

Croesus Retail Trust
DBS Pulse of Asia
Conference

6 January 2014



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Key Investment Overview

Compelling investment proposition, underpinned by a diversified and quality portfolio delivering stable distributions, and visible growth opportunities through a committed Sponsor and Strategic Partners.

1

4 High Quality Assets in Excellent Locations (3 suburban malls and 1 prime retail)

- Defensive in nature; Fully occupied with long WALE
- Resilient income stream with potential rent reversion opportunities
- Entering at possibly the lowest point of lease and asset cycle in recent times

2

Robust Balance Sheet

- Fixed rate financing for 5 years (no interest rate risk and no refinancing risk for 5 years)
- Loans are in JPY; Natural hedge with property and rental income

3

Stable Distribution

- 100% payout for first two years
- Semi-annual distribution; First distribution in Q1 2014 for First Half Year ending 31 December 2013
- Attractive yield spread over comparables

4

Promising Macro-Environment

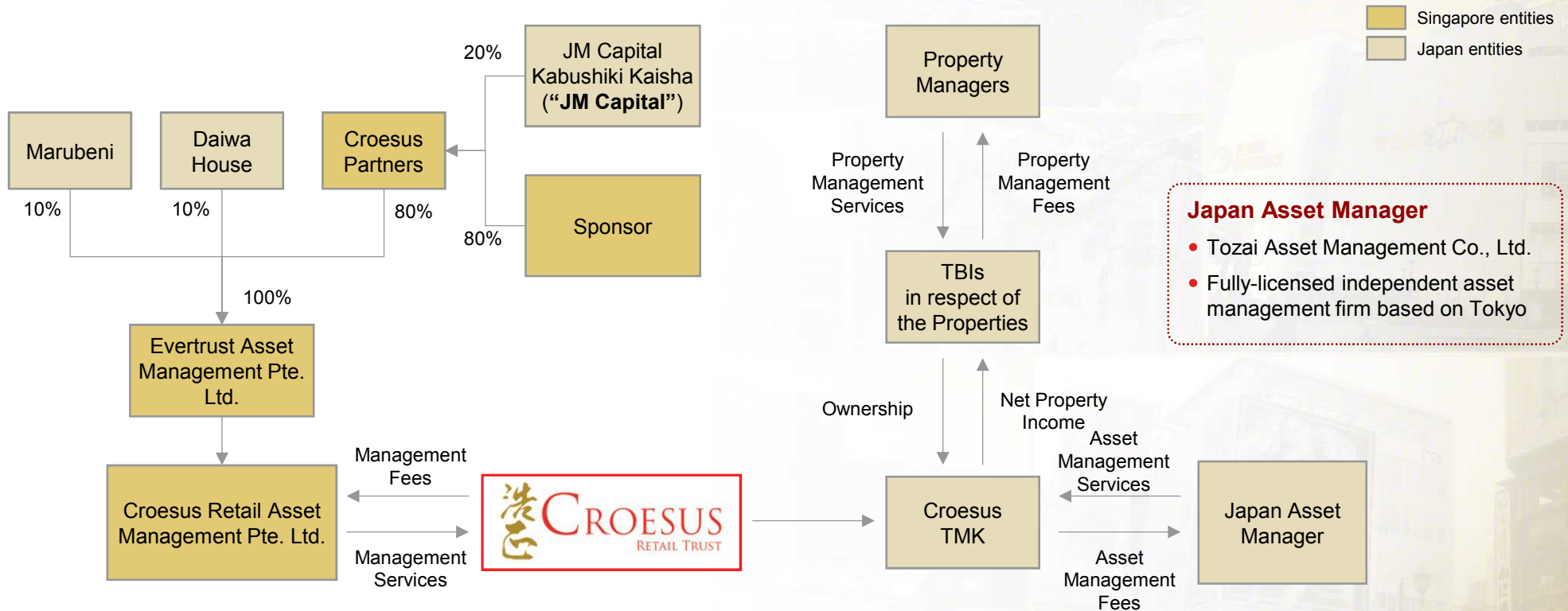
- Stabilizing CPI numbers
- Promising Tankan and GDP data

5

Strong Growth Drivers

- Accretive acquisitions in Japan in the short term
- Potential rent reversion opportunities in the medium term starting Q4 2014

Structure of Croesus Retail Trust



Japan Asset Manager

- Tozai Asset Management Co., Ltd.
- Fully-licensed independent asset management firm based on Tokyo

Strategic Partners

- Daiwa House and Marubeni
- Contributed 3 properties (~59% by appraised value) to the Initial Portfolio
- Provided CRT with a right of first refusal (“ROFR”) over predominantly retail properties in Asia-Pacific ex-Japan

Sponsor

- Croesus Merchants International Pte Ltd
- Co-founders & key shareholders are Mr. Jim Chang (51%) and Mr. Jeremy Yong (49%)
- Holds 1.3% stake in CRT and effectively 64.0% in the Trustee-Manager

Property Managers

- AIM CREATE Co. Ltd. (Aeon Town Moriya and Aeon Town Suzuka)
- Marubeni Community Co. Ltd. (Luz Shinsaibashi)
- Sojitz New Urban Development Corporation (Mallage Shobu)

Events Calendar

2014 EVENTS (Tentative and Subject to Change)	
13 February	31 December 2013 Q2 Results and First Half Distribution Announcement
14 May	31 March 2014 Q3 Results Announcement
27 August	30 June 2014 Q4 and Full Year Financial Results
29 October	2014 Annual General Meeting
11 November	30 September 2014 Q1 Results Announcement

Croesus Retail Trust Overview

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About Croesus Retail Trust

- 1 First Asia-Pacific retail business trust with an initial portfolio in Japan listed on the SGX-ST
- 2 Portfolio currently comprises 4 quality prime and suburban retail malls with an aggregate NLA of 181,675 sq m and committed occupancy of approximately 100% as at 30 September 2013
- 3 Exposure to resilient income-producing stabilised assets in Japan
 - Close to major transportation nodes and conveniently accessible
 - Mix of quality malls catering to the young and trendy and suburban malls catering to daily necessities
 - Most leases are Fixed-Term Leases, allowing for adjustment in rental income and tenant composition upon expiry
- 4 Market Capitalisation of S\$376 million ¹

100%
Occupancy

100%
Freehold

100%
Japan



Aeon Town Moriya

A suburban shopping centre located in Moriya city, Ibaraki prefecture, a growing residential area



Aeon Town Suzuka

A suburban shopping centre located in Suzuka city, Mie prefecture



Luz Shinsaibashi

A prime retail property located in Shinsaibashisuji Avenue, a premier shopping district in Osaka



Mallage Shobu

A suburban shopping centre located in Kuki city, Saitama prefecture

Unless otherwise defined, all capitalised terms used in this Presentation shall bear the same meaning as in the prospectus of CRT dated 2 May 2013 (the "Prospectus").

(1): Based on closing price of S\$0.880 on 16 December 2013

Portfolio Overview




Aeon Town Suzuka



NLA ⁽¹⁾	43,501sqm
Valuation ⁽²⁾	JPY8,790mm
Vendor	Daiwa House

Mallage Shobu




NLA ⁽¹⁾	67,785sqm
Valuation ⁽²⁾	JPY21,500mm
Vendor	Sojitz

Aeon Town Moriya

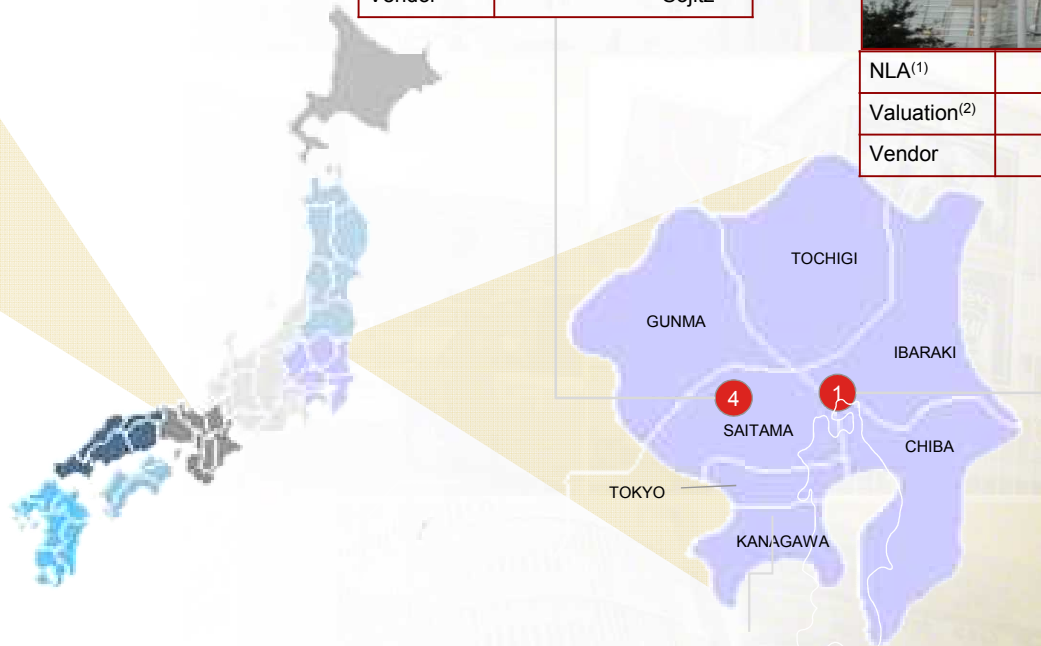






NLA ⁽¹⁾	68,047sqm
Valuation ⁽²⁾	JPY12,800mm
Vendor	Daiwa House

Luz Shinsaibashi



NLA ⁽¹⁾	2,342sqm
Valuation ⁽²⁾	JPY9,380mm
Vendor	Marubeni



	100% Freehold		100% Occupancy		100% Japan Retail		Attractive Valuation
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(1) As of 30 September 2013.

