

FOR IMMEDIATE RELEASE

## Croesus Retail Trust reports higher 4Q FY2016 DPU of 1.70 Singapore cents

- DPU rises 6.9% and 11.2% y-o-y to 1.70 Singapore cents and 7.06 Singapore cents for 4Q FY2016 and FY2016 respectively
- Achieved stronger revenue on the back of contributions from newly-acquired malls and a successful tenant renewal exercise
- NPI rose 19.4% and 16.4% y-o-y to JPY 1,439.5 million and JPY 5,448.8 million in 4Q FY2016 and FY2016
- Japan's negative interest rate environment continues to bode well for financing and refinancing activities

**Singapore, 26 August 2016** – Croesus Retail Asset Management Pte. Ltd. (the “Trustee-Manager”), the trustee-manager of Croesus Retail Trust (“CRT”), is pleased to announce its results for the three months ended 30 June 2016 (“4Q FY2016”). Net property income (“NPI”) grew 19.4% year-on-year (“y-o-y”) to JPY 1,439.5 million from JPY 1,205.6 million in the previous corresponding period (“4Q FY2015”). Income available for distribution rose 21.9% from JPY 876.7 million in 4Q FY2015, to JPY 1,068.5 million in 4Q FY2016. This resulted in a higher distribution per unit (“DPU”) of 1.70 Singapore cents for 4Q FY2016, as compared to 4Q FY2015's restated DPU<sup>1</sup> of 1.59 Singapore cents.

### Results summary

	4Q FY2016	4Q FY2015	Variance	FY2016	FY2015	Variance
	1 Apr 2016 to 30 Jun 2016	1 Apr 2015 to 30 Jun 2015		1 Jul 2015 to 30 Jun 2016	1 Jul 2014 to 30 Jun 2015	
<b>Gross Revenue</b> (JPY million)	2,675.4	1,988.6	34.5%	9,581.2	7,635.4	25.5%
<b>Net Property Income</b> (JPY million)	1,439.5	1,205.6	19.4%	5,448.8	4,681.1	16.4%
<b>Income Available for Distribution</b> (JPY million)	1,068.5	876.7	21.9%	3,980.9	3,358.2	18.5%
<b>Available Distribution per Unit</b> (Singapore cents)	1.70	1.59 <sup>1</sup> (Restated)	6.9%	7.06	6.35 <sup>1</sup> (Restated)	11.2%

<sup>1</sup> Based on the restated DPU in FY2015 where the number of units issued and to be issued at the end of period and DPU for the period based on the number of units entitled to distribution have been restated to reflect the effect of 114,222,677 units issued pursuant to the Rights Issue on 2 November 2015 and 27,682,070 units issued pursuant to the Preferential Offering on 25 August 2016.

For 4Q FY2016, CRT recorded a gross revenue of JPY 2,675.4 million, which was 34.5% higher than the JPY 1,988.6 million recorded in 4Q FY2015. More pertinently, the Trust continued to report robust growth despite partial contributions from Mallage Saga and Feeeal Asahikawa, as their acquisitions were only completed in mid-4Q FY2016.

On a cumulative basis, CRT's gross revenue for the full year ended 30 June 2016 ("FY2016") of JPY 9,581.2 million came in 25.5% higher than the JPY 7,635.4 million reported in the previous corresponding period ("FY2015") due to contributions from the four acquisitions, namely Torius, Fuji Grand Natalie, Mallage Saga and Feeeal Asahikawa, and positive rental reversions from the tenant renewal exercise in Mallage Shobu. FY2015's gross revenue was also lower because One's Mall only contributed revenue for 8.5 months rather than a full year, as it was only acquired in October 2014. However, the increase was partially offset by the absence of a one-off income at Mallage Shobu recorded in FY2015.

CRT's total number of units increased substantially in FY2016 as compared to FY2015 due to a Rights Issue of 114,222,677 units and a private placement exercise of 70,000,000 units, on 2 November 2015 and 4 April 2016, respectively. This is in addition to the units issued for the payment of the Trustee-Manager's fees for every quarter. In addition to this, CRT will further increase its total number of units by another 27,682,070 units from its preferential offering launched and listed on 8 August 2016 and 25 August 2016, respectively, in relations to the internalisation of the Trustee-Manager transaction.

As CRT's completed a private placement on 4 April 2016, CRT declared an advanced distribution of 1.95 Singapore cents per unit for the period of 1 January 2016 to 4 April 2016, which was paid out on 30 June 2016. As such for the period of 4 April 2016 to 30 June 2016, Unitholders will receive their distribution of 1.61 Singapore cents per unit on 28 September 2016.

For FY2016, NPI of JPY 5,448.8 million was 16.4% higher than FY2015's NPI of JPY 4,681.1 million. Correspondingly, income available for distribution for FY2016 of JPY 3,980.9 million was 18.5% higher than the JPY 3,358.2 million recorded in FY2015. Correspondingly, DPU for FY2016 came in at 7.06 Singapore cents, 11.2% higher than FY2015's restated DPU<sup>1</sup> of 6.35 Singapore cents.

