

Croesus Retail Trust delivers annualised DPU yield of 8.9%¹ for 2Q FY2016

- Net property income grew 12.4% to JPY 1,368 million in 2Q FY2016, from JPY 1,199 million in 2Q FY2015
- Growth driven by the acquisitions of One's Mall and Torius, as well as savings in property operating expenses
- Delivered distribution per unit ("DPU") of 1.79 Singapore cents for 2Q FY2016

Singapore, 11 February 2016 – Croesus Retail Asset Management Pte. Ltd. (the "Trustee-Manager"), the trustee-manager of Croesus Retail Trust ("CRT") is pleased to announce its financial results for the three months ended 31 December 2015 ("2Q FY2016"), delivering a DPU of 1.79 Singapore cents for the period. Overall, the DPU for the half-year ended 31 December 2015 ("1H FY2016") is 3.50 Singapore cents. Based on a closing price of S\$0.80 per unit on 1 February 2016, CRT would have generated annualised yields of 8.9% and 8.7% for 2Q FY2016 and 1H FY2016 respectively.¹

Results summary

	2Q FY2016	2Q FY2015	Variance	1H FY2016	1H FY2015	Variance
	1 Oct 2015 to 31 Dec 2015	1 Oct 2014 to 31 Dec 2014		1 Jul 2015 to 31 Dec 2015	1 Jul 2014 to 31 Dec 2014	
Gross Revenue (JPY million)	2,434	1,952	24.7%	4,440	3,665	21.2%
Net Property Income (JPY million)	1,368	1,199	14.1%	2,601	2,313	12.4%
Income Available for Distribution (JPY million)	973	875	11.3%	1,892	1,666	13.6%
Available Distribution per Unit² (Singapore cents)	1.79	1.70 ³ (Restated)	5.3%	3.50	3.40 ³ (Restated)	2.9%

¹ The annualised DPU for 2Q FY2016 is calculated by dividing the DPU for the period from 1 October to 31 December by 92 days and multiplying the result by 365 days, whilst the annualised DPU for 1H FY2016 is calculated by dividing the DPU for the period from 1 July to 31 December by 184 days and multiplying the result by 365 days. Yields are calculated based on the closing price of S\$0.80 per unit on 1 February 2016.

² CRT had entered into forward foreign currency exchange contracts to hedge the currency risk on distributions to the unitholders of CRT ("Unitholders"). The DPU for the period from 1 October 2015 to 31 December 2015 is computed based on an average exchange rate of SGD/JPY84.81. The average exchange rate takes into consideration the forward currency contract rate and spot rate at the end of the period.

³ 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. The actual DPUs for 2Q FY2015 and 1H FY2016 are 2.08 Singapore cents and 4.16 Singapore cents respectively.

2Q FY2016 Performance

For 2Q FY2016, CRT recorded a gross revenue of JPY 2,434 million, which was 24.7% higher than the JPY 1,952 million recorded in the previous corresponding period (“2Q FY2015”). This positive variance was due mainly to the acquisitions of One’s Mall and Torius on 16 October 2014 on 16 October 2015 respectively, and the tenant renewal exercise at Mallage Shobu.

Contributions from One’s Mall and Torius, and savings in property operating expenses helped CRT attain a 14.1% net property income (“NPI”) growth for 2Q FY2016 to JPY 1,367 million, from JPY 1,199 million in 2Q FY2015. As a result, income available for distribution rose 11.3% to JPY 973 million for 2Q FY2016, from JPY 875 million in 2Q FY2015.

When compared to the restated 2Q FY2015 DPU of 1.70 Singapore cents, DPU for 2Q FY2016 grew by 5.3% to 1.79 Singapore cents. The restated 2Q FY2015 DPU accounts for an enlarged unit base for CRT, taking into consideration the 114,222,677 units that were added to its unit base on 2 November 2015, pursuant to the Rights Issue.

Assuming that all eligible unitholders subscribed for their entitlements in the rights issue conducted in October 2015, and that their proportionate unitholdings in CRT remained the same, unitholders would be entitled to 5.3% more in total distributions for 2Q FY2016, compared to 2Q FY2015.

1H FY2016 Performance

Gross revenue for 1H FY2016 was JPY 4,440 million, marking a 21.2% growth from the previous corresponding period (“1H FY2015”). This was due mainly to the acquisitions of One’s Mall and Torius, as well as the tenant renewal exercise at Mallage Shobu. However, the increase was partially offset by the absence of a one-off income at Mallage Shobu earned in 1H FY2015.