8 (2) Based on valuation by DTZ as of 31 March 2013. For Mallage Shobu, valuation by DTZ as of 1 June 2013, after including the Uniqlo annex is JPY21,900 mm .

Balanced Portfolio with Strategically Located Properties

Each of the properties is strategically located within its submarket, being directly connected via major transportation nodes.

	Forecast Year 2014 NPI (%)	Occupancy (%) ⁽¹⁾	WALE by NLA ⁽¹⁾ (yrs)	Lease Expiry Profile ⁽²⁾		Connectivity		Key Tenants / Sub tenants
				30 Sept 2013 - 30 June 2014	Projection Year 2015	Train / Bus	Major Road	
Aeon Town Moriya	26%	100%	13.7	-	-	✓	✓	Aeon Cinema, Alpen, Food Square Kasumi, Futaba-Tosho, Aeon Pet, Nojima
Aeon Town Suzuka	19%	100%	13.7	-	-	✓	✓	Kahma Home Centre, APINA, Nitori, Hana-Shobu, Uniqlo, Atelier, Seria, G.U.
Luz Shinsaibashi	14%	100%	8.5	-	-	✓	✓	H&M
Mallage Shobu	40%	99.5%	5.5	0.6%	24.3%	✓	✓	Nafco, 109 Cinemas, Himaraya, York Mart, Nojima, Academia, Sanki, Play Land, Uniqlo

45% of NPI secured through long term master leases with quality tenant (Aeon Town)

Approximately 100% occupancy across all properties

~99% of period from 30 Sept 2013 to 30 June 2014 and ~75% of Projection Year 2015 rentals already locked in

Well-connected by train, bus or major roads

Quality tenant base from diversified trade sectors

Aeon Town Moriya	Aeon Town Suzuka	Luz Shinsaibashi	Mallage Shobu
<ul style="list-style-type: none"> 7-min walk from Moriya station Located along National Route 294, a main commuting road for residents of neighboring towns 	<ul style="list-style-type: none"> 20-min away from Hiratacho station Located along Prefectural Road 54, a major arterial road in the area 	<ul style="list-style-type: none"> Located in Osaka's premier shopping district with many boutiques and specialty shops Very close to Namba and Shinsaibashi stations 	<ul style="list-style-type: none"> Located along the main arterial road connecting Saitama and Tokyo Well-connected by buses to the Kuki and Okegawa train stations

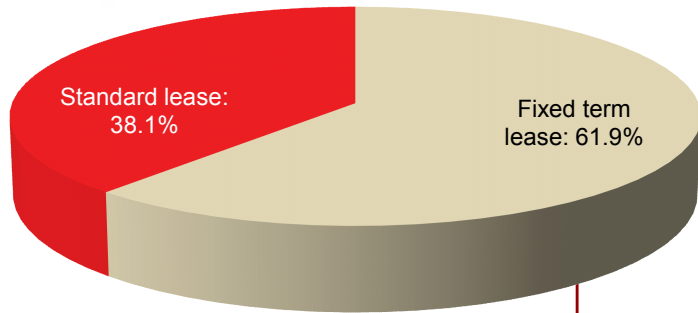
(1) As of 30 September 2013.

(2) As a % of portfolio gross rental income based upon rentals as of 30 September 2013.

Favorable Lease Profile

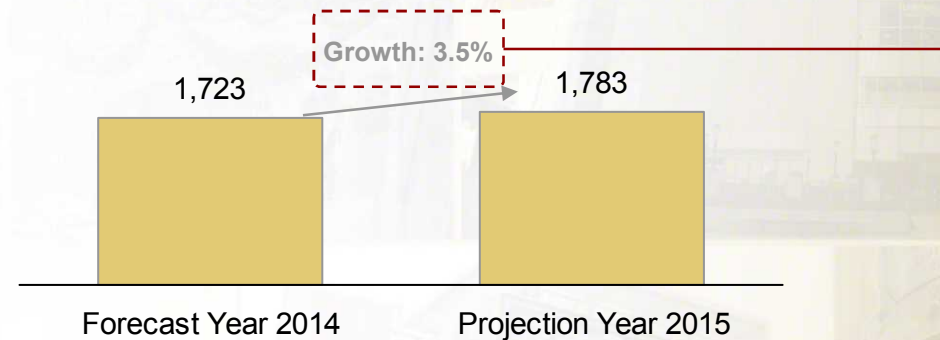
A substantial portion of CRT's Gross Rental Income is derived from leases structured as Fixed Term Leases, giving it greater flexibility to adjust rentals / tenant composition, or variable rent, allowing it to share any income upside with its tenants.

% of Gross Rental Income from Fixed Term Leases⁽²⁾



- Greater flexibility in adjusting rental income and tenant composition upon expiry of lease
- Shorter lease tenure (typically 3 – 5 years)

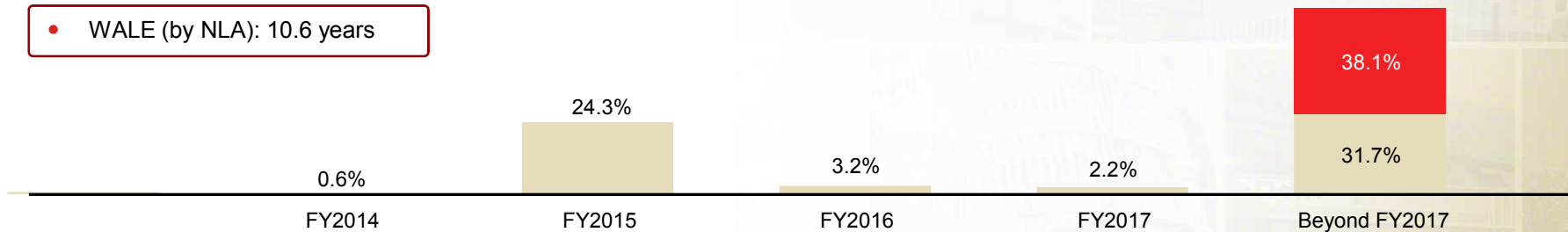
Growth in Gross Rental Income from Variable Rent⁽¹⁾



- Expected 3.5% growth in variable rent contributes further to organic growth
- Variable rent contributions are from Mallage Shobu & Luz Shinsaibashi

Lease Expiry Profile⁽³⁾

- WALE (by NLA): 10.6 years



(1) As disclosed in the Prospectus, variable rent figures mentioned included guaranteed minimum rent.

(2) By Gross Rental Income for the month of September 2013.

