



**Financial Results for the period from  
1 July 2014 to 31 December 2014**

**11 February 2015**

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In this presentation, unless otherwise stated, references to “forecast figures” or “forecast” are to forecast figures for Projection Year 2015 which the Trustee-Manager has extracted from the prospectus of CRT dated 2 May 2013 (the “Prospectus”), and these are subject to the bases and assumptions stated therein, and pro-rated for the actual number of days attributable to the respective reporting period, except for non-recurring items such as unrealised fair value gains, their related deferred tax expenses and prepaid property tax which are not proportionally pro-rated. Such forecast figures are for illustrative purposes only and should not be construed as a representation of the actual performance or results of CRT.

# About Croesus Retail Trust



## Aeon Town Moriya

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



## Croesus Shinsaibashi

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



## Luz Omori

*A prime retail property located 3 minutes walking distance from JR Omori Station*



## Aeon Town Suzuka

*A suburban shopping centre located in Suzuka city, Mie Prefecture*



## Mallage Shobu

*A suburban shopping centre located in Kuki city, Saitama Prefecture*



## Croesus Tachikawa<sup>(2)</sup>

*A prime retail property directly connected to JR Tachikawa Station via pedestrian deck*



## One's Mall

*A suburban shopping centre located in Inage ward, Chiba city, Chiba Prefecture*

- 1 First Asia-Pacific retail business trust with an initial portfolio in Japan listed on the SGX-ST
- 2 Portfolio comprises 7 quality prime and suburban retail malls with an aggregate NLA of 251,017 sq m and committed occupancy of approximately 100% as at 31 December 2014
- 3 Market Capitalisation of S\$486 million <sup>(1)</sup>
- 4 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

*Unless otherwise defined, all capitalised terms used in this Presentation shall bear the same meaning as used in the Prospectus.*

(1) Based on closing price of S\$0.950 on 3 February 2015.

(2) Previously known as NIS Wave I. Please refer to announcement dated 30 January 2015 for more details in relation to the change in name.



## **Key Highlights**

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# Key Highlights for 2Q FY2015/ 1H FY2015



- Six consecutive quarters of DPU outperformance<sup>(2)</sup> since IPO
- 2Q FY2015 DPU of **2.08 cents per unit** with quarterly year-on-year DPU growth of 3.0%
- 1H FY2015 DPU of **4.16 cents per unit**<sup>(1)</sup> with half yearly year-on-year DPU growth of 1.7%
- Accretive acquisitions since IPO expected to be the main driver of strong DPU performance for the remainder of FY2015
- Currency hedges over distribution extended to cover entire FY2015 and FY2016 at rates more favourable than current spot rates. FX effects on Net Asset Value mitigated by revaluation gains
- Completion of One's Mall acquisition on 16 October 2014

(1) On 26 September 2014, CRT made an advance distribution of 1.66 Singapore cents per unit of CRT for the period from 1 July 2014 to 10 September 2014. Accordingly, the DPU for the remaining period in 1H FY2015 is 2.50 Singapore cents.

(2) Refers to financial outperformance over prorated forecast figures extracted from the Prospectus. These forecast figures are only in respect of the Initial Portfolio.



Key Highlights

**Financial Highlights**

Portfolio Performance

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# 2Q Financial Highlights – 1 October 2014 to 31 December 2014

	1 Oct 2014 to 31 Dec 2014 (Actual)	1 Oct 2013 to 31 Dec 2013 (Actual)	Variance %	1 Oct 2014 to 31 Dec 2014 (Forecast)	Variance %
<b>Income Available for Distribution (¥'000)</b>	874,755	713,008	22.7%	646,994 <sup>(1)</sup>	35.2%
<b>Distribution Per Unit ('DPU') (Singapore cents)<sup>(4)</sup></b>	2.08	2.02	3.0%	1.89 <sup>(1)</sup>	10.1%
<b>Historical Annualised DPU (Singapore cents)<sup>(2)</sup></b>	8.25	8.01		7.49 <sup>(5)</sup>	
<b>Historical Annualised Distribution Yield<sup>(3)</sup></b>					
<b>@ S\$0.93 per unit (IPO Price)</b>	8.9%	8.6%		8.1%	
<b>@ S\$0.950 per unit (closing price on 3 Feb 2015)</b>	8.7%	8.4%		7.9%	

- (1) The Forecast figures are derived from the forecast figures for Projection Year 2015 in the Prospectus and prorated to 92 days for the period from 1 October 2014 to 31 December 2014 (based on a 365-day financial year). The Forecast figures are only in respect of the Initial Portfolio and do not include Croesus Tachikawa, Luz Omori and One's Mall.
- (2) The historical annualised DPU 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 (the "Historical Annualised DPU"). The Historical Annualised DPU is for illustrative purposes only and should not be construed as a representation of the future DPU or a forecast of the future DPU.
- (3) The historical annualised distribution yield is calculated by dividing the Historical Annualised DPU by the respective unit price (in Singapore cents). The historical annualised distribution yield is for illustrative purposes only and should not be construed as a representation of the future distribution yield or a forecast of the future distribution yield.
- (4) CRT had entered into forward foreign currency exchange contracts to hedge the currency risk for distributions to the unitholders of CRT ("Unitholders"). The DPU is computed taking such contracts into consideration. On 26 September 2014, CRT made an advance distribution of 1.66 Singapore cents per unit of CRT for the period from 1 July 2014 to 10 September 2014. Accordingly, the DPU for the remaining period in 1H FY2015 is 2.50 Singapore cents.
- (5) This is the DPU forecast for Projection Year 2015, as reflected in the Prospectus.

# 1H Financial Highlights – 1 July 2014 to 31 December 2014

	1 July 2014 to 31 Dec 2014 (Actual)	1 July 2013 to 31 Dec 2013 (Actual) <sup>(4)</sup>	Variance %	1 July 2014 to 31 Dec 2014 (Forecast)	Variance %
<b>Income Available for Distribution (¥'000)</b>	1,665,750	1,444,345	15.3%	1,293,988 <sup>(1)</sup>	28.7%
<b>Distribution Per Unit ('DPU') (Singapore cents)<sup>(5)</sup></b>	4.16	4.09	1.7%	3.78 <sup>(1)</sup>	10.1%
<b>Historical Annualised DPU (Singapore cents)<sup>(2)</sup></b>	8.25	8.11		7.49 <sup>(6)</sup>	
<b>Historical Annualised Distribution Yield<sup>(3)</sup></b>					
<b>@ S\$0.93 per unit (IPO Price)</b>	8.9%	8.7%		8.1%	
<b>@ S\$0.950 per unit (closing price on 3 Feb 2015)</b>	8.7%	8.5%		7.9%	

