

FOR IMMEDIATE RELEASE

## Croesus Retail Trust delivers DPU of 1.86 Singapore cents for 3Q FY2016

- Growth mainly attributable to contributions from Torius acquisition and Mallage Shobu's tenant renewal exercise
- Delivers net property income ("NPI") growth of 21.2% to JPY 1,408.6 million for 3Q FY2016
- Current low interest-rate environment in Japan bodes well for CRT's growth strategies

**Singapore, 13 May 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 31 March 2016 ("3Q FY2016"), with a 21.2% growth in NPI to JPY 1,408.6 million from JPY 1,162.7 million in the previous corresponding period ("3Q FY2015"). This resulted in a distribution per unit ("DPU") of 1.86 Singapore cents for 3Q FY2016, which is 19.2% higher than 3Q FY2015's restated DPU<sup>1</sup> of 1.56 Singapore cents.

### Results summary

	3Q FY2016	3Q FY2015	Variance	3Q YTD2016	3Q YTD2015	Variance
	1 Jan 2016 to 31 Mar 2016	1 Jan 2015 to 31 Mar 2015		1 Jul 2015 to 31 Mar 2016	1 Jul 2014 to 31 Mar 2015	
<b>Gross Revenue</b> (JPY million)	2,465.6	1,982.3	24.4%	6,905.8	5,646.8	22.3%
<b>Net Property Income</b> (JPY million)	1,408.6	1,162.7	21.2%	4,009.3	3,475.5	15.4%
<b>Income Available for Distribution</b> (JPY million)	1,020.6	815.7	25.1%	2,912.5	2,481.5	17.4%
<b>Available Distribution per Unit</b> (Singapore cents)	1.86	1.56 <sup>1</sup> (Restated)	19.2%	5.36	4.96 <sup>1</sup> (Restated)	8.1%

For 3Q FY2016, CRT recorded a gross revenue of JPY 2,465.6 million, which was 24.4% higher than the JPY 1,982.3 million recorded in 3Q FY2015. This growth is mainly attributable to contribution from Torius, which was acquired on 16 October 2016, and increased earnings derived from the tenant renewal exercise at Mallage Shobu, which was completed in October 2015. Income available for distribution for 3Q FY2016 was JPY 1,020.6 million, and is 25.1% higher than the JPY 815.7 million recorded for 3Q FY2015. This higher

<sup>1</sup> 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.

positive variance of income available for distribution as compared to NPI is due mainly to lower finance cost incurred for the Japanese local bank debt issued in October 2015.

For the nine months ended 31 March 2016 (“3Q YTD2016”), CRT’s gross revenue of JPY 6,905.8 million came in 22.3% higher than the gross revenue of JPY 5,646.8 million for the previous corresponding period (“3Q YTD2015”). Apart from the above-mentioned reasons for 3Q FY2016’s gross revenue increase, the acquisition of One’s Mall also contributed to top line growth for 3Q YTD2016. As a result, NPI of JPY 4,009.3 million for 3Q YTD2016 was 15.4% higher than 3Q YTD2015’s NPI of JPY 3,475.5 million. Income available for distribution for 3Q YTD2016 of JPY 2,912.5 million was 17.4% higher than the JPY 2,481.5 million recorded in 3Q YTD2016. For the same reason as 3Q FY2015, income available for distribution displayed a greater growth variance compared to NPI for 3Q YTD2016. DPU for 3Q YTD2016 came in at 5.36 Singapore cents; 8.1% higher than the 3Q YTD2015’s restated DPU<sup>1</sup> of 4.96 Singapore cents.

**Mr Jim Chang, Chief Executive Officer and Executive Director of Croesus Retail Asset Management Pte. Ltd.**, said, “We are pleased to be able to announce yet another quarter of earnings growth. This bears testament to our twin strategies of enhancing our assets and selectively acquiring retail properties with strong tenant bases. This helps us derive resilient income streams, and deliver consistent returns to Unitholders.”

