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Croesus Retail Trust

Croesus Retail Trust (“CRT”) is the first Asia-Pacific retail business trust with an initial portfolio located in Japan listed on Singapore Exchange Securities Trading Limited (the “SGX-ST”).

CRT’s principal investment strategy is to invest in a diversified portfolio of predominantly retail real estate assets located in Japan and across the Asia-Pacific region and real estate-related assets relating to the foregoing. The initial portfolio is located in Japan in order to create a core portfolio of stable income generating assets. This core portfolio would serve 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 has a portfolio of 4 quality retail properties (the “Properties”) located across Japan with an aggregate net lettable area (“NLA”) of approximately 181,722.3 sqm and the occupancy rate as at 31 December 2013 are as follows.

Properties	Country/Prefecture	NLA (sqm)	Occupancy ratio
Aeon Town Moriya	Japan / Ibaraki	68,046.8	100%
Aeon Town Suzuka	Japan / Mie	43,500.7	100%
Luz Shinsaibashi	Japan / Osaka	2,342.4	100%
Mallage Shobu	Japan / Saitama	67,832.4	99.3%

The Properties are held by Croesus Retail Asset Management Pte. Ltd. (in its capacity as trustee-manager of CRT, the “Trustee-Manager”) through a tokutei mokuteki kaisha (“TMK”). The TMK is one of the common structures adopted for investment in real estate in Japan. The TMK may either acquire legal ownership rights of real properties or, as in the case of CRT’s investment in the Properties, may hold the trust beneficiary interest (“TBI”) in the Properties. In the case of CRT, the legal title to each of the Properties is held in trust by a trustee, which is typically a bank while the TBIs are held by the TMK. The TMK may obtain financing by issuing equity securities (preferred and specified equities) and debt securities (such as specified bonds), as well as by borrowing from entities which qualify as “Qualified Institutional Investors” under the Financial Instruments and Exchange Law of Japan.

CRT is managed by the Trustee-Manager which is a wholly-owned subsidiary of Evertrust Asset Management Pte. Ltd. (“Evertrust”).

Evertrust is owned by Croesus Partners Pte. Ltd. and CRT’s strategic partners, Daiwa House Industry Co. Ltd and Marubeni Corporation (together, the “Strategic Partners”) in the proportion of 80%, 10% and 10%, respectively. The Trustee-Manager’s key objectives are to deliver a competitive return on investment to unitholders of CRT through (i) regular and growing distributions and (ii) long-term capital value growth of CRT’s portfolio of assets. The Trustee-Manager targets acquisition of properties in markets with stable and high growth potential and has negotiated rights of first refusal from Croesus Merchants International Pte. Ltd. (“the Sponsor”) and the Strategic Partners.

The acquisition of properties was completed on 10 May 2013 (“Listing Date”), the day which CRT was officially listed on the SGX-ST.

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.

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. CRT's first distribution after the Listing Date will be for the period from the Listing Date to 31 December 2013 and will be paid by the Trustee-Manager on 31 March 2014.

FINANCIAL REVIEW OF CRT FOR THE PERIOD FROM 7 MAY 2012 (DATE OF CONSTITUTION) TO 31 DECEMBER 2013

CRT was a dormant private trust during the period from 7 May 2012 (date of constitution) to 9 May 2013. The acquisition of the portfolio of CRT was only completed on the Listing Date. Consequently, the actual income derived from the Properties for the current period is from the Listing Date to 31 December 2013.

CRT is presenting its financial results for the period from 7 May 2012, being the date of constitution of CRT, to 31 December 2013 ("1H 2014") and for the period from 1 October 2013 to 31 December 2013 ("2Q 2014").