**Mr Jim Chang, Chief Executive Officer and Executive Director of Croesus Retail Asset Management Pte. Ltd.**, said, "We are pleased that we have delivered yet another year of robust earnings underpinned by new acquisitions and positive rental reversions. Going forward, we believe we are in good stead to ride on Japan's negative interest rate environment, taking advantage of the favourable rates for our growth journey ahead. Amidst a challenging market environment, we remain committed in seeking new opportunities to grow our portfolio through accretive acquisitions as and when the right opportunity arises, while we continue to work on rejuvenating our existing properties such as Torius and Feeeal Asahikawa to maximise their income-producing potential."

### **Yield Accretive Acquisitions**

CRT successfully acquired four malls in FY2016, namely Torius, Fuji Grand Natalie, Mallage Saga and Feeeal Asahikawa, bringing its total portfolio of assets to 11 with a combined valuation of approximately S\$1.5 billion. On 27 May 2016, CRT acquired Mallage Saga and Feeeal Asahikawa, in Japan's Saga City and Asahikawa City respectively, for an aggregate purchase consideration of JPY6,110.0 million (approximately S\$74.5 million). Separately, on 18 April 2016, CRT completed the acquisition of Fuji Grand Natalie in Hiroshima Prefecture, Japan at a cost of JPY 3,300.0 million. The acquisitions reflect an aggregate pro forma FY2016 NPI yield of 7.1%, as compared to CRT's pre-acquisitions portfolio pro forma FY2016 NPI yield of 5.5%, strengthening CRT's base of income-producing assets.

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## Strategic Capital Management

To finance the acquisitions of Fuji Grand Natalie, Mallage Saga and Feeeal Asahikawa, CRT launched and completed three separate events, including a private placement, issuance of S\$60,000,000 5.0% fixed rate notes due 2020 under the EMTN Programme, and an issuance of new Japanese onshore 5-year specified bonds. To fund the acquisition of Torius, CRT completed a Rights Issue on 2 November 2015 together with debt financing in the form of an issuance of Japanese onshore 5-year specified bonds of JPY4,000.0 million<sup>2</sup> (approximately S\$47.6 million).

The low interest rate environment in Japan is expected to remain conducive for borrowings. For instance, the three-month JPY LIBOR interest rate continued to decline, and is now in negative territory. This allows CRT to enjoy optimal financing and refinancing options for its debt, giving the Trust added headroom to explore new opportunities when they arise.

To this end, CRT is currently working on refinancing its S\$100 million 4.6% Fixed Rate Notes with a 3 years' maturity period that is due in January 2017. CRT recently issued a S\$60 million 5.0% Fixed Rate Notes with a 4 years' maturity period under the EMTN Programme in April 2016 at a fixed interest rate of 2.65% per annum which was more favourable than its existing MTN fixed interest rate of 3.83% per annum.

## Internalisation of Trustee-Manager Approved

On 30 June 2016, the internalisation of CRT's Trustee-Manager was approved at an extraordinary general meeting ("EGM"). A preferential offering to fund the purchase consideration of the Trustee-Manager was subsequently launched on 8 August 2016, and is scheduled to be completed by 26 August 2016. Following these events, the internalisation of the Trustee-Manager is slated to be completed by the close of 1Q FY2017.

**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, "Apart from promoting a stronger alignment of interests, the successful internalisation of the Trustee-Manager allows CRT to realise greater cost savings, which we hope to return in value to our Unitholders in the medium term. In particular, the financial benefits to Unitholders will become more significant as CRT continues to grow its portfolio of assets post-internalisation."

## Challenging market conditions

On 2 August 2016, Japanese Prime Minister Shinzo Abe's cabinet approved a JPY13.5 trillion (approximately S\$179.1 billion) fiscal package comprising national and local government spending, which was aimed at boosting local consumption, to achieve an inflationary market.<sup>3</sup> This has also promoted a prolonged low interest rate environment, and given rise to a more attractively-priced Japanese Yen, which has led to an intensification of competition for Japanese real estate amongst local and international buyers.

<sup>2</sup> The Japanese onshore 5-year specified bonds comprises (i) approximately JPY3,622.7 million which was used to partially fund the Acquisition and (ii) approximately JPY286.2 million which was used for the purpose of TMK cash reserve deposit. The remainder of the Japanese onshore 5-year specified bonds amount has been applied towards payment of the upfront debt fees.

<sup>3</sup> As reported in a CNBC news article dated 2 August 2016 titled "Japan cabinet approves \$130 billion in fiscal steps as part of stimulus".

Barring any unforeseen circumstances, CRT's properties are expected to continue to generate robust and stable cash flows in FY2017.

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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 eleven retail properties in Japan – Aeon Town Moriya, Aeon Town Suzuka, Croesus Shinsaibashi, Croesus Tachikawa, Feeel Asahikawa, Fuji Grand Natalie, Luz Omori, Mallage Saga, Mallage Shobu, One's Mall, and Torius – 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, the TR/GPR/ APREA Composite Index, FTSE Real Estate Index and the FTSE REIT 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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