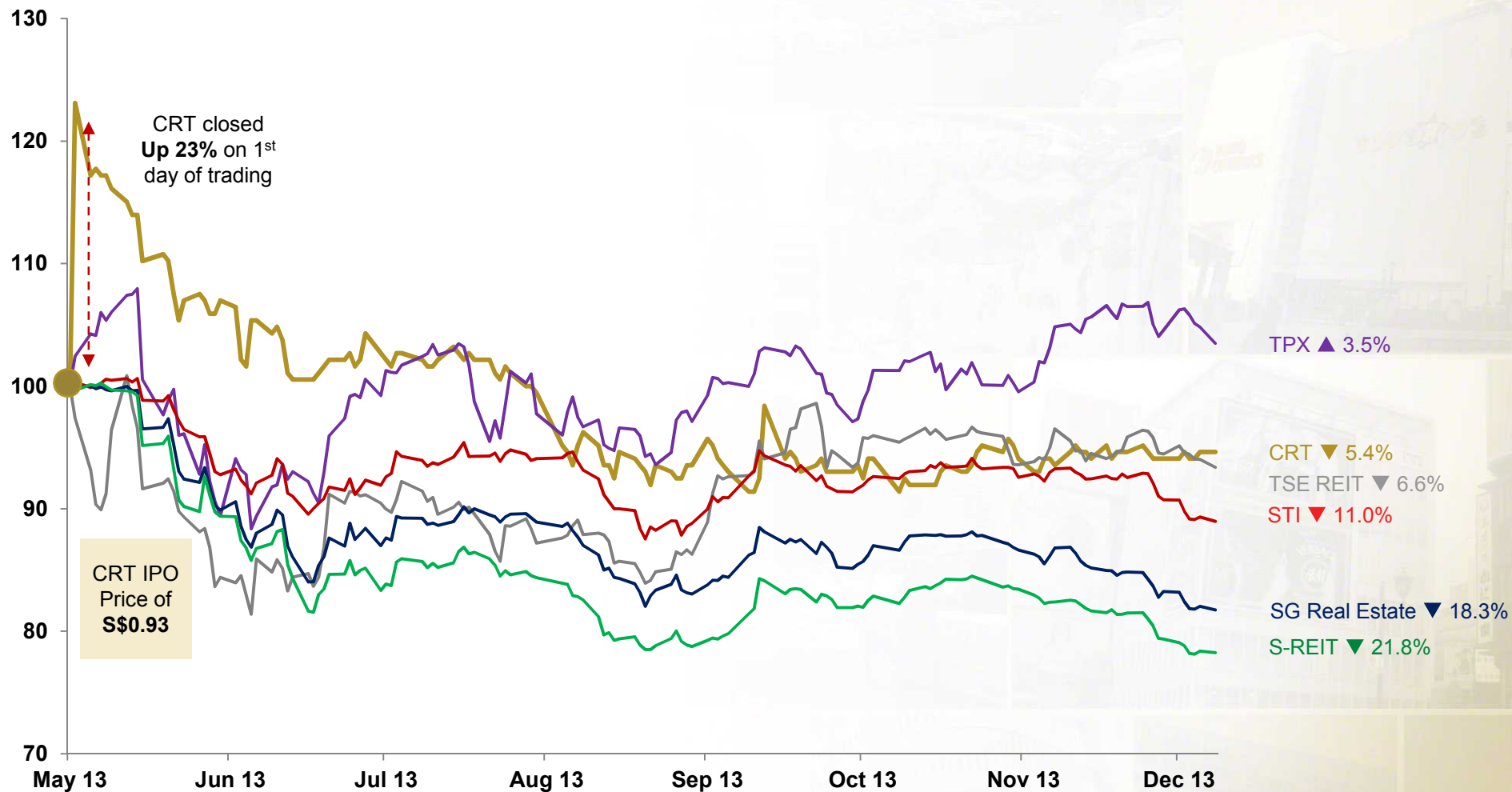
(3) For Initial Portfolio, as at September 2013.

Croesus Retail Trust
Trading Performance

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CRT Trading Performance has Remained Resilient since IPO

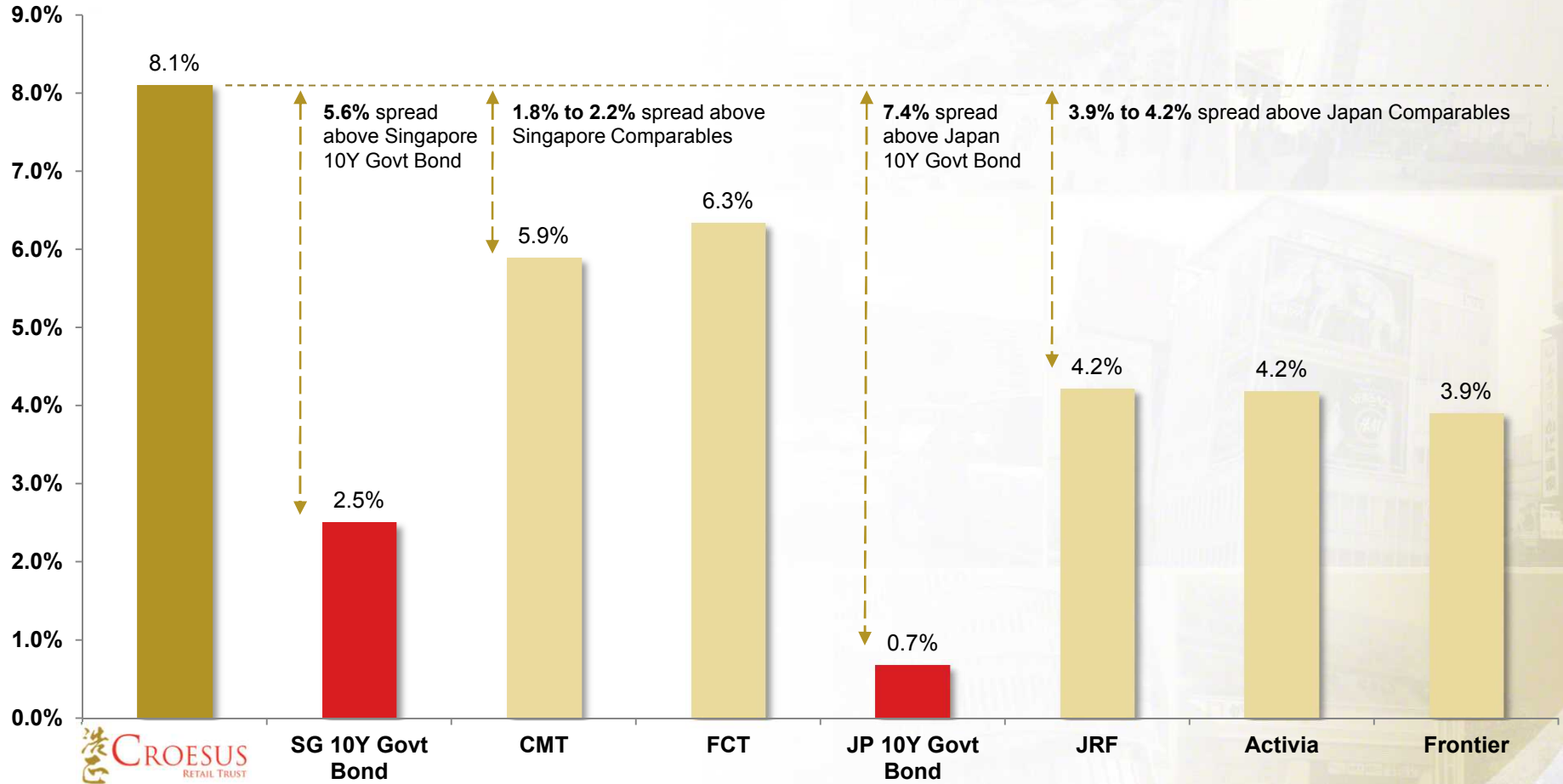


- CRT closed 23% above IPO price at the end of the 1st Trading Day
- Even in a volatile market, CRT price has held up well as compared with the overall TSE REIT Index, STI, S-REIT Index and SG Real Estate Index

Competitive Yield Spread vs. 10-year Government Bond

CRT offers an attractive yield spread between the FY-2014E distribution yield and 10-year government bond yield, relative to its retail REIT comparables in the Asia-Pacific region.

FY2014E Distribution Yield vs. 10-yr Govt. Bond



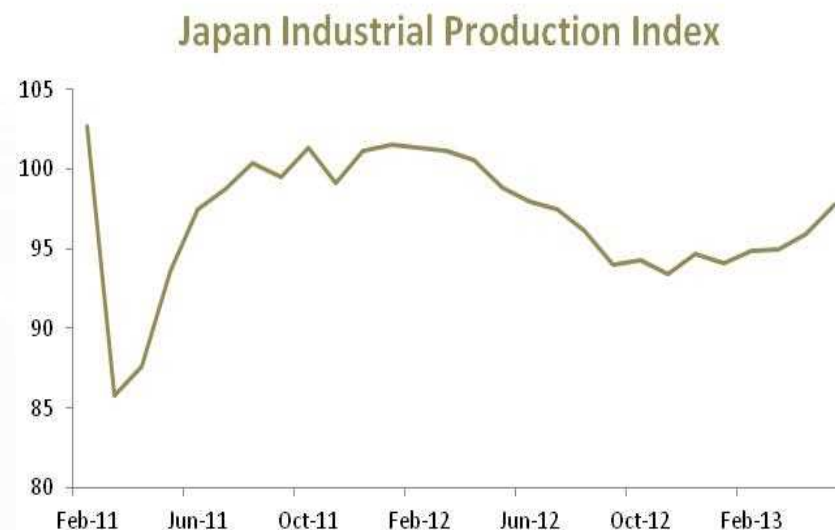
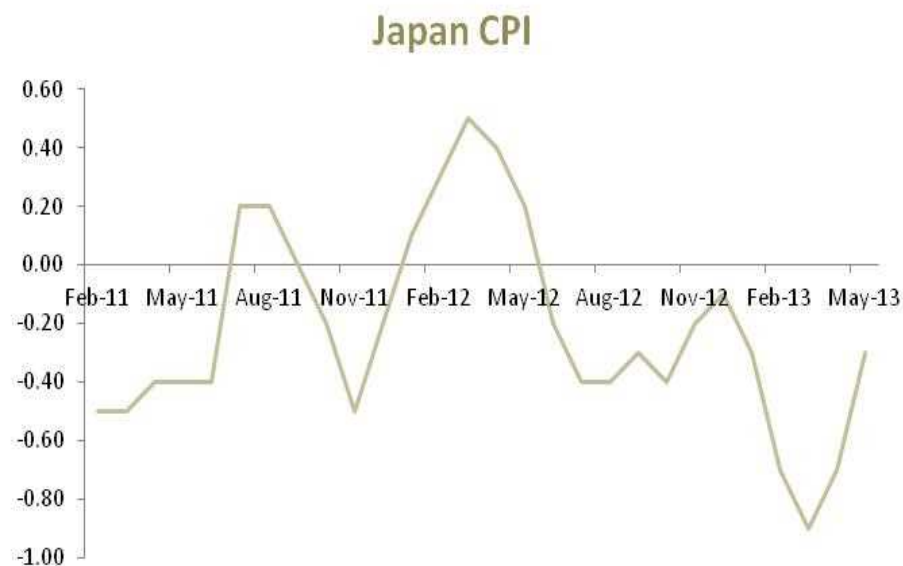
Japan Retail Sector Overview