- (1) The Forecast figures are derived from the forecast figures for Projection Year 2015 in the Prospectus and prorated to 184 days for the period from 1 July 2014 to 31 December 2014 (based on a 365-day financial year). The Forecast figures are only in respect of the Initial Portfolio and do not include Croesus Tachikawa, Luz Omori and One's Mall.
- (2) The historical annualised DPU 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 (the "Historical Annualised DPU"). The Historical Annualised DPU is for illustrative purposes only and should not be construed as a representation of the future DPU or a forecast of the future DPU.
- (3) The historical annualised distribution yield is calculated by dividing the Historical Annualised DPU by the respective unit price (in Singapore cents). The historical annualised distribution yield is for illustrative purposes only and should not be construed as a representation of the future distribution yield or a forecast of the future distribution yield.
- (4) For a more meaningful comparison, the results from 1 July 2013 to 31 December 2013 (which are prorated to 184 days based on the actual results for the 236-day period from 10 May 2013 to 31 December 2013) are presented as the comparative period for the period from 1 July 2014 to 31 December 2014.
- (5) CRT had entered into forward foreign currency exchange contracts to hedge the currency risk for distributions to the unitholders of CRT ("Unitholders"). The DPU is computed taking such contracts into consideration. On 26 September 2014, CRT made an advance distribution of 1.66 Singapore cents per unit of CRT for the period from 1 July 2014 to 10 September 2014. Accordingly, the DPU for the remaining period in 1H FY2015 is 2.50 Singapore cents.
- (6) This is the DPU forecast for Projection Year 2015, as reflected in the Prospectus.



# 2Q FY2015 Distribution Per Unit 10.1% Above Forecast

(JPY'000)	2Q FY2015 Actual	2Q FY2014 Actual	Variance %	2Q FY2015 Forecast	Variance %
<b>Gross Revenue</b>	<b>1,952,061</b>	<b>1,286,912</b>	<b>51.7%</b>	<b>1,280,831</b>	<b>52.4%</b>
Less: Property Operating Expenses	(752,699)	(481,044)	56.5%	(451,753)	66.6%
<b>Net Property Income</b>	<b>1,199,362</b>	<b>805,868</b>	<b>48.8%</b>	<b>829,078</b>	<b>44.7%</b>
Trustee-Manager's Fees <sup>(1)</sup>	(162,008)	(115,714)	40.0%	(111,331)	45.5%
Finance Costs	(255,885)	(112,453)	128%	(110,597)	131%
Other Trust Expenses <sup>(4)</sup>	(47,307)	3,154	(1,600)%	(32,376)	46.1%
<b>Total Trust Income and Expenses</b>	<b>734,162</b>	<b>580,855</b>	<b>26.4%</b>	<b>574,774</b>	<b>27.7%</b>
Net Change in Fair Value of Investment Properties/ Financial Instruments <sup>(2)</sup>	536,055	310,093	72.9%	0	N/A
Income Tax Expenses <sup>(4)</sup>	(337,063)	(147,585)	128%	(64,643)	421%
<b>Profit after Tax</b>	<b>933,154</b>	<b>743,363</b>	<b>25.5%</b>	<b>510,131</b>	<b>82.9%</b>
Distribution Adjustments <sup>(3)</sup>	(58,399)	(30,355)	92.4%	136,863	(143)%
<b>Income Available for Distribution</b>	<b>874,755</b>	<b>713,008</b>	<b>22.7%</b>	<b>646,994</b>	<b>35.2%</b>
<b>Distribution per Unit (Singapore cents)</b>	<b>2.08</b>	<b>2.02</b>	<b>3.0%</b>	<b>1.89</b>	<b>10.1%</b>

(1) Includes Japan Asset Manager's fees.

(2) Net sum between the fair value gain on investment properties which arose from unrealised gain on revaluation of the investment properties of the CRT Group and the fair value gain on financial instruments which arose from mark to market of forward foreign exchange contracts (in accordance with FRS 39) used to hedge distribution.

(3) Adjustments include Trustee-Manager's fees paid/ payable in units, amortization of upfront costs, amortization of prepaid property tax, fair value gains on investment properties net of tax, fair value gains on financial instruments, deferred tax expenses and others.

(4) Reclassification of JPY3,414,000 of business scale taxes from the forecast income tax expenses to forecast other trust expenses were made to be consistent with the actual accounts. Other trust expenses comprise of finance income, other administrative expenses, other trust expenses and foreign exchange gains/ losses.

# 1H FY2015 Distribution Per Unit 10.1% Above Forecast

(JPY'000)	1H FY2015 Actual	1H FY2014 Actual <sup>(5)</sup>	Variance %	1H FY2015 Forecast	Variance %
<b>Gross Revenue</b>	<b>3,664,543</b>	<b>2,561,303</b>	<b>43.1%</b>	<b>2,561,661</b>	<b>43.1%</b>
Less: Property Operating Expenses	(1,351,723)	(943,260)	43.3%	(903,505)	49.6%
<b>Net Property Income</b>	<b>2,312,820</b>	<b>1,618,043</b>	<b>42.9%</b>	<b>1,658,156</b>	<b>39.5%</b>
Trustee-Manager's Fees <sup>(1)</sup>	(315,066)	(223,712)	40.8%	(222,661)	41.5%
Finance Costs	(490,624)	(225,407)	118%	(221,194)	122%
Other Trust Expenses <sup>(4)</sup>	(83,446)	(38,249)	118%	(64,752)	28.9%
<b>Total Trust Income and Expenses</b>	<b>1,423,684</b>	<b>1,130,675</b>	<b>25.9%</b>	<b>1,149,549</b>	<b>23.8%</b>
Net Change in Fair Value of Investment Properties/ Financial Instruments <sup>(2)</sup>	701,983	1,189,510	(41.0)%	0	N/A
Income Tax Expenses <sup>(4)</sup>	(518,874)	(492,135)	5.4%	(129,286)	301%
<b>Profit after Tax</b>	<b>1,606,793</b>	<b>1,828,050</b>	<b>(12.1)%</b>	<b>1,020,263</b>	<b>57.5%</b>
Distribution Adjustments <sup>(3)</sup>	58,957	(383,705)	(115)%	273,725	(78.5)%
<b>Income Available for Distribution</b>	<b>1,665,750</b>	<b>1,444,345</b>	<b>15.3%</b>	<b>1,293,988</b>	<b>28.7%</b>
<b>Distribution per Unit (Singapore cents)</b>	<b>4.16</b>	<b>4.09</b>	<b>1.7%</b>	<b>3.78</b>	<b>10.1%</b>

(1) Includes Japan Asset Manager's fees.

(2) Net sum between the fair value gain on investment properties which arose from unrealised gain on revaluation of the investment properties of the CRT Group and the fair value gain on financial instruments which arose from mark to market of forward foreign exchange contracts (in accordance with FRS 39) used to hedge distribution.

(3) Adjustments include Trustee-Manager's fees paid/ payable in units, amortization of upfront costs, amortization of prepaid property tax, fair value gains on investment properties net of tax, fair value gains on financial instruments, deferred tax expenses and others.

