

Date: 2024. 1. 22

To: **The Board of Directors**
Dasin Retail Trust Management Pte. Ltd.
(Trustee-Manager of Dasin Retail Trust)
138 Market Street
#26-02, CapitaGreen
Singapore 048946

Dear Unitholders,

REQUISITION FOR EXTRAORDINARY GENERAL MEETING IN RELATION TO:

- (A) THE REMOVAL OF DASIN RETAIL TRUST MANAGEMENT PTE. LTD. ("DRTM") AS TRUSTEE-MANAGER OF DASIN RETAIL TRUST ("DRT"); AND**
- (B) THE PROPOSED INTERNALISATION OF THE TRUSTEE-MANAGER OF DRT**
- (C) ADDITIONAL RIGHTS ISSUE OF UNITS IN DASIN RETAIL TRUST**

1. We, Glory Class Ventures Limited, are unitholders holding approximately 11.8% of the total voting rights of all the unitholders of DRT ("**Glory Class**").
2. We hereby requisition for the convening of an extraordinary general meeting of the unitholders to vote on the following resolutions:

Special Resolution

RESOLUTION 1:

That DRTM be removed as the trustee-manager of DRT as soon as practicable after this resolution is passed.

Ordinary Resolution

RESOLUTION 2:

That approval be and is hereby given for the proposed internalisation of the trustee-manager function of Dasin Retail Trust ("**Internalisation**") by engaging a trust company licensed by the Monetary Authority of Singapore ("**Independent Trustee**") to incorporate a new private limited company in Singapore ("**Internal Trustee-Manager**") to act as trustee-manager of Dasin Retail Trust, whose Units will be held on trust for unitholders of Dasin Retail Trust;

Ordinary Resolution

RESOLUTION 3:

That pursuant to Clause 5 of the trust deed constituting Dasin Retail Trust dated 15 January 2016, as supplemented by a first supplemental deed dated 27 December 2016 (the "**Trust Deed**"),

Section 36 of the Business Trusts Act, 2004 (the "**Business Trusts Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Trustee-Manager be authorised and empowered to:

- (a) (i) issue units in Dasin Retail Trust ("**Units**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issuance of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and

- (b) issue Units in pursuance of any Instrument made or granted by the Trustee- Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders shall not exceed 20% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) shall be based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for (i) any new Units arising from the conversion or exercise of any Instruments which were issued and outstanding or subsisting at the time when this Resolution is passed and (ii) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Trust Deed for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) and the Business Trusts Act for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General

- Meeting of Dasin Retail Trust or (ii) the date by which the next Annual General Meeting of Dasin Retail Trust is required by applicable regulations to be held, whichever is earlier;
- (5) where the terms of the issuance of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Trustee-Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Trustee-Manager and any of its Directors, Chief Executive Officer and Chief Financial Officer be and is/are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director, Chief Executive Officer or Chief Financial Officer may consider expedient or necessary or in the interest of Dasin Retail Trust to give effect to the authority conferred by this Resolution.

3. Resolutions 1, 2 and 3 above are not intended to be inter-conditional.

4. We set out the background and the grounds of our requisition below.

A. BACKGROUND

5. Glory Class understands that, since the past year or so, DRTM has been facing various liquidity and cash flow issues, which has impeded its day-to-day operations as well as the progress of the ongoing consensual restructuring between DRT, FTI Consulting (Singapore) Pte Ltd (DRTM's financial advisors) and the syndicated lenders.
6. This cash flow issue was also a central concern raised by a group of unitholders of DRT ("**Requisitioning Unitholders**"), who had in November 2023 issued a requisition to convene an extraordinary general meeting of the Unitholders to remove DRTM as Trustee-Manager to be replaced by an Internal Trustee-Manager under the auspices of an Internalisation proposal (the "**November Requisition**").
7. In the November Requisition, the Requisitioning Unitholders had also cited several other reasons for the proposed internalisation process. Among other things, it was contended that:
- (a) Internalisation can lead to cost savings and projected increase in dividend per unit;
 - (b) Internal Trustee-Manager's interest would be aligned with Unitholders' interest;
 - (c) DRTM is currently controlled by Sino-Ocean Capital which is allegedly facing winding up petition;
 - (d) Direct ownership of the trustee-manager is better for Unitholders than relying on statutory protection; and
 - (e) Underperformance of DRTM.