1(a)(i) Consolidated statement of comprehensive income and distribution statement for 2Q2014 and 1H 2014 (a)

		2Q 2014	1H 2014
	Note	1 Oct 2013 to 31 Dec 2013 (b) (JPY"000)	10 May 2013 to 31 Dec 2013 (b) (JPY"000)
Gross Revenue		1,286,912	3,285,149
Gross rental income		1,120,953	2,825,293
Utilities income		124,206	351,653
Other income		41,753	108,203
Property Operating Expenses		(481,044)	(1,209,833)
Property management expenses		(69,213)	(171,110)
Building management expenses		(74,447)	(192,885)
Repair expenses		(15,082)	(26,703)
Utilities expenses		(146,355)	(421,682)
Property tax expenses		(73,411)	(187,974)
Insurance expenses		(2,565)	(6,569)
Sales and promotion expenses		(81,000)	(157,615)
Other expenses		(18,971)	(45,295)
Net Property Income		805,868	2,075,316
Finance income		-	1,362
Finance costs		(112,453)	(289,109)
Other administrative expenses		(1,744)	(21,193)
Trustee-Manager's fees		(97,717)	(251,265)
Japan Asset Manager's fees		(17,997)	(35,669)
Other trust expenses		(33,578)	(56,662)
Foreign exchange gains		38,476	27,435
Profit before changes in fair value		580,855	1,450,215
Fair value gain on investment properties	(c)	-	1,493,903
Fair value gain on financial instruments	(d)	310,093	31,772
Profit before tax		890,948	2,975,890
Tax expenses			
Current tax		(77,035)	(160,051)
Deferred tax		(70,550)	(471,167)
Profit after tax		743,363	2,344,672
Other comprehensive income			
Net loss on fair value changes of derivative financial instruments	(e)	(15,003)	(221,013)
Total other comprehensive income		(15,003)	(221,013)
Total comprehensive income for the period		728,360	2,123,659

Consolidated distribution statement

	2Q 2014	1H 2014
Note	1 Oct 2013 to 31 Dec 2013 (b) (JPY"000)	10 May 2013 to 31 Dec 2013 (b) (JPY"000)
<u>Reconciliation of profit after tax to income available for distribution</u>		
Profit after tax	743,363	2,344,672
<u>Adjustment for:</u>		
Trustee-Manager's fees paid/payable in Units	92,585	235,579
Amortisation of upfront costs	40,474	103,498
Amortisation of prepaid property tax	95,521	245,033
Fair value gain on investment properties, net of tax	70,549	(1,022,737)
Fair value gain on financial instruments	(310,093)	(31,772)
Others	(19,391)	(21,744)
Income available for distribution	713,008	1,852,529

Notes:

- (a) CRT was a dormant private trust during the period from 7 May 2012 to 9 May 2013. The acquisition of the portfolio of CRT was completed on the Listing Date. Consequently, the actual income derived from the Properties for the current period was from the Listing Date to 31 December 2013.
- (b) No comparative consolidated statement of comprehensive income has been presented as the acquisition of the portfolio of CRT was only completed on the Listing Date.
- (c) Fair value gain on investment properties arose from unrealised gains on revaluation of the investment properties on Listing Date and the fair value gains of the additional annex building acquired subsequent to the Listing Date.
- (d) Fair value gain on financial instruments arose from mark to market of forward foreign exchange contracts (in accordance with FRS 39) used to hedge distribution for the financial periods from Listing Date to 30 June 2014 and 1 July 2014 to 30 June 2015.
- (e) Net loss on fair value changes of derivative financial instruments arose from re-measurement of interest rate swaps entered into during the financial period to hedge the interest rate risk on borrowings.
- (f) Property tax for a period from the Listing Date to 31 December 2013 was prepaid upon acquisition to the property vendors together with the acquisition cost. The amortization of prepaid property tax has no impact on distribution.