(4) Reclassification of JPY6,828,000 of business scale taxes from the forecast income tax expenses to forecast other trust expenses were made to be consistent with the actual accounts. Other trust expenses comprise of finance income, other administrative expenses, other trust expenses and foreign exchange gains/ losses.

10 (5) For a more meaningful comparison, the results from 1 July 2013 to 31 December 2013 (which are prorated to 184 days based on the actual results for the 236-day period from 10 May 2013 to 31 December 2013) are presented as the comparative period for the period from 1 July 2014 to 31 December 2014.

# Balance Sheet

(JPY'000)	Actual as at 31 Dec 2014	Actual as at 30 June 2014
Investment Properties	81,503,165	69,881,664
Other Non-current Assets	4,871,972	2,323,383
Current Assets	7,365,654	6,346,037
<b>Total Assets</b>	<b>93,740,791</b>	<b>78,551,084</b>
Loans and Borrowings (long-term)	46,680,852	40,244,092
Other Non-current Liabilities	5,820,141	3,989,538
Current Liabilities	3,066,591	1,923,920
<b>Net Assets</b>	<b>38,173,207</b>	<b>32,393,534</b>
Number of Units Issued and to be issued <sup>(1)</sup>	513,388,000	431,438,000
<b>Net Asset Value per Unit (JPY)</b>	<b>74.36</b>	<b>75.08</b>

- ◆ Net asset value per unit as at 31 December 2014 of JPY74.36 is arrived at after distributing advance distribution of 1.66 Singapore cents (equivalent to JPY1.50) for the period from 1 July 2014 to 10 September 2014.

(1) The number of units issued and to be issued as at 31 December 2014 consists of a) the number of units in issue as at 31 December 2014 of 511,788,000; and b) the estimated number of units to be issued to the Trustee-Manager as partial satisfaction of Trustee-Manager's fees payable for the period from 1 October 2014 to 31 December 2014 of 1,600,000.\*\*

\*\* As provided for in the trust deed dated 7 May 2012 constituting CRT as amended (the "Trust Deed"), the price of the units issued shall be computed based on the volume weighted average price of a unit for the period of ten business days immediately preceding the relevant business day of the issue of such units.

# Distribution Details & Implementation of DRP

## Distribution Details

Distribution Period	11 September 2014 – 31 December 2014
Distribution Amount	2.50 Singapore cents per unit

## Distribution Timetable

Notice of Books Closure Date	Wednesday, 11 February 2015
Units Trading Ex-Distribution	9:00 am, Tuesday, 17 February 2015
Books Closure Date	5:00 pm, Monday, 23 February 2015
Date of Announcement of Issue Price	Monday, 23 February 2015
Despatch of Notices of Election	Friday, 27 February 2015
Completed Notice of Election in respect of participation in the DRP must be received by CDP	Monday, 9 March 2015 at 5:00 pm
Distribution Payment Date	Tuesday, 31 March 2015
Listing of the Units issued pursuant to the DRP on the SGX-ST	Tuesday, 31 March 2015

# Debt Maturity Profile

Total Long-term Debt: JPY 46,681 million

Unit: JPY mm



% of total debt maturing	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
	0%	0%	19%	52%	17%	12%

- Weighted debt maturity as at 31 December 2014 is 3.3 years
- No refinancing requirements until FY2017

# Key Financial Indicators

	Actual as at 31 Dec 2014	Actual as at 30 June 2014
<b>Gearing Ratio</b>	<b>50.9%</b>	51.7%
<b>Interest Coverage Ratio</b>	<b>3.9 times</b>	4.6 times
<b>% of Debt Hedged</b>	<b>100%</b>	100%
<b>Average All-In Cost of Debt<sup>(1)</sup></b>	<b>1.96%</b>	2.13%
<b>Debt Maturity</b>	<b>3.3 years</b>	3.7 years
<b>Additional Debt Headroom<sup>(2)</sup></b>	<b>JPY21.4 billion</b>	JPY16.2 billion

(1) Cost of debt excluding professional and other fees incurred during the transaction.

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



Key Highlights

Financial Highlights


**Portfolio Performance**

Outlook

# Portfolio Overview


Locked in an attractive purchase price (5.2% discount to valuation<sup>(2)</sup>) for the acquisition of One's Mall at a time when real estate prices in Japan continue to rise. Enlarged portfolio continues to be geographically diversified across Japan, located near major transportation nodes.

### Aeon Town Suzuka




Valuation <sup>(1)</sup> (JPY mm)	8,970
NLA (sqm)	43,501
Vendor: Daiwa House	

### Mallage Shobu




Valuation <sup>(1)</sup> (JPY mm)	22,700
NLA (sqm)	67,853
Vendor: Sojitz	

### Croesus Tachikawa




Valuation <sup>(1)</sup> (JPY mm)	11,700
NLA (sqm)	7,141
Vendor: US Private Fund	

### Luz Omori




Valuation <sup>(1)</sup> (JPY mm)	3,560
NLA (sqm)	9,285
Vendor: Marubeni	

### Croesus Shinsaibashi




Valuation <sup>(1)</sup> (JPY mm)	9,940
NLA (sqm)	2,342
Vendor: Marubeni	

### One's Mall



Valuation <sup>(2)</sup> (JPY mm)	11,600
NLA (sqm)	52,849
Vendor: Private fund	

### Aeon Town Moriya



Valuation <sup>(1)</sup> (JPY mm)	13,000
NLA (sqm)	68,047
Vendor: Daiwa House	

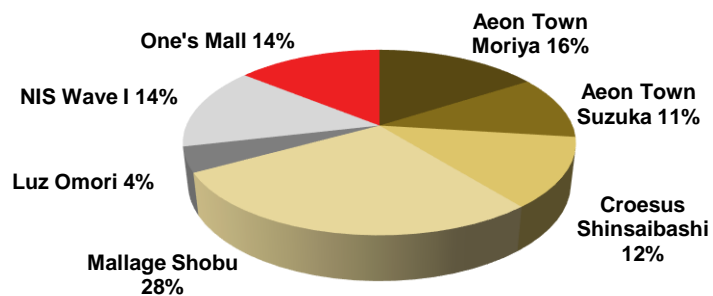
(1) Based on valuation by DTZ Debenham Tie Leung K.K. ("DTZ") as at 30 June 2014  
 (2) Based on valuation by DTZ as at 31 July 2014



