

FOR IMMEDIATE RELEASE

## Croesus Retail Trust delivers 8% DPU quarterly y-o-y growth for 3Q FY2015

- Delivered net property income of JPY 1,162.7 million, outperforming 3Q FY2014 by 24.5%, despite temporary store closures for tenant renewal exercise at Mallage Shobu
- Tenant renewal and asset enhancement exercise at Mallage Shobu substantially completed with minimal disruptions to operations
- Positive economic indicators and consumer sentiment present CRT with favourable growth prospects

**Singapore, 14 May 2015** – Croesus Retail Asset Management Pte. Ltd. (the “Trustee-Manager”), the trustee-manager of Croesus Retail Trust (“CRT”) is pleased to announce that it has achieved another strong set of results for the three months ended 31 March 2015 (“3Q FY2015”), delivering an available distribution per unit (“DPU”) of 1.90 Singapore cents for the period. This represents an 8% increase from the 1.76 Singapore cents DPU recorded in the previous corresponding period (“3Q FY2014”).

The increase in DPU stemmed from CRT’s net property income of JPY 1,162.7 million for 3Q FY2015, which came in 24.5% higher than the JPY 933.7 million recorded in the preceding period (“3Q FY2014”), surpassing the Group’s net property income forecast of JPY 811.1 million<sup>1</sup> by 43.4%. This was despite the temporary closure of some stores at Mallage Shobu for the tenant renewal exercise and the higher property operating expenses incurred.

### Results summary

	3Q FY2015 Actual	3Q FY2014 Actual	Variance	3Q FY2015 Forecast <sup>1</sup>	Variance
	1 Jan 2015 to 31 Mar 2015	1 Jan 2014 to 31 Mar 2014		1 Jan 2015 to 31 Mar 2015	
<b>Gross Revenue</b> (JPY million)	1,982.3	1,391.7	42.4%	1,253.0	58.2%
<b>Net Property Income</b> (JPY million)	1,162.7	933.7	24.5%	811.1	43.4%
<b>Income Available for Distribution</b> (JPY million)	815.7	619.8	31.6%	632.9	28.9%
<b>Available Distribution per Unit</b> (Singapore cents)	1.90	1.76	8.0%	1.85	2.7%

<sup>1</sup> The forecast figures are derived from the forecast figures for Projection Year 2015 (being the period from 1 July 2014 to 30 June 2015) in CRT’s prospectus dated 2 May 2013 (the “Prospectus”) and prorated to 90 days for the period from 1 January 2015 to 31 March 2015 (based on a 365-day financial year). The forecast figures are in respect of the initial portfolio of CRT only, comprising Aeon Town Moriya, Aeon Town Suzuka, Croesus Shinsaibashi and Mallage Shobu (“Initial Portfolio”).

	3Q YTD2015 Actual	3Q YTD2014 Actual <sup>2</sup>	Variance	3Q YTD2015 Forecast <sup>3</sup>	Variance
	1 Jul 2014 to 31 Mar 2015	1 July 2013 to 31 Mar 2014		1 Jul 2014 to 31 Mar 2015	
<b>Gross Revenue</b> (JPY million)	5,646.8	3,930.8	43.7%	3,814.6	48.0%
<b>Net Property Income</b> (JPY million)	3,475.5	2,529.8	37.4%	2,469.2	40.8%
<b>Income Available for Distribution</b> (JPY million)	2,481.5	2,078.0	19.4%	1,926.9	28.8%
<b>Available Distribution per Unit</b> (Singapore cents)	6.06	5.88	3.1%	5.62	7.8%

For 3Q FY2015, CRT recorded a gross revenue of JPY 1,982.3 million, which was 42.4% higher than the JPY 1,391.7 million recorded in 3Q FY2014. This was due mainly to contributions from Luz Omori and Croesus Tachikawa, which were acquired on 6 March 2014, and One's Mall, which was acquired on 16 October 2014. However, the increase was partially offset by the temporary shop closures at some units at Mallage Shobu during its tenant renewal exercise. When compared to the Group's 3Q FY2015 net property income forecast of JPY 811.1 million<sup>4</sup>, CRT recorded a positive variance of 43.4%.

Income available for distribution rose 31.6% from JPY 619.8 million for 3Q FY2014 to JPY 815.7 for 3Q FY2015. The higher positive variance compared to net property income was due mainly to foreign exchange gains. However, the gains were partially offset by higher finance costs incurred for the interest expense on the medium term notes issued in January 2014, which was partially used for the acquisition of Luz Omori and Croesus Tachikawa. For 3Q FY2015, CRT's income available for distribution exceeded its 3Q FY2015's forecast of JPY 632.9 million<sup>4</sup> by 28.9%.

**Mr Jim Chang, Chief Executive Officer and Executive Director of Croesus Retail Asset Management Pte. Ltd.**, said, "As we mark our second anniversary since the listing of CRT, we are pleased to announce another quarter of strong growth. Having surpassed our DPU forecasts for seven consecutive quarters<sup>5</sup>, we continually seek ways to boost our earnings for the benefit of our Unitholders. Over the last quarter, we completed our maiden asset enhancement and most of the tenant renewal exercise at Mallage Shobu, with minimal disruptions to operations. This initiative will not only boost the attractiveness of our asset, but also helps us to realise our organic growth potential. We look forward to undertaking further measures to unlock more value for our Unitholders."

<sup>2</sup> For a more meaningful comparison, the results from 1 July 2013 to 31 March 2014 (which are prorated to 274 days based on the actual results for the 326-day period from 10 May 2013 to 31 March 2014) are presented as the comparative period for the period from 1 July 2014 to 31 March 2015.