1(b)(i) Statements of financial position

	Note	CRT 31 Dec 2013 (a) (JPY"000)	CRT Group 31 Dec 2013 (a) (JPY"000)
Non-current assets			
Investment properties		-	52,954,221
Investment in subsidiaries		20,145,855	-
Loan to subsidiaries		7,862,763	-
Other receivables		-	6,928
Derivative financial instrument	(b)	13,732	13,732
Prepayment		-	8,075
Restricted cash		-	1,524,393
Deferred tax assets		-	24,862
		28,022,350	54,532,211
Current assets			
Cash and short-term deposits		756,518	1,919,011
Trade and other receivables		467,433	460,401
Derivative financial instruments	(b)	18,040	18,040
Prepayments		800	12,917
Restricted cash		-	3,586,218
		1,242,791	5,996,587
Total assets		29,265,141	60,528,798
Current liabilities			
Loans and borrowings		-	1,299,026
Trade and other payables		19,604	322,723
Income tax payables		45,776	156,463
Other liabilities		35,153	337,769
		100,533	2,115,981
Non-current liabilities			
Loans and borrowings		-	24,012,719
Trade and other payables		-	1,560,060
Derivative financial instruments	(b)	-	221,013
Other liabilities		-	360,206
Deferred tax liabilities		-	496,029
		-	26,650,027
Total liabilities		100,533	28,766,008
Net assets attributable to unit holders		29,164,608	31,762,790
Equity attributable to equity owners of the parent			
Units on issue - net of issue costs		29,562,066	29,639,131
(Accumulated losses) / Retained earnings		(397,458)	2,344,672
Fair value adjustment reserve	(b)	-	(221,013)
		29,164,608	31,762,790

1(b)(i) Statements of financial position**Notes:**

- (a) No comparative balance sheets have been presented as the acquisition of the portfolio of CRT was only completed on Listing Date.
- (b) Derivative financial instruments arose from fair value change upon re-measurement of foreign exchange forward contracts and interest rate swap.

1 (b)(ii) Gross Borrowings as at 31 December 2013

		CRT Group 31 Dec 2013(a) (JPY"000)	CRT Group 30 Sep 2013 (JPY"000)
Amount payable within one year			
Specified loan	*1	1,300,000	1,300,000
Less: Upfront costs capitalised		(974)	(3,153)
		1,299,026	1,296,847
Amount payable after one year			
Specified loan	*1	22,200,000	22,200,000
Less: Upfront costs capitalised		(587,027)	(619,736)
		21,612,973	21,580,264
Specified bond	*2	2,500,000	2,500,000
Less: Upfront costs capitalised		(100,254)	(105,840)
		2,399,746	2,394,160
		24,012,719	23,974,424
Total loans and borrowings		25,311,745	25,271,271

Details of borrowings and collaterals

Specified loan and specified bond are Japanese Yen denominated loan and bonds issued by Mangosteen TMK, a wholly owned subsidiary of CRT. CRT's interest in all the Properties is held through the TMK structure.

***1) Specified loan at interest cost of 3 month Libor + 0.45%**

This loan is secured by mortgage over investment properties and it is repayable in two installments of JPY 1,300 million and JPY 22,200 million due on 10 February 2014 and 10 May 2018, respectively.

***2) Specified bond at interest cost of 3 month Libor + 0.70%**

This bond is secured with general lien on all of the assets of Mangosteen TMK in accordance with Article 128 of the Asset Liquidation Law of Japan and it is repayable on 10 May 2018, along with the principal amount of JPY 2,500 million.

CRT entered into an interest rate swap agreement with Mizuho Bank, Ltd to convert its floating rate interest into fixed interest. The fixed interest for the specified loan and specified bond is 0.937% and 1.1875%, respectively.

Note:

- (a) No comparative gross borrowing has been presented as the acquisition of the portfolio of CRT was only completed on Listing Date.