# Key Information on the Assets

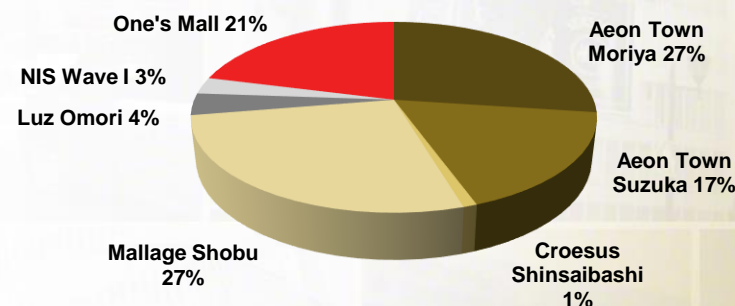
	City	Number of Tenants <sup>(1)</sup>	Age of Building (yrs) <sup>(1)</sup>	Leasehold / Freehold	Valuation <sup>(2)</sup> (JPY mm)	1H FY2015 Actual NPI (JPY mm)	Purchase Price (JPY mm)	Annualised NPI Yield <sup>(3)</sup>
<b>Aeon Town Moriya</b>	Ibaraki	1 master lessee, 111 subtenants	7.6	Freehold	13,000	406.7	12,154	6.6%
<b>Aeon Town Suzuka</b>	Mie	1 master lessee, 40 subtenants	7.6	Freehold	8,970	296.9	8,439	7.0%
<b>Croesus Shinsaibashi</b>	Osaka	4	5.3	Freehold	9,940	231.1	9,021	5.1%
<b>Mallage Shobu</b>	Saitama	220	6.1	Freehold	22,700	797.5	20,584	7.7%
<b>Luz Omori</b>	Tokyo	29	3.9	Leasehold expiring in July 2059	3,560	121.7	3,450	7.0%
<b>Croesus Tachikawa<sup>(6)</sup></b>	Tokyo	10	7.5	Freehold / Leasehold expiring in Dec 2029 <sup>(4)</sup>	11,700	324.4	10,800	6.0%
<b>One's Mall<sup>(7)</sup></b>	Chiba	52 <sup>(5)</sup>	14.1	Freehold	11,600	134.5	11,000	5.8%
<b>Total</b>		<b>466</b>	<b>8.4</b>		<b>81,470</b>	<b>2,312.8</b>	<b>75,448</b>	<b>6.6%</b>

**Breakdown by Valuation**



**Total Valuation: JPY 81,470 mm**

**Breakdown by NLA**



**Total NLA: 251,017 sqm**

(1) As at 31 December 2014.

(2) Based on valuation by DTZ as at 30 June 2014 and 31 July 2014 for One's Mall.

(3) Based on annualising the Actual NPI (which comprises of the 184-day period from 1 July 2014 to 31 December 2014 and for the 77-day period from 16 October 2014 to 31 December 2014 for One's Mall, respectively) divided by the purchase price. The annualised NPI yield is for illustrative purposes only and should not be construed as a representation or forecast of the future NPI yield.

(4) Croesus Tachikawa comprises 4 plots of amalgamated land. 3 parcels are freehold and owned by CRT, while 1 parcel is leasehold with an expiry in Dec 2029.

(5) Daiei, one of the key tenants at One's Mall, further subleases to 21 subtenants.

(6) Name change from NIS Wave I to Croesus Tachikawa effective 1 February 2015.

(7) Acquisition of One's Mall was completed on 16 October 2014.

# Balanced Portfolio Contributing to Stable Income and Sustainable Growth

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

	1H FY2015 NPI %	Occupancy ( <sup>1</sup> )	WALE by NLA ( <sup>1</sup> ) (yrs)	Lease Expiry Profile		Connectivity		Key Tenants / Sub tenants
				FY2015	FY2016	By Train	By Major Road	
Aeon Town Moriya	18%	100%	12.5	-	-	✓	✓	Aeon Cinema, Sports DEPO, Food Square Kasumi, Futaba-Tosho, Uniqlo, Nojima
Aeon Town Suzuka	13%	100%	12.5	-	-	✓	✓	Kahma Home Centre, APINA, Nitori, Hana-Shobu, Uniqlo, Atelier, Seria, G.U.
Croesus Shinsaibashi	10%	100%	7.2	-	-	✓	✓	H&M
Mallage Shobu	34%	94.6%	5.0	6.1%	3.1%	✓	✓	Nafco, 109 Cinemas, Himaraya, York Mart, Nojima, Academia, Sanki, Play Land, Uniqlo
Luz Omori	5%	96.8%	15.8	-	0.7%	✓	✓	Ota ward, Docomo, Daiso
Croesus Tachikawa <sup>(2)</sup>	14%	100%	4.0	-	3.8%	✓	✓	NEXUS Holdings, Sumitomo Mitsui Trust Bank
One's Mall	6% <sup>(3)</sup>	99.3%	5.3	0.6%	2.0%	✓	✓	Daiei, Central Sports, Toys 'R' Us, Nitori, Sports DEPO

31% of NPI secured through master leases with high quality tenant (Aeon Town)

Approximately 100% occupancy across all properties

~93% of FY2015 and ~84% of FY2016 rentals have been locked in

Well-connected by train, bus or major roads

Quality tenant base from diversified trade sectors

(1) As at 31 December 2014.

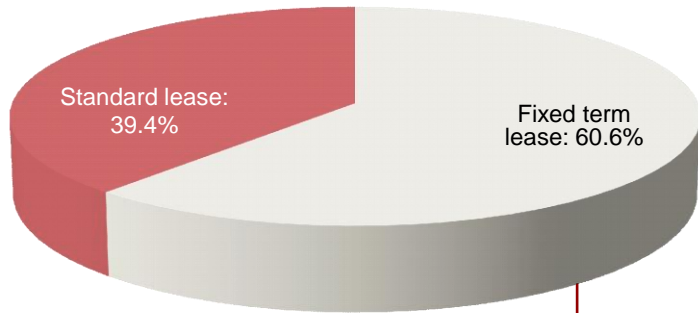
(2) Name change from NIS Wave I to Croesus Tachikawa effective 1 February 2015.

(3) Based on actual percentage contribution from the period from 16 October 2014 to 31 December 2014.

# Favourable 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<sup>(2)</sup>



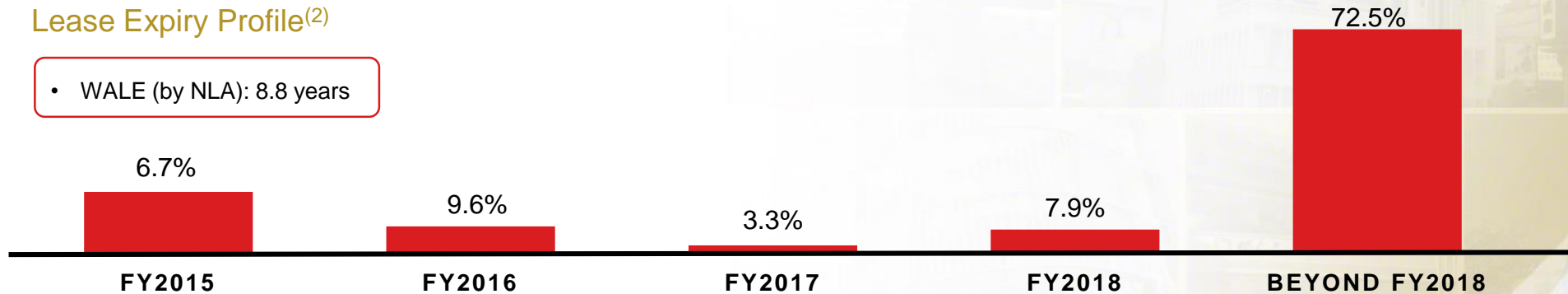
- Greater flexibility in adjusting rental income and tenant composition upon expiry of lease
- Shorter lease tenure (typically 3 – 5 years)