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Japan Macroeconomic Trends

Recent positive macroeconomic indicators for Japan have shown signs of an improving economy and an upturn in consumer sentiment



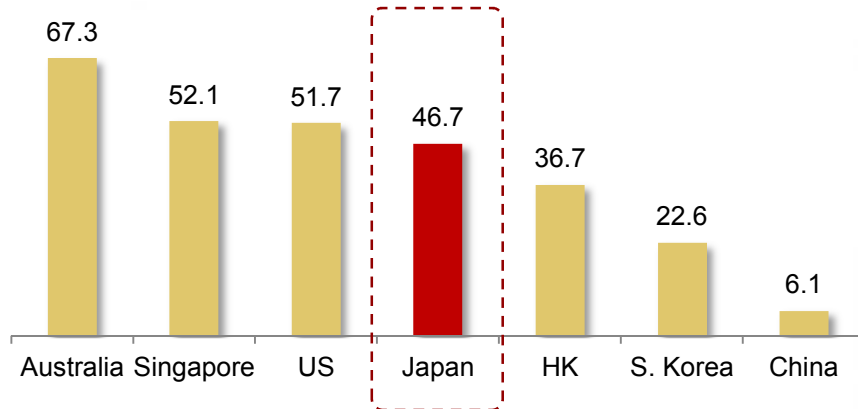
- Japan's core consumer prices rose 0.9% in the year to October 2013, making it the fifth consecutive month of increase and the largest since a 1% rise in November 2008
- Additionally, Japan's industrial output rose 1.0% in October 2013 compared to the previous month, marking a second straight month of gains, and a sign that the uptrend remains intact and a pick-up in exports is underpinning factory output and the broader economy
- Quarterly Tankan index for December 2013 rose to + 16 from – 8 in March 2013 highlighting Japan's top manufacturers confidence and optimism for the economy

Source: Barclays Economics Research and Reuters

Positioned to Benefit from Japan's Attractive Retail Market

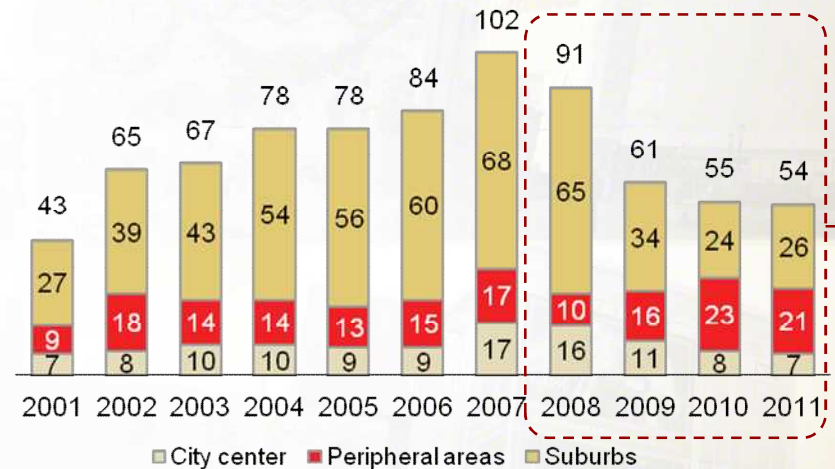
The retail market in Japan is the second largest in the world⁽¹⁾ and benefits from strong macroeconomic fundamentals and a benign regulatory regime. CRT will be the first listed property trust in Singapore to offer significant exposure to the Japan retail property market.

Gross Domestic Product ("GDP") per capita⁽²⁾
(US\$ '000)



- Japan is the world's third largest economy with a 2011 real GDP of JPY506.3 trillion, and second largest retail market with annual retail sales of JPY134.0 trillion in 2011
- Annualized GDP growth in 3Q 2013 was +1.1% (q/q), which marks the fourth straight quarter of expansion⁽⁶⁾
- 2 of 4 properties of the Initial Portfolio are located in the rapidly urbanizing Greater Tokyo region, which has experienced a net population inflow since 1994
- Steady average monthly income and consumption expenditure (~60% of monthly income) levels in Japan

Number of Shopping Centre Openings
(by opening year and location)



- Significant decline in new shopping centre openings corresponding to regulatory revisions
 - Tightened conditions for large scale retail development, thus limiting competition and increasing shopper concentration at existing outlets
- Limited supply of retail space with only 4 development projects⁽³⁾ underway in areas around the Initial Portfolio:
 - 1 opening in 2012 with total retail space of 56,880sqm⁽⁴⁾
 - 2 developments to be completed in 2013⁽⁵⁾

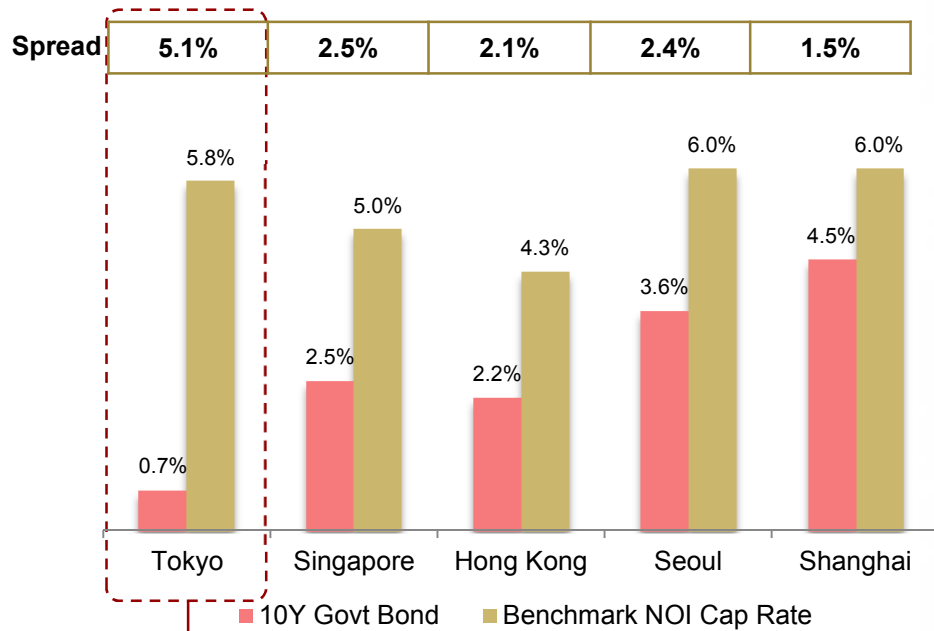
Source: Market research reports prepared by CB Richard Ellis K.K. ("CBRE") as the independent market research consultant.

- (1) Based on national retail sales.
- (2) International Monetary Fund 2012
- (3) Further details and expected date of completion of one development scheme near Aeon Town Moriya are yet to be released.
- (4) Pertains to Ario Washinomiya, a newly opened development of 56,880sqm near Mallage Shobu
- (5) Includes redevelopment of Shinsaibashi PARCO and Shin-Kabukiza sites (Luz Shinsaibashi) in 2013
- (6) Barclays Research Report, Equity Research, 13 December 2013.

