marketing and investors interest collation – 10 to 12 weeks;
- (iii) Screening of investors, business negotiation and due diligence on property – 10 to 15 weeks; and
- (iv) Decision approval, signing of transaction documents – 15 weeks.

In updates provided by JLL on 24 October 2023 and 16 November 2023, JLL indicated that it is liaising with a few potential investors whom have expressed interest in the properties and will follow up closely on the progress.

(c) Loan principal and interest repayment plan

Lenders were informed during the call on 18 October 2023 that the proposed restructuring term sheet mandates quarterly cash repayments, annual minimum repayments, and cash flow reporting during the restructuring period, terms to which the Trustee-Manager does not object. The remaining funds from regular operations will be utilized for principal and interest repayment, with Lenders to decide the specific allocation of repayment amounts between the onshore and offshore Lenders.

(d) Appointment of a monitoring account

During the call with the Lenders on 18 October 2023, the Lenders reiterated their request for the Trustee-Manager to appoint a monitoring accountant (the “**MA**”) upon the signing of the Restructuring Term Sheet. The roles of the MA are, amongst others:

- (i) Take custody of all PRC Company Seals;
- (ii) Co-sign cheques for payment above RMB 100,000;
- (iii) Assist the Trustee-Manager in monitoring the short-term cash flow requirements of the Trust and the Group;
- (iv) Provide quarterly report to the Lenders on the receipts and payments;
- (v) Monitor payments of all expenses incurred in the running of the Trust and the Group;
- (vi) Advise the Board as and when deemed necessary;
- (vii) Provide quarterly updates on the discussions with strategic investors and sale of the retail malls;
- (viii) Improve current financial position by actively seeking to unwind long outstanding accounts receivables.

Some of the Lenders have conveyed their preference for FTI to serve as MA due to their extensive involvement in the debt restructuring and familiarity with the affairs of the Trust.

After the meeting held on 18 October 2023, the Trustee-Manager received further input from a certain Onshore Lender on the terms of the proposed restructuring term sheet, which the Trustee-Manager is in the process of considering.

A Lender has also expressed concern that the restructuring may be further protracted in the event the proposal set out in the Requisition Notice to convene an extraordinary general meeting (as announced on 25 November 2023) is passed, and has queried the Trustee-Manager’s next steps beside seeking legal advice on the Requisition Notice.

As stated in the announcement dated 25 November, among others, the Requisition Notice will be considered in full by the Board after the unitholding of the Requisitionists and the validity of the Requisition Notice has been verified and confirmed.

The Trustee-Manager will make further announcements on the SGXNET in the event there are any material developments which warrant disclosure, in compliance with its obligations under the Listing Manual.

In the meantime, the Board wishes to advise unitholders and potential investors to exercise caution when dealing in the units of the trust. In the event of any doubt, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

On behalf of the Board

Dasin Retail Trust Management Pte. Ltd.

(Company Registration No. 201531845N)

(in its capacity as trustee-manager of Dasin Retail Trust)

Dr. Kong Weipeng

Chairman and Non-Executive Director

4 December 2023