1(c) Consolidated cash flow statement

		2Q 2014	1H 2014
	Note	1 Oct 2013 to 31 Dec 2013 (a) (JPY'000)	10 May 2013 to 31 Dec 2013 (a) (JPY'000)
Cash flow from operating activities			
Profit before tax		890,948	2,975,890
Adjustment for:			
Changes in fair value of investment properties		-	(1,493,903)
Changes in fair value of forward foreign exchange contracts		(310,093)	(31,772)
Finance income		-	(1,362)
Finance costs		112,453	289,109
Trustee-Manager's fees paid in Units		91,827	143,007
Trustee-Manager's fees payable in Units		758	92,572
Amortization of property tax		95,521	245,033
		881,414	2,218,574
<u>Change in working capital</u>			
Restricted cash		(1,393,073)	(5,110,611)
Prepayments		1,040	(266,025)
Trade and other receivables		23,990	(464,796)
Trade and other payables		21,013	1,858,759
Other liabilities		13,297	661,878
		(452,319)	(1,102,221)
Finance income received		-	1,362
Finance costs paid		(62,298)	(125,302)
Income tax paid		-	(6,310)
Net cash flows used in operating activities		(514,617)	(1,232,471)
Cash flow from investing activities			
Acquisition of investment properties		-	(51,376,097)
Subsequent expenditure on investment properties		(149)	(84,221)
Net cash flows used in investing activities		(149)	(51,460,318)
Cash flow financing activities			
Proceeds from issuance of unit	(b)	-	31,171,488
Payments of issue costs		-	(1,767,935)
Proceeds from loans and borrowings	(c)	-	26,000,000
Payments of upfront costs of loans and borrowings		-	(791,753)
Net cash flow generated from financing activities		-	54,611,800
Net (decrease) / increase in cash and cash equivalent		(514,766)	1,919,011
Cash and cash equivalent at beginning of the financial period		2,433,777	-
Cash and cash equivalent at end the financial period		1,919,011	1,919,011

1(c) Consolidated cash flow statement**Notes:**

- (a) No comparative consolidated cash flow statement has been presented as the acquisition of the portfolio of CRT was only completed on Listing Date.
- (b) CRT has on Listing Date issued 425,320,000 units at S\$0.93 each. These proceeds were used mainly for the acquisition of properties. On 30 August 2013 and 26 November 2013, CRT issued 757,000 units and 1,291,000 units at S\$0.8777 and at S\$0.8778 each to pay approximately 80% of the Trustee-Manager's fees for the period from 10 May 2013 to 30 June 2013 and 1 July 2013 to 30 September 2013, respectively. There are no proceeds from the issue of units for the payment of the Trustee-Manager's fees in units.
- (c) CRT has on Listing Date obtained specified loan and specified bond in the amount of JPY 23,500 million and JPY 2,500 million, respectively. These proceeds were mainly used for the acquisition of properties and payment of unit issue costs.

1(d)(i) Consolidated statement of changes in unitholders' fund

	2Q 2014	1H 2014	2Q 2014	1H 2014
	CRT	CRT	CRT Group	CRT Group
	1 Oct 2013 to 31 Dec 2013 (a)	10 May 2013 to 31 Dec 2013 (a)	1 Oct 2013 to 31 Dec 2013 (a)	10 May 2013 to 31 Dec 2013 (a)
	(JPY'000)	(JPY'000)	(JPY'000)	(JPY'000)
Units on issue -net of issue costs				
Balance at beginning of the period	29,470,240	-	29,546,547	-
- Issue new units during the period	91,826	31,314,494	91,826	31,314,494
- Units to be issued	(b) -	-	758	92,572
- Issue costs	-	(1,752,428)	-	(1,767,935)
Balance at end of the period	29,562,066	29,562,066	29,639,131	29,639,131
Retained earnings				
Balance at beginning of the period	(712,544)	-	1,601,309	-
- (Loss)/profit for the period	315,086	(397,458)	743,363	2,344,672
Balance at end of the period	(397,458)	(397,458)	2,344,672	2,344,672
Fair value adjustment reserve				
Balance at beginning of the period	-	-	(206,010)	-
- Movement during the period	-	-	(15,003)	(221,013)
Balance at end of the period	-	-	(221,013)	(221,013)
	29,164,608	29,164,608	31,762,790	31,762,790

Note:

- (a) No comparative consolidated statement of movement in net assets has been presented as the acquisition of the portfolio of CRT was only completed on Listing Date.
- (b) These are additional units to be issued to the Trustee-Manager as partial consideration of Trustee-Manager's fees incurred for the period ended 31 December 2013. The Trustee-Manager will opt to receive 80% of the fees in units. The units to be issued for the CRT Group of 2Q 2014 is the amount to be issued for 2Q 2014 offset by the reversal of the units to be issued for 1Q 2014.