Attractive Retail Cap Rate Spreads

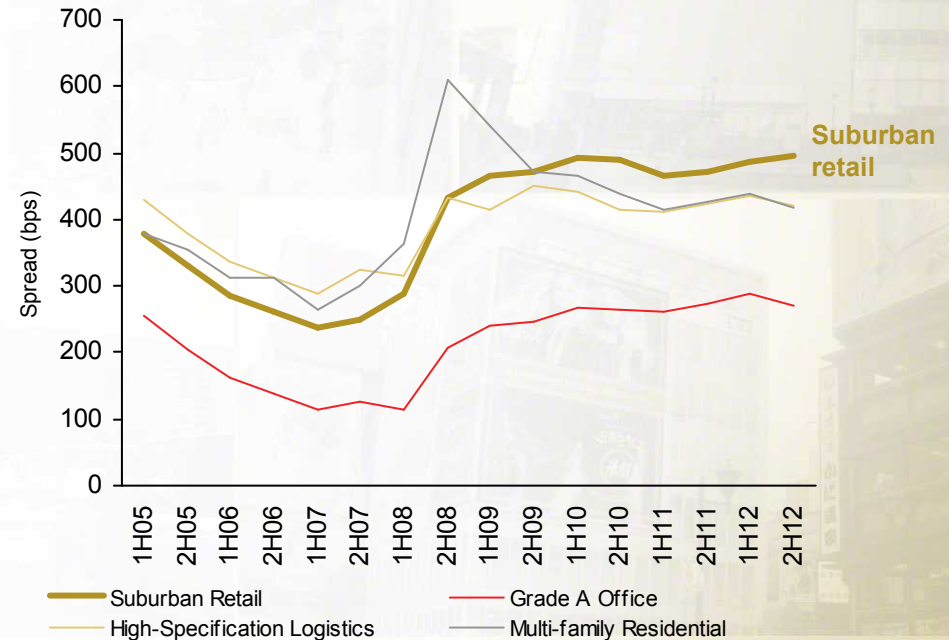
Attractive retail sector capitalization rate spreads in Japan present an opportunity for investors to acquire quality retail assets at attractive prices.

Retail Sector Cap Rate Spread⁽¹⁾



✓ High spread between retail sector cap rates and 10-yr government bond yield compared to other key Asian markets

Current Spreads are Above the Long-term Sector Average

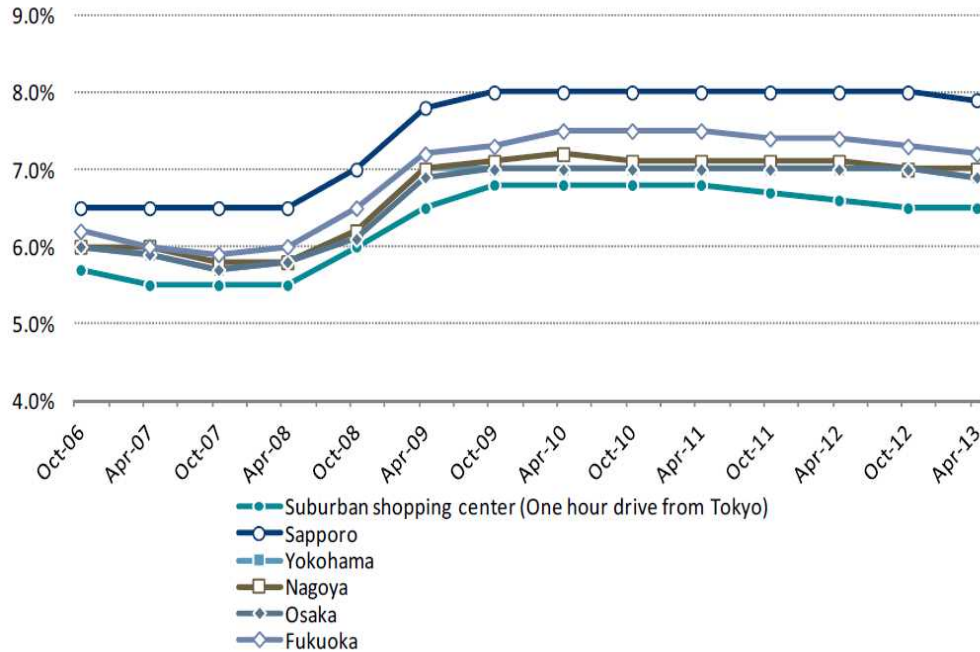


✓ Current spread for Japan suburban retail significantly greater than long term average

- Historical spreads indicate room for cap rate compression in the sector

Retail Cap Rate Trends

Suburban Retail Cap Rate Trends

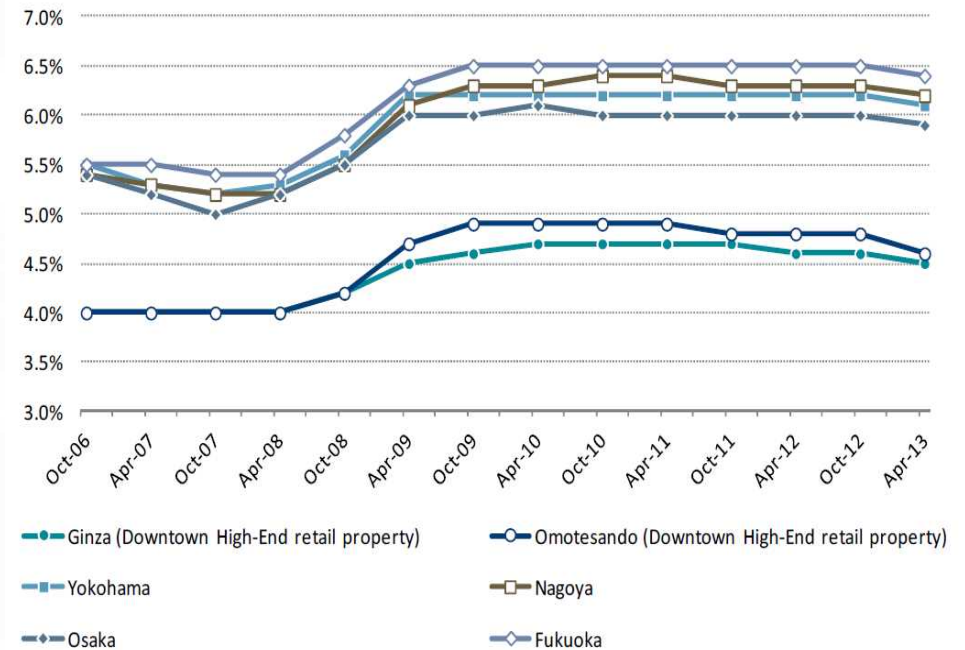


	2006.10	2007.4	2007.10	2008.4	2008.10	2009.4	2009.10	2010.4	2010.10	2011.4	2011.10	2012.4	2012.10	2013.4
Suburban shopping center (One hour drive from Tokyo)	5.7%	5.5%	5.5%	5.5%	6.0%	6.5%	6.8%	6.8%	6.8%	6.8%	6.7%	6.6%	6.5%	6.5%
Sapporo	6.5%	6.5%	6.5%	6.5%	7.0%	7.8%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	7.9%
Yokohama	6.0%	5.9%	5.7%	5.8%	6.2%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	6.9%
Nagoya	6.0%	6.0%	5.8%	5.8%	6.2%	7.0%	7.1%	7.2%	7.1%	7.1%	7.1%	7.1%	7.0%	7.0%
Osaka	6.0%	5.9%	5.7%	5.8%	6.1%	6.9%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	6.9%
Fukuoka	6.2%	6.0%	5.9%	6.0%	6.5%	7.2%	7.3%	7.5%	7.5%	7.5%	7.4%	7.4%	7.3%	7.2%



Expected cap rates of suburban shopping centers located one hour drive from Tokyo have shown compression by 30bp to 6.5% compared to the highest point in April 2011 of 6.8%.

Prime Retail Cap Rate Trends



	2006.10	2007.4	2007.10	2008.4	2008.10	2009.4	2009.10	2010.4	2010.10	2011.4	2011.10	2012.4	2012.10	2013.4
Ginza (Downtown High-End retail property)	4.0%	4.0%	4.0%	4.0%	4.2%	4.5%	4.6%	4.7%	4.7%	4.7%	4.7%	4.6%	4.6%	4.5%
Omotesando (Downtown High-End retail property)	4.0%	4.0%	4.0%	4.0%	4.2%	4.7%	4.9%	4.9%	4.9%	4.9%	4.8%	4.8%	4.8%	4.6%
Yokohama	5.5%	5.3%	5.2%	5.3%	5.6%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.1%
Nagoya	5.4%	5.3%	5.2%	5.2%	5.5%	6.1%	6.3%	6.3%	6.4%	6.4%	6.3%	6.3%	6.3%	6.2%
Osaka	5.4%	5.2%	5.0%	5.2%	5.5%	6.0%	6.0%	6.1%	6.0%	6.0%	6.0%	6.0%	6.0%	5.9%
Fukuoka	5.5%	5.5%	5.4%	5.4%	5.8%	6.3%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.4%



Osaka's expected cap rate has recently compressed by 10bp to 5.9% compared to just 6 months ago in October 2012 when the survey was last conducted.

Growth Strategy



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Key Elements of Strategy

The Trustee-Manager's key objectives are to deliver a competitive return on investment to unitholders of CRT through regular and growing distributions, and long term capital value growth of its portfolio of assets.