## Growth in Gross Rental Income from Variable Rent<sup>(1)</sup>

- Among the properties, Croesus Shinsaibashi, Luz Omori, Mallage Shobu and One's Mall have leases with variable rent components
- As of 31 December 2014<sup>(3)</sup> 34.3% of gross rental income of the portfolio had a variable rent component
- Of total variable rent, the variable portion is 12.3% and 22.0% is guaranteed minimum base rent. Therefore, pure fixed rent constitutes 87.7% of total portfolio gross rental income

## Lease Expiry Profile<sup>(2)</sup>

- WALE (by NLA): 8.8 years



(1) Variable rent figures mentioned included guaranteed minimum rent

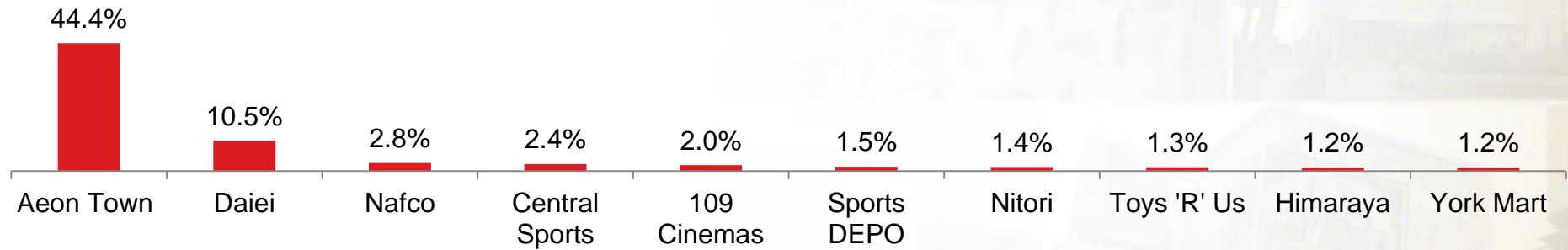
(2) By Gross Rental Income for the month of December 2014

(3) From 1 July 2014 to 31 December 2014

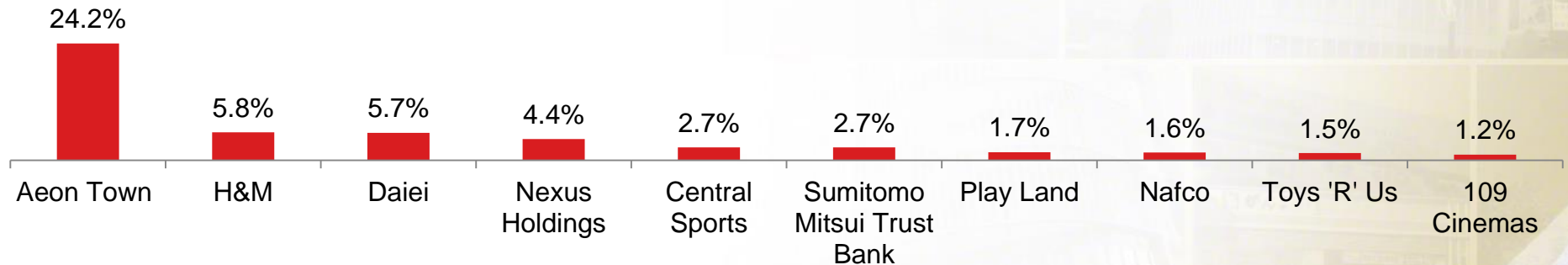
# Top Ten Tenants of CRT

Diversification of CRT's tenant base achieved post recent acquisitions with addition of new anchor tenants

## Top 10 Tenants by NLA (As at 31 December 2014)



## Top 10 Tenants by Gross Rental Income (For the month of December 2014)



# New Shop Openings during 2Q FY2015



Mallage Shobu: Tonkatsu Wako



Mallage Shobu: Prim Rose



Mallage Shobu: Bijou Sophia

# Mallage Shobu – Marketing & Promotional Activities

## 9 November 2014 Kawamura Ryuichi Live Concert



## 26 October 2014 Kamen Rider Show

### Mallage Shobu – Tenant Replacements

- Renovation work associated with tenant replacements
- Significant movement in the tenant composition, with 148 of 242 leases to expire during FY2015
  - 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
  - Recent additions of new tenants such as Tonkatsu Wako, Prim Rose and Bijou Sophia; currently in negotiations with other high quality tenants



Key Highlights

Financial Highlights

Portfolio Performance

**Outlook**

# Outlook: Promising Macro-Environment

- Promising GDP and Tankan data
  - 3Q 2014 annualised GDP contracted 1.9%, due to the consumption tax increase effective 1 April 2014 and corporate capital spending falling faster than expected
  - However, prospects for 4Q looks better with 4.4% growth forecasted due to an expected recovery of private consumption and exports
  - Quarterly Tankan index for December 2014 deteriorated slightly to +12 compared to +13 in September 2014, nevertheless significantly improving from -8 in March 2013, highlighting increased confidence and optimism for the economy by Japan's top manufacturers
- Improvement in CPI numbers
  - Core consumer prices for the month of December 2014 rose 2.5% on a year-to-year basis, making it the nineteenth consecutive month of increase.
- Increase in property prices seen by recent cap rate compression