8. Glory Class has had the opportunity to consider DRT's financial situation, as well as the Internalisation proposal made in the November Requisition. We take the view that the best course of action is for DRT to raise capital via a rights issue of units in DRT, and to reject the Internalisation proposal.
9. We therefore propose that an Ordinary Resolution 3 be added to the Special Resolution 1 and Ordinary Resolution 2 which were originally proposed in the November Requisition, and ask that DRTM circulates all three proposed resolutions for consideration and voting at the EGM to be convened.
10. We set out below our reasons and our responses to the November Requisition.

B. FUNDRAISING AND RIGHTS ISSUE

11. We understand that in recent years, DRT has seen poor financial performance due to difficult economic conditions in China, as well as the poor performance of the Chinese real-estate industry as a whole. Between 2020 and 2021, the Chinese government rolled out government policies that restricted financing for real estate developers and reduced the availability of mortgage loans. These policies have led to liquidity constraints causing the bankruptcy of more than 5,000 real estate developers. Many of China's largest developers were not spared¹. In DRT's case, these policies prevented the refinancing of certain S\$430 million and RMB 400 million syndicated loan facilities.
12. All of these have translated into cash flow and liquidity issues now faced by DRT and DRTM. We therefore propose that DRT raise funds by way of an issue and sale of units to existing / fresh unitholders. Cash flow is necessary for DRT and DRTM to maintain its day-to-day operations of the Trust, as well as to finance the ongoing restructuring efforts with the syndicated lenders.

C. THE PROPOSED INTERNALISATION

13. In response to the November Requisition, we consider that the proposal has not been properly prepared and presented, and the pros and cons weigh firmly in favour of rejecting the Internalisation. In these uncertain times, it is more important that DRTM maintains the course and trajectory of the restructuring plan. Any internalisation plan will no doubt be disruptive, and provide no answer to the problems that DRT is currently facing.
14. Glory Class therefore strongly advise the other Unitholders to vote against the adoption of the same, i.e. to vote down Resolutions 1 and 2. We set out our reasons below.

¹ <https://www.channelnewsasia.com/asia/china-property-real-estate-sector-financial-woes-ripple-through-wider-economy-billions-owed-businesses-workers-construction-housing-bubble-3752616>

(1) The Requisitioning Unitholders have not articulated a viable plan

15. From the November Requisition, it is clear that the Requisitioning Unitholders do not have any viable plan, beyond simply sketching out the broad contours of how the internalised structure should work.
16. Among other things, the Requisitioning Unitholders have not:
 - (a) identified the proposed replacement Trustee-Manager, or sought an indication of their consent to act;
 - (b) identified the potential team and employees that will be engaged by the replacement Trustee-Manager to continue the business of DRT;
 - (c) provided an estimate of the anticipated fees and costs that will be incurred by the replacement Trustee-Manager on an operational basis; and/or
 - (d) provided an estimate the cost of implementing and effecting the transition to the replacement Trustee-Manager.
17. The Unitholders should not be asked at this juncture to remove the current Trustee-Manager, DRTM, in circumstances where there is no viable alternative and no concrete plan on how the proposed Internal Trustee-Manager is to be implemented.
18. The removal of DRTM without a ready replacement will severely disrupt the ongoing debt restructuring exercise between DRTM and the Lenders in relation to its various loan facilities. As the Board of Directors have announced, DRTM has in the past few months received various letters of demand / notices of default from the Lenders demanding immediate payment of the outstanding sums and interest under the respective loan facilities. Negotiations are ongoing between DRTM and the Lenders for a mutually acceptable debt repayment plan, so that the Lenders will refrain from taking legal enforcement measures against DRTM.
19. The Requisitioning Unitholders say that Internalisation will be beneficial to the syndicated banks, but they do not appear to have consulted the Lenders on their proposed internalisation plan and their plan to remove DRTM as the Trustee-Manager of DRT. Such a resolution, if passed by the Unitholders of DRT without the approval of the Lenders, may cause the Lenders to cease the restructuring negotiations immediately, and proceed to enforcement of the loan facilities, which may have devastating impact on the continued viability of DRT.
20. It is therefore critical that the Unitholders maintain the status quo with the current Trustee-Manager in order that these negotiations be concluded.