“In the recent months, we have been stepping up on our growth activities to boost the strength and diversity of our asset portfolio. In addition, our recent rounds of fund raising exercises have helped us to build a significant pool of funds to act on transactions that may only be possible within very narrow windows of opportunity.”

### **Recent acquisition and fund raising activities to drive growth**

On 18 April 2016, CRT completed the acquisition of Fuji Grand Natalie in Hiroshima Prefecture, Japan. Acquired at a cost of JPY 3.3 billion, Fuji Grand Natalie offered a pro forma NPI yield<sup>2</sup> of 6.3%, and is fully occupied by a master lessee. With a long weighted average lease expiry of 8.2 years, Fuji Grand Natalie will help to strengthen CRT’s stable income-producing portfolio.

The acquisition of Fuji Grand Natalie was initially funded by gross proceeds from a private placement, which was launched and closed on 23 March 2016 and 24 March 2016 respectively. In order to achieve an optimal financing plan, the Trustee-manager is planning an issuance of JPY 4.7 billion in specified bonds from a local Japanese bank at an effective interest rate of 0.6%.

On 13 April 2016, CRT issued S\$60 million in principal amount of 5.0% Fixed Rate Notes due 2020 (the “Notes”) under the US\$500,000,000 Euro Medium Term Note Programme, which was established on 3 January 2014. To achieve a fixed interest rate of 2.65% per annum, CRT entered into swap transactions to swap the Singapore dollar proceeds of the Notes into Japan yen at a forward exchange rate of JPY 82.5 to S\$1.00.

CRT is currently also working on refinancing its S\$100 million 4.6% Fixed Rate Notes that come due in January 2017. Given the low interest rate environment in Japan, and recent favourable swap rates, the

<sup>2</sup> Assuming that Fuji Grand Natalie was acquired by CRT on 1 July 2014 and held for the financial year ended 30 June 2015.

Trustee-Manager expects to be able to refinance the notes at rates better than its previous fixed interest rate of 3.83%.

### **Japan's economic stimulus measures present favourable financing environment**

In the fourth quarter of 2015, Japan's gross domestic product contracted by 1.1% on an annualised basis, weighed down by China's economic slowdown, as well as a general malaise in emerging economies globally. That said, capital expenditure, which is a main contributor to Japan's GDP, grew by 1.4% in the fourth quarter of 2015. The Bank of Japan is also currently assessing the longer-term effects of its stimulus measures, and analysts and economists are expecting the central bank to continue on its monetary easing efforts to boost the economy. The Japanese government currently holds firm on their view that the country's economic fundamentals remain sound despite the headwinds faced.

With the recent introduction of negative interest rates by the Bank of Japan, the three-month Japan yen Tokyo Interbank Offered Rate ("TIBOR") continues to decline, and is now below 0.07%. This provides CRT with financing and refinancing options at increasingly favourable rates.

**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, "Despite the current economic headwinds faced by Japan, consumption in the country remains sound as Japan continues to be one of the world's top consumer economies. With the introduction of negative interbank rates, CRT is placed in a very advantageous position as it can tap on financing options at attractive rates. Whilst these attractive rates are designed to spur investments and lending in Japan, they render CRT the capacity and opportunities to bulk up and become a more compelling investment choice."

### **Distribution Policy**

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.

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 up to June 2018 to minimise exposure to exchange rate fluctuations. The expected distribution hedge for second half of FY2016 is fully hedged at an average rate of SGD/JPY 85.01 while FY2017 and FY2018 are hedged at an average rate of 83.95 and 76.43 respectively.

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.

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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 nine retail properties in Japan – Aeon Town Moriya, Aeon Town Suzuka, Croesus Shinsaibashi, Croesus Tachikawa, Luz Omori, Mallage Shobu, One's Mall, Torius and Fuji Grand Natalie – 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**

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