

## **Croesus Retail Trust increases hedging to cover close to 100% of distributable income to insulate from the exposure to a weakening Japanese Yen**

- *The latest hedging strategy is effective until 31 December 2015*
- *Protects CRT and its investors from fluctuations in Singapore dollars against Japanese Yen*
- *Expects positive rental reversions and financial contribution from One's Mall, which was recently acquired*

**Singapore, 18 December 2014** – Croesus Retail Asset Management Pte. Ltd., the trustee-manager of Croesus Retail Trust (“CRT”) (SGX: S6NU.SI), has increased the amount of CRT’s distributable income hedged to approximately 100% of its distributable income for the period up to 31 December 2015, a move to mitigate forex risks for more steady returns to investors.

Commenting on the latest decision, Mr. Jim Chang, Chief Executive Officer and Executive Director of Croesus Retail Asset Management Pte. Ltd., said: “We have responded promptly to protect CRT and our investors from the unprecedented weakening of the Yen, which has declined about 9.3% in the past four months against the Singapore dollar<sup>1</sup>. In the previous quarter, we had extended our hedges to cover at least 80% of our distributable income up to 31 December 2015. Today, we are increasing our hedges to cover approximately 100% of our distributable income to better manage the foreign exchange risks.”

“With the latest hedging decision, we are likely to significantly decrease the impact of potential forex losses in order to protect the income distributable to our investors for FY2015/16. Together with the resilience of our properties and positive rental reversions from our tenant replacement exercise at Mallage Shobu, we expect to continue delivering sustainable and robust returns to our Unitholders,” he added.

All of CRT’s interest bearing liabilities are in Japanese Yen (including the Singapore Dollar 4.6% Fixed Rate Notes due 2017 which proceeds have been swapped into Japanese Yen at a JPY fixed interest rate of 3.83% per annum) and so there is a natural hedge and no currency mismatch against the assets on the balance sheet of CRT.

CRT’s distribution policy is to distribute 100% of its distributable income for the period from the listing date (10 May 2013) to 30 June 2015 and at least 90% of its distributable income thereafter. CRT receives its distributable income in Japanese Yen but pays out distributions in Singapore Dollars to its Unitholders semi-annually (for the six-month period ending 30 June and 31 December each year).

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<sup>1</sup> Based on a SGD to JPY exchange rate of JPY82.26 per SGD as at 17 August 2014 and JPY89.91 SGD as at 17 December 2014 from [www.xe.com/currencycharts](http://www.xe.com/currencycharts) (XE Currency Charts).



With the rental reversion exercise proceeding as expected, as well as the upcoming financial contribution from One's Mall which was recently acquired in October 2014, CRT is well-positioned to sustain its performance for Q1 FY2015 into the next 12 months.

Following his landslide victory in the recent election, Japan Prime Minister Shinzo Abe has pledged to make Japan's economy his top priority. With a renewed mandate from the public, the government has plans to put together an outline of new economic policies and tax reforms, as well as further strengthen its existing policies, in order to boost the nation's economic recovery<sup>2</sup>.

The Management remains optimistic that the underlying strength and recovery of the Japanese economy - still the third largest in the world<sup>3</sup> - as well as the quality of its properties will position CRT to continue growing sustainably and deliver on its promises to its Unitholders.

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**Investor contact:**

Ms. Hanako Tokunaga  
Tel: +65 6713 9550  
Email: [htokunaga@croesusgroup.com](mailto:htokunaga@croesusgroup.com)

**Media contacts:**

Karen Yap / Samuel Chee  
Tel: +65 9738 6291 / +65 9127 1618  
Email: [kyap@webershandwick.com](mailto:kyap@webershandwick.com) / [schee@webershandwick.com](mailto:schee@webershandwick.com)

**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, Luz Omori, Mallage Shobu, NIS Wave I 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).

<sup>2</sup> Japan's Abe scores landslide election win, The Wall Street Journal, December 14, 2014.

<sup>3</sup> Japan country profile, BBC News, December 15, 2014.

### **Important Notice**

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