Helped by the abovementioned acquisitions, and savings in property operation expenses, CRT’s net property income grew by 12.4% from JPY 2,312 million in 1H FY2015 to JPY 2,601 million in 1H FY2016. As a result, CRT achieved income available for distribution of JPY 1,892 million in 1H FY2016, which was 13.6% higher than the JPY 1,666 million attained in 1H FY2015.

CRT’s 1H FY2016 DPU of 3.50 Singapore cents came in 2.9% higher than the restated DPU of 3.40 Singapore cents for 1H FY2015.

CRT’s distribution policy is to distribute 100% of its distributable income to 30 June 2016, and at least 90% of its distributable income thereafter. It will make distributions to unitholders on a semi-annual basis with the amounts calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates.

CRT receives its distributable income in Japanese yen but pays out distributions in Singapore dollars to Unitholders semi-annually. To minimise the exposure to fluctuations in exchange rates, CRT has hedged close to 100% of its distributions up to June 2017. The expected distribution hedge rates secured by CRT for FY2016 and FY2017 average JPY 85.03 and JPY 84.16 to S\$1.00 respectively.

High occupancy rate and further growth

As at 31 December 2015, CRT's portfolio comprises eight quality retail properties (the "Properties") located across Japan, with an aggregate net lettable area ("NLA") of approximately 328,112.1 square meters. The combined average occupancy rate of all Properties as at 31 December 2015 was 97.6%, whilst the occupancy rate of Torius, CRT's most recent acquisition, with the largest NLA of approximately 76,926.4 square meters, is 95.8%.

In addition to its acquisition pipeline, the Trustee-Manager continues to assess acquisition opportunities for non-pipeline assets in the market. These assets are typically located in the suburban areas, which generally generate higher yields compared to prime city assets. With a view of enhancing portfolio yield, the Trustee-Manager is concurrently exploring asset enhancement opportunities for the Properties. It will be undertaking asset enhancement initiatives for One's Mall and Torius, two of its latest acquisitions, to boost their attractiveness to both consumers and tenants. Mallage Shobu, one of the largest assets in the Portfolio, which completed its asset enhancement and tenant renewal exercise in June 2015 continues to contribute to CRT's earnings growth.

Mr Jim Chang, Chief Executive Officer and Executive Director of Croesus Retail Asset Management Pte. Ltd. said, "We are pleased that our assets continued to perform up to expectations thereby exhibiting their robust qualities. Whilst our DPU for the second quarter came in lower than what was stated for the previous corresponding period, our distributable income rose by a healthy 11.3%. Adjusting for the same unit base for both quarters, Unitholders who have subscribed for their entitlements at the rights issue would receive a higher total distribution amount from us for 2Q FY2016. We continue to explore the various opportunities available to enhance Unitholder value."

Small, but significant steps towards economic recovery in Japan

Economic data in Japan continues to show improvements as the country's gross domestic product grew by 1% on-year and 0.3% on quarter, in the third quarter of 2015, due mainly to increases in capital expenditure and private consumption, thereby exceeding market expectations. Capital expenditure and private consumption grew by 0.6% and 0.4% on-quarter respectively, together business confidence and investment, underscoring Japan's gradual economic recovery.

In late January, the Bank of Japan announced a negative interest rate on deposits with the central bank to encourage capital expenditures and investments. As a result, the three-month JPY Tokyo Interbank Offered Rate ("TIBOR") has declined to below 0.15%. In this environment, CRT would have access to attractive rates for its financing or refinancing needs. It may also provide a boost to CRT's asset valuations as a result of increased demand for assets, driven by cheaper loans. Notwithstanding this, the Japanese yen is currently appreciating amidst the current global economic backdrop, adding to the increase in CRT's net asset value.

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, "The lower interest rates in Japan would create an enhanced lending environment, which would help corporates attain financing. For CRT, this bodes well for us as we can seek to refinance our loans at more attractive rates, thereby passing on any cost savings to our Unitholders. Japan's economic recovery is still very much work in progress, and the intense drive to raise consumption and increase corporate spending demonstrates the unwavering commitment of the Japanese government and its central bank to attain sustained growth for the country's economy."

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

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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 eight retail properties in Japan – Aeon Town Moriya, Aeon Town Suzuka, Croesus Shinsaibashi, Croesus Tachikawa, Luz Omori, 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 and the TR/GPR/APREA Composite Index. For more information on CRT, please visit 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.