Platform for Sustainable Growth

Potential Income Upside From Existing Assets

- ✓ Expected growth of ~3.5% in variable rent from FY-2014 to FY-2015
- ✓ Optimization of tenant mix through active property management
- ✓ Potential for growth from asset enhancement

Organic Growth Potential

Growth from Development Assets

Upside from Development Assets

- ✓ Undertake development projects considering growth potential and mitigation of construction and leasing risks
- ✓ Voluntarily undertaken development limit of up to 20% of Trust Property

Additional Debt Headroom of ~JPY23bn at IPO⁽¹⁾

- ✓ Pipeline from Strategic Partners
- ✓ Japan pipeline from third-party vendors
- ✓ ROFR from the Croesus Group

Acquisition Pipeline from ROFRs

Acquisition Pipeline from Sponsor Network

Strong Existing Business Relationships

- ✓ Leverage Sponsor's business relationships and industry knowledge to identify acquisition opportunities
- ✓ Initial Portfolio sourced directly from vendors without any intermediary fees (~3% of purchase consideration in Japan)

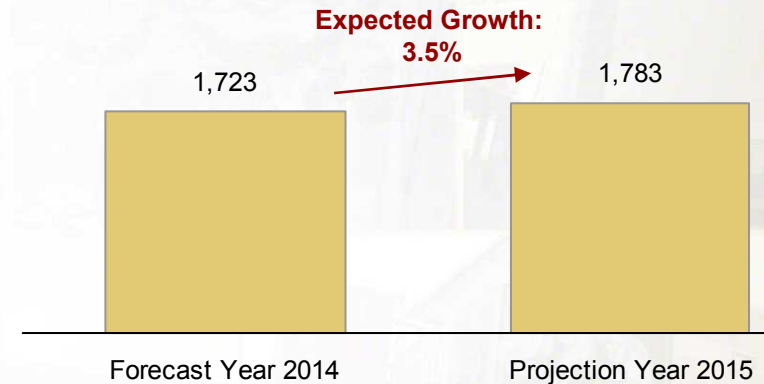
Organic Growth Potential

The Trustee-Manager will seek to actively manage CRT's property portfolio to generate organic growth and maximize asset returns, while maintaining resilient recurring income to CRT.

1 Growth in Variable Rent

- Among the Properties, Luz Shinsaibashi and Mallage Shobu, have leases with variable rent components
- As of 30 September 2013⁽²⁾ 43.8% of monthly gross rental income in the Initial Portfolio had a variable rent component
- Of total variable rent, the variable portion is 14.0% and 29.8% is guaranteed minimum base rent. Therefore, pure fixed rent constitutes 86.0% of total portfolio gross rental income

Expected Growth in Variable Rent⁽¹⁾



2 Asset Enhancement Initiatives

Mallage Shobu

- Renovation work associated with tenant replacements (~JPY150mm in FY-2014 and ~JPY100mm in FY-2015)
- Significant movement in the tenant composition, with 147 of 246 leases expiring during FY-2015
 - Rental reversion upon lease expiry, since most of the expiring leases were entered into in 2008 with lease terms favoring the lessees, given market conditions at the time
 - Attract strategic anchor tenants to further enhance the overall growth
 - Addition of new tenants such as Uniqlo and currently considering other high quality tenants going forward



22 (1) Variable rent figures include guaranteed minimum rent.
(2) For Q1FY-2014 which consists of the three months from 1 July 2013 to 30 September 2013.

Strong Acquisition Growth Opportunities

CRT has in place a visible pipeline of retail malls in Japan from the Strategic Partners and agreements with third party vendors.

Retail properties in Japan

- 1 completed property (Luz Omori) from **Marubeni**
- 3 completed properties from third party vendors

Other growth opportunities

- **Daiwa House** and **Marubeni** have provided CRT with ROFRs over any sale of future predominately retail real estate assets located in the Asia-Pacific region ex-Japan, with Marubeni's ROFR extending to current assets as well
- The ROFR with Marubeni also covers two retail development projects in China



Luz Omori
(Tokyo, Japan)



Millage Saga
(Saga, Japan)



Forecast Kyoto Kawaramachi
(Kyoto, Japan)




NIS Wave I
(Tokyo, Japan)



Shenyang Retail Project⁽¹⁾
(Shenyang, China)



Maluzhen Retail Project⁽²⁾
(Shanghai, China)

 Owned by Marubeni

Note: The pictures for Shenyang Retail Project and Maluzhen Retail Project are artists' impressions of the projects and may differ from actual view of the properties.

(1) Includes MoU with Sun Wah. Marubeni owns 25% of the intermediate holding company which in turns owns 100% of the Shenyang Retail Project. In addition, the Sponsor has entered into an MoU with Sun Wah (Shenyang) Properties Development Ltd, which wholly owns Shenyang Retail Project, under which it has the exclusive right to negotiate for the acquisition of phase 1 & 2 of the project.

(2) Marubeni owns 60% of the intermediate holding company which in turn owns 70% of the Maluzhen Retail Project.

Financial Overview

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Financial Highlights

10 May to 30 Sept 2013 ⁽¹⁾	Actual	Forecast ⁽²⁾	Variance %
Income Available for Distribution (¥'000)	1,139,521	1,052,489	8.3%
Available Distribution Per Unit (Singapore cents)	3.26	3.11	4.6%
Annualised DPU (Singapore cents)⁽³⁾	8.23	7.39	
Annualised Distribution Yield⁽⁴⁾ @ S\$0.930 per unit (IPO Price) @ S\$0.885 per unit (closing price on 7 Nov 2013)	8.9% 9.3%	8.0% 8.4%	

(1) The acquisition of the Portfolio of CRT was completed on 10 May 2013, which was the day CRT was officially listed on the SGX-ST.

(2) The forecast figures are extracted from the Prospectus and prorated to 144 days for the period from 10 May 2013 to 30 September 2013, 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.

(3) The annualised DPU is calculated by dividing the available DPU by 144 days for the period from 10 May 2013 to 30 September 2013 and multiplying the result by 365 days. The annualised DPU is for illustrative purposes only and should not be construed as a representation of the future DPU in FY2014 or a forecast of the future DPU.

(4) The annualised distribution yield is for illustrative purposes only and should not be construed as a representation of the future distribution yield in FY2014 or a forecast of the future distribution yield.

Income Available for Distribution Exceeds Forecast by 8.3%

For the period 10 May to 30 September 2013 (JPY''000)	Actual	Forecast ⁽⁵⁾	Variance %
Gross Revenue	1,998,237	1,990,538	0.4%
Less: Property Operating Expenses	(728,789)	(758,942)	(4.1)%
Net Property Income	1,269,448	1,231,596	3.1%
Trustee Manager's Fees ⁽¹⁾	(171,220)	(176,085)	(2.8)%
Finance Costs	(176,656)	(177,058)	(0.2)%
Other Trust Expenses ⁽⁴⁾	(52,213)	(50,688)	3.0%
Total Trust Income and Expenses	869,359	827,765	5.0%
Net Change in Fair Value of Investment Properties/ Financial Instruments ⁽²⁾	1,215,582	1,271,644	(4.6)%
Income Tax Expenses ⁽⁴⁾	(483,632)	(373,716)	29.4%
Profit after Tax	1,601,309	1,725,693	(7.8)%
Distribution Adjustments ⁽³⁾	(461,788)	(673,204)	(45.8)%
Income Available for Distribution to Unitholders	1,139,521	1,052,489	8.3%

(1) Includes Japan Asset Manager's fees.

(2) Net sum between the fair value gain on investment properties arose from unrealized gain on revaluation of the investment properties on Listing Date, the fair value gain of the additional annex building acquired subsequent to the Listing Date, and the fair value loss on financial instruments relating to the forward contracts for the expected distribution for the period until 30 June 2015.

(3) Adjustments include Trustee-Manager's fees paid in units, amortization of prepaid property tax, fair value gain on investment properties net of tax, fair value loss on financial instruments, and others.

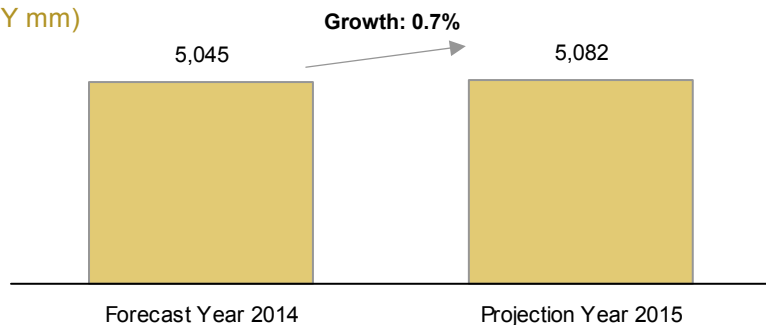
(4) Reclassification of JPY5,343,000 of business scale taxes from the forecasted income tax expenses to forecasted other trust expenses were made to be consistent with the actual accounts.

(5) The forecast figures are extracted from the Prospectus and prorated to 144 days for the period from 10 May 2013 to 30 September 2013, 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.