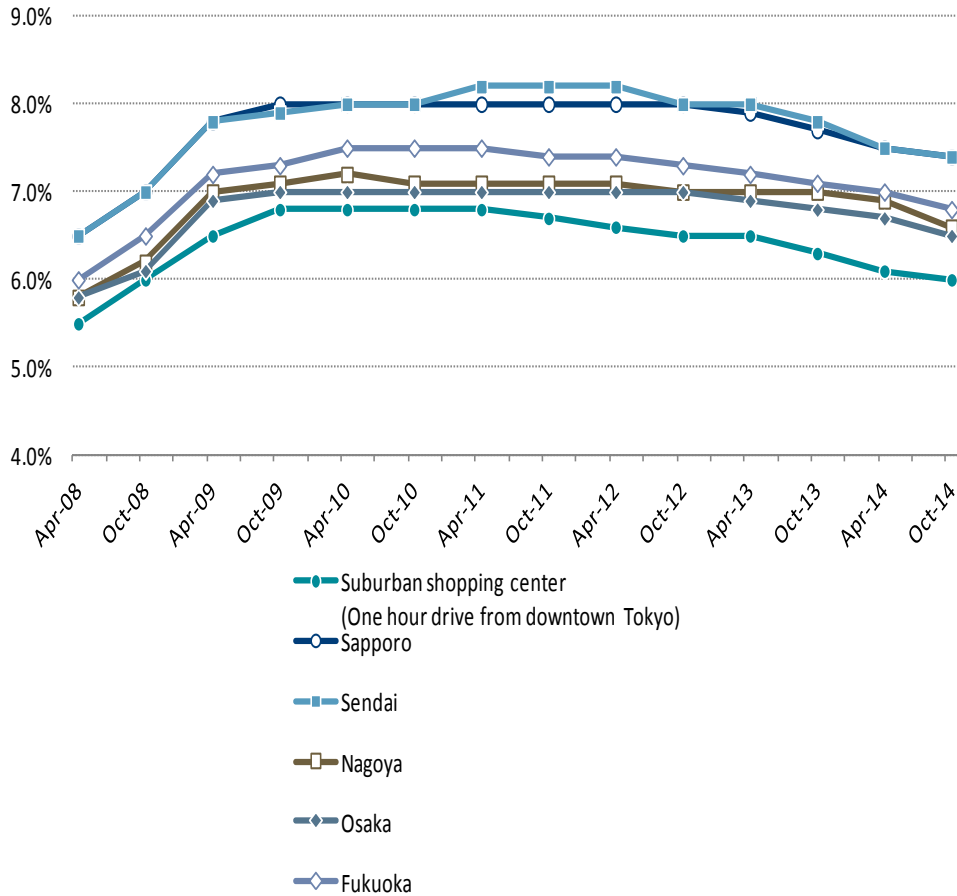
Source: Barclays Research Report and the Japan Real Estate Institute

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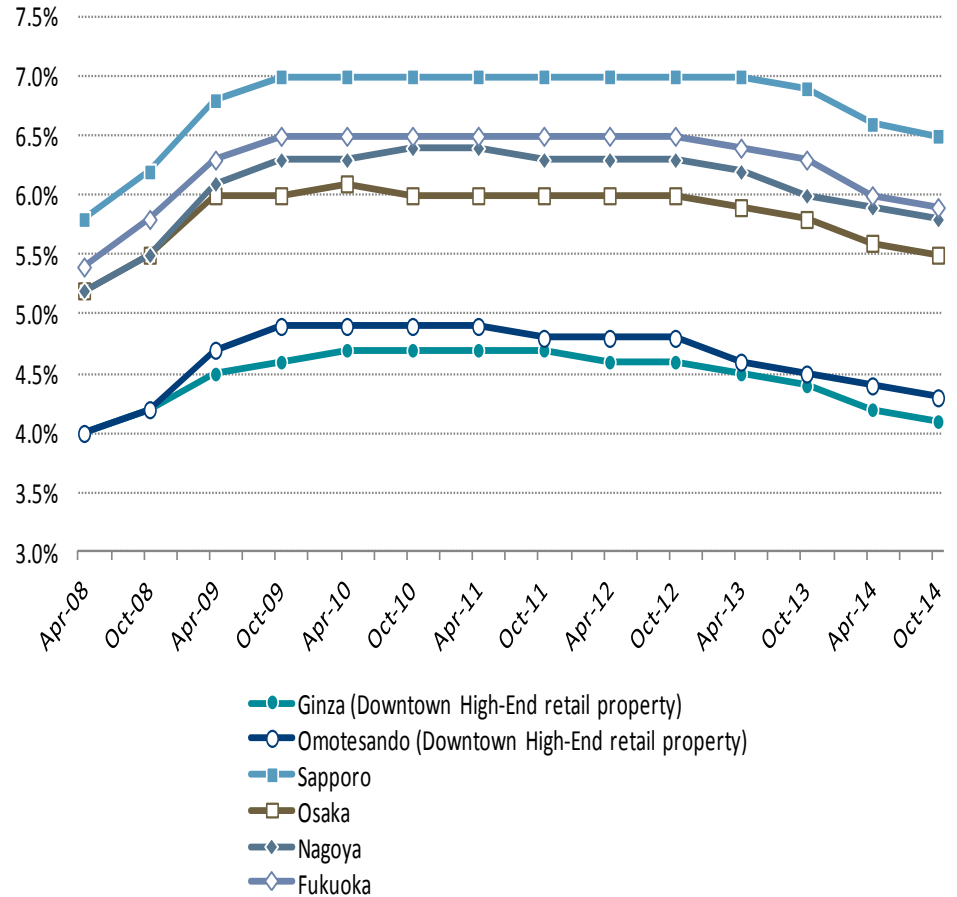
# Retail Cap Rate Trends

## Suburban Retail Cap Rate Trends



Expected cap rates of suburban shopping centers located one hour drive from Tokyo have shown compression by 80bps to 6.0% compared to the highest point in April 2011 of 6.8%

## Prime Retail Cap Rate Trends



Osaka's expected cap rate has recently compressed by 40bps to 5.5% compared to April 2013

# Significant Retail deals across Japan

Property Name	Town/ City	Purchaser	Vendor	Price (JPY Billion)	NOI Cap Rate (%)	Closing Date
<b>Yodobashi Camera Multimedia Kichijoji</b>	Kichijoji, Tokyo	United Urban Investment (REIT)	Kichijoji YCM Funding	28.0	5.2	Mar 2013
<b>Kawasaki Lefront</b>	Kawasaki, Kanagawa	Japan Retail Fund Investment (REIT)	MJ Retail Investments One	30.0	6.2	Oct 2013
<b>G Building Shinsaibashi 03</b>	Shinsaibashisuji, Osaka	Japan Retail Fund Investment (REIT)	Unique Osaka LLC (RREEF)	22.3	4.3	Oct 2013
<b>Aeon Lake Town Mori (40%)</b>	Koshigaya, Saitama	Aeon REIT Investment (REIT)	Aeon Retail	21.1	5.6	Nov 2013
<b>Kobe Kyu Kyoryuchi 25 Bankan (includes hotel)</b>	Kobe, Hyogo	Activia Properties (REIT)	SPC of Tokyu Land	21.3	4.8	Dec 2013
<b>Valor Suzuka Shopping Center</b>	Suzuka-shi, Mie	Orix J-REIT Inc. (REIT)	Orix Real Estate	3.2	6.3	April 2014
<b>Shinsaibashi Square</b>	Shinsaibashisuji, Osaka	Frontier Real Estate Investment Corporation (REIT)	Mitsui Real Estate Corporation	8.62	4.1	Dec 2014

Source: DTZ Research & Daiwa Real Estate Market Report Summer 2014

Each of DTZ Research and Daiwa Real Estate has not provided its consent to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information. While the Trustee-Manager has taken reasonable actions to ensure that the information from the respective reports published by DTZ Research and Daiwa Real Estate is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Trustee-Manager nor any other party has conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

## CDL Hospitality Trusts enters Japan, acquires two hotels

Acquisition of Hotel MStays Asakusabashi and Hotel MStays Kamata to cost \$600 million

By Nikkei.com



File picture of the skyline of Tokyo in Japan. (Photo: AFP/Kazuo Nogi)

CDL Hospitality Trusts (CDLHT) is making its foray into Japan by acquiring two hotels at a total cost of six billion yen (\$566.3 million).