1(d)(ii) Details of any changes in the units

	2Q 2014	1H 2014
Note	1 Oct 2013 to 31 Dec 2013 (a)	10 May 2013 to 31 Dec 2013 (a)
Balance at beginning of the period	426,077,000	-
- At Listing Date	-	425,320,000
- Trustee Manager's fees paid in Units	1,291,000	2,048,000
Issued units at the end of the period	427,368,000	427,368,000
Units to be issued		
- Trustee Managers's fees payable in units (b)	1,330,000	1,330,000
Balance at end of the period	428,698,000	428,698,000

Note:

- (a) No comparative information has been presented as the acquisition of the portfolio of CRT was only completed on Listing Date.
- (b) There are additional units to be issued to the Trustee-Manager as partial consideration of Trustee-Manager's fees incurred for the period ended 31 December 2013. The Trustee-Manager will opt to receive approximately 80% of the fees in units. The price of the units to be issued will be computed based on the volume weighted average price of a unit for the period of ten business days immediately preceding the relevant business day of the issue of such units.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied.

CRT has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as stated in the prospectus dated 2 May 2013 (the "Prospectus").

- 5 **If there are any changes in the accounting policies and methods of computation, what has changed, as well as the reasons for, and effect of the change.**

There is no change in the accounting policies and methods of computation.

- 6 **Group earnings per unit (“EPU”) and income available for distribution per unit (“DPU”) for the period ended 31 December 2013**

Group earnings per unit

		2Q 2014	1H 2014
	Note	1 Oct 2013 to 31 Dec 2013 (a)	10 May 2013 to 31 Dec 2013 (a)
Weighted average number of unit	(b)	426,568,141	425,906,000
Earnings for the period (JPY"000)		743,363	2,344,672
EPU for the period based on the weighted average number of unit in issue (JPY)		1.74	5.51

Notes:

- (a) No comparative information has been presented as the acquisition of the portfolio of CRT was only completed on Listing Date.
- (b) The weighted average number of units is weighted for the period of 2Q 2014 and for the period from Listing Date to 31 December 2013. The diluted EPU is the same as the basic EPU as no dilutive instruments were in issue during the reported period.

Group distribution per unit

		2Q 2014	1H 2014
		1 Oct 2013 to 31 Dec 2013 (a)	10 May 2013 to 31 Dec 2013 (a)
	Note		
Number of unit issued and to be issued at end of period entitled to distribution	(b)	428,698,000	428,698,000
Income available for distribution for the period (JPY"000)		713,008	1,852,529
DPU for the period based on the number of units entitled to distribution (Singapore Cents)	(c)	2.02	5.24

Notes:

- (a) No comparative information has been presented as the acquisition of the portfolio of CRT was only completed on Listing Date.
- (b) The computation of DPU for the period from the Listing Date to 31 December 2013 is based on the number of units entitled to distribution, being:
- (i) The number of units in issue as at 31 December 2013 of 427,368,000; and
- (ii) The estimated number of unit to be issued to the Trustee-Manager as partial satisfaction of Trustee-Manager's fees payable for the period from 1 October 2013 to 31 December 2013 of 1,330,000. **

** As provided for in the trust deed dated 7 May 2012 constituting CRT (the "Trust Deed"), the price of the units issued shall be computed based on the volume weighted average price of a unit for the period of ten business days immediately preceding the relevant business day of the issue of such units.

The computation of DPU for the period from 1 October 2013 to 31 December 2013 is presented for illustrative purpose only. CRT makes distributions on a semi-annual basis and the first distribution is for the period from 10 May 2013, being the Listing Date, to 31 December 2013 and payable by the Trustee-Manager within 90 days from the end of the said period.