DPU Yield & Debt Profile

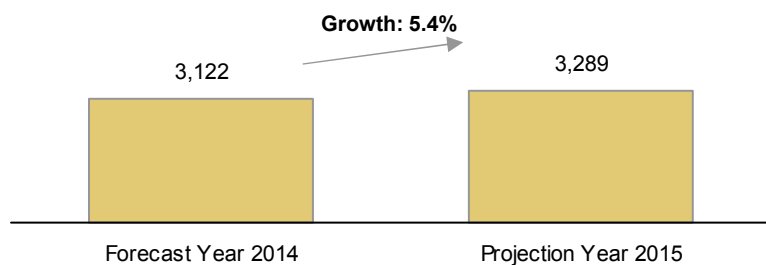
Gross Revenue

(JPY mm)

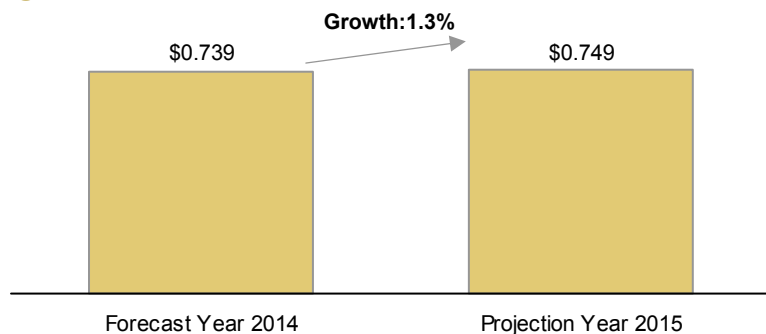


Net Property Income

(JPY mm)



DPU



Key Assumptions

Management Fee	<ul style="list-style-type: none"> • Base fee <ul style="list-style-type: none"> – 0.6% of Trust Property upto a cap of JPY0.5bn, if Trust Property < JPY100bn – 0.5% of Trust Property, if Trust Property >= JPY100bn • Performance fee: 3.0% of NPI • Approximately 80% of fees in units
Aggregate Leverage⁽¹⁾	• 42.3% ⁽²⁾
Payout Ratio	• 100% for the first two years

Details of Borrowings

Total LT Loans & Borrowings	• ~JPY24bn
Aggregate Leverage⁽¹⁾	• 42.3% ⁽²⁾
% of Debt Hedged	• 100%
Avg. All-In Cost of Debt	• 1.59% ⁽²⁾
Weighted Avg. Debt Maturity⁽³⁾	• 4.6 years
Additional Debt Headroom⁽⁴⁾	• JPY26.4bn ⁽²⁾

(1) Calculated as total debt / total assets.

(2) As at 30 September 2013.

(3) As at 30 September 2013. Does not include short-term debt of JPY1.3 billion due on February 2014, to be repaid from the consumption tax refund.

(4) Calculated based on a leverage limit of 60.0%.

Media Coverage



港區 **CROESUS**
RETAIL TRUST

Croesus sees opportunities, challenges as global investor interest returns to Japan

BY FRANKIE HO

Japanese King of Croesus Retail Trust (CRT) is in a profit corner of sorts these days. On the one hand, he is glad global investor interest in Japan is being rekindled as Prime Minister Shinzo Abe works to lift the world's third biggest economy out of years

of deflation and stagnant growth. On the other hand, he laments the higher real estate prices fuelled by this spate of investments.

"There is clearly optimism. Consumer spending may be spotty in certain months but, generally, the trend is in the right direction," says Jim Chang, the chief executive officer of Croesus Retail Trust's sponsor, The Edge Singapore. "But

competition for assets is clearly something we are keeping our eye on, simply because the whole of Japan is doing well."

Shing, 42, and Jim Chang, 47, brought CRT to market in May. It is the first business deal listed in Singapore with real estate in Japan. Chang, the chief co-manager of Croesus Real Estate International, is also CEO of CRT's trust

for manager CRT since the real estate trusts, a fully managed, with about 400 tenants in the Shing the May 10 listing, both men have been busy making sense of the real estate market in real time, following a change in ownership. The properties, which CRT acquired in May 10 IPO proceeds, were previously owned separately by **Shinwa House, Marshfield Co** and a third-party vendor. Shing visits Japan every six to eight weeks but they were both here, as he recently became a father.

"While we understand the properties are more comfortable with them, we really see funds on to operating the properties only that May 10," he says. "The learning curve was not easy," adds CRT's tax and legal heads.

In its maiden set of results, for the period May 10 to Sept 30, CRT reported net property income of S\$1.27 billion (S\$1.4 million), 5.1% above its forecast. The income was mainly made of improved cost controls. Income available for distribution was 8.3%, above prospectus at 7.14 billion, helped by advance on property value and a lower corporate income tax. CRT pays investors in Singapore dollars. Distribution per unit stands at S\$1.26 cents, beating a forecast of 3.10 cents.



Shing, if we don't leave fast, it will just become increasingly difficult over the next 12 to 18 months to acquire assets.

The overall results were achieved despite hardly any top floor growth. CRT achieved gross revenue of just under S2 billion during the period. "The revenue exceeded forecasts by 0.4% in all months, that's pretty fat," Shing comments. This said, he points out that CRT was affected by heavy bad weather "in the weeks of the phone blast and a 'slightly cooler than our real customer', which led to slower customer sales. The typhoon, which occurred on Sep 10, a Japanese public holiday, subordinated our rental rates that kept shoppers away.

Expanding portfolio

In real estate, being measured that the results are more operating as what he calls "existing old mode". Shing and his team are focused on expanding CRT's portfolio. The trust has five sites on negotiating with Marshfield and certain third party vendors the acquisition of four sites to completed small properties in Japan. It also has the right of first refusal to deals owned by Marshfield and Shinwa House in Asia Pacific on shopping Japan. These include one small site that the new real estate conglomerate may find profitable Japan in future.

The plan now for CRT is to acquire small sites in Japan, using debt. Its gearing as at Sept 30 was 43.1%, with borrowing costs averaging just 1.35%. It has no refinancing risk for five years and can borrow another S200 million before it reaches its debt limit.

CRT's DPU of 3.26 cents beats forecast by 4.6%

By MINDY TAN

tanmindy@sph.com.sg

DRIVEN by an upturn in consumer sentiment, Croesus Retail Trust's (CRT) distribution per unit (DPU) of 3.26 Singapore cents for the 144 days ended Sept 30 beat its IPO forecast by 4.6 per cent.

CRT's first income available for distribution beat its forecast by 8.3 per cent, at 1,140 million yen (S\$13.3 million), compared with a forecast of 1,052 million yen.

The upside was largely due to property tax rebates and a decrease in current income tax. This was offset by a difference in hedge rates between actual and forecast for the period.

CRT has a policy to hedge at least 80 per cent of the expected cash flow distributions in the forecast period up to June 30, 2015.

In the meantime, gross revenue for the period met expectations, at 1,998 million yen, 0.4 per cent above forecast. Net property income was 1,269 million yen, or 3.1 per cent higher than forecast.

Croesus Retail Trust

	Q1 2013	Q1 2013 (FORECAST)	Y-O-Y % CHANGE
	(S'000)	(S'000)	
Net property income	1,269,448	1,231,596	+3.1
Distributable income	1,139,521	1,052,489	+8.3
Distribution per unit	3.26c	3.11c	+4.6

This was largely due to property management repair and other property expenses having positive variances, offset by the negative variance of increased utility expenses. Overall, property expenses for the period were below forecast by 4 per cent.

Looking ahead, Jim Chang, chief executive officer and executive director of Croesus Retail Asset Management, the trustee-manager of CRT, said the trust will continue to focus on strengthening its portfolio.

Specifically, the trust will actively pursue acquisition opportunities, even as competition for acquiring real estate assets in Japan has increased in recent months.

CRT financed its acquisition with a five-year Japanese yen debt maturing in 2018. To hedge its interest rate exposure, CRT has entered into five-year interest rate swaps.

The trust's distribution policy is to distribute all of its distributable income until June 30, 2015, and at least 90 per cent of its distributable income after.

The first distribution is for the period from the listing date to Dec 31, and will be paid on or before March 31, 2014.

CRT listed on May 10; the forecast figures are extracted from the prospectus and pro-rated to 144 days.