CDLHT - a stapled group comprising CDL Hospitality Real Estate Investment Trust (H-REIT) and CDL Hospitality Business Trust (HBT) - will acquire the 136-room Hotel MStays Asakusabashi and the 116-room Hotel MStays Kamata for \$2 billion and 2.6 billion yen respectively from ARIK GK. Both hotels operate in the business economy segment.

The acquisition cost at 5.8 billion yen, while a further 168 million yen will go towards acquisition fees and transaction expenses. The purchase consideration is lower than the average valuations of the properties by DTZ Debenham Leung Kooi Kashiwa and International Appraisals Incorporated of 6.06 billion yen.

Meanwhile, in connection with the acquisitions, HBT has, through its subsidiary CDL HBT Hane, entered into a separate sale-and-purchase agreement to acquire the existing operating company which is the master lessee of the hotels, AKO GK, from Ippan Shadan Hojin SH42 for 2.6 million yen. The master lessee will continue to assume the obligations under the lease agreements, which

## Oxley Holdings makes foray into Japanese property market

Oxley Holdings has acquired Chiba Port Square, a mixed development located in the heart of Chiba City's port area in Greater Tokyo.



File picture of the skyline of Tokyo in Japan. (Photo: AFP/Kazuo Nogi)

SINGAPORE: Homegrown realty property developer Oxley Holdings has made its foray into the Japanese property market. It has acquired Chiba Port Square, a mixed development located in the heart of Chiba City's port area in Greater Tokyo.

This follows an announcement by Oxley earlier in November that it was planning to buy the property for \$3.55 billion (\$593.9 million) from Masaya Home Company.

With a site area of 20,072.5 square metres, the development consists of a 28-floor office building known as Parkside Tower, including a 21-floor hotel called Canedo Hotels Chiba.

Oxley intends to hold the property for investment purposes.

Mr Ching Chak Kwong, chairman and CEO of Oxley, said: "We are excited about the prospects in the Japanese property market. The Japanese yen has fallen to its lowest level since 2007 in recent weeks. The weak yen, coupled with the government's efforts to invigorate the economy, made this an opportunity not to be missed."

Oxley said the deal will strengthen its investment property portfolio, which currently comprises Space@Tampines, an industrial property, as well as two hotel developments.

## Sumitomo Realty banks on Singapore's appetite for Tokyo property

Sumitomo Realty, a Japanese real estate company, is banking on Singapore's appetite for Tokyo property.



File picture of the skyline of Tokyo in Japan. (Photo: AFP/Kazuo Nogi)

SINGAPORE: Sumitomo Realty, a Japanese real estate company, is banking on Singapore's appetite for Tokyo property. The company has acquired a 28-floor office building in Chiba, Japan, for \$3.55 billion. The building is part of a mixed-use development called Chiba Port Square. Sumitomo Realty is a subsidiary of Sumitomo Real Estate Co., Ltd., a Japanese real estate company. The company has been active in the Singapore market for several years, and has a strong track record of successful acquisitions. The company's focus is on high-quality commercial and residential properties in Tokyo and other major Japanese cities. The acquisition of Chiba Port Square is a significant step for Sumitomo Realty in the Singapore market, and demonstrates the company's confidence in the Japanese property market's potential for growth.

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## New major shareholder steers small-cap, fit-out player into Japanese property

CDL plans to use the funds to purchase three properties in Tokyo.



File picture of the skyline of Tokyo in Japan. (Photo: AFP/Kazuo Nogi)

SINGAPORE: A new major shareholder has steered a small-cap, fit-out player into the Japanese property market. CDL plans to use the funds to purchase three properties in Tokyo. The acquisition of Chiba Port Square is a significant step for Sumitomo Realty in the Singapore market, and demonstrates the company's confidence in the Japanese property market's potential for growth.

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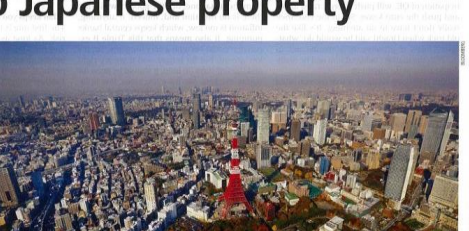
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## Japan expects economy to recover in fiscal 2015 after 2014 slump

Japan's economy will grow by 1.5 per cent in inflation-adjusted 'real' terms in the fiscal year from April 1, said Tokyo on Monday in an upgrade of its previous forecast of 1.4 per cent.



File picture of the skyline of Tokyo in Japan. (Photo: AFP/Kazuo Nogi)

SINGAPORE: Japan's economy will grow by 1.5 per cent in inflation-adjusted 'real' terms in the fiscal year from April 1, said Tokyo on Monday in an upgrade of its previous forecast of 1.4 per cent. The upgrade reflects the government's confidence in the economy's recovery in fiscal 2015, despite a projected 2.0 per cent deflation. The government has implemented various measures to stimulate the economy, including infrastructure spending and tax cuts. The upgrade also reflects the impact of the weak yen, which has boosted exports and tourism. The government expects the economy to continue to grow steadily throughout the fiscal year, with a slight increase in the second half.

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## GIC sinks US\$1.7b into Tokyo space

By Michelle Quah  
michquah@sp.com.sg  
@MichelleQuahBT

SINGAPORE: Sovereign wealth fund GIC is sinking what some have estimated to be in the region of US\$1.7 billion (\$52.2 billion) into one of Tokyo's most prime office spaces.

The investment firm said it is taking up the entire office component of Pacific Century Place Marunouchi, located next to Tokyo Station and a stone's throw from the Ginza shopping district.

The office portion consists of the 8th to 31st floors of the building, and has a gross floor area of 36,840 square metres of net lettable area. The lower floors - not part of the transaction - are taken up by Four Seasons Hotel Tokyo and retail space.

GIC did not reveal how much it paid for the office block; but Reuters reported on Aug 25 that Secured Capital Investment Management Co., which GIC said had bought the property from, was putting it up for sale at more than US\$1.7 billion.

Secured Capital - part of Asian private equity firm PAC - bought the property in 2009 for about 144 billion yen (US\$1.4 billion). Reuters quoted unnamed sources close to the deal saying that Secured Capital was seeking more than 180 billion yen (US\$1.7 billion) in its sale of the property.

At that price, Reuters' sources said, the expected annual return for GIC from the Grade A office space would be about 3 per cent.

As an long-term value investor, GIC believes Pacific Century Place Marunouchi gives us a combination of stable income and the potential for capi-



File picture of the skyline of Tokyo in Japan. (Photo: AFP/Kazuo Nogi)

GIC is taking up the entire office component of Pacific Century Place Marunouchi, next to Tokyo Station

tal appreciation over the long term," said Lee Kok Sun, co-head of Asia, GIC Real Estate.