(2) The potential cost savings from the proposed Internalisation are overstated

21. The Requisitioning Unitholders have argued that the Internal Trustee-Manager will operate on a “cost-recovery” basis and therefore will lead to significant cost savings.
22. First of all, this is a red herring. So long as DRT is in default vis-à-vis the loan facilities to the Lenders, and unless a debt restructuring consensus is reached (which is a matter of highest priority), it is pointless to talk about unitholder distribution. At this juncture, the debts due and owing to the Lenders dwarf the alleged fees and costs payable to the Trustee-Manager, so it is meaningless to discuss cost-savings from an operational point of view. Instead, the current Trustee-Manager should be retained to deal with the pressing issue of the debt restructuring.
23. In any event, the Requisitioning Unitholders have not even sought to draw up a budget to estimate the costs and expenses necessary for the operation of the Internal Trustee-Manager. Such a budget should at least include the key costs and expense items that the Internal Trustee-Manager will likely incur, including the remuneration of the employees the Internal Trustee-Manager intends to hire. Without a financial plan, cost-savings is merely a hypothetical.
24. Further, in their broad Internalisation Plan, the Requisitioning Unitholders have also painted a misleadingly rosy picture of the amount of cost-savings that DRT stands to benefit should the management be internalised.
25. First, it is misleading for the Requisitioning Unitholders to assert that all fees that need not be paid to the DRTM (e.g. management fees, trustee fees, etc) will directly translate into cost savings for DRT. It is to be recalled that the purpose of the existing fee structure is to incentivise the trustee-manager to obtain the best commercial outcomes by aligning its financial interests with that of DRT. This is common practice across many funds structures and has a demonstrable track record. The financial impact of the performance fee structure cannot be tangibly reduced into dollar figures, and the reduced performance efficiency as result of removing the fee structure may ultimately erode any “savings” from the fees paid.
26. Second, the Requisitioning Unitholders have also omitted to explain the costs of implementing the internalisation proposal and the establishment of Internal Trustee-Manager. Amongst other things:
 - (a) The removal of DRTM could likely lead to changes and uncertainties in the operations of DRT.
 - (b) The internalisation process will take time and rack up costs: the trustee would be required to make the necessary amendments to the Trust Deed, and seek regulatory approval, if necessary.
 - (c) The process of identifying and hiring candidates for the post of Internal Trustee-Manager will take time and additional costs. There could be costs incurred to set up and implement new systems and processes, additional costs to migrate and maintain databases, etc.

27. Even if the costs of implementation may be a one-time cost, these are still likely to be substantial and therefore any expected cost savings from the internalisation process itself may not be evident until at least the long term. Indeed, there is no assurance that the eventual "cost-savings" from an internalisation plan will eventually offset the initial costs of implementation, so the internalisation proposal represents a significant financial gamble on the part of the Unitholders.

(3) Loss of expertise and association of the external manager

28. The Requisitioning Unitholders have sought to downplay the consequences of abolishing an external Trustee-Manager such as DRTM. In truth, the value of the external manager is not only in the expertise that it brings, but also in its association with its shareholders and the corporate group standing behind the shareholders.

29. In this regard, the majority shareholder of DRTM is owned and controlled by the Sino-Ocean Capital, and as the shareholder of Sino-Ocean Capital, Sino-Ocean Group Holdings Limited is a public company established in 1993 and listed on the Stock Exchange of Hong Kong since 2007. Since its establishment, the Sino-Ocean Group has had a proven track record in developing and operating over 600 real-estate projects in China, and has even been included as a constituent of the Hang Seng Composite Index, Hang Seng Composite Industry Index – Properties and Construction². The Sino-Ocean Group deals with assets exceeding RMB 210 billion under its management³. It is clear that the Sino-Ocean Group has familiarity, knowledge and expertise of the real-estate industry in China, which they can leverage to assist in DRTM's management of DRT.

(4) Alignment of Trustee-Manager's interests with Unitholders' Interest

30. The Requisitioning Unitholders misrepresent that the interests of the Unitholders will be more aligned under an Internal Trustee-Manager than under the current model. It is in fact the opposite.

31. Under the current arrangement, the involvement of Sino-Ocean Capital empowers the minority unitholders with a substantial voice in the affairs of DRT. While Sino-Ocean Capital is a majority shareholder in DRTM, it is also a minority unitholder, holding via Glory Class approximately 11.8% of the units in DRT. In addition, we understand that at least half Board of Directors of DRTM are independent directors. In truth, DRTM is championing the interests of all the Unitholders of DRT, while safeguarding the interests of the minority Unitholders. If DRTM is replaced with an Internal Trustee-Manager, this will not align the interests of the Trustee-Manager with that of the Unitholders; instead it will align the interests of the Trustee-Manager with that of the **majority**

² <https://www.sinooceangroup.com/en-us/aboutus/companyprofile.html>

³ As at 2020

Unitholders, leaving the minority Unitholders vulnerable to the decisions, whims and fancies of the majority.