- (c) CRT had entered into forward foreign currency exchange contracts to hedge the currency risk for distribution to the unit holders. The distribution per unit is computed taking such contracts into consideration.

7 Group net asset value (“NAV”) per unit based on existing units in issue and to be issued as at 31 December 2013

	Note	CRT Group 31 Dec 2013 (a)
Number of unit issued and to be issued at end of period entitled to distribution	(b)	428,698,000
Net asset value (JPY"000)		31,762,790
Net asset value per unit (JPY)		74.09

Notes:

- (a) No comparative information has been presented as the acquisition of the portfolio of CRT was only completed on Listing Date.
- (b) The number of units used to compute net asset value per unit is 428,698,000. This comprises:
- (i) The number of units in issue as at 31 December 2013 of 427,368,000; and
 - (ii) The estimated number of unit to be issued to the Trustee-Manager as partial satisfaction of Trustee-Manager’s fees payable for the period from 1 October 2013 to 31 December 2013 of 1,330,000.**

** As provided for in the Trust Deed, the price of the units issued shall be computed based on the volume weighted average price of a unit for the period of ten business days immediately preceding the relevant business day of the issue of such units.

8 Review of performance for the period from 10 May 2013 to 31 December 2013

Please refer to Section 9 for a review of CRT’s actual results for the period from 1 October 2013 to 31 December 2013 and for the period from 10 May 2013 to 31 December 2013 against the forecast as disclosed in the Prospectus.

CRT was a dormant private trust during the period from 7 May 2012 (date of constitution) to 9 May 2013. The acquisition of the portfolio of CRT was only completed on the Listing Date. Consequently, the actual income derived from the Properties for the current period was from the Listing Date to 31 December 2013.

9 Variance between the forecast and actual results

9 (a) Statement of net income and distribution (Actual vs IPO Forecast)

	1 October 2013 to 31 December 2013			10 May 2013 to 31 December 2013 (a)		
	2Q 2014 (a) Actual	2Q 2014 (a) IPO Forecast	Variance (%)	1H 2014 (a) Actual	1H 2014 (a) IPO Forecast	Variance (%)
Gross revenue (JPY'000)	1,286,912	1,271,733	1.2%	3,285,149	3,262,271	0.7%
Net property income (JPY'000)	805,868	786,853	2.4%	2,075,316	2,018,450	2.8%
Income available for distribution (JPY'000)	(b) 713,008	672,423	6.0%	1,852,529	1,724,912	7.4%
Income available for distribution per unit (Singapore cents)	(b) 2.02	1.98	1.8%	5.24	5.08	3.1%

Notes:

- (a) The acquisition of the portfolio of CRT was completed on Listing Date which was the day it was officially listed on the SGX-ST.
- (b) The forecast figures are extracted from the Prospectus, subject to the basis and assumptions stated therein, and pro-rated to 92 days and 236 days for the period from 1 October 2013 to 31 December 2013 and for the period from 10 May 2013 to 31 December 2013, respectively, except for non-recurring items such as unrealised fair value gains, their related deferred tax expenses and prepaid property tax which are not proportionally prorated.

9 (b) A review of performance (Actual vs IPO Forecast)

2Q 2014 actual vs IPO forecast

Gross revenue for 2Q 2014 recorded JPY 1,286 million or 1.2% higher than the forecasts primarily due to better than expected tenant sales from Mallage Shobu. The revenue from Aeon Town Moriya, Aeon Town Suzuka and Luz Shinsaibashi were largely in line with forecasts.

For the quarter, the impact from competition, in particular the recent tenant renewal of Aeon Town Hanyu and one year anniversary from the opening of Ario Washinomiya, on Mallage Shobu was more muted than originally expected.

Net property income for 2Q 2014 was JPY 806 million or 2.4% higher than the forecast

The main positive variance was from property management expenses. This variance was offset by increased sales and promotion expenses at Mallage Shobu which were necessary to enhance Mallage Shobu's competitiveness vis-à-vis the competition. Notwithstanding, overall property expenses were lower than forecast by 0.8%.