Pacific Century Place Marunouchi is located in Tokyo's Chiyoda ward, which has some of the country's highest rents and lowest vacancy rates. Most of the other properties in the area are owned by Mitsubishi Estate Co, Japan's leading developer.

Property analysts have a positive view of the Tokyo office market in the near term.

JLL (Jones Lang LaSalle) said in its second quarter 2014 Asia Pacific Property Digest that it expects rents in Tokyo to rise gradually over the remainder of (2014). It also said that strong interest from investors and expectations for further rental increases

should drive capital values higher. Meanwhile, CBRE Research said in its Q2 2014 global office rent cycle report that rents in Tokyo are up a trend.

Mr Lee added: "The attractions of the property are its prime location, superior building quality, and quality tenants. This investment demonstrates our confidence in Japan and, specifically, the Tokyo office market over the long run."

Pacific Century Place Marunouchi counts among its tenants SH Japan, BHP Billiton Japan, Deloitte Touche Tohmatsu and Verizon Japan.

The Business Times understands that the current vacancy rate for the building is in the low single-digit range. JLL's report said that the overall vacancy rate for Tokyo's office space was "stable at 3.7 per cent in Q2 2014."

Pacific Century Place Marunouchi was built by Hong Kong tycoon Richland Life's Pacific Century Group and completed in 2001. The group then sold it for 200 billion yen in 2006 to KK dVinci Holdings, a Japan-based company primarily engaged in the property investment advisory business. KK dVinci then sold it to Secured Capital.

Reuters had also reported in August that Goldman Sachs Asset Management was a final bidder for Pacific Century Place Marunouchi, with a possible offer of some 165 billion yen, competing against at least two other unnamed investors.

GIC's first investment in Japan dates back to 1997. Earlier this year, it was looking to buy Meguro Gajoen, a complex of office properties and retail facilities in Tokyo, but backed off from the deal due to a legal dispute.

## Blackstone to buy GE's property assets in Japan for \$1.6 billion

By JUNKO FUJITA  
Tokyo | Thu Nov 20, 2014 6:14pm EST

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(Reuters) - Blackstone Group LP, the world's largest private equity investor in real estate, said it will buy residential assets in Japan from General Electric Co (GE)'s property unit in a deal worth more than 190 billion yen (\$1.6 billion), Japan's largest property deal this year.

Blackstone will buy more than 10,000 apartment units in 200 properties in Japan's largest cities including Tokyo, Osaka and Nagoya, the buyout fund said in a statement.

The deal comes as GE Capital Real Estate is retreating from its property investments globally as it shifts its focus to property lend.

"This transaction supports our global strategy to reduce our equity book as we continue to build our global debt operations," Francois Trausch, Chief Executive, Asia-Pacific at GE Capital Real Estate, said in a statement.

Blackstone earlier this year bought warehouses and development land in the U.S. from GE Real Estate. Last year Blackstone bought apartment buildings containing about 30,000 units located in the U.S. in a deal worth more than \$2 billion.

Blackstone's latest transaction is the largest property acquisition this year in Japan, topping Singapore's sovereign wealth fund GIC's purchase of an office tower in the prime business district in Tokyo for about 170 billion yen.

The number of large property transactions has increased this year as Japan's market is accelerating its recovery. In August, Japanese property developer Mori Trust bought Meguro Gajoen, a complex of office, retail and hotel facilities for 130 billion yen from U.S. buyout firm Lone Star Funds.

By Nathaniel Chu and Katsuyo Kawano | Sep 3, 2014 2:33 PM GMT+0800 | 2 Comments | Email | Print

Investment in Tokyo properties is surging on prospects that rents will rise, boosting returns, even after a 20 percent gain in prices since Japanese Prime Minister Shinzo Abe took office almost two years ago.

"There is a sense of value here that you don't find in other major office markets," said Jon Tanaka, Tokyo-based managing director of Angelo Gordon & Co, an alternative asset manager with about \$2.7 billion in assets. "Japanese and offshore core buyers have capital available and they are very engaged in find investment opportunities in Tokyo."

Real estate investment in Japan rose 70 percent to 4.8 billion yen (\$44 billion), the highest level since March 2008, in the 12 months ended in March from a year earlier, according to a report published in July by Deutsche Asset & Wealth Management. Among deals in the past week, a unit of China's Fosun Group acquired the Citigroup Center building in Tokyo and Mori Trust Co. bought an office and banquet hall complex in the capital for more than \$1 billion.

Office rents for the best buildings in Tokyo are estimated to rise by about 30 percent over the next three years, giving potential investors a chance to capitalize on rental incomes, according to CBRE Group Inc. (CBG).

While Abe's efforts to revive the nation's economy and end more than a decade of deflation have led to a recovery in the property market, prices in Tokyo, the world's third-biggest real estate investment market, are still 20 percent below their 2007 peak, according to an estimate by Deutsche Asset. In an effort to restore economic momentum, Abe reshuffled his cabinet today, 20 months after taking office.

Relative Yields

The Tokyo Real Estate Index tracking 45 property-related companies rose 0.6 percent to close at the highest since Aug. 1 in Tokyo.

Relative yields on office acquisitions that are higher than in other major international cities also are driving the return on equity and long-term interest rates is more than 400 basis points above 10-year bond yields, according to Deutsche Asset. That compares with less than 100 basis points in Singapore and Hong Kong, and 200 basis points in London and New York.

Private real estate investment trusts, which started in Japan with \$200 million of assets under management in 2011, have expanded and become key investors in the property market, said Koichiro Abe, the head of research and strategy in the Asia-Pacific region at Deutsche Asset.

## Tokyo Property Deals Surge as Rising Rents Lure Buyers

Investment in Tokyo properties is surging on prospects that rents will rise, boosting returns, even after a 20 percent gain in prices since Japanese Prime Minister Shinzo Abe took office almost two years ago.



File picture of the skyline of Tokyo in Japan. (Photo: AFP/Kazuo Nogi)

Japan's economy will grow by 1.5 per cent in inflation-adjusted 'real' terms in the fiscal year from April 1, said Tokyo on Monday in an upgrade of its previous forecast of 1.4 per cent.

JAPAN'S economy will grow by 1.5 per cent in inflation-adjusted 'real' terms in the fiscal year from April 1, said Tokyo on Monday, in an upgrade of its previous forecast of 1.4 per cent.

But analysts pointed out that the rate of economic expansion and the projected inflation rate for next year will still fall short of targets set under Prime Minister Shinzo Abe's economic policy.

In the current fiscal year to March 31, the world's third largest economy is forecast to contract by 0.5 per cent in real terms, compared to a previously forecast expansion of 1.2 per cent. This points to the severe impact of last April's sales tax hike.

Nominal growth is projected to be 1.7 per cent in the current fiscal year, and 2.7 per cent in fiscal 2015. The fact that real growth rates are now projected at well below nominal ones means the economy has returned to a more 'normal' state, analysts said.



File picture of the skyline of Tokyo in Japan. (Photo: AFP/Kazuo Nogi)



Thank You

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