32. To-date, we are given to understand that a number of the management and administration issues faced by DRTM were caused by divergence in interests between the majority shareholders and the minority shareholders of DRT. For example, a key reason for the slow progress of the restructuring is that the largest controlling unitholder of the Trust had previously withheld pre-approval for the asset disposal arrangement with the syndicated loan banks. This example underscores the importance of maintaining the external model, to ensure that the interests of the minority unitholders are safeguarded.
33. In any event, under the external Trustee-Manager model, any perceived commercial conflict of interest between an external Trustee-Manager and the unitholders can and is often addressed by the payment structure of the trustee-manager that ties its remuneration with the performance of the trust (e.g. performance fees, acquisition fees and divestment fees). This is also the case for DRTM. The structure aligns the financial interests of the trustee-manager with that of the trust, incentivising the trustee-manager to obtain the best commercial outcomes for the Trust. Further, any perceived inefficiencies arising out of a potential "conflict" ought to be weighed against the expertise and experience that a professional trustee manager may bring.
34. Finally, Singapore legislation provides adequate safeguards to address any residual concerns of conflict of interest. At law, it is undisputed that a trustee-manager and its directors owes fiduciary duties to its unitholders, as well as statutory duties to act honestly and exercise reasonable diligence in the discharge of its duties. Indeed, the fiduciary duties owed by the directors of the trustee-manager is so paramount that it supersedes the fiduciary duties owed to the trustee-manager itself: see Section 11 of the Business Trusts Act. These fiduciary duties are owed regardless of whether the Trustee-manager is an external or internal one, and will ensure that, at law, the trustee-manager must discharge its duty faithfully and honestly in the best interests of the unitholders.

D. ALLEGED UNDERPERFORMANCE OF DRTM AND SINO-OCEAN CAPITAL HOLDING LIMITED

35. The Requisitioning Unitholders allege that DRTM has been underperforming since Sino-Ocean Capital Holding Limited became the controlling shareholder of DRTM in 2021.
36. To put matters into context, it cannot be disputed that DRT's weak financial performance stemmed from wider macroeconomic problems faced in China. It was under dire circumstances that Sino-Ocean Capital was brought as a shareholder of DRTM in October 2021. These economic challenges persist to this date.

37. Sino-Ocean Capital has made significant contributions to the DRT's restructuring efforts. Owing to Sino-Ocean Capital's good relationship with the banks (including the provision of necessary letters of comfort), DRT has been able to obtain multiple extensions for the repayment of the facilities thereby avoiding DRT's liquidation. It was also through Sino-Ocean Capital's efforts that DRT was able to find strategic investors with state-owned enterprise backgrounds which would facilitate the restructuring. However, these efforts have yet to succeed because of opposition from DRT's major unitholders.
38. The Requisitioning Unitholders do not highlight any feature of the Internal Trustee Manager that would make it more effective at dealing with the nationwide liquidity constraints as well as the broader macroeconomic challenges. In fact, for the reasons stated above, replacing DRTM with the Internal Trustee Manager might worsen the situation. We have explained that Sino-Ocean Capital is an experienced player in real estate investment. By comparison, the Internal Trustee Manager will not have the necessary track record and experience from day one. DRTM will certainly be more equipped than the proposed Internal Trustee Manager to help DRT tide over this difficult period. The correct choice would be to maintain the status quo.
39. The Unitholders also cite the ongoing winding-up petition of Sino Ocean Capital (the "**Winding Up Petition**") as a reason for DRTM's "*underperformance*".
- (a) **First**, the financial performance of Sino-Ocean Capital has no bearing on the ability of the Sino-Ocean Capital appointed directors in the Board of DRTM to discharge their duties. They are required to continue discharging their duties diligently in the best interest of the Unitholders of DRT.
- (b) **Second**, Sino-Ocean Capital's owns its shareholding in DRTM through its wholly owned subsidiary, New Harvest Investments Limited ("**New Harvest**"). There is no relation between the Winding Up Petition and New Harvest's involvement as a shareholder of DRTM. The Winding Up Petition has not materially affected the day-to-day operations of the DRT.
- (c) **Third**, the issue of whether Sino-Ocean Capital would even be wound up is still pending. The Requisitioning Unitholders have highlighted the adjournment of the winding up petition from 8 November 2023 to 27 March 2024. In fact, this adjournment was jointly applied for by Sino-Ocean Capital and the petitioner (and approved by the Court), on the basis that the Sino-Ocean Capital is exploring a settlement with the petitioner. As such, there is no certainty that Sino-Ocean Capital will be wound up and any decision to be made on the replacement of the Trustee-Manager cannot be on the basis on a speculative liquidation of its shareholder.