Income available for distribution for 2Q 2014 was JPY 713 million or 6.0% higher than the forecast.

The higher income available for distribution was mainly due to property tax rebates. This was offset by difference between actual and forecasted distribution hedge rate for the period.

Overall, the income available for distribution per unit for 2Q 2014 was Singapore 2.02 cents or 1.8% higher than the forecast.

1H 2014 actual vs IPO forecast

Gross revenue for 1H 2014 recorded JPY 3,285 million or 0.7% higher than the forecast indicating the resilience and stability of the income stream from CRT's portfolio assets.

This was despite the impact of typhoons that hit Japan in September, as well as a colder July resulting in lower sales of Summer-season products, and the one year anniversary and tenant renewal of existing malls within a 10 km radius of Mallage Shobu.

Net property income for 1H 2014 was JPY 2,075 million or 2.8% higher than the forecast

The positive variance was from property management, repair and other property expenses, offset by higher utility expenses and expenditure on sales and promotional expenses to enhance Mallage Shobu's competitiveness. Overall property expenses were 2.7% lower than the forecast.

Income available for distribution for 1H 2014 was JPY 1,853 million or 7.4% higher than the forecast.

The higher income available for distribution was due to property tax rebates and lower than forecasted non-property expenses. This increase was offset by difference between actual and forecasted distribution hedge rate for the period.

Overall, the income available for distribution per unit for 1H 2014 was Singapore 5.24 cents or 3.1% higher than the forecast.

10 Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Macroeconomic indicators for Japan show continued improvement and an upturn in consumer sentiment. Japan's quarterly GDP (gross domestic product), monthly CPI (consumer price index), monthly retail sales and the quarterly Tankan survey ^(a) all point to optimism and confidence in the Japanese economy. Tokyo's successful bid for the 2020 summer Olympics has also added to the overall euphoria and sentiment in Japan.

Based on a survey ^(a) by the Japan Real Estate Institute, suburban Tokyo, suburban Nagoya and prime Osaka, have all shown expected capitalisation rate compressions of approximately 10 to 30bps (or 0.1% to 0.3%) for the period from April 2012 to October 2013, and in the case of Tokyo suburban, a compression of 50bps (or 0.5%) from its recent peak in 2011.

On 1 October 2013, Prime Minister Abe officially approved plans to increase Japan's consumption tax from 5% to 8% in April 2014, while at the same time announcing a JPY 5 trillion stimulus package. On 31 January 2014, the Japanese Ministry of Internal Affairs and Communication released CPI for the year of 2013 indicating for the first time an annual increase in the past five years. The competition for acquiring real estate assets in Japan has increased in recent months, and the management is presently pursuing acquisition of high quality assets for CRT.

CRT has financed its acquisition with five year Japanese Yen debt maturing in 2018 and in order to hedge its interest rate exposure, CRT has entered into 5-year interest rate swaps.

CRT receives its distributable income in Japanese Yen but pays out distributions in Singapore Dollars to its unitholders semi-annually. To minimize the exposure to fluctuations in exchange rates, CRT has hedged at least 80% of the distribution for the two forecast/projection periods from the Listing Date.

Barring any unforeseen circumstances, CRT's properties are expected to continue to generate robust and stable cash flow and it is expected to meet its forecast for the period ending 30 June 2014.

Subsequent to 2Q, on 23 January 2014, CRT issued S\$100,000,000 in principal amount of 4.6% Fixed Rate Notes due 2017 (the "Notes") pursuant to the U.S.\$500,000,000 Euro Medium Term Note Programme established on 3 January 2014. CRT has entered into swap transaction to swap the Singapore dollar proceeds of the Notes into Yen proceeds of JPY 8,176,795,580 at the forward exchange rate of JPY 81.768 to SGD 1 at a JPY fixed interest rate of 3.83% per annum.