<sup>3</sup> The forecast figures are derived from the forecast figures for Projection Year 2015 in the Prospectus and prorated to 274 days for the period from 1 July 2014 to 31 March 2015 (based on a 365-day financial year). The forecast figures are in respect of the Initial Portfolio only.

<sup>4</sup> The forecast figures are derived from the forecast figures for Projection Year 2015 in the Prospectus and prorated to 90 days for the period from 1 January 2015 to 31 March 2015 (based on a 365-day financial year). The forecast figures are in respect of the Initial Portfolio only.

<sup>5</sup> Refers to financial outperformance over prorated forecast figures extracted from the Prospectus. These forecast figures are only in respect of the Initial Portfolio.

On 31 March 2015, the Trustee-Manager announced that the tenant renewal and asset enhancement exercise at Mallage Shobu was close to completion. Involving 155 tenants, the tenant renewal exercise entailed the introduction of 69 new brands to Mallage Shobu, 28 refreshed store transfers and 58 lease renewals. As a result, the majority of the mall's tenants are operating on new leases that include a variable rent component, which is dependent on the increase in aggregate sales at Mallage Shobu. Through this tenant renewal exercise, the Trustee-Manager estimates that a potential rental uplift of 20% to 25% for these new tenants can be anticipated, which would translate to an overall rental uplift of 12% to 15% for the entire mall.<sup>6</sup>

**Mr Jeremy Yong, Co-Founder and Group Managing Director of Croesus Merchants International Pte. Ltd. (the sponsor of CRT) and Director of Croesus Retail Asset Management Pte. Ltd.,** said, "We are excited about the prospects ahead of us amidst the revival of the Japanese economy. The outlook for Japan's retail industry remains positive with the government's drive to increase inflation to stimulate the economy. With a resilient portfolio of mainly suburban malls serving the everyday needs of Japanese consumers, this backdrop of economic growth presents a further boost to our robust performance."

### **Key beneficiary of Japan's economic revival**

In Japan, the economy continues on its road to recovery with improving key economic indicators, amidst its quantitative easing programme. For the first time since the increase in Japan's consumption tax from 5% to 8% in April 2014, the country's quarterly gross domestic product showed a 1.5% growth on an annualised basis in the fourth quarter of 2014. In addition, the weaker Japanese Yen has led to further appreciation of property prices in Japan, whilst the competition for real estate acquisitions in Japan is increasing.

The outlook for the retail industry remains buoyant with developments in the quarter pointing towards further growth. According to Cabinet Office survey results released in April 2015, Japanese consumer confidence in March improved for a fourth straight month, with majority of consumers polled expecting an increase in prices in the year ahead. In March 2015, large Japanese corporations granted their employees their largest pay raise in many years, in response to calls from the government to increase wages. Being entrenched in the retail real estate industry, Croesus Retail Trust expects to benefit from this trend as consumers increase their spending propensity.

### **Distribution Policy**

CRT's distribution policy is to distribute 100% of its distributable income for the period from the listing date to 30 June 2014, and from 1 July 2014 to 30 June 2015, and at least 90% of its distributable income thereafter.

As CRT receives its distributable income in Japanese Yen, but pays out distributions in Singapore Dollars to its unitholders, it has hedged close to 100% of its distribution for the next 15 months up to 30 June 2016 to minimise exposure to exchange rate fluctuations. CRT will make distributions to unitholders on a semi-annual basis with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates.

Barring any unforeseen circumstances, CRT's properties are expected to continue to generate robust and stable cash flows in the next reporting period and in the next 12 months.

<sup>6</sup> This is solely for illustrative purposes and assuming a 20% to 25% increase in aggregate sales at Mallage Shobu for the 155 new tenants (as compared with the aggregate sales for the previous tenants). This assumption is based on the historical track record and sales of the new tenants at other stores and the Trustee-Manager believes that this is a reasonable assumption in the current circumstances. However, the actual sales of the new tenants at Mallage Shobu could differ and there is no guarantee that these figures will be attained.

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**About Croesus Retail Trust**

Croesus Retail Trust ("CRT") is the first SGX-listed Asia-Pacific retail business trust with a portfolio located in Japan. CRT is principally focused on investing in a diversified portfolio of predominantly retail real estate assets located in the Asia Pacific region, with an initial focus on Japan. CRT currently has seven retail properties in Japan – Aeon Town Moriya, Aeon Town Suzuka, Croesus Shinsaibashi, Croesus Tachikawa, Luz Omori, Mallage Shobu and One's Mall – out of which five are located in the Greater Tokyo area. CRT's portfolio of assets in Japan allows it to create a core portfolio of stable income generating assets that serves as a foundation for CRT to pursue development and acquisition opportunities in the Asia-Pacific region, including Japan, to generate long-term capital value and long-term returns.

CRT was awarded by FinanceAsia as 'Best Small-cap Company in Singapore' in its Best Managed Companies Poll for 2014. CRT is part of the FTSE ST Small Cap Index and the TR/GPR/APREA Composite Index. For more information on CRT, please visit [www.croesusretailtrust.com](http://www.croesusretailtrust.com).

**Important Notice**

This press release is not an offer of securities for sale or a solicitation of an offer to purchase securities. This release may contain forward-looking statements that involve risks and uncertainties. Forward-looking statements include statements regarding the intent, belief and current expectations of CRT or its officers with respect to various matters. When used in this press release, the words "expects," "believes," "anticipates," "plans," "may," "will," "should" and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes, and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events and speak only as of the date of this press release. CRT does not undertake to revise forward-looking statements to reflect future events or circumstances. No assurance can be given that future events will occur, that projections will be achieved, or that CRT's assumptions are correct. The past performance of CRT is not indicative of the future performance of CRT. Similarly, the past performance of the Trustee-Manager is not indicative of the future performance of the Trustee-Manager.

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