Its counter ended Singapore cents

Croesus Retail Trust (Nov 20: 88 cents)

MAINTAIN BUY. Croesus Retail Trust (CRT) reported maiden gross revenue of ¥1,998 billion (\$24.71 million) for the period from May 10 to Sept 30, 2013, which was 0.4% ahead of forecast. Net property income (NPI) was 3.1% higher than projected and came in at ¥1.269 billion, translating to a higher NPI margin of 63.5%. Distributable income of ¥1.139 billion was 8.3% higher than projections and translates to a DPU of 3.26 cents. This was ahead of prospectus forecast of 3.11 cents. With a gearing of 42.3%, it potentially has a debt headroom of ¥15 billion (based on a 50% gearing) to fully debt fund acquisitions. The current estimated NPI yield around 6+ % offers an attractive yield spread against average cost of funds of 2.5% to 3%. Price target of \$1.02. This offers a total return of 25%. — DBS Vickers Securities (Nov 15)



Jeremy Yong
co-founder and managing director, The Croesus Group

ANOTHERVIEW

国際化進む不動産投資商品

グローバル投資家向け国内不動産商品

クリサス・リテール・トラスト

日本の商業施設を組み入れたビジネストラスト 資産規模500億円でシンガポールSGXに上場

上場は、パートナー企業との信頼と協力関係の賜物

2013年5月、シンガポール証券取引所(SGX)に日本の商業施設を中心に投資するビジネストラスト、「Croesus Retail Trust」(クリサス・リテール・トラスト、以下CRT)が上場した。CRTには戦略パートナーとして、日本の丸紅と大和ハウス工業が参画し、物件供給を行っているほか、CRTの運営会社にもそれぞれ10%を出資している。

CRTを無事上場にこぎ着けたクリサスグループは2005年の設立。現在CRTの運用会社「Croesus Retail Asset Management」(クリサス・リテール・アセット・マネジメント、以下CRAM)執行董事で主席執行官(CEO)であるジム・チャン(C.W. Jim Chang)氏が、パートナーのJeremy Yong氏とともに設立した。グループの主な事業ドメインは、不動産投資関連事業、港湾の開発を行うインフラストラクチャー事業、そしてコーポレートアドバイザー事業の3つである。

CRAMのCEOのチャン氏はCRTの上場について、パートナー会社とのこれまでの信頼と協力関係の賜物であると振り返る。「丸紅と大和ハウスとは以

前からつながりがあったが、CRTに関しては2年前から正式にタッグを組み、上場へ向けて活動してきた」。

チャン氏は、お互いの信頼関係に加えて、パートナー企業の実績や経験も非常に大きかったと話す。「丸紅と大和ハウスも、商業施設開発やそのマネジメントに長い歴史をもっている。こうしたパートナーに恵まれたことが商業施設専門のビジネストラスト設立につながった」。

中国を含むアジア案件も組み入れ
早期に1,000億円の資産規模を目指す

CRTについて詳しくみていこう。CRTは500億円の規模で上場した。当初組入れ物件は、イオンタウン守谷(茨城県守谷市)、イオンタウン鈴鹿(三重県鈴鹿市)、Luz心斎橋(大阪市)、モラージュ葛西(埼玉県葛西市)の4物件だ。このうちイオンタウンの2物件は大和ハウスが、Luz心斎橋は丸紅が物件を供給した。

初期ポートフォリオについてチャン氏は「安定性と成長性、そしてエリアの分散を考慮した結果」と説明する。

契約形態はイオンタウン2物件がイオンのマスターリース、残りの2物件は固定プラス歩合となっている。またエリア別では、関東圏と近畿圏に2物件ずつという配置だ。エリア分散では、高いテナント需要と賃料が見込める都心部と、郊外部の競争力の高い商業施設をバランスよくミックスさせていく方針を



ジム・チャン氏
クリサス・リテール・
アセット・マネジメント
CEO

打ち出している。

外部成長にも意欲的に取り組む。すでに今後の取得案件として4物件を予定している。パイプラインにあがっているのは、Luz大森(大田区)、モラージュ佐賀(佐賀市)、Forecast 京都河原町(京都市)、NIS Wave I(立川市)だ。

さらにCRTの大きな特徴は、日本を中心に置きつつアジアの商業施設も組み入れることが可能だということにある。中国では、上海市と遼寧省瀋陽市の2物件の優先交渉権を確保している。

チャン氏はアジアの商業施設組入れについてこう話す。「日本と中国を含むアジアの比率はおおむね8対2を予定している。丸紅、大和ハウスとも中国や東南アジアでの開発の実績が豊富。こうしたパートナー会社と話し合いながら資産取得を進めていく」。

日本とアジアを両眼みにしながら、上場時500億円の資産規模を、1~2年程度以内に800億~1,000億円規模まで膨らませていく狙いをもつ。不動産価格が高騰するなか、比較的高い利回りを実現するために、開発型の案件にも取り組んでいく方針だ。

なお、当初組入れ資産の国内AMは

特選：不動産サービス事業者の海外マーケット進出

クリサス・リテール・トラストの上場時ポートフォリオ



上—イオンタウン鈴鹿
中—イオンタウン守谷
下—モラージュ葛西

Luz心斎橋

東西アセット・マネジメントが担当。東西アセット・マネジメントは、1998年の設立以降、私募ファンドやREITでの運用実績が豊富である。パートナー会社の丸紅系列では、丸紅アセットマネジメントがバックアップAMとして運用をサポートしている。

日本市場の優位性
自信をもってアピールすべき

アベノミクス以降、日本のマーケットは一躍大きな注目を集めている。しかし財政問題、高齢化、人口減少といった課題は、海外投資家が投資するにあたり二の足を踏む原因となっている。しかしそうしたなかでもチャン氏は、日本について強気な見方を隠さない。「CRTの上場前は約1年をかけてグローバルな機関投資家を数多く訪問した。日本にはネガティブな点ばかりでは

ないということを広く知ってもらおうと、独自にビデオも作成した」。上場市場にシンガポールを選択したこともその一環と答えよう。シンガポールはアジアにおいて、言語はもちろんのこと、プロセスの透明性やシステムが最も洗練されている市場として、グローバルな投資家から信頼を得ているためだ。

チャン氏は続ける。「投資物件は必ずこの目で確認する。週末だけではなく平日の午前中にも足を向ける。そこでは年配の方がお孫さんを連れだしたりして、活発に消費活動をしている。しっかりと物件を鑑別すれば勝機はまだだ」。

さらに日本が投資先として優れている点ももう一つある。それが賃料の安定性だ。これはマーケット賃料のボラティリティ云々の話だけではない。「海外では店の経営がうまくいかなかったりすると、すぐに賃料の支払いを止めた

りがある。日本の商習慣は真に常識に根差しており、予想外のトラブルが非常に少ない」(チャン氏)。

CRTの上場初日の株価は約20%上昇して取引を終えた。IPOを引き受けた投資家も納得の結果といえよう。チャン氏は上場までを振り返り「ネガティブな印象を払拭するために苦労も多かったことは確か。しかし日本の市場にはまだまだチャンスがある。日本にはもっと自信をもってアピールする姿勢が不可欠」と話している。

クリサスグループは、CRTの運営と外部成長に全力を尽くすとともに、上場で得た実績や経験、パートナー企業とのリレーションをベースにして、ホスピタリティ分野に投資するビジネストラストなど、別の資産クラスの商品組成も進めていきたい考えだ。

Tokyo property boom lifts bond sales by Reits

Thursday, November 28, 2013

The Business Times

Tokyo beats Paris to become world's third most-active real estate market

[TOKYO] The strongest bond sales in three years by real estate investment trusts are showing confidence in the property revival sparked by Prime Minister Shinzo Abe.

Reit sales jumped 33 per cent this year to 95.8 billion yen (S\$1.2 billion), outpacing the 5.9 per cent increase in Japanese corporate issuance and the 2.2 per cent climb for that in the US, according to data compiled by Bloomberg.

Japan Excellent Inc, whose properties house units of Toshiba Corp and Fujitsu Ltd, raised five billion yen of 0.46 per cent debt last week due 2018 at a five basis point yield premium over the yen swap rate, down from the 48 it paid in 2011.

Tokyo beat Paris to become the world's third most-active real estate market this year, as office vacancy rates fell to a 2009 low and housing starts extended the longest growth streak in more than 19 years ahead of a planned consumption tax increase. The Japanese capital's properties also stand to receive a windfall of about 152 billion yen from the 2020 Olympic Games, according to International Olympic Committee.

"Investor perception of Japan Excellent's profitability is improving in tandem with the office space market," said Mikio Namiki, an analyst at Mizuho Securities Co in Tokyo. "The bonds are also offering a spread that is quite attractive to investors which have seen yield premiums decline across the board."

The spread on the Tokyo-based Reit's 1.01 per cent notes due 2016 dropped 28 basis points since the offering in October 2011 to 20 basis points. Japan Credit Rating Agency Ltd ranks the company AA-, its fourth-highest investment grade. The spread for Japan's similarly-rated issuers plunged 36 to seven in the period, Bank of America Merrill Lynch indexes show.

Japan Excellent has 29 billion yen of bonds outstanding, including 12 billion yen maturing in March, according to data compiled by Bloomberg. The fund's weighted average fixed coupon declined to 1.2 per cent from 1.45 per cent in the last quarter of 2010, the data show.

"The overall office market is improving which is positive for the Reit market," said Kenta Anami, general manager at the finance and accounting department of Japan Excellent. "We refinanced the debt earlier because we see now as a good timing."

Mr Abe's economic stimulus campaign includes monetary stimulus to encourage finance activity. Stepped-up borrowing by Japanese companies has to translate into increased capital spending for the measures to succeed in ending deflation and reviving the economy.

The volume of real estate transactions in Tokyo jumped 58 per cent to US\$15.6 billion in the first nine months of this year, according to a report by Jones Lang LaSalle. That's US\$400 million short of New York, which ranked second with US\$16 billion after a 16 per cent decline. Paris was fourth with US\$10.9 billion, while London topped the list with US\$23.2 billion.

Thank You

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