The proceeds will be used by CRT and its subsidiaries for the purpose of financing or refinancing its acquisitions and/or investments, financing any development and asset enhancement works on the properties in which it has an interest and general corporate purposes.

Note:

- (a) The sources are Barclays Research Report and Japan Real Estate Institute. Each of Barclays and the Japan Real Estate Institute has not provided its consent to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information. While the Trustee-Manager has taken reasonable actions to ensure that the information from the respective reports published by Barclays and the Japan Real Estate Institute is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Trustee-Manager nor any other party has conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

11 Distributions

(a) **Current financial period**

Any distribution declared for the current financial period? 5.24 cents for the period from 10 May 2013 to 31 December 2013

(b) **Corresponding period of the immediately preceding year**

Any distributions declared for the corresponding period of the immediate preceding financial period? Not applicable

(c) **Date payable**

31 March 2014

(d) **Book closure date**

5:00 pm on 26 February 2014

12 If no distribution has been declared (recommended), a statement to that effect

Refer to paragraph 11.

13 Interested party transactions (“IPT”)

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	1 Oct 2013 to 31 Dec 2013 (JPY"000)	10 May 2013 to 31 Dec 2013 (JPY"000)	1 Oct 2013 to 31 Dec 2013 (JPY"000)	10 May 2013 to 31 Dec 2013 (JPY"000)
Croesus Retail Asset Management Pte Ltd				
- Trustee Manager's fees	97,717	251,265	Not applicable	Not applicable
- Acquisition fee	-	501,980		

14 If the Group has obtained a general mandate from unit holders for IPT, the aggregate value of such transactions are required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

CRT has not obtained a general mandate from unitholders for IPTs other than or the Exempted Agreements as disclosed in the Prospectus.

15 Negative confirmation pursuant to Rule 705(5)

Pursuant to Listing Rule 705(5) of the Listing Manual of the SGX-ST, the Board of Directors of Croesus Retail Asset Management Pte. Ltd., being the Trustee-Manager of Croesus Retail Trust confirms that, to the best of their knowledge, nothing has come to their attention which may render these financial results for the period from 7 May 2012 to 31 December 2013 to be false or misleading in any material aspect.

16 Use of proceeds

The use of proceeds raised from the IPO of CRT on the Listing Date is as follows:

	Note	Per Prospectus (a) (JPY"000")	Actual (JPY"000")	Difference (JPY"000")
Part finance the acquisition of the trust beneficiary interest relating to the investment properties.	(b)	27,398,099	27,372,858	(25,241)
Issue expenses	(c)	1,973,075	1,891,824	(81,251)
Other transactions costs		18,266	15,508	(2,759)
General corporate and working capital purpose		1,870,117	1,890,729	20,611
Future capital expenditure		570	570	0
Total use of proceeds	(d)	31,260,127	31,171,487	(88,640)

Notes:

- The use of proceeds disclosed in the prospectus dated 2 May 2013 was translated into Japanese Yen using exchange rate of 79.03 which was the assumed exchange rate as at the Listing Date.
- Acquisition of the trust beneficiary interest includes purchase price in the Sales and Purchase Agreement ("PSA"), additional payment based on the PSA, consumption tax on the properties, prepaid property tax, acquisition expense, debt upfront fee and etc.,.
- Issue expense was saved due to lower spending than then forecast and better exchange rate.
- Total use of proceeds were lower than the forecast due to the exchange rate. Based on the above CRT fully disbursed its proceeds raised from IPO and the difference was transferred to general working capital.

On behalf of the Board

Croesus Retail Asset Management Pte. Ltd.

(as Trustee-Manager of Croesus Retail Trust)

Lim Teck Leong, David

Chang Cheng Wen, Jim

Director/Chairman

Director, Chief Executive Officer

14 February 2014

This release may contain forward-looking statements that involve risks and uncertainties. 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, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and 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 current view of management on future events.

This release may include market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. While the Trustee-Manager has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Trustee-Manager has not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein.