

# PERSPECTIVES



OUR NEXT PHASE OF  
GROWTH

A Japan-focused retail business trust with resilient income-producing assets, with committed occupancy of approximately 100%.

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# THE RETAIL BUSINESS TRUST

Croesus Retail Trust ("CRT") is the first Asia-Pacific retail business trust listed on Singapore Exchange Securities Trading Limited (the "SGX-ST"), with an initial 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'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 returns.

The Sponsor of CRT is Croesus Merchants International Pte. Ltd. ("Croesus Merchants"), part of the Croesus group of companies (the "Croesus Group").

CRT is also backed by its strategic partners, Daiwa House Industry Co. Ltd. ("Daiwa House") and Marubeni Corporation ("Marubeni"). Daiwa House is one of Japan's leading real estate business conglomerates while Marubeni is one of Japan's largest general trading companies.

With a right of first refusal granted by its Sponsor and strategic partners, CRT has the access to acquire further predominantly retail real estate assets across Asia-Pacific.

Croesus Retail Asset Management Pte. Ltd.'s (the "Trustee-Manager") key objective is to deliver a competitive return on investment to the unitholders of CRT ("Unitholders") through:

- Regular and growing distributions, and;
- Long-term capital value growth of CRT's portfolio of assets.

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).





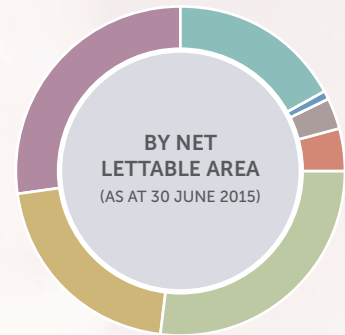
BROADENING OUR TENANT POOL

# MAKING AN IMPACT WITH CONSUMERS

**CRT** consistently places great emphasis in protecting its Unitholders' interests.

To broaden its tenant pool, the Trust embarked on an asset enhancement initiative at Mallage Shobu in financial year ended 30 June 2015 ("FY2015"), refreshing the appearance of the suburban mall's interiors and exteriors. The mall, which is the second largest retail facility in the Saitama Prefecture, also underwent a tenant renewal exercise which successfully brought in a diverse mix of international labels, offering a new and varied shopping experience to all.

Always seeking to deliver a breadth of new retail offerings to its consumers, CRT acquired one of the largest malls in Chiba Prefecture during FY2015 – One's Mall. Comprising a sales area of around 53,000 sq m, One's Mall has an attractive tenant mix with 53 retail tenants, including a supermarket, a sports club and a major toy chain, providing everyday conveniences to the surrounding communities.



- 27% Aeon Town Moriya
- 17% Aeon Town Suzuka
- 1% Croesus Shinsaibashi
- 3% Croesus Tachikawa
- 4% Luz Omori
- 27% Mallage Shobu
- 21% One's Mall

FY2015  
TOTAL NET  
LETTABLE  
AREA

251,080 sq m





777メール

心斎橋筋  
SHIN SAIBASHI-SUJI

ARROWHIPS

ARROW

NO MORE RULES.

New

KATE  
TOKYO

CROESUS





ACQUISITIONS & ENHANCEMENTS

# STRATEGISING GROWTH IN JAPAN

Looking back, FY2015 marked a year of continued growth for CRT. Despite a challenging macroeconomic landscape, the Trust outdid its expectations once again, exceeding earlier distribution per unit ("DPU") forecasts for every quarter during the past fiscal year.

Since listing in 2013, the Trust has seen its retail asset portfolio grow from an initial four malls to seven today, bringing its total assets under management from JPY57.7 billion to JPY100.4 billion over a short span of two years.

CRT also continued to post growth on other fronts. Notably, the Trust reported total asset and net asset value per unit growth of 27.8% and 11.9% year-on-year, respectively, on the back of higher asset prices resulting in a positive property revaluation of 7.9% during FY2015. As a result, gearing fell to 47.3% as at 30 June 2015.

The Trust also continued to deliver healthy growth in its distributions, which were up 2.8% year-on-year to 8.08 Singapore cents for FY2015. With Unitholders' interests at heart, the Trust continues to adopt sound capital management practices by hedging close to 100% of its distributions up to 30 June 2017, and keeps interest rates fixed till maturity for all debts.

In the year ahead, CRT plans to prudently expand its footprint in Japan, through organic and inorganic means, with the aim of providing greater Unitholder value.

FY2015  
TOTAL  
ASSETS

JPY 100.4b

FINANCIAL HIGHLIGHTS

# GROWING NUMBERS

DURING  
FY2015

**8.08 cents**  
(SGD)

**DISTRIBUTION  
PER UNIT**

+2.8% year-on-year



Croesus  
Shinsaibashi

One's  
Mall



**7,635m**  
(JPY)

**REVENUE**

+39.3% year-on-year

Mallage Shobu



**3,358m**  
(JPY)

**DISTRIBUTABLE  
INCOME**

+20.7% year-on-year

**4,681m**  
(JPY)

**NET PROPERTY  
INCOME**

+32.7% year-on-year

Aeon Town Suzuka





## DRIVING OUR GROWTH

Since CRT's listing in 2013, we have worked on growth strategies to not only boost our revenues, but deliver growing, yet sustainable returns to our Unitholders. Inorganic growth was chiefly driven by the acquisitions of Croesus Tachikawa and Luz Omori in March 2014, followed by One's Mall in October 2014. However, to extract further value from our portfolio, we embarked on organic growth initiatives, which comprise asset enhancements and tenant renewals. The highlight for FY2015 was the tenant renewal exercise and asset enhancement initiative that was conducted at Mallage Shobu to enhance the attractiveness of the mall. We are also in the midst of seeking further asset enhancement opportunities at our other assets, thereby driving our organic growth going forward.

**100.4b**  
(JPY)

**TOTAL  
ASSET SIZE**

+27.8% year-on-year

**+7.9%**

**PORTFOLIO  
VALUATION**

year-on-year growth

Aeon Town Moriya



Luz Omori



**84.0**  
(JPY)

**NET ASSET VALUE  
PER UNIT**

+11.9% year-on-year



Croesus  
Tachikawa



# A LOOK BACK AT 2014/15

## 28 AUGUST

2014

Announced maiden full year results for FY2014<sup>1</sup>

- Revenue: JPY6,261 million
- NPI: JPY4,029 million
- DPU: 8.98 Singapore cents (exceeded IPO Forecast by 6.3%)

## 1 SEPTEMBER

2014

Announced proposed acquisition of One's Mall to be partially funded via private placement



## 2 SEPTEMBER

2014

Completed private placement of 78,900,000 new units in Croesus Retail Trust at S\$0.915 per unit

## 16 OCTOBER

2014

Completed the acquisition of One's Mall, in Chiba Prefecture





## 27 OCTOBER 2014

Inaugural Annual General Meeting



## 12 NOVEMBER 2014

Announced first quarter results ("1Q FY2015")

- Revenue: JPY1,712 million
- NPI: JPY1,113 million
- DPU: 2.08 Singapore cents

## 18 DECEMBER 2014

Increased hedging to cover close to 100% of distributable income thereby insulating distributions from Japanese yen volatility

## 30 JANUARY 2015

NIS Wave I renamed to Croesus Tachikawa



## 11 FEBRUARY 2015

Announced second quarter results ("2Q FY2015")

- Revenue: JPY1,952 million
- NPI: JPY1,199 million
- DPU: 2.08 Singapore cents

Implementation of Distribution Reinvestment Plan

## 28 MARCH 2015

Grand Renewal Ceremony to celebrate the completion of the tenant renewal and asset enhancement exercise at Mallage Shobu



## 23 APRIL 2015

Second Retail Investor Day conducted in conjunction with CIMB Securities in Singapore

## 14 MAY 2015

Announced third quarter results ("3Q FY2015")

- Revenue: JPY1,982 million
- NPI: JPY1,163 million
- DPU: 1.90 Singapore cents

## 15 JULY 2015

Revaluation of assets completed

- Total portfolio value increased by 7.9% to JPY87,930 million as at 30 June 2015

## 26 AUGUST 2015

Announced fourth quarter and full year results ("4Q FY2015" and "FY2015" respectively)

- 4Q FY2015
  - Revenue: JPY1,989 million
  - NPI: JPY1,206 million
  - DPU: 2.02 Singapore cents
- FY2015
  - Revenue: JPY7,635 million
  - NPI: JPY4,681 million
  - DPU: 8.08 Singapore cents

FY2015 ended on a positive note as we continued to outperform our DPU forecasts for eight consecutive quarters.

1. FY2014 refers to the period from 10 May 2013 to 30 June 2014.

# EDITOR'S NOTE

## Dear Unitholders,

On behalf of the Board of Directors, I am pleased to present to you the annual report of Croesus Retail Trust for FY2015, from 1 July 2014 to 30 June 2015.

Over the past year, the macro environment faced certain headwinds as countries, industries and businesses grappled with the effects of challenging global developments. Since the start of the year, oil prices tracked a sharp decline hitting six-year lows, affecting dependent industries. Other events such as the ongoing Greek debt crisis and slump in China economic data also took a toll on investor sentiment, driving up global uncertainties. Closer to our hearts, the issue of potential US interest rate hikes, which may affect the cost of business borrowing, surfaced on a few occasions over the past year, causing jitters amongst investors.

In Japan, however, the situation seems more promising. Notably, the Government's drive to boost inflation through quantitative easing and increased government spending has yielded some positive effects, which include Japanese companies moving their operations home to take advantage of the cheaper cost of operation. This has helped to improve manufacturing data in Japan. Other positives arising from the policy shifts also include Japanese companies raising wages for the first time in many years, which may have led to higher consumption figures.

These positive signs of Japan's economic revival were however mitigated by other policies, such as the implementation of a higher consumption tax rate with effect from 1 April 2014, which slowed the pace of gains made in consumer confidence. Despite some of the hurdles faced, the Japanese economy is still on its path of recovery, signalling favourable prospects for us.

Notwithstanding the headwinds facing the global economy, competition for properties in Japan has gotten keener, as investors turn their focus on Japanese real estate. Property prices in Japan have risen, driven by a cheaper Japanese yen, as well as the growth prospects presented in Japan's economic restructuring. With consumption forming an integral part of Japan's economic backbone, retail real estate continues to be attractive to investors.

## CONTINUAL OUTPERFORMANCE OF EXPECTATIONS

On the back of a relatively challenging macro environment, Croesus Retail Trust has continued on a steady path of growth. During FY2015, our net property income outperformed our figures forecasted during our initial public offering, and as of the end of this financial year, we exceeded our initial forecasts by a healthy 42.3%<sup>1</sup>.

To our Unitholders, what matters is also our ability to deliver sustainable and continued growth in distributions. With hedges put in place to cover almost 100% of our distributions, we were able to outdo ourselves in delivering a total distribution per unit of 8.08 Singapore cents for FY2015, surpassing forecast figures by 7.9%<sup>1</sup>. This translates to a yield of 8.6% for Unitholders for FY2015<sup>2</sup>, which is one of the highest amongst property business trusts and REITs, as well as our J-REIT peers.

Amid changes in the market, we continue to remain vigilant to developments in our environment. The recent proposed changes in REIT regulations, though not applicable to us as we are a property business trust, is reflective of the market's risk and governance preference for their investments. We look to align ourselves with the market's best practices, whilst maintaining the flexibility to grow our portfolio and returns in a sustainable manner.





Our outperformance of expectations would not have been possible without the efforts of our partners and staff under the leadership of our key management team, and I would like to thank them for their hard work and dedication. Last but not least, I would like to extend my appreciation to our Unitholders, whose support has motivated us to do more and do better. With everyone's support and hard work, we look forward to continue delivering competitive returns on investment to our Unitholders.



**DAVID LIM**  
Chairman

On the back of a relatively challenging macro environment, Croesus Retail Trust has continued on a steady path of growth.

1. Refer to announcement dated 26 August 2015 on FY2015 results.
2. Based on the last traded unit price of S\$0.935 on 30 June 2015.



# CULTIVATING GROWTH

## Dear Unitholders,

In tandem with the revival of the Japanese economy, FY2015 marks a new era of change for us, as we start to focus on growing our corporate footprint in Japan.

We have continued to deliver on our promise in selecting only quality properties that optimise income stability and growth while building up our war chest of assets.

Notably, despite stiff competition for Japanese assets, we have managed to successfully grow our property portfolio from an initial four assets, to seven fully-fledged retail malls in a short span of two years.

We have also garnered a reputable tenant base comprising international

names such as *Aeon Town*, *H&M*, *MUJI* and *Uniqlo* due to our strong operating track record and attractive asset locations and are proud to say that occupancy rates at our properties continue to remain high at approximately 99.3% as at 30 June 2015<sup>1</sup>.

Our geographical exposure remains predominantly in Tokyo and the Greater Tokyo area, where we believe places CRT in good stead to tap on capital appreciation opportunities as the Japanese domestic economy recovers. However, we remain open to exploring new territories in other parts of Japan as we embark on our growth plans.

With our revenue sourced wholly from Japan, we understand that there could be concerns over the impact of a weaker Yen. However, we have hedged close to 100% of our cash flow distributions to cover distributions till the end of FY2017<sup>2</sup>, and we plan to continue monitoring the foreign exchange rates in order to mitigate exchange risks and deliver stable returns to our Unitholders.

Believing in returning value to our Unitholders, we have distributed 100% of CRT's distributable income for the initial two fiscal years<sup>2</sup>, and remain

committed to distributing at least 90% of CRT's distributable income going forward, with distributions to be made biannually.

On our front, we will work hard to secure new income streams for CRT by sourcing for attractive yield-accretive properties. We remain optimistic of the recovery of Japan and aim to continue fostering strong relationships with all our stakeholders, as we take our business to the next level.

## FY2015 IN REVIEW

For the financial year in review, we exceeded NPI and income available for distribution forecasts for every quarter. Notably, total income available for distribution of JPY3,358 million was 20.7% above the income available for distribution in FY2014, translating to a DPU of 8.08 Singapore cents for FY2015 (up 2.8% from FY2014).

With growth at the forefront of our minds, we continued to expand our portfolio of quality properties by acquiring One's Mall, one of the largest retail malls in the Chiba prefecture on 16 October 2014.

Planning ahead,  
we hope to strengthen  
our portfolio further  
with the support of our  
Sponsor, as well as our  
strategic partners.



In addition, as at 30 June 2015, CRT's portfolio was revalued higher by approximately 7.9% compared to FY2014. This was mainly due to capitalisation rate compression trends from the increase in competition among international and domestic investors seeking returns from investing in the Japan real estate market. As a result, total asset size grew 27.8% from JPY78.6 billion to JPY100.4 billion as at 30 June 2015 and NAV per unit increased by 11.9% year-on-year from JPY75.1 per unit to JPY84.0 per unit.

We also focused on organic growth, which was achieved through asset enhancement initiatives undertaken during FY2015. Notably, Mallage Shobu underwent a series of facilities upgrades to increase its appeal to families. As part of improvement works, restrooms on the first floor were renovated to provide users with greater ease of use. In addition, nursing areas at three locations in the mall were refurbished to provide a more conducive environment for nursing mothers and their children.

Aside from that, a tenant renewal exercise was conducted to introduce new brands and concepts to Mallage Shobu and to offer customers a fresh take on their retail experience. Following the exercise, brands such as international women's shoe retailer, *Jelly Beans*, and popular apparel labels, *KOE* and *Clear Impression Muse*, made their first foray into the Saitama prefecture via new store fronts at Mallage Shobu. Other new tenants also include international brands such as *Muji*, *Toys R Us* and *Babies R Us*. During FY2016, the full year contribution from potential rental uplifts can be expected from these new tenants.

We also worked on providing sound capital management by reducing the gearing from 51.7% in FY2014 to 47.3% in FY2015, which was a result of the positive asset revaluations. We have hedged close to 100% of distributions up to 30 June 2017 and interest rates are fixed till maturity for all debts<sup>2</sup>.

## OUR REPORT CARD

For FY2015, CRT generated gross revenue of JPY7,635 million, exceeding forecasts by 50.3%<sup>1</sup>.

Likewise, NPI for the same period amounted to JPY4,681 million, beating forecasts by 42.3%<sup>1</sup> on the back of accretive contributions arising from the acquisitions of Luz Omori, Croesus Tachikawa and One's Mall post-listing. This was despite the downtime incurred and increases in repair expenses at Mallage Shobu during the tenant renewal exercise.

Consequently, the income available for distribution to Unitholders rose 20.7% year-on-year to JPY3,358 million, outperforming forecasts by 30.8%<sup>1</sup>.

## LOOKING AHEAD

Barring unforeseen circumstances, we are expecting stable and robust cash flows during the upcoming FY2016 due to the high component of pure fixed rent in our portfolio (which includes guaranteed minimum base rent). Pure fixed rent constitutes 88.4% of the total portfolio gross rental income as at 30 June 2015. In addition, there are visible DPU growth drivers as a result of the tenant renewals at Mallage Shobu, as well as new growth opportunities from potential yield accretive acquisitions in second cities with good fundamentals and value.

Planning ahead, we hope to strengthen our portfolio further with the support of our Sponsor, Croesus Merchants International, as well as our strategic partners, Daiwa House and Marubeni. With their available asset pipeline, as well as those from third-party vendors, CRT looks forward to acquiring new properties that will prove accretive to Unitholders.

Amidst rising property prices in Japan, we expect further positive asset revaluations which will further reduce gearing levels. We will maintain a robust balance sheet and sound capital management with current

hedges in place up to 30 June 2017 and by maintaining fixed interest rates till maturity for all debts.

## WITH APPRECIATION

It has been yet another breakthrough year of firsts for us with the completion of our maiden asset enhancement initiative at Mallage Shobu amongst other achievements.

We would like to express our deep appreciation to our strategic partners, Japan asset managers, property managers, tenants, business associates, management team and staff. Your unwavering commitment and dedication have been truly invaluable, and the robust performance of CRT in FY2015 would not have been possible without you.

We would also like to extend our appreciation to our Unitholders, who have believed in us and journeyed with us throughout the year, as well as our fellow directors on the Board for their invaluable counsel and guidance.

Looking ahead, we are excited of what the future brings, and we hope to continue having your loyal support as we go on to scale greater heights.



**JIM CHANG**

Executive Director and  
Chief Executive Officer



**JEREMY YONG**

Non-Executive Director

1. Refer to the CRT FY2015 results announcement posted on the SGX website on 26 August 2015 for more details
2. Refer to the CRT Investor Presentation posted on the SGX website on 1 September 2015

## BOARD OF DIRECTORS



# TAKING THE LEAD

FROM LEFT TO RIGHT: Mr Eng Meng Leong, Mr Quah Ban Huat, Mr Lim Teck Leong David, Mr Jim Chang Cheng-Wen, Mr Yong Chao Hsien Jeremy

### MR LIM TECK LEONG DAVID

Chairman, Independent Director  
and Member of the Audit and  
Risk Committee

Mr Lim was appointed as an Independent Director of the Trustee-Manager on 22 October 2012.

Mr Lim is an independent director of several companies publicly listed on the SGX-ST, namely, G.K. Goh Holdings Limited, LH Group Limited and New Toyo International Holdings Limited. He also sits on the boards of private companies in Singapore, Indonesia and Thailand in non-executive capacities and on the executive committees of several private equity investments.

Mr Lim is the founder of David Lim & Partners LLP and has been the Managing Partner since 1990. He began his career at Rodyk & Davidson in 1982 with a focus in commercial litigation, corporate finance, restructuring and mergers & acquisitions up till 1989. Mr Lim has represented multinationals and corporations from the financial and banking sectors, fund management, private equity, manufacturing, tobacco, information technology and telecommunications, infrastructure, property development, food, hospitality, healthcare, shipping and electronics. He previously lectured at the Institute of Banking & Finance from 1999 to 2000 and tutored at the Faculty of Law, National University of Singapore from 1992 to 1994. He was a council member of the Law Society of Singapore.

Mr Lim is an honorary legal adviser (for David Lim & Partners LLP) of the Singapore Physiotherapy Association. Mr Lim graduated from King's College London in 1980 with a Bachelor of Laws and obtained his professional qualification as a barrister from Gray's Inn, London in 1981.

### MR JIM CHANG CHENG-WEN

Executive Director and  
Chief Executive Officer

Mr Chang was appointed as Executive Director and Chief Executive Officer on 8 March 2012.

Mr Chang is the Chairman and Co-founder of Croesus Merchants in February 2010 and Croesus



International Inc. in August 2004 with over 10 years of Asian real estate experience.

Mr Chang began his career in 1990 negotiating sea port control rights, airline landing rights and strategic investments with foreign governments on behalf of the Evergreen Group. He rose to become Managing Director of the Evergreen Group's investment activities in 2001. From 1997 to 2005, Mr Chang led the investment and management interests of Evergreen Group in real estate, transportation and infrastructure across Asia with his extensive experience in managing Evergreen Group's hospitality, office and logistics real estate businesses. Mr Chang has also been on the Advisory Board of leading Asian institutions and organisations, notably Taiwan High Speed Rail Corporation (2004 to 2010) and Evergreen (2007 to 2011).

From 2007 to 2010, he managed a residential real estate fund in Japan for Citi Property Investors with combined equity and debt of US\$500 million. He partnered with and advised world class players on their acquisition strategy for two real estate portfolios totalling over US\$2 billion of Asian hospitality assets in 2006.

Mr Chang has a Bachelor of Arts in International Studies from Temple University (Pennsylvania, USA).

### MR ENG MENG LEONG

Independent Director and Chairman of the Audit and Risk Committee

Mr Eng was appointed as an Independent Director of the Trustee-Manager on 22 October 2012.

Mr Eng is currently a non-executive director of Religare Health Trust Trustee Manager Pte. Ltd. and ACTS College Ltd.

Mr Eng was previously an executive director with KPMG Tax Services Pte. Ltd. He also served as the head of financial services in the tax practice. Mr Eng joined KPMG Tax from 1984 up till 2009 and has been involved with taxation for 25 years. His experience in taxation covers Singapore, Malaysia, Hong Kong and the United Kingdom.

Mr Eng worked in London for nine years prior to joining KPMG in Singapore. He was an examiner at ACCA Advanced Tax. Mr Eng is also a consultant for the Kong Siang group of companies.

Mr Eng was admitted in 1984 as an associate member of the Institute for Chartered Accountants of England and Wales. He is a member of the Institute of Singapore Chartered Accountants and an Accredited Tax Advisor of the Singapore Institute of Accredited Tax Professionals Ltd.

### MR QUAH BAN HUAT

Independent Director and Member of the Audit and Risk Committee

Mr Quah was appointed as an Independent Director of the Trustee-Manager on 22 October 2012.

Mr Quah has more than two decades of experience in investments, finance and accounting, including fund raising, listing and initial public offerings, debt financing, corporate finance, restructuring and tax planning. Mr Quah is a consultant for KPMG Services Pte Ltd and sits on the board of several public and private companies.

Mr Quah has held various key finance positions in the past including amongst others, as Regional Business Area Controller at Deutsche Bank, Group Finance Director of the IMC Group, and Chief Financial Officer of City Gas Pte Ltd and Rickmers Trust Management Pte Ltd.

Mr Quah is a member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants.

### MR YONG CHAO HSIEN JEREMY

Non-Executive Director

Mr Yong was appointed as a Non-Executive Director of the Trustee-Manager on 1 March 2012.

Mr Yong is Co-founder of Croesus Merchants International, the Sponsor of Croesus Retail Trust. He oversees all corporate operations and the strategic development of Croesus Merchants. He is also Co-founder and Director of a number of Croesus group companies including Croesus Group Pte. Ltd., Croesus Partners Pte. Ltd., Croesus Retail Asset Management Pte. Ltd. and Evertrust Asset Management Pte. Ltd.

Mr Yong began his career at JP Morgan Singapore in the mid-1990s. Since then, he founded or co-founded a number of companies involved in various types of investment strategies, including Jael Capital Ltd, a privately owned investment vehicle, involved in equities, global markets, foreign exchange and real estate investments, and ICG Japan, a private equity technology investment company, which subsequently merged with ICG Asia (a publicly listed company on the Stock Exchange of Hong Kong).

Mr Yong graduated from the London School of Economics, U.K. in 1991 with a Bachelor of Science (Hons) in Industrial and Business Economics.

## BOARD OF DIRECTORS (CONT'D)

### PRINCIPAL DIRECTORSHIPS / COMMITMENTS

The present principal directorships/commitments and the past principal directorships for a period of approximately three years prior are as follows:

#### MR LIM TECK LEONG DAVID

##### PRESENT PRINCIPAL DIRECTORSHIP

Other Listed Companies	G.K. Goh Holdings Limited LH Group Limited New Toyo International Holdings Limited Tien Wah Press Holdings Berhad	Director Director Director Director
Others	Cepu Pte. Ltd. Dandelion Investments Holdings Limited Eastlog Holding Pte. Ltd. Eastlog Projects Limited Growth Asia Investments Limited Indo Port Holding Pte. Ltd. LCG Holdings Pte. Ltd. Mahakarya Offshore Services Pte. Ltd. Mezzanine Holdings Limited PT Bahari Sindo Persada PT Eastern Logistics PT Peak Energy Quad Energy Pte. Ltd. Racha Resort Co. Ltd. PT East Java Development	Director Director Director Director Director Director Director Director Director Commissioner President Commissioner Commissioner Director Director President Commissioner

##### PAST PRINCIPAL DIRECTORSHIP

National Volunteer and Philanthropy Centre  
Orange Valley Healthcare Pte. Ltd.  
Samudera Shipping Line Limited  
The Community Foundation of Singapore  
Z-Obee Holdings Limited  
Inventa Technologies (S) Pte. Ltd.

##### PRINCIPAL COMMITMENTS (OTHER THAN DIRECTORSHIP)

David Lim & Partners LLP	Founder and Managing Partner
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#### MR JIM CHANG CHENG-WEN

##### PRESENT PRINCIPAL DIRECTORSHIP

Others	Croesus International Inc. Croesus Merchants International Pte. Ltd. Croesus Retail Asset Management K.K. Everglory Group Limited Soarfame Corporation Unison Pacific Limited Trust Capital Co., Ltd.	Director Director Director Director Director Director Director
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##### PAST PRINCIPAL DIRECTORSHIP

Amazeme Pte. Ltd.  
Croesus Japan, Inc.

#### MR ENG MENG LEONG

##### PRESENT PRINCIPAL DIRECTORSHIP

Other Listed Companies	Religare Health Trust Trustee Manager Pte. Ltd. (Trustee-Manager of Religare Health Trust)	Director
Others	ACTS College Ltd.	Director

##### PAST PRINCIPAL DIRECTORSHIP

Kreuz Holdings Limited  
3Cnergy Limited  
Libra Group Limited

#### MR QUAH BAN HUAT

##### PRESENT PRINCIPAL DIRECTORSHIP

Other Listed Companies	AP Oil International Ltd. mDR Ltd. Samudera Shipping Line Ltd.	Director Director Director
Others	Eurex Clearing Asia Pte. Ltd. Deutsche Boerse Asia Holding Pte. Ltd. Primeur Cellars Pte. Ltd. Primeur Holdings Pte. Ltd.	Director Director Director Director

##### PAST PRINCIPAL DIRECTORSHIP

Ennea Resources Pte. Ltd.  
KPPCS Pte. Ltd.  
Midsource Ltd.

##### PRINCIPAL COMMITMENTS (OTHER THAN DIRECTORSHIP)

KPMG Services Pte. Ltd.	Consultant
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#### MR YONG CHAO HSIEN JEREMY

##### PRESENT PRINCIPAL DIRECTORSHIP

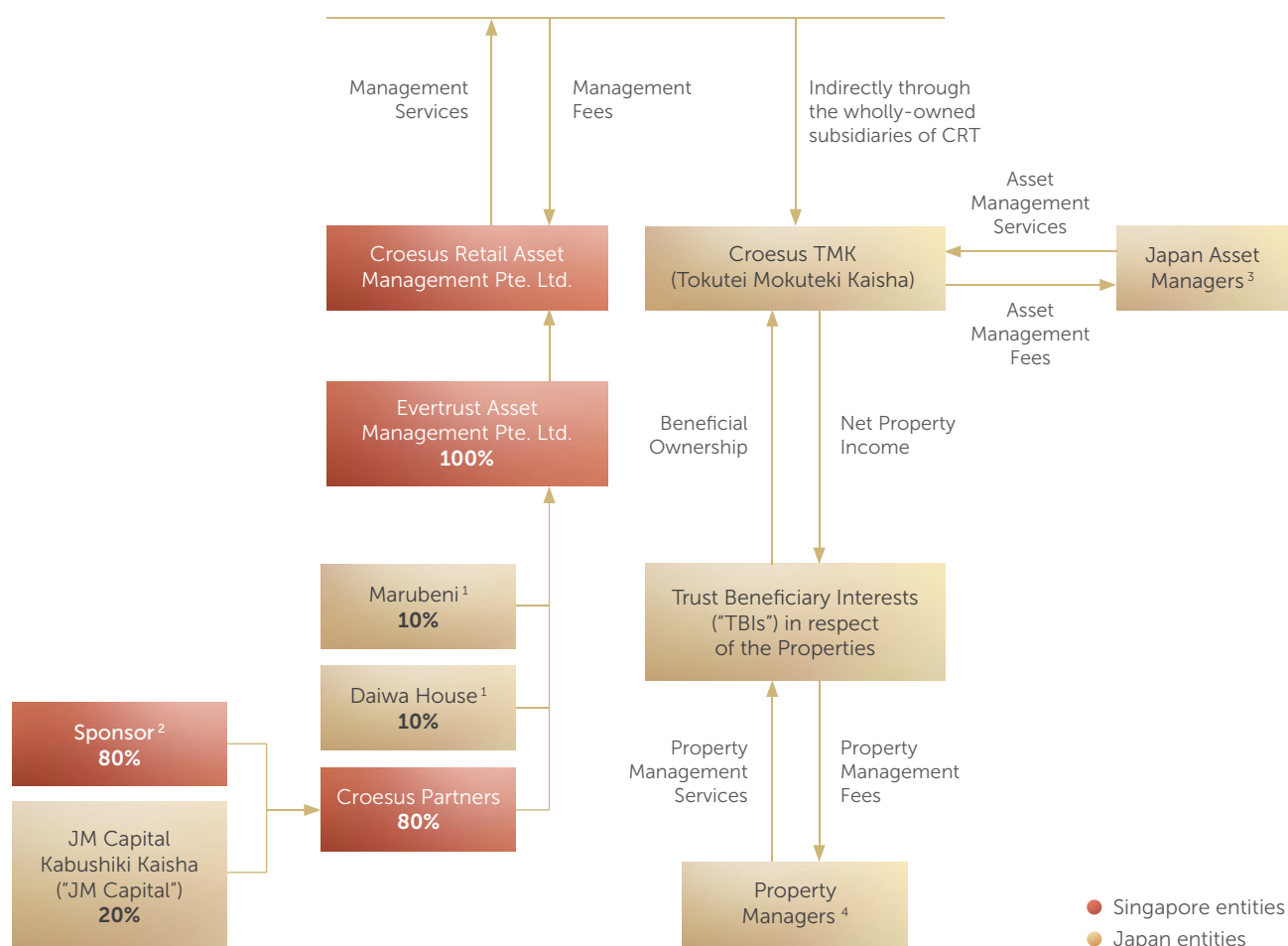
Others	Croesus Merchants International Pte. Ltd. Croesus Group Pte. Ltd. Evertrust Asset Management Pte. Ltd. Croesus Retail Asset Management K.K.	Director Director Director Director
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##### PAST PRINCIPAL DIRECTORSHIP

P&E Directions Asia Pte. Ltd.  
Yukern Pte. Ltd.



# CORPORATE STRUCTURE OF CROESUS RETAIL TRUST



## 1. Strategic Partners

- Daiwa House and Marubeni
- Contributed 4 properties (~44% by appraised value) to the Portfolio
- Provided CRT with a ROFR over predominantly retail properties in Asia-Pacific ex-Japan

## 2. Sponsor

- Croesus Merchants
- Co-founders and key shareholders are Mr Jim Chang (51%) and Mr Jeremy Yong (49%)
- Holds 1.0% stake in CRT and effectively 64.0% in the Trustee-Manager as at 14 September 2015

## 3. Japan Asset Managers

- Tozai Asset Management Co., Ltd.
- Marubeni Asset Management Co., Ltd.
- Fully-licensed independent asset management firms based in Tokyo

## 4. Property Managers

- AIM CREATE Co. Ltd. (Aeon Town Moriya, Aeon Town Suzuka and Croesus Tachikawa)
- Marubeni Real Estate Management Co. Ltd. (Croesus Shinsaibashi and Luz Omori)
- Sojitz Commerce Development Corporation (Mallage Shobu)
- Xymax Properties Corporation (One's Mall)

## KEY MANAGEMENT

# DRIVING OUR BUSINESS

### MR JIM CHANG CHENG-WEN

Executive Director and  
Chief Executive Officer

Mr Chang was appointed as an Executive Director of the Trustee-Manager on 8 March 2012.

Mr Chang is the Chairman and Co-founder of Croesus Merchants in February 2010 and Croesus International Inc. in August 2004 with over 10 years of Asian real estate experience.

Mr Chang began his career in 1990 negotiating sea port control rights, airline landing rights and strategic investments with foreign governments on behalf of the Evergreen Group. He rose to become Managing Director of the Evergreen Group's investment activities in 2001. From 1997 to 2005, Mr Chang led the investment and management interests of Evergreen Group in real estate, transportation and infrastructure across Asia with his extensive experience in managing Evergreen Group's Asian hospitality, office and logistics real estate businesses. Mr Chang has also been on the Advisory Board of leading Asian institutions and organisations, notably Taiwan High Speed Rail Corporation (2004 to 2010) and Evergreen (2007 to 2011).

From 2007 to 2010, he managed a residential real estate fund in Japan for Citi Property Investors with combined equity and debt of US\$500 million. He partnered with and advised world class players on their acquisition strategy for two real estate portfolios totalling over US\$2 billion of Asian hospitality assets in 2006.

Mr Chang has a Bachelor of Arts in International Studies from Temple University (Pennsylvania, USA).



Mr Jim Chang Cheng-Wen



Mr Tetsuo Ito



Mr Shunji Miyazaki



Mr Kiyoshi Sato



Ms Hanako Tokunaga

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Taking us forward  
with experience  
and dedication.

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## MR TETSUO ITO

### Chief Financial Officer

Mr Ito has 18 years of financing, accounting and corporate audit experience and has been overseeing the finance and accounting function of Croesus Retail Trust from 2012.

Mr Ito started his career at KPMG Japan in 1997 and performed financial audits and due diligence projects of major Japanese companies, mainly in the financial industry, as well as financial and corporate advisory services in various industries. During his career at KPMG Japan from 1997 to 2004, he dealt with a merger of two Japanese listed insurance companies having JPY6 trillion of total assets, as well as an acquisition of a Japanese insurance company by a US financial institution having JPY2 trillion of total assets. From 2004 to 2005, he was with KPMG LLP New York and provided various accounting services to US and Japanese companies. From 2006 to 2007, Mr Ito was a representative director of the Phoenix Accounting Group Inc.

Mr Ito has served as Deputy Chief Financial Officer for Croesus Japan Inc. from 2007 to 2012.

Mr Ito graduated from the University of Tokyo in 1998 with a Bachelor of Arts in Economics. Mr Ito is a Japan Certified Public Accountant with the Japanese Institute of Certified Public Accountants. He is a Japan Certified Tax Accountant with the Japan

Federation of Certified Public Tax Accountants' Association and is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

## MR SHUNJI MIYAZAKI

### Chief Asset Management Officer

Mr Miyazaki has 12 years of banking and securitisation experience as manager with Mitsui Trust Bank (now Sumitomo Mitsui Trust Bank) from 1986 to 1998. He has 17 years of real estate experience and was Senior Managing Director / Chief Planning and Financial Officer of Consonant Investment Management Co., Ltd (formerly known as LCP REIT Advisors Co., Ltd) from 2010 to 2011. From 2005 to 2007, he was the CEO of Asset Management for a Japanese real estate investment trust ("J-REIT"), LCP Investment Corporation (currently Invincible Investment Corporation) and was with the Consonant Investment Management Co., Ltd (formerly known as LCP REIT Advisors Co., Ltd) from 2004 to 2010. From 1998 to 2004, he was the Senior Fund Manager at Chuo Mitsui Asset Management Co., Ltd in charge of investments in real estate securitised products including J-REITs. He speaks fluent Japanese and basic English.

Mr Miyazaki graduated from Hiroshima University in 1986 with a Bachelor of Economics.

Mr Miyazaki joined the Croesus Group in October 2011.

## MR KIYOSHI SATO

### Chief Investment Officer

Mr Sato has 18 years of corporate finance experience, including 12 years with the Long-Term Credit Bank of Japan (now Shinsei Bank, Limited) as manager from 1987 to 1999, two years as Head of Syndicated Finance of HSBC Tokyo from 1999 to 2001 and four years as Director at IBK / Relationship Management of Merrill Lynch Japan from 2001 to 2005.

He has 10 years of real estate experience, including two years as Director of an Investment Advisory Company, RISA Partners from 2005 to 2007, and two years as head of CMBS origination of Nikko Citigroup Securities from 2007 to 2009. During the two years at RISA Partners, Mr Sato was responsible for sourcing and underwriting more than 100 real estate investment opportunities. During the two years at Nikko Citigroup Securities, being the head of CMBS origination team, Mr Sato originated more than US\$3 billion of non-recourse loans / bonds backed by Japanese real estate, including hotels, retail malls, offices and residential assets. Mr Sato was General Manager, Corporate Finance division of Capital Partners Securities Co., Ltd from 2009 to 2011, where he acted as adviser to several real estate funds for their capital raising efforts and restructuring of their present capital structure to resolve the issues of each client fund. He speaks fluent English, French and Japanese.

Mr Sato graduated from Waseda University in 1987 with a Bachelor of Economics. He holds a Master of Business Administration and Diplome de l'ESSEC from Ecole Superieure des Sciences Economiques et Commerciales.

Mr Sato joined the Croesus Group in November 2011.

## MS HANAKO TOKUNAGA

### Investor Relations Manager And Financial Controller

Ms Tokunaga is a US certified public accountant and has over 12 years of real estate experience, including two years as Investment Associate of Citi Property Investors from 2008 to 2010 and five years as Vice President / Manager of Duff & Phelps / Standard & Poor's from 2003 to 2008. She spent three years as Senior Auditor of Ernst & Young from 1998 to 2001. Ms Tokunaga speaks fluent English and Japanese.

Ms Tokunaga graduated from Cornell University in 1997 with a Bachelor of Science in Biology. She holds a Master of Accounting from the University of Southern California and a Master of Science in Real Estate from New York University.

Ms Tokunaga is a Certified Public Accountant with the American Institute of Certified Public Accountants.

Ms Tokunaga joined the Croesus Group in February 2010.



# OUR ASSETS THROUGHOUT JAPAN

CRT's total Portfolio of seven retail properties comprises four retail properties as at listing date<sup>1</sup> and three retail properties acquired subsequent to the initial public offering<sup>2</sup>. The portfolio is valued at approximately JPY87.93 billion (equivalent to approximately S\$967.5 million<sup>3</sup>) as at 30 June 2015, by Independent Valuers, DTZ Debenham Tie Leung K.K. ("DTZ") for One's Mall, and CBRE K.K. ("CBRE") for the six other assets.

The key competitive strengths of the properties are the stable yields they generate, their high occupancy rates and their proximity to train stations and key shopping districts. The seven properties have an aggregate net lettable area of approximately 251,080 sq m and an average occupancy rate of approximately 99.3% as at 30 June 2015.





**1** AEON TOWN MORIYA

AEON TOWN SUZUKA **2**



**3** CROESUS SHINSAIBASHI



CROESUS TACHIKAWA **4**



**5** LUZ OMORI



MALLAGE SHOBU **6**



**7** ONE'S MALL



1. CRT's initial portfolio as at its listing on the SGX-ST on 10 May 2013 comprised Aeon Town Moriya, Aeon Town Suzuka, Croesus Shinsaibashi (previously known as Luz Shinsaibashi) and Millage Shobu.
2. Luz Omori, Croesus Tachikawa (previously known as NIS Wave I) and One's Mall. See the Acquisition Announcement dated 27 February 2014 for further details on the acquisitions of Luz Omori and Croesus Tachikawa. See the Acquisition Announcement dated 1 September 2014 for further details on the acquisition of One's Mall.
3. Based on an exchange rate of JPY90.88 to S\$1.00.



# AEON TOWN MORIYA

**AEON TOWN MORIYA** comprises a large shopping mall with approximately 110 retail units across a NLA of approximately 68,000 sq m. It is a closed mall, which means that all its stores are located in a one roofed-building having a supermarket as an anchor tenant and multiple specialty stores. The property accommodates a wide variety of tenants. Parking spaces are located on the third floor, rooftop, and external areas.

The NLA of Aeon Town Moriya is distributed over four floors above ground as follows:

- First floor comprises 62 retail units, focused on family fashion, sporting goods, and supermarket;
- Second floor comprises 48 retail units, focused on ladies' and men's fashion, an electronic goods store and a cinema;
- Third floor comprises car park space; and
- Fourth floor comprises rooftop space.

Aeon Town Moriya is popular especially during weekends with a high proportion of families with young children visiting the property. It is also frequented by teenagers and senior couples.



FASHION,  
ELECTRONICS  
AND SO  
MUCH MORE



**FY2015  
NET  
PROPERTY  
INCOME**

**JPY814.6m**

As at 30 June 2015

**AEON TOWN MORIYA**  
Comprising over 110 retail stores, Aeon Town Moriya is a one-stop shopping haven for families, young adults and senior couples.



**PROPERTY INFORMATION**

ADDRESS	3-249-1 Yurigaoka, Moriya-shi, Ibaraki-ken
YEAR OF COMPLETION	2007
TITLE	Freehold
NLA	68,047 sq m
VALUATION	JPY14,400 million <i>(Based on valuation by CBRE as at 30 June 2015)</i>
FY2015 ACTUAL NET PROPERTY INCOME (NPI) <i>From 1 July 2014 to 30 June 2015</i>	JPY814.6 million
PURCHASE PRICE	JPY12,154 million
ANNUALISED NPI YIELD <i>(Based on annualising the Actual NPI divided by the purchase price)</i>	6.7%
OCCUPANCY RATE <i>As at 30 June 2015</i>	100%
WEIGHTED AVERAGE LEASE EXPIRY <i>As at 30 June 2015</i>	12.0 years
KEY TENANTS	Aeon Cinema, Sports DEPO, Food Square Kasumi, Futaba-Tosho, Uniqlo, Nojima, Aeon Bike, MUJI



## PROPERTY OVERVIEW



# AEON TOWN SUZUKA

## THE 2<sup>ND</sup> LARGEST MALL IN MIE PREFECTURE

FY2015  
NET  
PROPERTY  
INCOME

JPY594.6m

As at 30 June 2015

### AEON TOWN SUZUKA

The second largest retail property in Mie Prefecture, Aeon Town Suzuka provides among other facilities, a myriad of dining options, fashion boutiques, and even hot springs.

**AEON TOWN SUZUKA** comprises a large scale shopping centre with a NLA of approximately 43,500 sq m. Opened in June 2007, the property was built adjacent to Aeon Mall Suzuka, the second largest retail facility in Mie Prefecture, exceeded only by Aeon Kuwana Shopping Centre.

The property was designed to complement Aeon Mall Suzuka, which also has the same operator, with both facilities featuring a diversified tenant mix and allowing for synergies with each other. The property comprises 11 standalone structures located within a site area of approximately 90,000 sq m. The largest building is an open air mall located on the western side of the site with a diverse range of tenants focused on apparel and interior goods, including furniture, fashion and children's and maternity wear.

The second largest building on the southern side comprises a home centre at ground level, while the second floor is used for parking. A hot spring facility, a chiropractor and six restaurant buildings are located on the eastern side of the property.



## PROPERTY INFORMATION

ADDRESS	4-20-1 Shonohayama, Suzuka-shi, Mie-ken
YEAR OF COMPLETION	2007
TITLE	Freehold
NLA	43,501 sq m
VALUATION	JPY9,650 million <i>(Based on valuation by CBRE as at 30 June 2015)</i>
FY2015 ACTUAL NET PROPERTY INCOME (NPI) <i>From 1 July 2014 to 30 June 2015</i>	JPY594.6 million
PURCHASE PRICE	JPY8,439 million
ANNUALISED NPI YIELD <i>(Based on annualising the Actual NPI divided by the purchase price)</i>	7.0%
OCCUPANCY RATE <i>As at 30 June 2015</i>	100%
WEIGHTED AVERAGE LEASE EXPIRY <i>As at 30 June 2015</i>	12.0 years
KEY TENANTS	Kahma Home Centre, APINA, Nitori, Hana-Shobu, Uniqlo, Seria, G.U.





# CROESUS SHINSAIBASHI



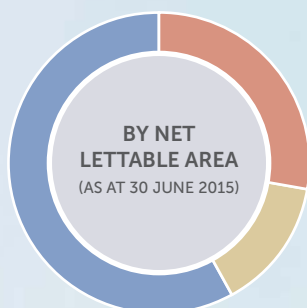
## A THRIVING HIVE OF ACTIVITY

**CROESUS SHINSAIBASHI** consists of one basement level and seven floors above ground. Completed in September 2009, the property is one of the few new retail buildings along Shinsaibashisuji Avenue.

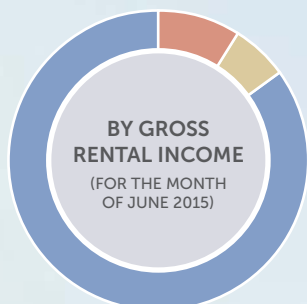
Originally constructed in 1987, the reconstruction and opening of Croesus Shinsaibashi has completely changed the image of the area into a trendier and more modern atmosphere. The property features an attractive façade with an eye-catching billboard, which displays advertisements by the anchor tenant, *Hennes & Mauritz AB (H&M)*, or other leading brands in Japan. As it faces the Dotonbori River and the bridge connecting Namba and Shinsaibashi stations along Shinsabashisuji Avenue, the property boasts good visibility and is well positioned to attract the shoppers in the area.



## TRADE SECTOR ANALYSIS (%)



- 58% Fashion
- 28% Restaurant & Food
- 14% Entertainment



- 85% Fashion
- 9% Restaurant & Food
- 6% Entertainment



## PROPERTY INFORMATION

ADDRESS	7-2, Soemoncho, Chuo-ku, Osaka-shi, Osaka
YEAR OF COMPLETION	2009
TITLE	Freehold
NLA	2,342 sq m
VALUATION	JPY10,700 million (Based on valuation by CBRE as at 30 June 2015)
FY2015 ACTUAL NET PROPERTY INCOME (NPI) <i>From 1 July 2014 to 30 June 2015</i>	JPY458.2 million
PURCHASE PRICE	JPY9,021 million
ANNUALISED NPI YIELD <i>(Based on annualising the Actual NPI divided by the purchase price)</i>	5.1%
OCCUPANCY RATE <i>As at 30 June 2015</i>	100%
WEIGHTED AVERAGE LEASE EXPIRY <i>As at 30 June 2015</i>	6.7 years
KEY TENANTS	H&M

### CROESUS SHINSAIBASHI

A metropolitan shopping mall located in the heart of bustling Shinsabashisuji Avenue.

FY2015  
NET  
PROPERTY  
INCOME

JPY458.2m

As at 30 June 2015

# CROESUS TACHIKAWA

**CROESUS TACHIKAWA** is an income-producing retail property located in Tachikawa City, Tokyo, which was ranked the third most desirable city to live in due to its easy access to central Tokyo and is directly connected to the JR Tachikawa Station. Croesus Tachikawa's leisure and food & beverage-oriented tenant mix appeals to commuters travelling through the JR Tachikawa Station, as well as to an increasing number of residents who are moving into Tachikawa City.

The property consists of three basement floors and eight floors above ground. Distribution of floor levels are however unique, with B1 located at street level while level 1 is positioned between the ground level and the pedestrian deck connecting to level 2.

Croesus Tachikawa is directly connected to the JR Tachikawa Station and Tachikawa Kita Station of the Tama Monorail via the pedestrian deck. The JR Tachikawa Station is along the JR Chuo Line connecting to Tokyo Station and Shinjuku Station. Tachikawa Station had the highest number of passengers daily among the JR stations on the Chuo Line in 2012. The Tama Monorail runs north to south with 19 stops covering regional cities and schools such as Chuo University, Meisei University and Teikyo University.

**A QUICK  
STOPOVER  
VIA TRAIN  
OR MONORAIL**



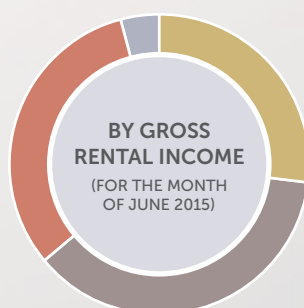
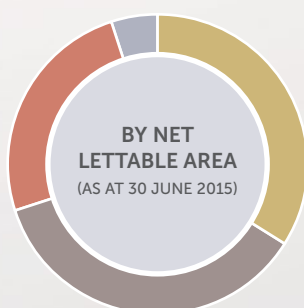


## PROPERTY INFORMATION

ADDRESS	2-4-5 Akebonocho, Tachikawa-shi, Tokyo
YEAR OF COMPLETION	2007
TITLE	Freehold / Leasehold expiring in Dec 2029 <i>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</i>
NLA	7,141 sq m
VALUATION	JPY12,800 million <i>(Based on valuation by CBRE as at 30 June 2015)</i>
FY2015 ACTUAL NET PROPERTY INCOME (NPI) <i>From 1 July 2014 to 30 June 2015</i>	JPY652.5 million
PURCHASE PRICE	JPY10,800 million
ANNUALISED NPI YIELD <i>(Based on annualising the Actual NPI divided by the purchase price)</i>	6.0%
OCCUPANCY RATE <i>As at 30 June 2015</i>	100%
WEIGHTED AVERAGE LEASE EXPIRY <i>As at 30 June 2015</i>	3.5 years
KEY TENANTS	NEXUS Holdings, Sumitomo Mitsui Trust Bank



## TRADE SECTOR ANALYSIS (%)



- 34% Restaurant & Food
- 36% Entertainment
- 25% Services
- 5% General Merchandise

- 27% Restaurant & Food
- 37% Entertainment
- 32% Services
- 4% General Merchandise

### CROESUS TACHIKAWA

Offering shoppers the ultimate convenience.

FY2015  
NET  
PROPERTY  
INCOME

JPY652.5m

As at 30 June 2015

PROPERTY  
OVERVIEW



LUZ

# OMORI

## A STANDOUT IN ITS NEIGHBOURHOOD



**LUZ OMORI** is located in Ota Ward, the third most populated ward in Tokyo due to its convenient location in commuting to central Tokyo and Yokohama as well as its relatively large area. It is located at the intersection of a traditional shopping street and a retail street with strong shopper traffic that leads directly to the JR Omori Station. Luz Omori, with its large tenant base of service offerings, caters well to families in the residential neighbourhood and complements the retail areas nearby.

The property consists of two basement floors and eight floors above ground. Completed in February 2011, the property comprises a mix of tenants, including a government office and public library, and is one of the few new buildings in the surrounding retail market which generally consists of traditional small single tenant shops at street level. As such, Luz Omori stands out from the rest of the buildings nearby.

Luz Omori is located approximately three minutes' walking distance from the JR Omori Station, which is along the JR Keihin Tohoku Line, connecting to Shinagawa Station (one of the largest train hubs in Tokyo and a stop for the Shinkansen), Tokyo Station, Yokohama Station and Kawasaki Station.



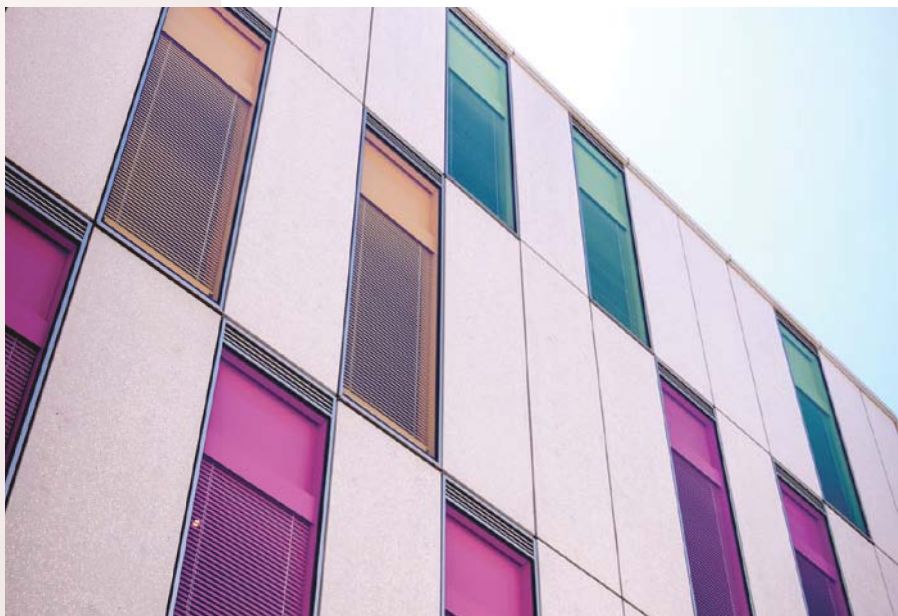
**FY2015  
NET  
PROPERTY  
INCOME**

**JPY238.2m**

As at 30 June 2015

**LUZ OMORI**

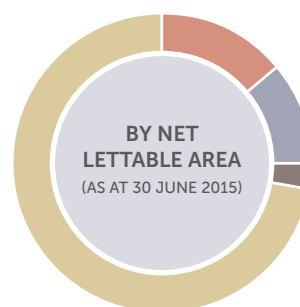
With its varied tenant base designed to meet distinctive needs for every shopper, Luz Omori is a neighbourhood favourite.



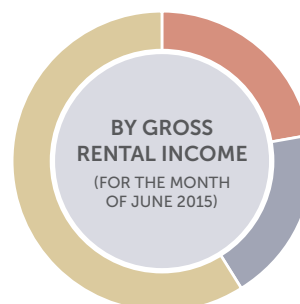
**PROPERTY INFORMATION**

<b>ADDRESS</b>	1-10-14 Omori-Kita, Ota-ku, Tokyo
<b>YEAR OF COMPLETION</b>	2011
<b>TITLE</b>	Leasehold expiring in July 2059
<b>NLA</b>	9,285 sq m
<b>VALUATION</b>	JPY3,880 million <i>(Based on valuation by CBRE as at 30 June 2015)</i>
<b>FY2015 ACTUAL NET PROPERTY INCOME (NPI)</b> <i>From 1 July 2014 to 30 June 2015</i>	JPY238.2 million
<b>PURCHASE PRICE</b>	JPY3,450 million
<b>ANNUALISED NPI YIELD</b> <i>(Based on annualising the Actual NPI divided by the purchase price)</i>	6.9%
<b>OCCUPANCY RATE</b> <i>As at 30 June 2015</i>	96.8%
<b>WEIGHTED AVERAGE LEASE EXPIRY</b> <i>As at 30 June 2015</i>	15.3 years
<b>KEY TENANTS</b>	Ota Ward, Docomo, Daiso

**TRADE SECTOR ANALYSIS (%)**



- 14% Restaurant & Food
- 72% Services
- 11% General Merchandise
- 3% Vacancies



- 22% Restaurant & Food
- 59% Services
- 19% General Merchandise

## PROPERTY OVERVIEW



# MALLAGE SHOBU

## A FAMILY OASIS IN SAITAMA



**MALLAGE SHOBU** is a suburban shopping centre developed and managed by Sojitz Commerce Development Corporation ("Sojitz"). Sojitz has also developed and manages two other suburban shopping centres located in Saga and Chiba prefectures.

Mallage Shobu is the most recently completed facility under the Mallage branding, and continues to establish itself among the market. It comprises a large scale shopping mall with approximately 226 retail tenants across a net lease area of around 68,000 sq m. Opened in November 2008, Mallage Shobu is the second largest retail facility in Saitama Prefecture, superseded only by Aeon Laketown, which is the largest shopping centre in Japan.

At the end of June 2015, Mallage Shobu completed its tenant renewal exercise, which was conducted in conjunction with the asset enhancement initiative to renew the mall's facilities.

The retail mall area is distributed over three floors above ground in the following manner:

- First floor comprises 94 retail units, and is focused on family fashion and home interior goods;
- Second floor comprises 58 retail units, and is focused on ladies' and men's fashion and lifestyle goods; and
- Third floor comprises 74 units, which are catered towards young fashion and hobby/culture retailers.

The facility accommodates a wide variety of tenants, including a supermarket, a DIY store, electronics retailers and a cinema operator.



## PROPERTY INFORMATION

ADDRESS	3555 Shobu, Shobu-machi, Kuki-shi, Saitama-ken
YEAR OF COMPLETION	2008
TITLE	Freehold
NLA	67,916 sq m
VALUATION	JPY24,500 million <i>(Based on valuation by CBRE as at 30 June 2015)</i>
FY2015 ACTUAL NET PROPERTY INCOME (NPI) <i>From 1 July 2014 to 30 June 2015</i>	JPY1,453.4 million
PURCHASE PRICE	JPY20,584 million
ANNUALISED NPI YIELD <i>(Based on annualising the Actual NPI divided by the purchase price)</i>	7.1%
OCCUPANCY RATE <i>As at 30 June 2015</i>	98.1%
WEIGHTED AVERAGE LEASE EXPIRY <i>As at 30 June 2015</i>	5.8 years
KEY TENANTS	Nafco, 109 Cinemas, Himaraya, York Mart, Nojima, Academia, Sanki, Play Land, Uniqlo, Muji, Matsumoto Kiyoshi, Toys 'R' Us

### FY2015 NET PROPERTY INCOME

JPY1,453.4m

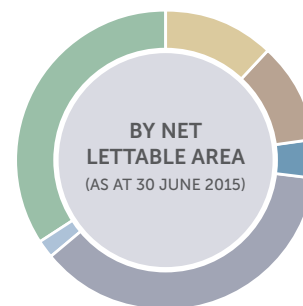
As at 30 June 2015

#### MALLAGE SHOBU

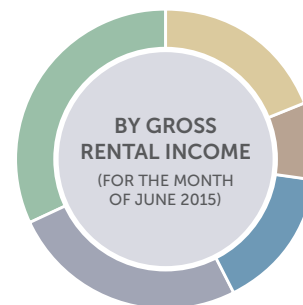
Mallage Shobu has blazed a trail for itself through unparalleled branding and a uniquely suburban retail experience.



## TRADE SECTOR ANALYSIS (%)



- 34% Fashion
- 12% Restaurant & Food
- 11% Entertainment
- 4% Services
- 37% General Merchandise
- 2% Vacancies



- 35% Fashion
- 21% Restaurant & Food
- 9% Entertainment
- 7% Services
- 28% General Merchandise

PROPERTY  
OVERVIEW



# ONE'S MALL



FOR THE  
YOUNG &  
YOUNG  
AT HEART

**ONE'S MALL** opened to the public in 2000. It is one of the largest retail malls in Chiba, a city that is 40km southeast of Tokyo. Comprising a large scale shopping mall with 53 retail tenants across a sales area of around 53,000 sq m, it has easy access to major transportation routes by train (three major train lines are within proximity) and by road (a major arterial road of the Chiba prefecture).

One's Mall features an attractive tenant mix, consisting of a supermarket, a sports club with spa, a furniture store and a major toy chain, which caters well to the needs of the nearby residential population, health-conscious people, and families with children.



## PROPERTY INFORMATION

ADDRESS	330-50, Naganumacho, Inage-ku, Chiba-shi, Chiba-ken
YEAR OF COMPLETION	2000
TITLE	Freehold
NLA	52,849 sq m
VALUATION	JPY12,000 million (Based on valuation by DTZ as at 30 June 2015)
FY2015 ACTUAL NET PROPERTY INCOME (NPI) <i>From 1 July 2014 to 30 June 2015</i>	JPY469.6 million
PURCHASE PRICE	JPY11,000 million
ANNUALISED NPI YIELD <i>(Based on annualising the Actual NPI divided by the purchase price)</i>	6.0%
OCCUPANCY RATE <i>As at 30 June 2015</i>	99.6%
WEIGHTED AVERAGE LEASE EXPIRY <i>As at 30 June 2015</i>	4.9 years
KEY TENANTS	Daiei, Central Sports, Toys 'R' Us, Nitori, Sports DEPO, Tam Tam

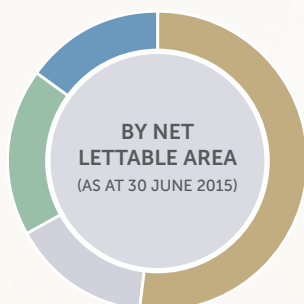
## FY2015 NET PROPERTY INCOME

# JPY469.6m

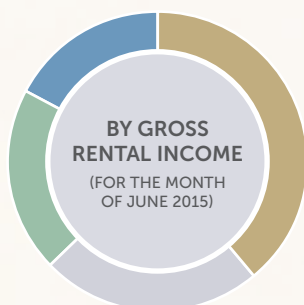
As at 30 June 2015



## TRADE SECTOR ANALYSIS (%)



- 15% Fashion
- 52% Restaurant & Food
- 15% Services
- 18% General Merchandise



- 17% Fashion
- 39% Restaurant & Food
- 24% Services
- 20% General Merchandise

### ONE'S MALL

With its easy accessibility to major transportation routes and a fascinating mix of tenants, One's Mall has a wide appeal to surrounding communities.

# WHERE IT ALL

# HAPPENS



1. Mallage Shobu, 2. Aeon Town Moriya 3. Aeon Town Suzuka, 4. Croesus Tachikawa, 5. Croesus Shinsaibashi

## LEASE STRUCTURE AND PROFILE

There are generally two types of leases in Japan, namely, Fixed-Term Leases and Standard Leases. Fixed-Term Leases have prescribed terms and cannot be renewed automatically at the option of the tenant at the end of the term. In comparison, Standard Leases are renewable at the option of the tenant, and rental rates determined upon renewal are subject to negotiation between the tenant and the landlord.

The following table is a lease type profile of the tenancies in CRT as a percentage of total Gross Rental Income ("GRI") for the month of June 2015. A substantial portion of CRT's GRI is derived from Fixed Term Leases. This gives CRT greater flexibility to adjust rental income and tenant composition, and also allows the Trust to share any income upside with its tenants.

LEASE TYPE	NUMBER	TENANCIES AS A % OF TOTAL GRI
Fixed-Term Lease	303	60.0%
Standard Lease	21	40.0%
<b>TOTAL</b>	<b>324</b>	<b>100.0%</b>

## MALL OCCUPANCY

The average portfolio occupancy as at 30 June 2015 is 99.3%.

PROPERTY	FY2016
Aeon Town Moriya	100%
Aeon Town Suzuka	100%
Croesus Shinsaibashi	100%
Croesus Tachikawa	100%
Luz Omori	96.8%
Mallage Shobu	98.1%
One's Mall	99.6%
<b>AVERAGE PORTFOLIO OCCUPANCY</b>	<b>99.3%</b>

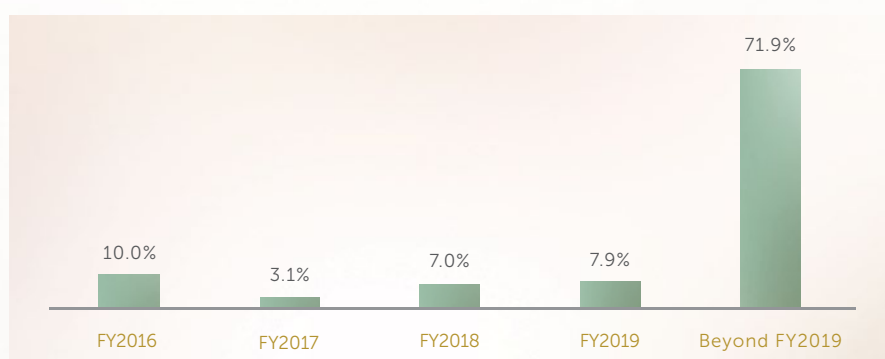


## LEASE EXPIRY PROFILES OF CRT'S PORTFOLIO FOR THE MONTH OF JUNE 2015

CRT PORTFOLIO	FY2016	FY2017	FY2018	FY2019	BEYOND FY2019
Number of leases expiring	62	34	46	21	161
Total NLA of expiring leases (sq m)	14,819	4,910	10,275	12,666	206,572
NLA of expiring leases as a % of the portfolio's NLA	5.9%	2.0%	4.1%	5.0%	82.3%
GRI of expiring leases as a % of the portfolio's GRI	10.0%	3.1%	7.0%	7.9%	71.9%

The weighted average lease duration to expiry ("WALE") as at 30 June 2015 by NLA for CRT's portfolio of properties was 8.6 years.

## LEASE EXPIRY PROFILES AS PERCENTAGE OF TOTAL GRI FOR THE MONTH OF JUNE 2015



## TOP TEN TENANTS BY GROSS RENTAL INCOME

The top ten largest tenants in CRT's portfolio accounted for 53.1% of the total GRI for the month of June 2015. Our largest tenant, Aeon Town, one of Japan's leading developers and manager of shopping malls, supermarkets and restaurants, accounted for 24.6% of the portfolio GRI in June 2015.

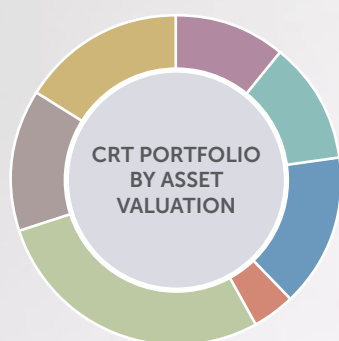
TENANT	PORTFOLIO ASSET	TRADE SECTOR	PROPORTION OF TOTAL MONTHLY GRI
Aeon Town	Aeon Town Moriya & Aeon Town Suzuka	-	24.6%
H&M	Croesus Shinsaibashi	Fashion	5.9%
Daiei <sup>1</sup>	One's Mall	Consumer Goods	5.8%
Nexus Holdings	Croesus Tachikawa	Entertainment	4.4%
Central Sports	One's Mall	Sporting Goods	2.8%
Sumitomo Mitsui Trust Bank	Croesus Tachikawa	Service	2.7%
Toys 'R' Us	Mallage Shobu & One's Mall	General Merchandise	2.3%
Play Land	Mallage Shobu	Entertainment	1.7%
Nafco	Mallage Shobu	Home Furnishing, Home Centre	1.6%
109 Cinemas	Mallage Shobu	Entertainment	1.3%



1. Daiei is a fully owned subsidiary of Aeon Co. Ltd.

# OPERATIONAL & FINANCIAL REVIEW

## CRT PORTFOLIO BY ASSET VALUATION<sup>2</sup>



16%	Aeon Town Moriya
11%	Aeon Town Suzuka
12%	Croesus Shinsaibashi
15%	Croesus Tachikawa
4%	Luz Omori
28%	Mallage Shobu
14%	One's Mall

## INCREASE IN ASSET PORTFOLIO VALUATION

PROPERTY	PRIOR VALUATION (JPY MM) <sup>1</sup>	VALUATION (JPY MM) AS AT 30 JUNE 2015 <sup>2</sup>	CHANGE IN VALUATION
Aeon Town Moriya	13,000	14,400	+10.8%
Aeon Town Suzuka	8,970	9,650	+7.6%
Croesus Shinsaibashi	9,940	10,700	+7.6%
Croesus Tachikawa	11,700	12,800	+9.4%
Luz Omori	3,560	3,880	+9.0%
Mallage Shobu	22,700	24,500	+7.9%
One's Mall	11,600	12,000	+3.4%
<b>TOTAL PORTFOLIO</b>	<b>81,470</b>	<b>87,930</b>	<b>+7.9%</b>

## FINANCIAL OVERVIEW

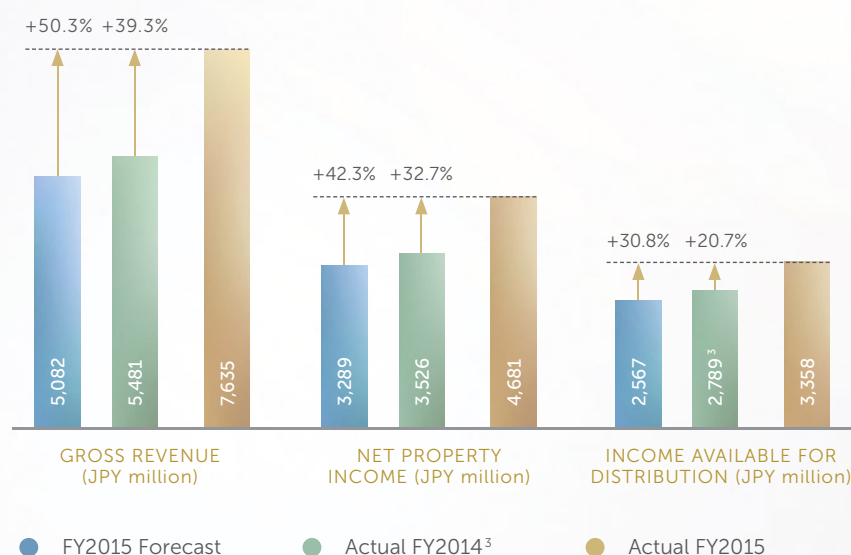
Gross revenue for FY2015 amounted to JPY7,635 million, exceeding the forecast by 50.3% and the prior year by 39.3% due to the acquisitions of Luz Omori and Croesus Tachikawa on 6 March 2014 and One's Mall on 16 October 2014.

NPI for FY2015 was JPY4,681 million or 42.3% higher than forecasted and 32.7% higher than the corresponding prorated NPI for FY2014, due to the addition of properties stated above. However, the variance was partially offset by higher promotional and repair expenses stemming from the tenant renewals and asset enhancement exercise at Mallage Shobu.

Income available for distribution for FY2015 came in at JPY3,358 million or 30.8% above the forecast,

mainly as a result of increased NPI. Income available for distribution for FY2015 also rose 20.7% from the corresponding prorated result for FY2014. The lower positive variance

compared to that of NPI is due to higher finance costs incurred for the interest expense of MTN issued in January 2014 and prior year's prepaid property tax added back.

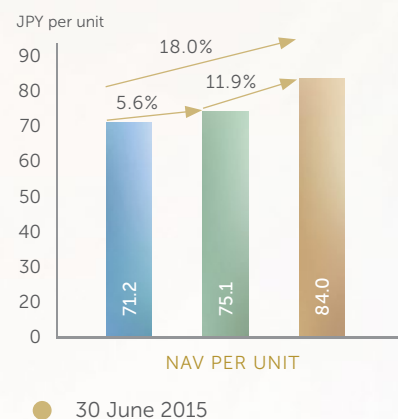
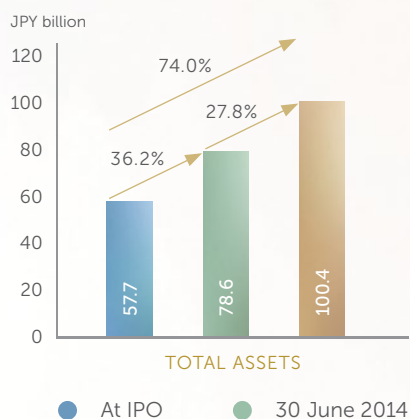


1. Valuations by independent valuer, DTZ, as at 30 June 2014 (see announcement dated 28 August 2014 for further details) for all properties except One's Mall and as at 31 July 2014 for One's Mall.
2. Valuations as at 30 June 2015 by independent valuer, CBRE, for all properties except One's Mall and by DTZ for One's Mall (see announcement dated 15 July 2015 for further details).
3. For a more meaningful comparison, the results from 1 July 2013 to 30 June 2014 (which are prorated to 365 days based on the actual results for the 417-day period from 10 May 2013 to 30 June 2014) are presented as the comparative period for the period from 1 July 2014 to 30 June 2015.



## TOTAL ASSETS AND NET ASSET VALUE

As at 30 June 2015, total assets of the Group grew 27.8% from JPY78.6 billion as at 30 June 2014 to JPY100.4 billion as at 30 June 2015. When compared to the Group's total assets of JPY57.7 billion as at CRT's listing date, the total asset size grew by 74.0%. Asset growth was achieved through the three acquisitions made since listing, and a 16.5% increase in portfolio valuation as at 30 June 2015 when compared to purchase price.



Net assets of the Group grew JPY11.2 billion, from JPY32.4 billion as at 30 June 2014 to JPY43.6 billion as at 30 June 2015. The Group's FY2015 net assets also grew by JPY13.3 billion from JPY30.3 billion recorded on CRT's listing date.

NAV per unit grew 11.9% from JPY75.1 per unit as at 30 June 2014 to JPY84.0 per unit as at 30 June 2015. When compared to CRT's listing date, the NAV per unit grew by 18.0% from JPY71.2 per unit to JPY84.0 per unit.

## FINAL DISTRIBUTION

Overall, DPU for FY2015 was 8.08 Singapore cents. This was an increase of 2.8% from FY2014's DPU of 7.86 Singapore cents, and exceeded

FY2015 forecast DPU of 7.49 Singapore cents by 7.9%. The fourth distribution payment of 3.92 Singapore cents for the period from 1 January 2015 to 30 June 2015 was paid on 28 September 2015 to Unitholders.

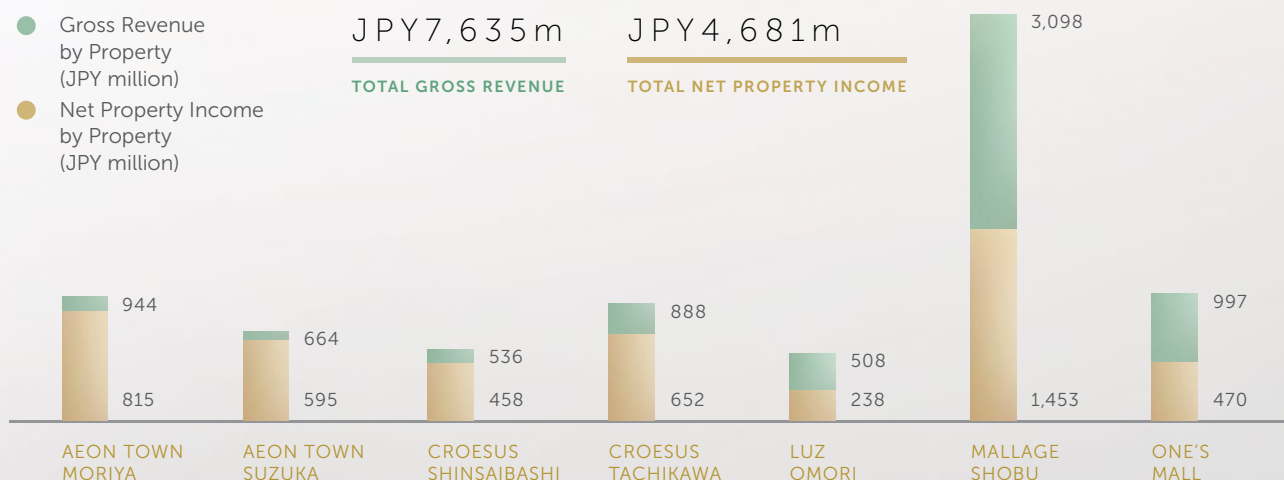
## DEBT PROFILE

CRT had financed its initial acquisition with a 5-year Japanese yen debt maturing in 2018 and the additional post-listing acquisitions with a 5-year Japanese yen debt maturing in 2019. In addition, additional financing was raised with the Singapore dollar 4.6% Fixed Rate Notes due 2017 (the "Notes") pursuant to CRT's US\$500 million Euro Medium Term Note Programme. In order to hedge its interest rate and foreign currency

exposure, CRT has entered into 5-year interest rate swaps for each of the Japanese Yen debt and has entered into 3-year transactions to swap its Singapore dollar proceeds from the Notes into Japanese yen at a Japanese yen fixed interest rate of 3.83% per annum.

CRT's total long-term borrowings stood at JPY46,840 million as at 30 June 2015, of which JPY9,138 million (or 19.5% of total borrowings) will mature in 2017. Driven by positive asset revaluations, CRT's gearing was reduced to 47.3% and the weighted average debt maturity was 2.9 years as at 30 June 2015. The interest coverage ratio for FY2015 was 3.8 times.

## FINANCIAL PERFORMANCE BY PROPERTY



# STAYING AHEAD

At CRT, we communicate regularly with analysts, investors, Unitholders and the media to keep them apprised of our corporate developments and financial performance, in a timely manner. Through the issuance of press releases, factsheets, and presentation slides in conjunction with our SGX announcements, we ensure that information that we publish is easily understood by our Unitholders.

In addition, we host teleconference sessions on the back of our first, second, and third quarter financial results, as well as physical briefings for our full-year results to answer any questions that sell-side analysts, brokers, fund managers and the media may have regarding our performance.

CRT is also an active participant in investor conferences, roadshows, as well as educational seminars.

In FY2015, we participated in numerous investor conferences and non-deal roadshows in five countries. In addition, we organised luncheons with institution investors, brokers and media to expand our network of contacts. We have also organised a familiarisation trip for investors, sell-side analysts and the media to our portfolio of properties located in the Greater Tokyo area. During the trip, they experienced the dynamic operations at Mallage Shobu, our largest mall located in the Saitama Prefecture, when it celebrated its Grand Renewal at the end of March 2015.

In April 2015, we co-organised our second Retail Investor Day with CIMB in Singapore to engage directly with retail investors, understand their views, and gather feedback on CRT. Besides a presentation of CRT's strategy, outlook and financial performance, we held a question and answer session where our senior management had the chance to





answer any questions that retail investors may have about CRT.

In June 2015, we organised our first press briefing in Tokyo, to familiarize the media on CRT's asset performance, growth prospects and investment strategies. The briefing was attended by ten media agencies and resulted in subsequent coverage in the local media.

In addition, we leverage on technology to communicate with our stakeholders, and broaden our reach to investors through our website. With frequent updates provided through industry news posts, as well as the timely upload of market announcements on the website, we seek to keep our Unitholders

updated on developments concerning the Trust, as well as the environment we operate in.

To date, CRT is under the coverage of five brokerages. In addition, CRT has managed to garner coverage from KGI Fraser in 2015, thereby reflecting the growing interest that the investment community has in CRT.



#### ANALYST COVERAGE AS AT 14 SEPTEMBER 2015:

BROKERAGE	ANALYST	RECOMMENDATION	TARGET PRICE
CIMB Research	Lock Mun Yee	Add	\$1.100
DBS Vickers Securities	Mervin Song	Hold	\$0.920
KGI Fraser	Wong Hong Wei	Buy	\$0.935
Phillip Securities	Tan Dehong	Buy	\$0.960
RHB Research	Jarick Seet	Buy	\$1.100

#### CONFERENCES AND ROADSHOWS ATTENDED:

DATE	EVENT	ORGANISER
2 July 2014	Phillip Securities Corporate Day	Phillips Securities (Singapore)
29 July 2014	DMG Non-deal Roadshow	DMG (Singapore)
28 August 2014	FY2014 Full year earnings briefing	CRT (Singapore)
3-4 September 2014	Mizuho Investment Conference	Mizuho (Tokyo, Japan)
27 October 2014	Inaugural AGM	CRT (Singapore)
12 November 2014	1Q FY2015 Earnings call	CRT via teleconference
12 November 2014	Goldman Sachs Non-deal Roadshow	Goldman Sachs (Singapore)
13 January 2015	RHB OSK DMG Asean Corporate Day	RHB (Singapore)
15 January 2015	RHB OSK DMG Asean Corporate Day	RHB (Kuala Lumpur, Malaysia)
11 February 2015	2Q FY2015 Earnings call	CRT via teleconference
15 April 2015	Presentation to RHB trading reps	RHB (Singapore)
21 April 2015	RHB Signature Conference	RHB (Phuket, Thailand)
23 April 2015	Retail Investor Day with CIMB	CIMB (Singapore)
14 May 2015	3Q FY2015 Earnings call	CRT via teleconference
15 May 2015	Daiwa Securities Non-deal Roadshow	Daiwa Securities (Singapore)
18 May 2015	Daiwa Securities Non-deal Roadshow	Daiwa Securities (Hong Kong)
4-5 June 2015	Citi Asean Investor Conference	Citi (Singapore)
30 June 2015	Media Briefing to Japanese Press	CRT (Tokyo, Japan)
24 August 2015	SGX-REITAS Presentation to retail investors	SGX & REITAS (Singapore)
26 August 2015	FY2015 Full Year Earnings Briefing	CRT (Singapore)
1 September 2015	REITAS Citi Investor Forum	Citi & REITAS (Singapore)
26 October 2015	Annual General Meeting	CRT (Singapore)

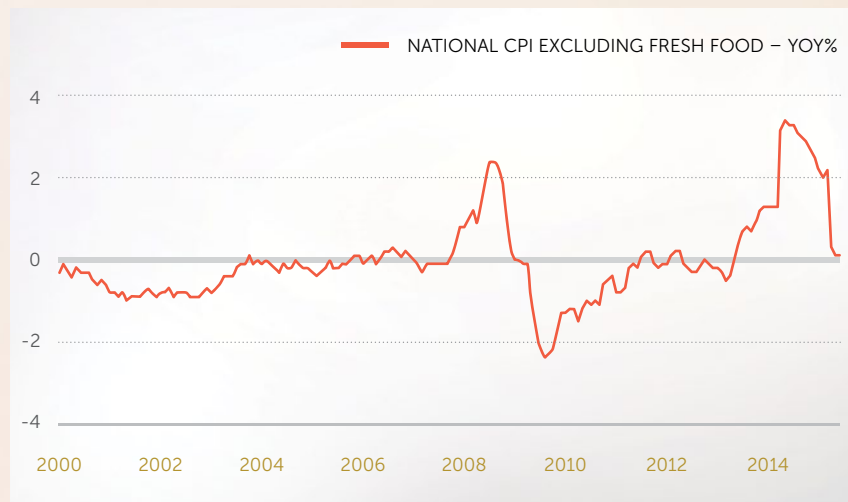
## MARKET OVERVIEW

### A BROAD LOOK AT JAPAN'S ECONOMY

Japan is expected to register a 1.5%<sup>1</sup> economic expansion rate for 2015, following Prime Minister Shinzo Abe's efforts to shore up the economy after decades of deflation. The introduction of a series of monetary stimulus programmes and quantitative easing policies over the past year have resulted in a softer Japanese Yen, boosting Japan's domestic export industries, creating greater profitability and new jobs in the economy as a whole. Japan's gross domestic product ("GDP") contracted by an annualised 1.2% in the second quarter of 2015, less than had been expected<sup>2</sup>. This is the first quarter of contraction following a six-month expansion since October 2014. The contraction was due mainly to a slowdown in demand from China, and temporary adverse weather conditions, which hurt exports and private consumption trends. According to the Japan External Trade Organization, Japan's exports to China receded 11% year-on-year on a dollar basis in the first six months of the fiscal year 2015. This led to Japan's total exports declining an annualised rate of 16.5%<sup>3</sup> in the April-June quarter.

However, firm economic sentiment, stemming from the policies of Abenomics, is expected to remain a strong driving force behind Japan's economy. An overall pick up of corporate activity in the country also lends support to a positive economic outlook, with economists expecting an uptick in GDP for the July-September quarter. Consumer spending also continues to be on an uptrend, with Japan posting a 0.1%<sup>4</sup> year-on-year increase in its Consumer Price Index (CPI) in June 2015.

FIGURE 1: YEAR-ON-YEAR PERCENTAGE CHANGE ON JAPAN'S CONSUMER PRICE INDEX (PUBLISHED ON 31 JULY 2015)



Source: Ministry of Internal Affairs and Communication, Japan Micro Advisors

### RETAIL SCENE SHOWING PROMISE

In previous decades, many international retailers did not view Japan as a top priority market. However, the world's fourth largest economy is now seeing a revival of interest.

According to a Cushman & Wakefield poll published in June 2015 and based on the responses of 90 international retailers, it was revealed that 65%<sup>5</sup> of retailers had changed their stance on Japan over the last 12 months and are now looking at the market again, while 45%<sup>5</sup> of the pool have since taken positive action by either acquiring new stores or buying back existing franchise businesses.

Economic data has also been promising on this front, with retail sales in Japan rising 0.9%<sup>6</sup> in the year to June, outperforming the median market forecast of a 0.5%<sup>6</sup> gain.

### BURGEONING TOURISM

The sharp depreciation of the Japanese Yen against global currencies has made Japan an increasingly popular tourism hotspot. Once viewed as an expensive holiday destination, the country has now become more affordable to foreign visitors. Notably, comparing June 2014 to June 2015, Japan saw much success in drawing Chinese tourists and enjoyed a 113%<sup>5</sup> increase in arrivals from the world's most populous nation. Over the same period, tourist flows from Hong Kong, Korea and Singapore also rapidly rose, growing 58%, 57% and 32%<sup>5</sup>, respectively, and boding well for Japan's retail scene.

1. Reuters, "Japan expects 1.5 percent growth in fiscal 2015 as economy bounces back", 12 January 2015.  
2. CNBC, "Japan's Q2 GDP revised up but pressure on Abe, BoJ remains".  
3. The Wall Street Journal, "5 Takeaways from Japan's GDP Data", 16 August 2015.  
4. Reuters, "Japan spending slump heightens chance of second quarter contraction", 31 July 2015.  
5. Cushman & Wakefield, "The Center of Retail Blog", 24 June 2015.  
6. The Straits Times, "Japan retail sales rise modestly, consumption outlook murky", 29 July 2015.



### BOARD OF DIRECTORS

#### Chairman and Independent Director

Mr Lim Teck Leong David

#### Executive Director and Chief

##### Executive Officer

Mr Jim Chang Cheng-Wen

#### Independent Directors

Mr Eng Meng Leong

Mr Quah Ban Huat

#### Non-Executive Director

Mr Yong Chao Hsien Jeremy

#### Company Secretary

Ms Kim Yi Hwa

### AUDIT AND RISK COMMITTEE

#### Chairman

Mr Eng Meng Leong

#### Members

Mr Quah Ban Huat

Mr Lim Teck Leong David

### REGISTERED OFFICE

#### Croesus Retail Asset Management Pte. Ltd.

50 Raffles Place

#25-03 Singapore Land Tower

Singapore 048623

Tel: +65 6713 9550

Fax: +65 6532 4780

Website: [www.croesusretailtrust.com](http://www.croesusretailtrust.com)

### TRUSTEE - MANAGER

#### Croesus Retail Asset Management Pte. Ltd.

50 Raffles Place

#25-03 Singapore Land Tower

Singapore 048623

Company Registration No.:

201205175K

### UNIT REGISTRAR AND UNIT TRANSFER OFFICE

#### Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

Tel: +65 6536 5355

Fax: +65 6536 1360

### INDEPENDENT AUDITOR

#### Ernst & Young LLP

One Raffles Quay (North Tower)

#18-01 Singapore 048583

Audit Partner in Charge:

Mr Nelson Chen

Date of Appointment: 3 May 2013

(for the financial year ended

30 June 2015)

# CORPORATE GOVERNANCE

CRT is a business trust constituted on 7 May 2012 under the Business Trusts Act, Chapter 31A of Singapore (the "BTA"). CRT was listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 10 May 2013.

CRT is managed by Croesus Retail Asset Management Pte. Ltd. (the "Trustee-Manager") under the trust deed constituting CRT dated 7 May 2012, as amended by the first amending and restating deed dated 29 June 2012, the second amending and restating deed dated 7 November 2012, the third amending and restating deed dated 24 April 2013 and the fourth amending and restating deed dated 30 April 2013 (collectively, the "Trust Deed"). Aside from the Trust Deed, CRT is also principally regulated by:

- (a) the Securities and Futures Act, Chapter 289 of Singapore (the "SFA");
- (b) the BTA;
- (c) the Business Trusts Regulations (the "BTR"); and
- (d) the listing manual of the SGX-ST (the "Listing Manual").

The Trustee-Manager is committed to upholding high standards of corporate governance, business integrity and professionalism in all its activities and has adopted corporate governance practices which are in line with the Singapore Code of Corporate Governance 2012 (the "Code") throughout the financial year ended 30 June 2015. This statement sets out the corporate governance practices of CRT as at 30 June 2015 with reference to the Code. Where there are deviations from the Code, appropriate explanations are provided. The Trustee-Manager also ensures that all applicable laws, rules and regulations including the SFA, the Listing Manual and the BTA including the relevant regulations thereunder, are duly complied with.

## BOARD'S CONDUCT OF ITS AFFAIRS

*Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.*

The Board of Directors of the Trustee-Manager (the "Board") is responsible for the overall corporate governance of the Trustee-Manager.

The principal functions of the Board are:

1. providing entrepreneurial leadership and setting strategic business direction, approving board policies, key operational initiatives, financial objectives and monitoring the performance of management;
2. establishing a system of internal controls and a business risk management process to assess and manage financial, operational, compliance and information technology risks and safeguarding the unitholders of CRT ("Unitholders") interests and assets of CRT;
3. ensuring compliance with the applicable laws, regulations, policies and guidelines;
4. approving annual budgets, investments, divestment proposals and monitoring operations;
5. setting the Trustee-Manager's values and standards and ensuring that obligations to Unitholders and other stakeholders are understood and met; and
6. ensuring accurate, adequate and timely reporting to, and communication with Unitholders.

The directors of the Trustee-Manager (the "Directors") oversee the affairs of the Trustee-Manager and participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and appointment of Directors.



All the Directors discharge their duties and responsibilities objectively at all times, in the best interests of Unitholders.

To assist the Board in the discharge of its functions, the Board is supported by the Audit and Risk Committee (the "ARC"). All matters discussed and agreed at the ARC meetings are presented to the Board for endorsement before implementation. Information on the ARC and its terms of reference can be found in the subsequent sections of this report.

The Board meets regularly, at least once every quarter, and more often if necessary, to review the performance of CRT and to deliberate and approve investment proposals submitted by Management. The annual budget is subject to approval by the Board. The Board also reviews and approves the release of quarterly and full-year results of CRT. In addition, the Board reviews the adequacy and effectiveness of CRT's internal controls and risk management practices. The Board meetings are scheduled well in advance and where expedient, participation by the Directors in meetings by way of telephone or video conference is also permitted by the Trustee-Manager's Articles of Association.

The attendance of the Directors at meetings of the Board and the ARC for FY2015 is as follows:

		Board	ARC
Number of meetings held in FY2015		6	5
<b>BOARD MEMBERS</b>	<b>MEMBERSHIP</b>		
<b>Mr Lim Teck Leong David</b> (Appointed on 22 October 2012) (Last re-elected on 31 October 2013)	Chairman, Independent Director and Member of the ARC	5	5
<b>Mr Jim Chang Cheng-Wen</b> (Appointed on 8 March 2012) (Last re-elected on 31 October 2013)	Executive Director and Chief Executive Officer	6	Not Applicable
<b>Mr Eng Meng Leong</b> (Appointed on 22 October 2012) (Last re-elected on 11 November 2014)	Independent Director and Chairman of the ARC	6	5
<b>Mr Quah Ban Huat</b> (Appointed on 22 October 2012) (Last re-elected on 31 October 2013)	Independent Director and Member of the ARC	6	5
<b>Mr Yong Chao Hsien Jeremy</b> (Appointed on 1 March 2012) (Last re-elected on 11 November 2014)	Non-Executive Director	6	Not Applicable

The Trustee-Manager has in place internal procedures for matters that require the Board's approval. Some matters are reserved for the Board's approval and these matters include:

- matters involving overall corporate strategy and changes to the corporate structure;
- matters involving acquisitions and investments exceeding certain threshold limits and any divestments;
- matters involving funding strategy and annual budget;
- matters involving financial reporting and distributions;
- transactions between Trustee-Manager on behalf of CRT and any of its related parties; and
- matters specified under the Listing Manual, the BTA or other relevant laws and regulations.

# CORPORATE GOVERNANCE

The Board has approved a set of internal controls which sets out approval limits for capital expenditure, investments and divestments and bank borrowings as well as arrangements in relation to cheque signatories. In addition, sub-limits are also delegated to various management levels to facilitate operational efficiency.

The Trustee-Manager issues formal letters to new Directors upon their appointment, setting out various information including their duties, obligations and responsibilities as Directors. As part of the orientation programme, each Director would be briefed and furnished with a legal and regulatory compliance manual prepared by professional advisers. To familiarise the Directors with the business and operations of CRT and its subsidiaries (the "Group"), a site visit to CRT's properties in Japan was also conducted. As part of continuous training, the Directors receive periodic briefings and updates by the professional advisers, auditors and Management on relevant practices, new laws, rules and regulations, changes to accounting standards, industry developments, business initiatives and risk management issues applicable and relevant to the performance of their duties and responsibilities as Directors. To stay abreast with recent developments, the Directors are encouraged to attend other appropriate courses, training programmes, conferences and seminars on matters that affect or may enhance their performance as Board or ARC members. The Trustee-Manager allocates a budget for arranging and funding the training of the Directors.

There was no new Director appointed in FY2015.

## **BOARD COMPOSITION AND GUIDANCE**

*Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The Board consists of five members, three of whom are independent. The Chairman of the Board is Mr. Lim Teck Leong David.

The composition of the Board complies with the requirements of the BTA and BTR and is determined on the following principles:

- at least a majority of the Directors shall be independent from the Management and business relationships with the Trustee-Manager;
- at least one-third of the Directors shall be independent from the Management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
- at least a majority of the Directors shall be independent from any single substantial shareholder of the Trustee-Manager.

In addition to compliance with requirements under the BTA and BTR, the composition of the Board is determined using the following principles:

- the Chairman of the Board should be a Non-Executive Director; and
- the Board should comprise Directors with a broad range of commercial experience including expertise in funds management and the property industry.

The Board conducts an annual review of the independence of the Directors for the purposes of the BTA and Regulation 12 of the BTR and determined that each of Mr. Lim Teck Leong David, Mr. Eng Meng Leong and Mr. Quah Ban Huat is independent from the Management and business relationships with the Trustee-Manager, and independent from every substantial shareholder of the Trustee-Manager. All the independent directors are able to exercise independent judgement on the business activities of CRT.

Mr. Jim Chang Cheng-Wen is considered to be a Non-Independent Executive Director as he is the Chief Executive Officer of the Trustee-Manager and he has a 51% interest in Croesus Merchants International Pte. Ltd. ("CMI" or the "Sponsor"), one of the indirect shareholders of the Trustee-Manager.

Mr. Yong Chao Hsien Jeremy is considered to be a Non-Independent Non-Executive Director as he has a 49% interest in CMI.

The profiles of the Directors are set out on pages 14 to 15 of this Report to Unitholders.



Each Director has been appointed based on his professional experience and potential to contribute to the proper guidance of CRT. The current composition of the Board includes a diversity of expertise and knowledge in areas such as real estate, accounting, finance, legal, tax, strategic planning and business management. This enables the Management of the Trustee-Manager to benefit from their external, diverse and objective perspectives on issues brought before the Board. There is a healthy interaction between the Board and Management, with a robust exchange of ideas and views.

The size and composition of the Board (including the independence of the existing independent Directors) is reviewed at least once annually to ensure that the Board has the appropriate mix of expertise, experience and industry specific knowledge, and to ensure a strong presence of independence on the Board so that it is able to exercise objective judgement on corporate affairs independently. The Board is of the view that the current number of Directors and composition are appropriate, balanced and effective, taking into consideration the scope and nature of operations of the Group.

The Non-Executive Directors (including the Independent Directors) review the performance of Management and they communicate and meet regularly without the presence of the Management.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

*Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives for managing the company's business. No one individual should represent a considerable concentration of power.*

The positions of Chairman of the Board and Chief Executive Officer are separately held by two persons in order to ensure a balance of power and authority and to maintain an effective check and balance. The Chairman of the Board is Mr. Lim Teck Leong David while the Chief Executive Officer is Mr. Jim Chang Cheng-Wen. The Chairman and the Chief Executive Officer are not related to each other.

There is clear separation in the roles and responsibilities between the Chairman and the Chief Executive Officer.

The Chairman is responsible for the overall management of the Board and ensuring effective discharge of the Board's duties (including ensuring sufficient and timely information is provided to all Directors). At the same time, the Chairman ensures that all Directors and the Management work together with integrity and competency and engage the Management in constructive debate on strategy, business operations, risk management and other plans and activities.

The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of CRT.

## **BOARD MEMBERSHIP**

*Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.*

The Trustee-Manager does not consider it necessary for the Board to establish a separate committee to perform the functions of a Nominating Committee, given the scale of the existing operations of the Group and the Trustee-Manager is not itself a listed entity. The Trustee-Manager, and not CRT, appoints all the Directors.

# CORPORATE GOVERNANCE

The Board retains the responsibility of identification, review and appointment of suitable candidates to join the Board as its members, taking into consideration the skill, experience, ability, independence and needs of the Board. The search for candidates to be appointed as new Directors is conducted through broad network of contacts. The following guidelines apply to selection and nomination of Directors:

- Integrity and values;
- Expertise that complement to the existing skill sets of Board members;
- Reputation and standing in the market;
- Ability to devote time in carrying out duties as a Board member;
- In the case of independent Directors, independence from the Management and substantial shareholder of the Trustee-Manager.

The Board also identifies candidates to fill vacancies on the Board as and when they arise.

The appointment of the Directors will continue until such time as they resign, are required to vacate their office as Directors, or are removed by way of an ordinary resolution of the shareholder of the Trustee-Manager, in each case, in accordance with the Articles of Association of the Trustee-Manager. Under the Articles of Association, all the Directors shall retire from office at the first annual general meeting of the Trustee-Manager and in every subsequent year, one-third of the directors shall retire from office at the annual general meeting of the Trustee-Manager.

From time to time, new Directors may be identified for appointment, if necessary, to complement the experience and competency of the existing members of the Board.

## BOARD PERFORMANCE

*Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.*

A review of the Board and Board committee performance is done annually where each Board member and ARC member is required to complete evaluation questionnaires. The performance criteria for the evaluation covers amongst other criteria, the composition, structure, processes, access to information, corporate strategy, internal controls, risk management and standard of conduct of the Board and its committee. The completed evaluation questionnaires are collated, evaluated and discussed by the Board for any need on changes or improvements to be made to help the Board and the ARC discharge their duties more effectively. Based on the review process, the Board is satisfied with the effectiveness of the Board as a whole and its board committees.

Although the Directors have other listed company board representations and principal commitments, the Board has determined that the individual Directors have devoted sufficient time and attention towards the discharge of their duties and responsibilities as Directors and towards the affairs of CRT, having regard to, *inter alia*, the contribution by each Director to and during Board and Board committee meetings, as well as their attendance at such meetings. The Board is of the view that such appointments would not hinder the Directors from carrying out their duties as Directors of the Trustee-Manager and therefore, believes that it would not be necessary to prescribe a maximum number of listed company board representations that a Director may hold. However, the Board will continue to review from time to time the board representations and other principal commitments of each Director as well as their contributions to the affairs of CRT to ensure that the Directors continue to meet the demands of the Trustee-Manager and CRT, and are able to discharge their duties and responsibilities adequately.



## ACCESS TO INFORMATION

*Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

Management provides the Board with complete and adequate information on a monthly basis and prior to Board meetings. The information provided includes background or explanatory information relating to matters to be brought before the Board, industry updates and property operating results. In addition, at the quarterly Board meetings, the Management provides quarterly management accounts to the Directors to keep them updated on the financial and operational performance and position of CRT. Such reports may include a comparison of actuals against budgets and explanatory notes for significant variances for the quarter and year-to-date performance. The Directors are also updated on developments and changes in the operating environment, including changes if any, in the accounting standards as well as any other laws and regulations affecting CRT and/or the Trustee-Manager. Where the situation requires, the Directors are entitled to request for any additional information.

The Board has independent access to the Management, the company secretary of the Trustee-Manager (the "Company Secretary") and internal and external auditors, at all times. The Company Secretary attends all board meetings and assists the Chairman of the Board to ensure the information flows within and among the Board, the ARC and the Management. The appointment and removal of the Company Secretary is a matter to be decided by the Board.

The Trustee-Manager has procedures in place to enable the Directors to obtain independent professional advice as and when necessary, in furtherance of their duties, at the Trustee-Manager's expense. The appointment of such independent professional advisers is subject to approval by the Board.

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

*Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

### Level and Mix of Remuneration

*Principle 8: The level of remuneration should be aligned with the long-term interest and risk policies of the company and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

### Disclosure on Remuneration

*Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.*

The Trustee-Manager does not consider it necessary for the Board to establish a separate committee to perform the functions of a Remuneration Committee as all remuneration and compensation payable to the Directors and the Executive Officers of the Trustee-Manager in respect of services rendered to the Trustee-Manager are at the expense of the Trustee-Manager and not out of the property of CRT.

# CORPORATE GOVERNANCE

The Trustee-Manager is guided by industry benchmarks from other local and international companies, performance and profitability of CRT, and prevailing market conditions in setting the remuneration level of Executive Officers so as to be able to attract, motivate and retain staff. The performance conditions are tied to individual employee's performance and take into account the performance of CRT. The remuneration of Directors is bench-marked against companies in similar industries and of comparable scale. The Board is able to engage experts to provide advice in the field of executive compensation outside the Trustee-Manager, if the need for such advice arises. The Board has not engaged any such experts for FY2015.

The compensation paid to the Directors and Chief Executive Officer for services rendered to the Trustee-Manager on an individual basis in FY2015, and in remuneration bands, is as follows:

Directors	Directors' fees	Executive Remuneration
Mr Lim Teck Leong David	A	–
Mr Jim Chang Cheng-Wen	–	B
Mr Eng Meng Leong	A	–
Mr Quah Ban Huat	A	–
Mr Yong Chao Hsien Jeremy	A	–

Notes:

- "A" refers to remuneration below the equivalent of S\$250,000. "B" refers to remuneration between S\$250,000 and S\$500,000.
- The Trustee-Manager does not consider it necessary to disclose specific and breakdown of remuneration of each Director and the Chief Executive Officer as CRT does not bear their remuneration.

Mr. Jim Chang Cheng-Wen is an Executive Officer of the Trustee-Manager. As such, he was paid remuneration by the Trustee-Manager for his contribution as an Executive Officer and no director's fees were paid to him in FY2015.

The Trustee-Manager does not consider it necessary to disclose the top five Executive Officers' remuneration in bands of S\$250,000, including a breakdown and their aggregate remuneration as CRT does not bear their remuneration.

There are no employee option schemes currently in place in relation to CRT. There are also no existing or proposed service agreements entered into by the Directors or Executive Officers with the Trustee-Manager that provide for benefits upon termination or retirement or post-employment.

No compensation is payable to any Director or Executive Officer in the form of options in units or pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement under the service contracts.

No employee of the Trustee-Manager was an immediate family member of a Director or the Chief Executive Officer and whose remuneration exceeded S\$50,000 during FY2015.

## ACCOUNTABILITY AND AUDIT

### Accountability

*Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.*

The Board is responsible for presenting a balanced and comprehensive assessment of CRT's performance, position and prospects, including interim and other price sensitive public reports and reports to the regulators (if required). Financial reports and other price sensitive information are disseminated to Unitholders through announcements via SGXnet, press releases, CRT's website and media and briefings to analysts. The annual report to Unitholders is sent to all Unitholders and is made available on CRT's website.

Management provides the Board with information with quarterly management accounts and monthly updates on performance on a timely basis, in order that the Board may effectively discharge its duties and make a balanced and informed assessment of the performance, position and prospects of CRT.



## Risk Management and Internal Controls

*Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.*

The Trustee-Manager has appointed experienced and well-qualified management personnel to handle the day-to-day operations of the Trustee-Manager and CRT. The Management meets regularly to review the operation and performance of CRT. In assessing business risk, the Board will consider the economic environment and relevant risks related to the industry that is pertinent to CRT. It reviews management reports and feasibility studies on improvements to individual projects prior to approving major transactions.

The Trustee-Manager has put in place a sound risk management and internal control system, and procedures and processes to identify, prioritise and manage risks, provide reasonable assurance against misstatement of loss, maintain reliable and proper accounting records, comply with relevant regulations as well as safeguard the assets of CRT and Unitholders' interests.

During the period under review, the Trustee-Manager has identified CRT's strategic, operational, financial, information technology and compliance risks. These risks are prioritised based on risk appetite that the Board has adopted. Key risks are analysed and discussed more closely at the Board level whereas other risks are managed at management level and reported to the Board on an exception basis.

In relation to foreign exchange hedging transactions, (a) the Trustee-Manager will seek the approval of the Board on the policy and procedures for entering into any such transactions, and (b) the ARC will monitor the implementation of such policy and procedures, including reviewing the instruments, processes and practices in accordance with the policy approved by the Board.

The Trustee-Manager has also instituted / established the following:

- procedures to deal with conflicts of interest issues; and
- internal control system to ensure that all future interested person transactions will be undertaken on normal commercial terms and will not be prejudicial to the interests of CRT and its Unitholders.

At the end of the period, the Board, with assistance from the ARC, reviews the adequacy and effectiveness of existing controls implemented on the key risks.

Based on the existing practices and reviews conducted by the Management and CRT's internal auditors and external auditors, the Board opines, with concurrence from the ARC, that existing internal controls in place and the existing risk management system are adequate and effective to address strategic, financial, operational, information technology and compliance risks faced by CRT. The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of CRT's operations and finances and that CRT's risk management and internal control systems are adequate and effective.

Please refer to the Risk Management section of this report for more information on the key risk management activities undertaken by the Trustee-Manager.

## Audit Committee

*Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.*

The current ARC comprises Mr. Eng Meng Leong, Mr. Quah Ban Huat and Mr. Lim Teck Leong David. Mr. Eng Meng Leong is the Chairman of the ARC. All members of the ARC are Independent and Non-Executive Directors.

The Board is of the view that the members of the ARC are appropriately qualified to discharge their responsibilities and all its members have accounting or related financial management expertise or experience.

# CORPORATE GOVERNANCE

The role of the ARC is to monitor and evaluate the effectiveness of the Trustee-Manager's internal controls. The ARC's responsibilities include, but are not limited to, the following:

1. monitoring:
  - (a) the procedures established to regulate interested person transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions"; and
  - (b) the procedures established to ensure compliance with applicable legislation and the Listing Manual;
2. deliberating on conflicts of interest situations involving CRT;
3. ensuring that the accounting function is adequately resourced;
4. reviewing with the internal and external auditors of CRT:
  - (a) the audit plans of CRT;
  - (b) the auditors' evaluation of the system of internal accounting controls of the Trustee- Manager; and
  - (c) the auditors' audit reports for CRT;
5. reviewing:
  - (a) the assistance given by the officers of the Trustee-Manager to the auditors of CRT;
  - (b) the scope and results of the internal audit procedures put in place by the Trustee-Manager;
  - (c) the policies and practices put in place by the Trustee-Manager to ensure compliance with the BTA and the Trust Deed;
  - (d) the procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interests of the Unitholders and the interests of the Trustee-Manager, including interested person transactions, the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the property of the Trust ("Trust Property");
  - (e) arrangements by which staff and external parties may, in confidence, raise probable improprieties in matters of financial reporting or other matters, with the objective that arrangements are in place for the independent investigation of such matters and for appropriate follow up action;
  - (f) the system of internal controls including strategic, financial, operational, information technology, compliance controls and risk management processes;
  - (g) all hedging policies and instruments to be implemented by CRT;
  - (h) and approving the procedures for entry into any foreign exchange and interest hedging transactions and monitoring the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy for entering into foreign exchange hedging transactions;

- (i) transactions constituting interested person transactions; and
  - (j) the balance sheet and profit and loss account of the Trustee-Manager and the balance sheet, profit and loss account and cash flow statement of CRT submitted to it by the Trustee-Manager, and thereafter to submit them to the Board;
6. investigating any matters within the ARC's terms of reference, whenever it deems necessary;
  7. reporting to the Board:
    - (a) any inadequacies, deficiencies or matters of concern of which the ARC becomes aware or that it suspects arising from its review of the items referred to in sub-paragraphs (1) to (4) above;
    - (b) and any breach of the BTA or any breach of the provisions of the Trust Deed, of which the ARC becomes aware or that it suspects;
    - (c) and that prompt remedial action is taken by the Management;
  8. reporting to the Monetary Authority of Singapore ("MAS") if the ARC is of the view that the Board has not taken, or does not propose to take, appropriate action to deal with a matter reported under sub-paragraph (7) above; and
  9. nominating or removing a person or persons as auditor of CRT (including the review of their fees and scope of work), notwithstanding anything contained in the Trust Deed.

The ARC is authorised to investigate any matters within its terms of reference. The ARC is entitled to full access to and co-operation by the Management and has full discretion to invite any Director or Executive Officer of the Trustee-Manager to attend its meetings and has full access to resources to enable it to discharge its functions fully. The ARC is briefed and updated by external auditors on relevant changes to accounting standards and issues that have direct impact on financial statements. The ARC meets with the external auditors at least once a year to consider the results of the external auditor's independent reviews, without the presence of the Management.

During FY2015, the ARC has reviewed the quarterly and annual financial statements, the quality and reliability of information prepared for inclusion in financial reports, policies and practices put in place by Management, reviewed the volume and nature of interested person transactions, nominated and recommended the re-election of the external auditors and reviewed the adequacy of external audits in respect of cost, scope and performance. The ARC has reviewed the risk profiles and adequacy of the internal audit function, audit plans and scope and the effectiveness of the internal audit. The ARC has also met with the internal and external auditors, without the presence of the Management.

The aggregate amount of fees paid and payable by CRT to the external auditors for FY2015 was JPY53,703,000, comprising audit fees amounting to JPY26,106,000 and non-audit fees amounting to JPY27,597,000, of which JPY6,843,000 was incurred for the acquisition of One's Mall. The ARC has undertaken a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The external auditors have also confirmed their independence in this respect.

CRT has complied with Rules 712 and 715 of the Listing Manual in relation to the appointment of its external auditors. All of CRT's subsidiaries are audited by Ernst & Young LLP or by member firms of Ernst & Young, which are suitable audit firms to meet the Group's audit obligations.

CRT has in place a whistle blowing policy and channel that allows employees and external parties, in confidence, to report possible improprieties directly to the ARC. The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action to be taken.



# CORPORATE GOVERNANCE

## INTERNAL AUDIT

*Principle 13: The company should establish an internal audit function that is independent of the activities it audits.*

The Trustee-Manager has engaged KPMG Services Pte Ltd ("KPMG") as the internal auditors for the Group. The selection and appointment of the internal audit firm for CRT was determined by the ARC, and the internal audit plan for each financial year is approved by the ARC. The role of KPMG is to assist the ARC by providing assurance that the Management maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their continued effectiveness. KPMG reports functionally and administratively to the ARC.

The scope of the internal audit is intended to cover key aspects of CRT's internal controls established to address risks in the areas of finance, operations, compliance and information technology. The internal auditor's activities are guided by KPMG's global internal auditing methodology which is consistent with those of the International Professional Practice Framework of The Institute of Internal Auditors, Inc.. During the course of their work, the internal auditors are given full access to any documents, records or personnel.

The ARC is of the view that the internal auditor has adequate resources to perform its functions and is independent from the activities that it audits.

## COMMUNICATION WITH UNITHOLDERS

### Unitholder Rights

*Principle 14: Companies should treat all Unitholders fairly and equitably, and should recognise, protect and facilitate the exercise of Unitholders' rights, and continually review and update such governance arrangements.*

*Principle 15: Companies should actively engage their Unitholders and put in place an investor relations policy to promote regular, effective and fair communication with Unitholders.*

The Trustee-Manager has adopted an Investor Relations Policy to provide guidance on proper and consistent practices in relation to investor relations activities and to provide investors with well-informed investment information. The Trustee-Manager is committed to regular, timely and transparent communication with the investing community, in particular with its Unitholders. A dedicated Investor Relations person handles all communications with the investing community, analysts and the media.

Quarterly financial results are publicly available on CRT's and the SGX-ST's website. CRT's website (<http://www.croesusretailtrust.com>) also contains its disclosed financial information, reports to Unitholders, investor presentation slides, distribution notices, press releases and other material developments announced through SGX-ST's website.

The Management of the Trustee-Manager meets with analysts, institutional investors and fund managers regularly to promote CRT, communicate its business performance and developments and gather views and feedback. The Management also addresses queries raised by retail Unitholders via phone calls or emails. Such regular interaction allows the Management to consider feedback from investing community before formulating capital management strategies and Unitholders' resolutions.

More information on the Trustee-Manager's investor relations with Unitholders in FY2015 can be found on pages 40 to 41 of the Annual Report.

## CONDUCT OF UNITHOLDER MEETINGS

*Principle 16: Companies should encourage greater Unitholder participation at general meetings of Unitholders, and allow Unitholders the opportunity to communicate their views on various matters affecting the company.*

General meetings of Unitholders will be convened at least once a year in accordance with applicable laws and regulations and Unitholders will be allowed to vote in person or by proxy. There will be separate resolutions at general meetings on each distinct issue and the Chairman of the ARC will be present and available to address questions at the general meetings. The external auditors are also invited to address queries from the Unitholders regarding the audit.

All Unitholders will receive a copy of the Annual Report, and notice of annual general meeting of the Unitholders annually. Notice of the annual general meeting will also be advertised in a major newspaper in Singapore and will be made available on SGXnet.

## ADDITIONAL INFORMATION

### Risk Management

The Board is responsible for determining the overall risk strategy and risk governance and ensuring that Management implements sound risk management and internal control practices, supported by the ARC whose collective experience and knowledge serves to guide and challenge Management.

The Management has in place a sound system of risk management to enable them to make informed business decisions and to achieve business objectives.

The goal of risk management at CRT is to:

- create a culture of “proactive” risk management (e.g. identification, evaluation, treatment, monitoring, documentation and reporting of risks) in CRT, so as to minimise uncertainty and be able to react to events;
- define an ongoing and consistent process for identifying, evaluating, escalating, monitoring and reporting the significant risks faced by the business units, divisions, the executive and CRT;
- integrate and provide a unified picture of risk for the Management, the ARC and the Board;
- incorporate risk management considerations into CRT’s culture and strategic decision-making to improve corporate governance practices and stakeholder confidence;
- enhance business resilience, comply with regulatory obligations, protect assets and reputation, as well as the interests of CRT’s customers, partners, employees (if any) and Unitholders; and
- establish clear roles and responsibilities on escalation and communication of risks and opportunities.

This structured risk management approach seeks to encourage continuous improvement through regular assessment of the adequacy of CRT’s operations and processes in enabling CRT to meet its business goals and objectives.

The risk assessment is conducted at least quarterly and the risks identified are rated and documented in the risk register. The risk register is reported to the ARC quarterly for its review.

### Dealings in Units

The Trustee-Manager has adopted an internal compliance code of conduct with regard to dealings in securities of CRT in compliance with principles of Rule 1207(19) of the Listing Manual.

# CORPORATE GOVERNANCE

In general, the Trustee-Manager's policy encourages Directors and employees of the Trustee Manager to hold Units and not deal in such Units on short term considerations and also prohibits the Trustee-Manager, its Directors and employees from dealing in such Units:

- during the period commencing: (i) two weeks before the public announcement of CRT's quarterly results; and (ii) one month before the public announcement of CRT's annual results and (where applicable) any property valuations, and ending on the date of the announcement of the relevant results or, as the case may be, property valuations; and
- at any time while in possession of price sensitive information.

The Directors and employees of the Trustee-Manager are expected to observe insider-trading laws at all times.

Each Director and the Chief Executive Officer is required to give notice in writing to the Trustee-Manager of, among others, particulars of his interest in Units or of changes in the number of Units which he has an interest, within two business days in Singapore after the date on which the Director or Chief Executive Officer became a director or chief executive officer of the Trustee-Manager or the date on which he acquires an interest in the Units or he becomes aware of the occurrence of the event giving rise to changes in the number of Units which he has an interest.

The Trustee-Manager is required to announce to the SGX-ST the particulars of its holdings in the Units and any changes thereto as soon as practicable and in any case no later than the end of the business day following the day on which it acquires or, as the case may be, disposes of any Units.

## Material Contracts

There were no material contracts entered into by CRT or any of its subsidiaries that involve the interests of the Chief Executive Officer, any Director, any controlling Unitholder or any controlling shareholder of the Trustee-Manager during FY2015, except as disclosed on page 57 of this Report.

## Conflicts of Interest

The Trustee-Manager has instituted procedures to deal with conflicts of interest issues. Details of the procedures are set on page 67 of this Report.

## Interested Person Transactions

CRT is regulated by the Listing Manual and the BTA. The Listing Manual and the BTA regulate all interested person transactions. Depending on the materiality of the transaction, CRT may be required to make a public announcement of the transaction (pursuant to Rule 905 of the Listing Manual), or to make a public announcement of and to obtain Unitholders' prior approval for the transaction (pursuant to Rule 906 of the Listing Manual). Section 86 of the BTA further requires (a) the Board to make a written statement in accordance with the resolution of the Board and signed by not less than two Directors on behalf of the Board certifying that, *inter alia*, the interested person transaction is not detrimental to the interests of all the Unitholders as a whole based on the circumstances at the time of the transaction, and (b) the Chief Executive Officer to, in his or her personal capacity, make a written statement certifying that he or she is not aware of any violation of duties of the Trustee-Manager which would have a material adverse effect on the business of CRT and the interests of all the Unitholders as a whole. These statements must be annexed to the profit and loss accounts of CRT in its annual financial statements.

In addition to these written statements, Section 87 of the BTA also requires the Board to attach to CRT's profit and loss accounts, a statement of policies and practices in relation to the management and governance of CRT containing such information prescribed by Regulation 20 of the BTR which includes, *inter alia*, a description of measures put in place by the Trustee-Manager to review interested person transactions in relation to CRT.

The Trust Deed requires the Trustee-Manager to comply with the provisions of the Listing Manual relating to interested person transactions as well as the BTA and such other guidelines relating to interested person transactions as may be prescribed by the MAS or the SGX-ST applicable to business trusts.



The Trustee-Manager may at any time in the future seek an annual general mandate from the Unitholders pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with interested persons, and all transactions conducted under such a general mandate for the relevant financial year will not be subject to the requirements under Rules 905 and 906 of the Listing Manual. In seeking such an annual general mandate, the Trustee-Manager will appoint an independent financial adviser pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to whether the methods or procedures for determining the transaction prices of the transactions contemplated under the annual general mandate are sufficient in an effort to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of CRT and the Unitholders.

Both the Listing Manual and BTA requirements will have to be complied with in respect of a proposed interested person transaction which is *prima facie* governed by both sets of rules. Where matters concerning CRT relate to transactions entered or to be entered into by the Trustee-Manager for and on behalf of CRT with an "Interested Person" under the Listing Manual and/or the BTA, the Trustee-Manager is required to ensure that such transactions are conducted in accordance with applicable requirements of the Listing Manual, the BTA and/or such other applicable guidelines relating to the transaction in question.

The Trustee-Manager has established an internal control system to ensure that all future interested person transactions will be undertaken on normal commercial terms and will not be prejudicial to the interests of CRT and its Unitholders.

Further details on the Trustee-Manager's internal control system to monitor interested person transactions are set out on Page 68 of this Report.

The aggregate of transactions entered into with interested persons during FY2015 pursuant to Rule 907 of the Listing Manual is set out below. The Trust does not have a Unitholders' mandate under Rule 920 of the Listing Manual.

<b>Name of interested person</b>	<b>Aggregate value of all interested person transactions during the period under review (excluding transactions less than S\$100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920) JPY '000</b>	<b>Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)</b>
Croesus Retail Asset Management Pte. Ltd.		
– Management fee	555,112	
– Acquisition fee	79,200	Not Applicable

The fees and charges payable by CRT under the Trust Deed, which constitute an interested person transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the units at the initial public offering of CRT and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect CRT.

Please also see Related Party Transactions in Note 25 to the Financial Statements.

Save as disclosed above, during FY2015, there were no additional interested person transactions (excluding transactions of less than S\$100,000 each).

## Subscription of Units

During FY2015, an aggregate of 6,000,000 Units were issued to the Trustee-Manager as payment for management fees. As at 30 June 2015, the total number of Units in issue was 517,513,989.

## Environmental, Social and Governance Responsibility

The Trustee-Manager is committed to ensuring that its commercial activities have minimal impact on the environment and works towards ensuring that there are high standards in place to safeguard the safety and welfare of all the employees. The Trustee-Manager has in place a framework where various control measures have been implemented to minimise injuries in the workplace.

There are certain environmental initiatives that the Trustee-Manager has implemented at the property level. The Trustee-Manager makes it a point to save and limit electricity and water usage, as well as to proactively recycle garbage and waste at all of the retail properties. At Mallage Shobu, used cooking oil left over from restaurant and food court tenants are collected to ensure that the leftover oil is properly disposed of. In addition, 60 bathroom toilets at Aeon Town Moriya are now equipped with a water savings feature. There is also a battery recharger for two electric cars recently installed at Aeon Town Moriya for the convenience of customers.

At both Aeon Town Moriya and Mallage Shobu, all the common area lighting has been changed to light-emitting diode ("LED") light bulbs, which are more energy efficient and environmentally friendly. Going forward, the Trustee-Manager also plans to promote the use of LED lighting at the other properties in CRT's portfolio, including One's Mall.

As the Trustee-Manager aims towards delivering sustainable total returns to the Unitholders, the Trustee-Manager will align its sustainable business initiatives with its strategic business plans.

## Use of IPO Proceeds raised on Listing Date

The IPO Proceeds were utilized and announced on 10 May 2013 and a summary of the utilisation of proceeds from the initial public offering of CRT (the "IPO", and such proceeds, the "IPO Proceeds") was reported in the last Annual Report 2014.

As further announced on 27 February 2015, the remaining IPO Proceeds of JPY752.3 million is intended to be utilised or has been utilised as follows:

- (i) Approximately JPY717.3 million would be used for tenant replacements and asset enhancement initiatives to be carried out at Mallage Shobu. The asset enhancement initiatives are expected to take place over a period of approximately 12 months. An aggregate of approximately JPY101.8 million has been used as at 27 February 2015. The remaining amount of approximately JPY615.5 million for such asset enhancement initiatives is expected to be disbursed from time to time over a 12-month period; and
- (ii) An aggregate of approximately JPY35 million has been used to pay for the trust expenses of CRT.

The above use of proceeds was in line with the intended application as set out in the Prospectus of CRT dated 2 May 2013.

Further announcement to SGX-ST would be made when the remaining IPO Proceeds of approximately JPY615.5 million have been fully disbursed for the tenant replacements and asset enhancement initiatives at Mallage Shobu.

## Use of placement proceeds raised on 11 September 2014

The use of placement proceeds as at 30 June 2015 is summarised in the table below.

	Note	Actual <sup>(a)</sup> (JPY '000)
To partially finance the acquisition of the trust beneficiary interest relating to the investment properties		5,133,443
Issue expenses and transaction cost		526,353
General corporate and working capital purpose		373,414
Total use of proceeds		<u>6,033,210</u>

Note:

- (a) The actual use of proceeds disclosed in the announcement dated 16 October 2014 based on a S\$ to JPY exchange rate of S\$1.00 : JPY83.57 which was the actual exchange rate CRT exchanged the significant part of the proceeds.

As at 30 June 2015, JPY373,414,000 remains available for general corporate and working capital purposes by CRT.



# HITTING THE MARK

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# REPORT OF THE TRUSTEE-MANAGER

For the year ended 30 June 2015

The directors of Croesus Retail Asset Management Pte. Ltd. as Trustee-Manager of Croesus Retail Trust (the "Trust" and Croesus Retail Asset Management Pte. Ltd. as Trustee-Manager of the Trust, the "Trustee-Manager") and its subsidiaries (together referred to as the "Group"), are pleased to present their report to the unitholders of the Trust together with the audited consolidated financial statements of the Group for the year ended 30 June 2015, the balance sheet as at 30 June 2015 and the statement of changes in unitholders' funds of the Trust for the year ended 30 June 2015.

## DIRECTORS

The directors of the Trustee-Manager in office at the date of this report are as follows:

Mr Lim Teck Leong David (Chairman)  
Mr Jim Chang Cheng-Wen (Chief Executive Officer)  
Mr Yong Chao Hsien Jeremy  
Mr Eng Meng Leong  
Mr Quah Ban Huat

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE UNITS AND DEBENTURES

Except as described in paragraph below, neither at the end of nor at any time during the financial year was the Trustee-Manager a party to any arrangement where the objective was to enable any or all directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in, or debentures of, the Trust.

## DIRECTORS' INTERESTS IN UNITS AND DEBENTURES

According to the register of directors' unitholdings and for the purpose of Section 76 of the Business Trusts Act, Chapter 31A of Singapore (the "BTA"), only those directors as shown below hold units in, or debentures, of the Trust:

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Mr Lim Teck Leong David	–	–	–	1,450,000
Mr Jim Chang Cheng-Wen	–	–	5,659,000	5,984,000
Mr Yong Chao Hsien Jeremy	–	–	5,659,000	5,984,000

There was no change in any of the above-mentioned interests in the Trust between the end of the year and 21 July 2015.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in units, unit options, warrants or debentures of the Trust, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

# REPORT OF THE TRUSTEE-MANAGER

For the year ended 30 June 2015

## DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive a benefit in the Trust by reason of a contract made by the Trustee-Manager, on behalf of the Trust or a related corporation, with the director, or with a firm of which the director is a member or with a company in which the director has a substantial financial interest.

## UNIT OPTIONS

There were no options granted during the financial year to acquire unissued units in the Trust.

No units have been issued during the financial year by virtue of the exercise of options to take up unissued units in the Trust.

There were no unissued units in the Trust under option as at the end of the financial year.

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("ARC") comprises three independent directors. The members at the end of the financial year were as follows:

Mr Eng Meng Leong (Chairman)  
Mr Quah Ban Huat  
Mr Lim Teck Leong David

The ARC carried out its functions in accordance with Regulation 13(6) of the Business Trusts Regulations, including the following:

- reviewed the audit plans of the internal and external auditors of the Group, and reviewed the internal auditor's evaluation of the adequacy of the Group's system of internal accounting controls and the assistance given by the Group's management to the external and internal auditors.
- reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Trust before their submission to the board of directors (the "Board").
- reviewed effectiveness of the Group's material internal controls, including strategic, financial, operational, information technology and compliance controls and risk management via reviews carried out by the internal auditor.
- met with the external auditor and management in separate sessions to discuss any matters that these groups believe should be discussed privately with the ARC.
- reviewed the assistance provided by the Trustee-Manager's officers to the internal and external auditors.
- reviewed the policies and practices put in place by management.
- reviewed the cost effectiveness and the independence and objectivity of the external auditor.

# REPORT OF THE TRUSTEE - MANAGER

For the year ended 30 June 2015

## AUDIT AND RISK COMMITTEE (CONT'D)

- reviewed the nature and extent of non-audit services provided by the external auditor.
- recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit.
- reported actions and minutes of the ARC to the Board with such recommendations as the ARC considered appropriate.
- reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.
- recommending the appointment, re-appointment or removal of the external or internal auditors to the Board.
- investigating any matters within the ARC's terms of reference, whenever it deems necessary.
- undertaking such other functions as may be agreed to by the ARC and the Board.

The ARC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The ARC has recommended to the Board that the auditor, Ernst & Young LLP, be nominated for re-appointment as auditors of the Trust at the forthcoming Annual General Meeting of the unitholders. The ARC has also conducted a review of interested person transactions.

The ARC convened five meetings during FY2015 with full attendance from all members. The ARC has also met with internal and external auditor, without the presence of the Group's management, at least once a year.

## INDEPENDENT AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

For and on behalf of the Board of Directors of the Trustee-Manager,  
Croesus Retail Asset Management Pte. Ltd.,



Lim Teck Leong David  
Director



Jim Chang Cheng-Wen  
Director

16 September 2015



# STATEMENT BY THE TRUSTEE-MANAGER

For the year ended 30 June 2015

We, Lim Teck Leong David and Jim Chang Cheng-Wen, being two of the directors of Croesus Retail Asset Management Pte. Ltd. as trustee-manager of Croesus Retail Trust (the "Trust" and Croesus Retail Asset Management Pte. Ltd. as Trustee-Manager of the Trust, the "Trustee-Manager"), do hereby state that, in the opinion of the directors,

- (a) the accompanying balance sheet of the Trust and the consolidated financial statements of the Group as set out on pages 73 to 122 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Trust as at 30 June 2015, and of the financial performance of the business, consolidated statement of changes in unitholders' funds and consolidated statement of cash flows of the Group and the changes in unitholders' funds of the Trust for the year ended 30 June 2015 in accordance with the Singapore Business Trusts Act, Chapter 31A of Singapore and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfil, out of the trust property of the Trust, the liabilities of the Trust as and when they fall due.

For and on behalf of the Board of Directors of the Trustee-Manager,  
Croesus Retail Asset Management Pte. Ltd.,



Lim Teck Leong David  
Director



Jim Chang Cheng-Wen  
Director

16 September 2015

# TRUSTEE-MANAGER'S CERTIFICATE

For the year ended 30 June 2015

The directors of Croesus Retail Asset Management Pte. Ltd. as trustee-manager of Croesus Retail Trust (the "Trust" and Croesus Retail Asset Management Pte. Ltd. as Trustee-Manager of the Trust, the "Trustee-Manager") hereby certify that:

- the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Trust Deed of the Trust;
- the interested person transactions are not detrimental to the interests of all the unitholders of the Trust as a whole based on the circumstances at the time of the transactions; and
- the Board of Directors of the Trustee-Manager is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or the interest of all the unitholders of the Trust as a whole.

For and on behalf of the Board of Directors of the Trustee-Manager,  
Croesus Retail Asset Management Pte. Ltd.,



Lim Teck Leong David  
Director



Jim Chang Cheng-Wen  
Director

16 September 2015

# STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER

For the year ended 30 June 2015

In accordance with Section 86 of the Business Trusts Act, Chapter 31A of Singapore, I, the Chief Executive Officer of Croesus Retail Asset Management Pte. Ltd., as trustee-manager of Croesus Retail Trust (the "Trust" and Croesus Retail Asset Management Pte. Ltd. as Trustee-Manager of the Trust, the "Trustee-Manager"), in my personal capacity, certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.



Jim Chang Cheng-Wen  
Chief Executive Officer

16 September 2015



# STATEMENT OF POLICIES AND PRACTICES

For the year ended 30 June 2015

Croesus Retail Asset Management Pte. Ltd. as trustee-manager of Croesus Retail Trust (the "Trust" or "CRT" and Croesus Retail Asset Management Pte. Ltd. as trustee-manager of the Trust, the "Trustee-Manager") and the board of directors (the "Board") are responsible for safeguarding the interests of the unitholders as a whole and managing the business conducted by CRT. The Trustee-Manager has general powers of management over the business and assets of the Trust and its main responsibility is to manage the CRT's assets and liabilities for the benefit of the unitholders as a whole. In the event of a conflict between the interests of the unitholders as a whole and its own interests, the Trustee-Manager shall act in the best interests of all unitholders as a whole and give priority to the interests of all the unitholders as a whole over its own interests.

The Board is also obliged to exercise due care to comply with the relevant provisions of all applicable legislations and regulations, the Singapore Exchange Securities Trading Limited's Listing Manual (the "Listing Manual"), the Trust Deed and all relevant contracts entered into by the CRT.

The Board, in exercising its powers and carrying out its duties as the Trustee-Manager of the Trust, has put in place measures to ensure that the following are met:

- the property of the Trust ("Trust Property") is properly accounted for and is kept distinct from the property held by the Trustee-Manager in its own capacity;
- adherence with the business scope of CRT as set out in the Trust Deed;
- potential conflicts between the interests of the Trustee-Manager and the interests of the unitholders of the Trust as a whole are appropriately managed;
- interested person transactions are transparent, properly recorded and reviewed;
- expenses and cost allocations payable to the Trustee-Manager out of the Trust Property, and that fees and expenses charged to the Trust are appropriate and in accordance with the Trust Deed; and
- compliance with the Business Trust Act, Chapter 31A of Singapore (the "BTA") and the listing rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

## **Trust Property is Properly Accounted For**

The Trust Property is properly accounted for and the Trust Property is kept distinct from the property of the Trustee-Manager held in its own capacity. Different bank accounts are maintained for the Trustee-Manager in its capacity as Trustee-Manager of CRT and the Trustee-Manager in its own capacity, and regular internal reviews are carried out to ascertain that all Trust Property has been fully accounted for.

The financial statements for CRT and the Trustee-Manager are kept separate and distinct and each of the financial statements are duly audited by the external auditors on an annual basis to ensure that the Trust Property is properly accounted for and kept distinct from the property of the Trustee-Manager held in its own capacity.

## **Adherence to the Business Scope of the Trust**

The management provides regular updates to the Board and the Audit and Risk Committee (the "ARC") about potential projects that it is looking into on behalf of CRT and the Board and the ARC ensure that all such projects are within the permitted business scope under the Trust Deed. Prior to the carrying out of any significant business transaction, the Board, the ARC and/or the management will have careful regard to the provisions of the Trust Deed and when in doubt, seek advice from professional advisers.

# STATEMENT OF POLICIES AND PRACTICES

For the year ended 30 June 2015

## Potential Conflicts of Interest

The Trustee-Manager has instituted the following procedures to deal with conflicts of interest issues:

- the Trustee-Manager will not manage any other business trust;
- all resolutions in writing of the directors in relation to matters concerning CRT must be approved by a majority of the directors, including at least one Independent Director;
- in respect of matters in which the sponsor and/or their subsidiaries have an interest, direct or indirect, any nominees appointed by the sponsor and/or their subsidiaries to the Board to represent its/their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Directors and must exclude Nominee Directors of the sponsor and/or their subsidiaries;
- where matters concerning CRT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of CRT with a related party of the Trustee-Manager (which would include relevant associates thereof) or CRT, the Board is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of CRT and the unitholders, and in accordance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question. If the Trustee-Manager is to sign any contract with a related party of the Trustee-Manager or CRT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts.

Important safeguards that the Trustee-Manager has put in place to address any potential conflicts of interests with the Japan asset managers in respect of CRT's portfolio of properties and any other properties that will be managed by the Japan asset managers include the following:

- the team leaders for marketing, leasing and the day-to-day operations of the properties will be different from those managing the other properties not owned by CRT;
- the Japan asset managers managing the properties will select independent third-party property managers which in turn will select the group personnel of the independent third-party building managers who will be dedicated to the properties, on the basis that these third parties are deemed to be the most appropriate, taking into account the quality of services provided and associated costs; and
- critical strategic matters pertaining to mall management, such as leasing and operational policies, formulation of tenancy mix, and the determination of the rental rates, the key lease terms and the operating budget for running the retail assets, will be managed and controlled by the Trustee-Manager.

The Trustee-Manager will review the adequacy of the above safeguards from time to time, and will implement further safeguards and measures to ensure that the interests of CRT will not be prejudiced.

# STATEMENT OF POLICIES AND PRACTICES

For the year ended 30 June 2015

## Interested Person Transactions

The Trustee-Manager has established an internal control system to ensure that all future interested person transactions will be undertaken on normal commercial terms and will not be prejudicial to the interests of CRT and the unitholders.

The Trustee-Manager maintains a register to record all interested person transactions which are entered into by CRT and the bases, including any quotations from unrelated parties and independent valuations obtained to support such bases, on which they are entered into.

The Trustee-Manager has also incorporated into its internal audit plan a review of all interested person transactions entered into by CRT. The ARC shall review the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with.

Where matters concerning CRT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of CRT with a related party of the Trustee-Manager (which would include relevant associates thereof) or CRT, the Trustee-Manager is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;
- are not prejudicial to the interests of CRT and the unitholders; and
- in accordance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question.

If the Trustee-Manager is to sign any contract with a related party of the Trustee-Manager or CRT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts.

## Fees and Expenses Charged to the Trust are Appropriate and in Accordance with the Trust Deed

The Trustee-Manager is entitled to receive for its own account out of the Trust Property a base fee calculated at a rate in accordance with the formula below:

- (i) if the value of the Trust Property is less than JPY100 billion, the base fee will be 0.60% per annum of the value of the Trust Property, subject to a cap on the base fee of JPY0.5 billion; and
- (ii) if the value of the Trust Property is equal to or greater than JPY100 billion, the base fee will be 0.50% per annum of the value of the Trust Property.

The Trustee-Manager shall be entitled to receive for its own account out of the Trust Property a performance fee of 3.0% per annum of net property income.

Any increase in the rates set out above or any change in the formula for calculation of the Trustee-Manager's management fees must be approved by an extraordinary resolution passed at a unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

The management fee (comprising the base fee and performance fee) is payable to the Trustee-Manager in the form of cash and/or units (as the Trustee-Manager may elect). The management fee to be received by the Trustee-Manager will be partly offset by the relevant Japan asset management fees to be paid directly to the relevant Japan asset managers, so as to reduce the amount of the management fee payable to the Trustee-Manager.



# STATEMENT OF POLICIES AND PRACTICES

For the year ended 30 June 2015

## Fees and Expenses Charged to the Trust are Appropriate and in Accordance with the Trust Deed (cont'd)

The Trustee-Manager is entitled to:

- (i) an acquisition fee calculated at a rate not exceeding 1.0% of:
  - (a) in the case of an acquisition of real estate, the acquisition price of any real estate purchased, whether directly or indirectly through one or more special purpose vehicles ("SPVs"), by CRT (plus any other payments in addition to the acquisition price made by CRT or its SPVs to the vendor in connection with the purchase of the real estate) (pro-rated, if applicable, to the proportion of CRT's interest);
  - (b) in the case of an acquisition of (I) the trust beneficiary interests ("TBI") in respect of the real estate or (II) the equity interests of any vehicle holding directly or indirectly the real estate, the underlying value of any real estate which is taken into account when computing the acquisition price for (A) the TBI in respect of the real estate or (B) the equity interests in such vehicle holding directly or indirectly the real estate purchased by CRT, whether directly or indirectly through one or more SPVs (plus any additional payments made by CRT or its SPVs to the vendor in connection with the purchase of such TBI or, as the case may be, equity interests) (pro-rated, if applicable, to the proportion of CRT's interest);
  - (c) in the case of an acquisition of the contractual interest pursuant to a *tokumei kumiai* agreement, the underlying value of the real estate which is taken into account when computing the acquisition price payable for such contractual interest, whether directly or indirectly through one or more SPVs (plus any additional payments made by CRT or its SPVs to the vendor in connection with the purchase of such contractual interest) (pro-rated, if applicable, to the proportion of CRT's interest); or
  - (d) the acquisition price of any other asset forming a part of the Trust Property acquired from time to time by the Trustee-Manager on behalf of CRT; and
- (ii) a divestment fee calculated at a rate not exceeding 0.5% of:
  - (a) sale price of real estate sold or divested, whether directly or indirectly through one or more SPVs, by CRT (plus any other payments in addition to the sale price received by CRT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro-rated, if applicable, to the proportion of CRT's interest);
  - (b) the underlying value of any real estate which is taken into account when computing the sale price for (I) the TBI in respect of the real estate or (II) the equity interests in any vehicle holding directly or indirectly the real estate sold or divested by the Trustee-Manager on behalf of CRT, whether directly or indirectly (plus any additional payments received by CRT or its SPV from the purchaser in connection with the sale or divestment of such TBI or, as the case may be, equity interests) (pro-rated, if applicable, to the proportion of CRT's interest);
  - (c) in the case of a divestment of the contractual interest pursuant to a *tokumei kumiai* agreement, the underlying value of the real estate which is taken into account when computing the sale price payable for the divestment of such contractual interest, whether directly or indirectly one or more SPVs (plus any additional payments received by CRT or its SPVs from the purchaser in connection with the divestment of such contractual interest) (pro-rated, if applicable, to the proportion of CRT's interest); or
  - (d) the sale price of any other asset forming a part of the Trust Property sold or divested from time to time by the Trustee-Manager on behalf of CRT.

# STATEMENT OF POLICIES AND PRACTICES

For the year ended 30 June 2015

## **Fees and Expenses Charged to the Trust are Appropriate and in Accordance with the Trust Deed (cont'd)**

The acquisition fee and the divestment fee (regardless whether the real estate is acquired from, or disposed to, an interested person) is payable to the Trustee-Manager in the form of cash and/or units (as the Trustee-Manager may elect) at the prevailing market price.

Any payment to third-party agents or brokers in connection with the acquisition or divestment of any asset of CRT shall be paid by the Trustee-Manager to such persons out of the Trust Property of CRT or the assets of the relevant *tokutei mokuteki kaisha* of CRT, and not out of the acquisition fee or divestment fee (as the case may be) received or to be received by the Trustee-Manager.

The Trustee-Manager believes that the acquisition fee is on an arm's length basis, is on normal commercial terms and not prejudicial to the interests of CRT and the unitholders.

Fees and expenses paid to the Trustee-Manager out of the Trust Property for the financial year ended 30 June 2015 are disclosed in Note 25 of the Notes to the Financial Statements.

The expenses which are payable to the Trustee-Manager in its capacity as the trustee-manager of CRT out of the Trust Property are appropriate and in accordance with the Trust Deed, and regular internal reviews are carried out to ensure that such expenses payable are in order.

## **Compliance with the BTA and the Listing Manual**

The Trustee-Manager has engaged the services of and obtained advice from professional advisers and consultants from time to time to ensure compliance with the requirements of the BTA and the Listing Manual.

# INDEPENDENT AUDITOR'S REPORT

For the year ended 30 June 2015  
Independent Auditor's Report to the Unitholders of Croesus Retail Trust

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Croesus Retail Trust (the "Trust") and its subsidiaries (collectively the "Group") set out on pages 73 to 122, which comprise the consolidated balance sheet of the Group and balance sheet of the Trust as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in unitholders' funds and the consolidated statement of cash flows of the Group and the changes in unitholders' funds of the Trust for the year ended 30 June 2015, and a summary of significant accounting policies and other explanatory information.

### *Trustee-Manager's Responsibility for the Financial Statements*

The Trustee-Manager is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Business Trusts Act, (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



# INDEPENDENT AUDITOR'S REPORT

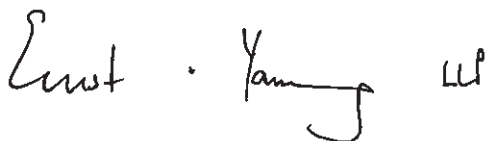
For the year ended 30 June 2015  
Independent Auditor's Report to the Unitholders of Croesus Retail Trust

## *Opinion*

In our opinion, the consolidated financial statements of the Group, the balance sheet and the statement of changes in unitholders' funds of the Trust are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Trust as at 30 June 2015, and of the financial performance, changes in unitholders' fund and cash flows of the Group and changes in unitholders' fund of the Trust for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager on behalf of the Trust, have been properly kept in accordance with the provisions of the Act.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

ERNST & YOUNG LLP  
Public Accountants and  
Chartered Accountants  
Singapore

16 September 2015

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Note	2015 JPY'000	Group Period from 07.05.2012 (date of constitution) to 30.06.2014 JPY'000
Gross revenue	4	7,635,403	6,261,227
Property operating expenses	5	(2,954,282)	(2,232,387)
<b>Net property income</b>		4,681,121	4,028,840
Trustee-Manager's fees		(555,112)	(497,983)
Japan asset manager's fees		(79,448)	(67,525)
Other administrative expenses		(57,877)	(60,838)
Other trust expenses	6	(141,629)	(122,894)
Finance income		3,202	2,246
Finance costs	7	(1,004,177)	(707,116)
Foreign exchange gain/(loss)		113,939	(15,341)
<b>Profit before changes in fair value</b>		2,960,019	2,559,389
Fair value gain in investment properties	11	6,336,798	3,828,303
Fair value gain/(loss) in derivative financial instruments		369,590	(44,351)
<b>Profit before tax</b>	8	9,666,407	6,343,341
Income tax expense	9	(2,087,315)	(1,550,802)
<b>Net profit for the year/ period</b>		7,579,092	4,792,539
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Net gain/(loss) on fair value changes on cash flow hedges	23	88,776	(449,957)
<b>Total other comprehensive income</b>		88,776	(449,957)
Total comprehensive income for the year/ period		7,667,868	4,342,582
Earnings per unit attributable to unitholders of the Trust – basic and diluted (JPY)	10	15.25	11.22

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# BALANCE SHEETS

As at 30 June 2015

	Note	Group		Trust	
		2015 JPY'000	2014 JPY'000	2015 JPY'000	2014 JPY'000
<b>Non-current assets</b>					
Investment properties	11	87,930,000	69,881,664	-	-
Investment in subsidiaries	12	-	-	29,837,901	24,897,686
Loans to subsidiaries	13	-	-	8,536,696	8,829,394
Restricted cash	14	3,767,811	2,053,327	-	-
Prepayments	15	300,279	168,769	-	-
Trade and other receivables	16	97,242	95,517	-	-
Deferred tax assets	9	11,990	5,770	-	-
Derivative financial instruments	17	885,548	-	885,548	-
		<u>92,992,870</u>	<u>72,205,047</u>	<u>39,260,145</u>	<u>33,727,080</u>
<b>Current assets</b>					
Trade and other receivables	16	491,358	708,208	278,495	293,380
Prepayments	15	321,059	68,077	-	-
Restricted cash	14	3,300,260	2,754,823	-	-
Cash and short-term deposits	18	2,941,662	2,754,421	1,115,077	1,946,875
Derivative financial instruments	17	353,744	60,508	353,744	60,508
		<u>7,408,083</u>	<u>6,346,037</u>	<u>1,747,316</u>	<u>2,300,763</u>
<b>Total assets</b>		<u>100,400,953</u>	<u>78,551,084</u>	<u>41,007,461</u>	<u>36,027,843</u>
<b>Current liabilities</b>					
Trade and other payables	19	1,219,328	884,732	37,026	27,476
Loans and borrowings	21	646,873	358,444	-	-
Derivative financial instruments	17	298	27,469	-	27,469
Other liabilities	20	658,761	480,010	40,023	44,898
Income tax payables		255,408	173,265	65,841	55,975
		<u>2,780,668</u>	<u>1,923,920</u>	<u>142,890</u>	<u>155,818</u>
<b>Non-current liabilities</b>					
Trade and other payables	19	3,250,321	1,623,143	-	-
Loans and borrowings	21	46,840,340	40,244,092	9,137,533	8,119,938
Other liabilities	20	580,868	506,031	128,546	126,231
Deferred tax liabilities	9	2,998,862	1,275,222	-	-
Derivative financial instruments	17	363,732	585,142	-	137,090
		<u>54,034,123</u>	<u>44,233,630</u>	<u>9,266,079</u>	<u>8,383,259</u>
<b>Total liabilities</b>		<u>56,814,791</u>	<u>46,157,550</u>	<u>9,408,969</u>	<u>8,539,077</u>
<b>Net assets</b>		<u>43,586,162</u>	<u>32,393,534</u>	<u>31,598,492</u>	<u>27,488,766</u>
<b>Unitholders' funds</b>					
Units in issue	22	36,486,750	29,861,308	36,502,257	29,876,815
Fair value adjustment reserve	23	(361,181)	(449,957)	2,848	(1,904)
Accumulated profits/(losses)		7,460,593	2,982,183	(4,906,613)	(2,386,145)
<b>Net assets attributable to unitholders</b>		<u>43,586,162</u>	<u>32,393,534</u>	<u>31,598,492</u>	<u>27,488,766</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

For the year ended 30 June 2015

Group	Note	Units in issue JPY'000	Fair value adjustment reserve JPY'000	Accumulated profit JPY'000	Total JPY'000
<b>At 7 May 2012 (date of constitution)</b>					
Net profit for the period		-	-	-	-
<b>Other comprehensive income</b>					
- Net loss on fair value changes on cash flow hedges	23	-	(449,957)	-	(449,957)
Total comprehensive income for the period		-	(449,957)	4,792,539	4,342,582
Contribution by and distribution to unitholders					
Issue of new units	22	31,510,838	-	-	31,510,838
Issue costs	22	(1,767,935)	-	-	(1,767,935)
Management fees payable in units	22	118,405	-	-	118,405
Distributions to unitholders	24	-	-	(1,810,356)	(1,810,356)
Total contributions by and distributions to unitholders		29,861,308	-	(1,810,356)	28,050,952
<b>At 30 June 2014</b>		29,861,308	(449,957)	2,982,183	32,393,534
Net profit for the year		-	-	7,579,092	7,579,092
<b>Other comprehensive income</b>					
- Net gain on fair value changes on cash flow hedges	23	-	88,776	-	88,776
Total comprehensive income for the year		-	88,776	7,579,092	7,667,868
Contribution by and distribution to unitholders					
Issue of new units	22	6,804,052	-	-	6,804,052
Issue costs	22	(189,265)	-	-	(189,265)
Management fees payable in units	22	10,655	-	-	10,655
Distributions to unitholders	24	-	-	(3,100,682)	(3,100,682)
Total contributions by and distributions to unitholders		6,625,442	-	(3,100,682)	3,524,760
<b>At 30 June 2015</b>		36,486,750	(361,181)	7,460,593	43,586,162

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

For the year ended 30 June 2015

Trust	Note	Units in issue JPY'000	Fair value adjustment reserve JPY'000	Accumulated loss JPY'000	Total JPY'000
<b>At 7 May 2012 (date of constitution)</b>		–	–	–	–
Net loss for the period		–	–	(575,789)	(575,789)
<b>Other comprehensive income</b>					
– Net loss on fair value changes on cash flow hedge	23	–	(1,904)	–	(1,904)
Total comprehensive income for the period		–	(1,904)	(575,789)	(577,693)
Contribution by and distribution to unitholders					
Issue of new units	22	31,510,838	–	–	31,510,838
Issue costs	22	(1,752,428)	–	–	(1,752,428)
Management fees payable in units	22	118,405	–	–	118,405
Distributions to unitholders	24	–	–	(1,810,356)	(1,810,356)
Total contributions by and distributions to unitholders		29,876,815	–	(1,810,356)	28,066,459
<b>At 30 June 2014</b>		29,876,815	(1,904)	(2,386,145)	27,488,766
Net profit for the year		–	–	580,214	580,214
<b>Other comprehensive income</b>					
– Net gain on fair value changes on cash flow hedge	23	–	4,752	–	4,752
Total comprehensive income for the year		–	4,752	580,214	584,966
Contribution by and distribution to unitholders					
Issue of new units	22	6,804,052	–	–	6,804,052
Issue costs	22	(189,265)	–	–	(189,265)
Management fees payable in units	22	10,655	–	–	10,655
Distributions to unitholders	24	–	–	(3,100,682)	(3,100,682)
Total contributions by and distributions to unitholders		6,625,442	–	(3,100,682)	3,524,760
<b>At 30 June 2015</b>		<b>36,502,257</b>	<b>2,848</b>	<b>(4,906,613)</b>	<b>31,598,492</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Note	2015 JPY'000	Group Period from 07.05.2012 (date of constitution) to 30.06.2014 JPY'000
<b>Operating activities</b>			
Profit before tax		9,666,407	6,343,341
Adjustments for:			
Changes in fair value of investment properties	11	(6,336,798)	(3,828,303)
Changes in fair value of forward currency contracts		(369,590)	44,351
Finance income		(3,202)	(2,246)
Finance costs	7	1,004,177	707,116
Trustee-Manager's fees paid in units		388,107	339,350
Trustee-Manager's fees payable in units		129,061	118,405
Amortisation of property tax		54,506	267,056
Unrealised foreign exchange gain		(46,500)	-
<b>Operating cash flows before changes in working capital</b>		<b>4,486,168</b>	<b>3,989,070</b>
Changes in working capital:			
Restricted cash		(2,259,921)	(4,808,150)
Prepayments		(438,999)	(507,402)
Trade and other receivables		264,294	(759,985)
Trade and other payables		1,897,570	2,462,953
Other liabilities		193,206	951,492
<b>Cash flows from operations</b>		<b>4,142,318</b>	<b>1,327,978</b>
Finance income received		3,202	2,246
Finance costs paid		(598,268)	(272,436)
Income taxes paid		(336,922)	(148,325)
<b>Net cash flows generated from operating activities</b>		<b>3,210,330</b>	<b>909,463</b>
<b>Investing activities</b>			
Acquisition of investment properties	11	(11,298,156)	(65,948,141)
Subsequent expenditure on investment properties	11	(413,382)	(105,220)
<b>Net cash flows used in investing activities</b>		<b>(11,711,538)</b>	<b>(66,053,361)</b>
<b>Financing activities</b>			
Proceeds from issue of units		6,297,540	31,171,488
Payments of issue costs	22	(189,265)	(1,767,935)
Proceeds from loans and borrowings		6,150,000	42,836,796
Payments of upfront costs of loans and borrowings		(155,509)	(1,231,674)
Repayments of loans and borrowings		(360,000)	(1,300,000)
Distributions to unitholders	24	(3,100,682)	(1,810,356)
<b>Net cash flows generated from financing activities</b>		<b>8,642,084</b>	<b>67,898,319</b>
<b>Net increase in cash and cash equivalents</b>		<b>140,876</b>	<b>2,754,421</b>
Effect of exchange rate changes on cash and cash equivalents		46,365	-
Cash and cash equivalents at beginning of the year/period		2,754,421	-
<b>Cash and cash equivalents at end of the year/period</b>	18	<b>2,941,662</b>	<b>2,754,421</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 1. CORPORATE INFORMATION

Croesus Retail Trust (the "Trust") is a Singapore-domiciled trust originally constituted as a private trust pursuant to the Trust Deed dated 7 May 2012, with Croesus Retail Asset Management Pte. Ltd. as its Trustee-Manager (the "Trustee-Manager"). The Trust Deed was amended by the first amending and restating deed dated 29 June 2012, the second amending and restating deed dated 7 November 2012, the third amending and restating deed dated 24 April 2013 and the fourth amending and restating deed dated 30 April 2013 ("Trust Deed") to comply with the requirements of, among others, the Monetary Authority of Singapore ("MAS") and the Singapore Exchange Securities Trading Limited ("SGX-ST"), for a listed Business Trust. The Trust is a registered business trust constituted by the Trust Deed and is principally regulated by the Securities and Futures Act ("SFA") and the Singapore Business Trusts Act. The Trust Deed is governed by the laws of the Republic of Singapore.

The Trust was listed on the Main Board of the SGX-ST on 10 May 2013 ("Listing Date"). The Trust was a dormant private trust during the period from 7 May 2012 (date of constitution) to 9 May 2013.

The registered office of the Trustee-Manager is at 50 Raffles Place, #25-03 Singapore Land Tower, Singapore 048623.

The principal activity of the Trust is owning income producing real estate used primarily for retail purposes located in the Asia-Pacific region and real estate-related assets relating to the foregoing. The principal activities of the subsidiary companies are as disclosed in Note 12 to the financial statements.

The Group has entered into several service agreements in relation to management of the Trust and its property operations. The fee structures of these services are as follows:

(a) *Trustee-Manager's fees*

Management fees

The Trustee-Manager is entitled to receive a base fee calculated at a rate in accordance with the formula below:

- (i) if the value of the trust property is less than JPY100 billion, the base fee will be 0.6% per annum of the value of the trust property, subject to a cap on the base fee of JPY0.5 billion; and
- (ii) if the value of the trust property is equal to or greater than JPY100 billion, the base fee will be 0.5% per annum of the value of the trust property.

The Trustee-Manager is entitled to receive a performance fee of 3.0% per annum of net property income.

Development management fees

The Trustee-Manager is entitled to a development management fee of 3.0% of the total projects costs incurred in a development project undertaken on behalf of the Trust.

Acquisition/divestment fees

The Trustee-Manager is entitled to a fee upon the acquisition of an asset by the Group calculated as 1% of the acquisition value of the investment.

The Trustee-Manager is entitled to a fee upon the disposal/divestment of an asset by the Group calculated as 0.5% of the sale value of the investment.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 1. CORPORATE INFORMATION (CONT'D)

### (b) *Japan asset manager's fees*

The Japan asset manager's fees and disposition fee referred to below will partly offset the Trustee-Manager's fees, so as to reduce the Trustee-Manager's fees paid to the Trustee-Manager.

#### Asset servicing and administration fee

The Japan asset manager is entitled to an asset servicing and administration fee comprising a property operation management fee and an incentive fee:

- (i) Property operation management fee: Market price of the trust beneficiary interests ("TBI") x 0.00075, where market price of the TBI means the latest appraisal value of the TBI held by the Group (being its value as determined by an independent valuer as at the end of the preceding fiscal year); and
- (ii) Incentive fee: Net property income of the TBI x 0.0045.

#### Disposition fee

The Japan asset manager is entitled to a disposition fee calculated through the sale value of the investment (excluding consumption tax thereon) x 0.0014.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The financial statements are presented in Japanese Yen (JPY) and all values in the tables are rounded to the nearest thousand (JPY'000) as indicated unless otherwise stated.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1: <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 16 and FRS 38: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 16 and FRS 41: <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to FRS 27: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Amendments to FRS 111: <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: <i>Investment Entities: Applying the Consolidation Exception (Editorial correction in June 2015)</i>	1 January 2016
FRS 114 <i>Regulatory Deferral Accounts</i>	1 January 2016
Improvements to FRSs (November 2014)	
FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2016
FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
FRS 19 <i>Employee Benefits</i>	1 January 2016
FRS 34 <i>Interim Financial Reporting</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018

The Trustee-Manager expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

### 2.3 Basis of consolidation and business combinations

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiary as at the end of the reporting period. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Trust. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Basis of consolidation and business combinations (cont'd)

(a) *Basis of consolidation (cont'd)*

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Foreign currency

The financial statements are presented in Japanese Yen, which is also the Trust's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Trust and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into JPY at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

### 2.5 Revenue

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of applicable tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

(a) *Gross rental income*

Gross rental income consists of base rent, variable rent and other rental income.

Base rent is rental income due from tenancies but excludes variable rent.

Variable rent is rental income due from tenancies that are based on a percentage of gross turnover.

Other rental income includes common area maintenance fees, carpark income and signage and billboard fees.

Gross rental income is recognised in profit or loss on a straight-line basis over the term of the lease except variable rent recognized in profit or loss when earned.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Revenue (cont'd)

(b) *Utilities income*

Utilities income includes revenue earned from the operations of the utility facilities, which is recognised when the services are rendered.

(c) *Other income*

Other income includes parking charges, vending machine income and other revenue from the operation of the investment properties. Other income is recognised when the services are rendered.

### 2.6 Investment properties

Investment properties of the Group comprise of retail properties held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

### 2.7 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Trust's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

### 2.9 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 Financial instruments (cont'd)

(a) *Financial assets (cont'd)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 Financial instruments (cont'd)

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

### 2.11 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.12 Leases

(a) *As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.5 (a). Contingent rents are recognised as revenue in the period in which they are earned.

### 2.13 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 2.14 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.14 Taxes (cont'd)

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.14 Taxes (cont'd)

(c) *Sales tax*

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

### 2.15 Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past event, and when it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax-rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.16 Units on issue and issue costs

Proceeds from issuance of units are recognised as unit in issue in unitholders' funds. Incremental costs directly attributable to the issuance of units are deducted against unitholders' funds.

### 2.17 Distributions to Trust's unitholders

Distributions to the Trust's unitholders are recognised when the distributions are declared payable by the Trustee-Manager.

### 2.18 Operating segments

The Group's investment properties are primarily tenanted for use as retail space and are all located in Japan. The revenues of the Group are derived primarily from retail tenants. No separate business segment and geographical segment information has been prepared as the Group's assets and operations are all located in Japan.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.19 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for asset retirement obligations and contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

### 2.20 Hedge accounting

The Group applies hedge accounting for certain hedging transactions which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.20 Hedge accounting (cont'd)

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

#### Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the fair value adjustment reserve, while any ineffective portion is recognised immediately in the profit or loss.

Amounts recognised as other comprehensive income are transferred to the profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the profit or loss. If the hedging instrument has expired or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss. In other cases the amount recognised in equity is transferred to the income statement in the same period that the hedged item affects profit or loss.

The Group uses interest rate swaps and cross currency swap to hedge its exposure to interest rate risk and foreign currency risk for loans and borrowings. Details of interest rate swaps and cross currency swap are disclosed in Note 17.

### 2.21 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Trust if that person:
  - (i) has control or joint control over the Trust;
  - (ii) has significant influence over the Trust; or
  - (iii) is a member of the key management personnel of the Group or the Trust or of a parent of the Trust.
- (b) An entity is related to the Group and the Trust if any of the following conditions applies:
  - (i) the entity and the Trust are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of an entity related to the Trust. If the Trust is itself such a plan, the sponsoring employers are also related to the Trust;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### Determination of lease classification

The Group has entered into commercial property leases on its investment properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### (a) *Fair value of financial instruments*

Where the fair values of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more detail in Note 27.

#### (b) *Revaluation of investment properties*

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss.

The fair values of investment properties are determined by independent real estate valuation experts using recognised valuation technique.

The determination of the fair values of the investment properties require the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of each reporting date.

The carrying amount and key assumptions used to determine the fair value of the investment properties are further explained in Note 27. The Trustee-Manager is of the view that the valuation methods and estimates are reflective of the current market condition.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

### 3.2 Key sources of estimation uncertainty (cont'd)

(c) *Taxes*

The Group is subject to income taxes in two jurisdictions. Significant estimate is required in determining the taxability of certain income, capital allowances and deductibility of certain expenses during the estimation of the provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. These are based on management's best estimates of the most likely outcome of the tax liability. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax and the relevant tax provisions in the period in which such determination is made. As at 30 June 2015, the carry amount of income tax payables and deferred tax assets/liabilities are disclosed in Note 9 to financial statements.

(d) *Asset retirement obligations*

The Group has recognised an asset retirement obligation ("ARO") associated with investment property. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove plant from the site and the expected timing of those costs. The carrying amount of the provision as at 30 June is JPY128,546,000 (2014: JPY126,231,000). If the estimated pre-tax discount rate used in the calculation had been 0.1% higher than management's estimate, the carrying amount of the provision would have been JPY5,454,000 (2014: JPY4,897,000) lower.

## 4. GROSS REVENUE

	Group	
	Period from	
	07.05.2012	
	(date of	
	constitution)	
	2015	to 30.06.2014
	JPY'000	JPY'000
Gross rental income	6,427,214	5,417,652
Utilities income	860,878	646,182
Other income	347,311	197,393
	<u>7,635,403</u>	<u>6,261,227</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 5. PROPERTY OPERATING EXPENSES

	Group	
	Period from 07.05.2012 (date of constitution) 2015 to 30.06.2014	
	JPY'000	JPY'000
Property management expenses	386,005	316,645
Building management expenses	550,232	384,697
Repair expenses	163,790	47,469
Utilities expenses	980,333	747,608
Property tax expenses	403,563	347,474
Insurance expenses	15,223	12,705
Sales and promotions expenses	260,137	256,642
Other expenses	194,999	119,147
	2,954,282	2,232,387

Included in property management expenses consist of payments to property managers of JPY345,942,000 (2014: JPY296,459,000).

## 6. OTHER TRUST EXPENSES

Other trust expenses comprise the following:

	Group	
	Period from 07.05.2012 (date of constitution) 2015 to 30.06.2014	
	JPY'000	JPY'000
Audit fees	6,816	8,147
Non-audit fees	12,155	35,364
Legal and professional fees	93,764	56,095
Issue cost on subsidiary equity	-	11,030
Others	28,894	12,258
	141,629	122,894

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 7. FINANCE COSTS

	Group	
	Period from 07.05.2012 (date of constitution) 2015 to 30.06.2014	
	JPY'000	JPY'000
Interest expense on:		
– Specified loans	275,108	268,746
– Specified bonds	63,232	36,494
– Medium term note	313,171	136,423
	651,511	441,663
Amortisation of upfront costs on:		
– Specified loans	176,973	169,406
– Specified bonds	55,377	28,155
– Medium term note	51,456	21,227
	283,806	218,788
Others	68,860	46,665
	<u>1,004,177</u>	<u>707,116</u>

## 8. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group	
	Period from 07.05.2012 (date of constitution) 2015 to 30.06.2014	
	JPY'000	JPY'000
Audit fees *		
– Auditor of the Trust	10,906	10,390
– Other auditor	15,200	15,000
Non-audit fees *		
– Auditor of the Trust	14,054	36,440
– Other auditor	6,700	3,270

\* These amounts are included in "Other administrative expenses" of JPY27,889,000 (2014: JPY21,589,000) and "Other trust expenses" of JPY18,971,000 (2014: JPY43,511,000) in the consolidated statements of comprehensive income.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 9. INCOME TAX EXPENSE

### Major components of income tax expense

The major components of income tax expense for the year and period ended 30 June 2015 and 2014 are:

	Group	
	Period from 07.05.2012 (date of constitution) 2015 to 30.06.2014	
	JPY'000	JPY'000
<b>Current income tax</b>		
– Current income taxation	406,986	281,350
– Over provision in respect of previous year	(37,091)	–
<b>Deferred income tax</b>		
– Origination of temporary differences	1,717,420	1,269,452
Income tax expense recognised in profit or loss	2,087,315	1,550,802

### Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the year and period ended 30 June 2015 and 2014 are as follows:

	Group	
	Period from 07.05.2012 (date of constitution) 2015 to 30.06.2014	
	JPY'000	JPY'000
Profit before tax	9,666,407	6,343,341
Tax at statutory tax rate of 17% (2014: 17%)	1,643,289	1,078,368
Effects of:		
Income not subject to taxation	(219,111)	(66,856)
Non-deductible expenses	173,256	205,391
Different tax rates arising from foreign jurisdiction	467,967	307,124
Withholding tax	64,008	39,578
Effect of partial tax exemption	(4,174)	(4,541)
Deferred tax assets not recognised	(2,585)	(12,565)
Over provision in respect of previous year	(37,091)	–
Others	1,756	4,303
Income tax expense recognised in profit or loss	2,087,315	1,550,802

Income not subject to taxation mainly pertains to profit made by Tokutei Mokuteki Kaisha ("TMK") and declared to be distributed as dividend satisfying the conditions set forth under the Special Taxation Measures Law of Japan. The TMK is a special purpose corporation specifically designed for the purpose of issuing asset-backed securities under TMK Laws.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 9. INCOME TAX EXPENSE (CONT'D)

### Deferred tax

Deferred tax as at 30 June 2015 and 2014 relates to the following:

	2015		Group Period from 07.05.2012 (date of constitution) to 30.06.2014	
	Consolidated balance sheet JPY'000	Consolidated income statement JPY'000	Consolidated balance sheet JPY'000	Consolidated income statement JPY'000
<b>Deferred tax liabilities:</b>				
Revaluation to fair value of investment properties	2,227,481		920,930	
Capital allowance of investment properties	771,381		354,292	
	<u>2,998,862</u>	(1,723,640)	<u>1,275,222</u>	(1,275,222)
<b>Deferred tax assets:</b>				
Unutilised tax losses	<u>11,990</u>	6,220	<u>5,770</u>	5,770
Deferred tax expenses		<u>(1,717,420)</u>		<u>(1,269,452)</u>

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

## 10. EARNINGS PER UNIT

The calculation of basic earnings per unit is based on:

	Group Period from 07.05.2012 (date of constitution) 2015 to 30.06.2014	
	JPY'000	JPY'000
Total profit attributable to unitholders (JPY'000)	<u>7,579,092</u>	<u>4,792,539</u>
Weighted average number of units in issue during the year/ period ('000)	<u>496,869</u>	<u>427,079</u>
Earnings per unit (JPY)	<u>15.25</u>	<u>11.22</u>

Diluted earnings per unit are the same as the basic earnings per unit as there are no dilutive instruments in issue during the year.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 11. INVESTMENT PROPERTIES

	Group	
	2015	2014
	JPY'000	JPY'000
At 1 July/ date of constitution	69,881,664	–
Acquisition during the year/ period	11,298,156	65,948,141
Capital expenditure capitalised	413,382	105,220
Fair value gain on revaluation	6,336,798	3,828,303
At 30 June	87,930,000	69,881,664

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties.

### Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 30 June 2015. The valuations were performed by CBRE K.K. and DTZ Debenham Tie Leung K.K., independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. The valuations are based on discounted cash flow ("DCF") approach.

### Properties pledged as security

All investment properties are mortgaged to secure specified loans and specified bonds (Note 21).

The investment properties held by the Group as at 30 June 2015 are as follows:

	Country/Prefecture	Aggregate net lettable area (sqm)	Existing use	Percentage of interest
Aeon Town Moriya	Japan/Ibaraki	68,046.8	Retail property	100%
Aeon Town Suzuka	Japan/Mie	43,500.7	Retail property	100%
Croesus Shinsaibashi	Japan/Osaka	2,342.4	Retail property	100%
Croesus Tachikawa	Japan/Tokyo	7,140.8	Retail property	100%
Luz Omori	Japan/Tokyo	9,285.1	Retail property	100%
Mallage Shobu	Japan/Saitama	67,915.7	Retail property	100%
One's mall	Japan/Chiba	52,848.6	Retail property	100%

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 12. INVESTMENT IN SUBSIDIARIES

	Trust	
	2015 JPY'000	2014 JPY'000
Unquoted equity, at cost	–#	–#
Preference shares, at cost	29,837,901	24,897,686
	<u>29,837,901</u>	<u>24,897,686</u>

# Less than JPY1,000

The subsidiaries of the Trust are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2015	2014
<i>Direct subsidiaries</i>				
Croesus TMK Holding Pte. Ltd. ("CTH") <sup>(1)</sup>	Singapore	Investment vehicle of listed trust	100%	100%
Mangosteen TMK Holding Pte. Ltd. ("MTH") <sup>(1)</sup>	Singapore	Investment vehicle of listed trust	100%	100%
Persimmon TMK Holding Pte. Ltd. ("PTH") <sup>(1)</sup>	Singapore	Investment vehicle of listed trust	100%	100%
Durian 1 TMK Holding Pte. Ltd. ("D1TH") <sup>(2)</sup>	Singapore	Investment vehicle of listed trust	100%	100%
Durian 2 TMK Holding Pte. Ltd. ("D2TH") <sup>(2)</sup>	Singapore	Investment vehicle of listed trust	100%	–
<i>Held through Mangosteen TMK Holding Pte. Ltd.</i>				
Mangosteen Tokutei Mokuteki Kaisha ("MTMK") <sup>(2)</sup>	Japan	Development, owning and management of retail mall	100%	100%
<i>Held through Persimmon TMK Holding Pte. Ltd.</i>				
Persimmon Tokutei Mokuteki Kaisha ("PTMK") <sup>(2)</sup>	Japan	Development, owning and management of retail mall	100%	100%
<i>Held through Durian 2 TMK Holding Pte. Ltd.</i>				
Durian Tokutei Mokuteki Kaisha ("DTMK") <sup>(2)</sup>	Japan	Development, owning and management of retail mall	100%	100%

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by member of Ernst & Young Global in Japan.

### Acquisition of subsidiary

On 15 September 2014, the Trust acquired 100% issued and paid-up capital of D2TH, comprising of SGD1 in share capital and SGD1 in cash, for a nominal consideration of SGD1. Upon the acquisition, D2TH became a subsidiary of the Trust.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 13. LOANS TO SUBSIDIARIES

Loan to subsidiaries are unsecured, bears interest at 5.9% p.a., repayable on 10 May 2018, 28 February 2019 and 9 October 2019. The loans are to be settled in cash and the subsidiaries may be repaid partially or fully before its repayment date.

## 14. RESTRICTED CASH

Restricted cash relates to the amount of cash reserve which is required to be maintained based on the agreements with the banks providing specified loans and specified bonds. Restricted cash are restricted for use in specific operating expenses, capital expenditures in the business plan and repayment of tenant rental deposit and the bank's approval is required for their use.

## 15. PREPAYMENTS

	Group	
	2015 JPY'000	2014 JPY'000
<b>Non-current:</b>		
Prepaid operating expenses		
– Lease deposits	119,020	121,788
– Lease commissions	55,709	30,656
– Lease incentives	121,691	11,575
– Others	3,859	4,750
	300,279	168,769
<b>Current:</b>		
Prepaid operating expenses		
– Property tax expenses	255,819	34,932
– Lease commissions	14,784	5,065
– Lease deposits	2,768	5,052
– Lease incentives	25,693	2,466
– Others	21,995	20,562
	321,059	68,077
Total prepayments	621,338	236,846

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 16. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2015 JPY'000	2014 JPY'000	2015 JPY'000	2014 JPY'000
<b>Non-current:</b>				
Lease deposit	86,815	85,089	–	–
Other receivables	10,427	10,428	–	–
	97,242	95,517	–	–
<b>Current:</b>				
Trade receivables	321,795	254,211	–	–
Consumption tax recoverable	41,073	356,367	14,518	20,256
Interest receivables	–	–	256,012	273,124
Refundable deposits	79,319	57,390	–	–
Other receivables	49,171	40,240	7,965	–
	491,358	708,208	278,495	293,380
Total trade and other receivables	588,600	803,725	278,495	293,380
<i>Add:</i>				
Restricted cash	7,068,071	4,808,150	–	–
Cash and short-term deposits (Note 18)	2,941,662	2,754,421	1,115,077	1,946,875
Total loans and receivables	10,598,333	8,366,296	1,393,572	2,240,255

Trade receivables are non-interest bearing and are generally on 15 to 30 days' credit terms. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

The carrying amounts of current trade and other receivables approximate their fair values.

Trade and other receivables that are neither past due nor impaired are substantially from companies with a good collection track record with the Group.

Trade and other receivables denominated in foreign currencies other than the respective entities' functional currencies as at 30 June are as follow:

	Group		Trust	
	2015 JPY'000	2014 JPY'000	2015 JPY'000	2014 JPY'000
Singapore Dollars	14,518	20,256	14,518	20,256

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 17. DERIVATIVE FINANCIAL INSTRUMENTS

Group 2015	Maturity	Contract/ Notional amount JPY'000	Assets JPY'000	Liabilities JPY'000
Forward currency contracts	2015 - 2016	4,944,000	325,240	-
Interest rate swaps	2015 - 2019	39,150,000	-	364,030
Cross currency swap	2017	8,176,796	914,052	-
		52,270,796	1,239,292	364,030
			Assets JPY'000	Liabilities JPY'000
Represented by:				
Derivative financial instruments				
- Non-current			885,548	363,732
- Current			353,744	298
Total derivative financial instruments			1,239,292	364,030

2014	Maturity	Contract/ Notional amount JPY'000	Assets JPY'000	Liabilities JPY'000
Forward currency contracts	2014 - 2015	3,764,000	-	44,351
Interest rate swaps	2018 - 2019	33,360,000	-	448,052
Cross currency swap	2017	8,176,796	60,508	120,208
		45,300,796	60,508	612,611
			Assets JPY'000	Liabilities JPY'000
Represented by:				
Derivative financial instruments				
- Non-current			-	585,142
- Current			60,508	27,469
Total derivative financial instruments			60,508	612,611

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 17. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Trust 2015	Maturity	Contract/ Notional amount JPY'000	Assets JPY'000	Liabilities JPY'000
Forward currency contracts	2015 - 2016	4,944,000	325,240	-
Cross currency swap	2017	8,176,796	914,052	-
		13,120,796	1,239,292	-
			<b>Assets</b> JPY'000	<b>Liabilities</b> JPY'000
Represented by:				
Derivative financial instruments				
- Non-current			885,548	-
- Current			353,744	-
Total derivative financial instruments			1,239,292	-
2014	Maturity	Contract/ Notional amount JPY'000	Assets JPY'000	Liabilities JPY'000
Forward currency contracts	2014 - 2015	3,764,000	-	44,351
Cross currency swap	2017	8,176,796	60,508	120,208
		11,940,796	60,508	164,559
			<b>Assets</b> JPY'000	<b>Liabilities</b> JPY'000
Represented by:				
Derivative financial instruments				
- Non-current			-	137,090
- Current			60,508	27,469
Total derivative financial instruments			60,508	164,559

### Forward currency contracts

Forward currency contracts are used to manage foreign currency risk arising from the cash flow of the Group's foreign investment properties in Japan. The Group entered into forward currency contracts to manage its distributions to unitholders. A net unrealised gain/(loss) of JPY369,590,000 (2014: JPY44,351,000) was included in profit and loss in respect of these contracts.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 17. DERIVATIVES FINANCIAL INSTRUMENTS (CONT'D)

### Interest rate swaps

Interest rate swaps are used to hedge interest rate risk arising from the underlying floating interest rates of specified loans and specified bonds. Under the interest rate swaps, the Group receives floating interest at specific contracted intervals and pays fixed rates of interest ranging from 0.64% to 1.19% (2014: 0.80% to 1.19%) per annum.

The Group designates these interest rate swaps as cash flow hedges which were assessed to be highly effective. An unrealised loss of JPY364,030,000 (2014: JPY448,052,000) was included in fair value adjustment reserve in unitholders' funds in respect of these contracts. Fair value loss on the interest rate of JPY128,620,000 (2014: JPY97,372,000) recognised in the hedging reserve was transferred to profit or loss as part of finance costs during the period.

### Cross currency swap

Cross currency swap is used to hedge foreign exchange risk arising from the principal and the interest of medium-term note ("MTN"). The Group entered into cross currency swap to convert the principal of SGD100 million to JPY8,176 million and exchanged its SGD interest obligation of fixed-rate of 4.60% per annum into JPY interest obligations of fixed-rate of 3.83% per annum.

The Group designates the cross currency swap as cash flow hedges which was assessed to be highly effective. An unrealised gain/(loss) of JPY2,848,000 (2014: JPY1,904,000) was included in fair value adjustment reserve in unitholders' funds in respect of this contract.

## 18. CASH AND SHORT-TERM DEPOSITS

	Group		Trust	
	2015 JPY'000	2014 JPY'000	2015 JPY'000	2014 JPY'000
Cash at banks and on hand	2,371,969	2,754,421	545,384	1,946,875
Short-term deposits	569,693	–	569,693	–
	<u>2,941,662</u>	<u>2,754,421</u>	<u>1,115,077</u>	<u>1,946,875</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one month to three months, and earns interest at the respective short-term deposit rates ranging from 0.02% to 1.04% (2014: Nil) per annum.

Cash and bank balances denominated in foreign currencies as at 30 June are as follow:

	Group		Trust	
	2015 JPY'000	2014 JPY'000	2015 JPY'000	2014 JPY'000
Singapore Dollars	<u>504,563</u>	<u>294,780</u>	<u>502,639</u>	<u>293,103</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 19. TRADE AND OTHER PAYABLES

	Group		Trust	
	2015 JPY'000	2014 JPY'000	2015 JPY'000	2014 JPY'000
<b>Non-current:</b>				
Security deposits received	3,250,321	1,623,143	-	-
<b>Current:</b>				
Trade payables	746,987	327,795	-	-
Other payables	107,920	107,890	37,026	27,476
Security deposits received	364,421	449,047	-	-
	1,219,328	884,732	37,026	27,476
Total trade and other payables	4,469,649	2,507,875	37,026	27,476
<i>Add:</i>				
Other liabilities (Note 20) (exclude ARO and deferred revenue)	186,930	97,666	40,023	44,898
Loans and borrowings (Note 21)	47,487,213	40,602,536	9,137,533	8,119,938
Total financial liabilities carried at amortised cost	52,143,792	43,208,077	9,214,582	8,192,312

### Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 days' credit terms.

Trade and other payables denominated in foreign currencies as at 30 June are as follow:

	Group		Trust	
	2015 JPY'000	2014 JPY'000	2015 JPY'000	2014 JPY'000
Singapore Dollars	15,671	30,805	15,671	27,276

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 20. OTHER LIABILITIES

	Group		Trust	
	2015 JPY'000	2014 JPY'000	2015 JPY'000	2014 JPY'000
<b>Non-current:</b>				
Deferred revenue on deposits received	452,322	379,800	–	–
Asset retirement obligation	128,546	126,231	128,546	126,231
	580,868	506,031	128,546	126,231
<b>Current:</b>				
Deferred revenue on deposits received	471,831	382,344	–	–
Accrued interest for loans and borrowings	45,964	34,547	–	–
Accrued operating expenses	60,986	52,372	40,023	44,898
Other liabilities	79,980	10,747	–	–
	658,761	480,010	40,023	44,898
Total other liabilities	1,239,629	986,041	168,569	171,129

### Deferred revenue on deposits received

Tenants deposits liabilities are initially recognized at fair value and the difference between the fair value and the nominal amount is included as component of rent income over the lease term.

### Asset retirement obligation

Asset retirement obligation is associated with an investment property. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rate, the expected cost to dismantle and remove plant from the site and the expected timing of those costs.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 21. LOANS AND BORROWINGS

	Maturity	Group		Trust	
		2015 JPY'000	2014 JPY'000	2015 JPY'000	2014 JPY'000
<b>Non-current:</b>					
Specified loans	2018 - 2019	28,933,726	28,751,437	-	-
Specified bonds	2018 - 2019	8,769,081	3,372,717	-	-
Medium term note	2017	9,137,533	8,119,938	9,137,533	8,119,938
		46,840,340	40,244,092	9,137,533	8,119,938
<b>Current:</b>					
Specified loans	2014	-	358,444	-	-
Specified bonds	2015	646,873	-	-	-
		646,873	358,444	-	-
Total loan and borrowings		47,487,213	40,602,536	9,137,533	8,119,938

### Specified loans

Specified loans amounting to JPY28,933,726,000 (2014:JPY29,109,881,000) are secured by mortgage over certain investment properties of the Group. The interest rates range from 3 months Libor + 0.40% to 3 months Libor + 0.45% (2014: 3 months Libor + 0.40% to 3 months Libor + 0.45%) per annum. The loans are repayable upon maturity. The Group has entered into interest rate swaps (Note 17) to convert floating interest rates to fixed interest rates.

### Specified bonds

Specified bonds amounting to JPY9,415,954,000 (2014: JPY3,372,717,000) are secured with general lien on certain assets of the Group. The interest rates range from 3 months Libor + 0.30% to 3 months Libor + 0.70% (2014: 3 months Libor + 0.40% to 3 months Libor + 0.70%) per annum. The bonds are repayable upon maturity. The Group has entered into interest rate swaps (Note 17) to convert floating interest rates to fixed interest rates.

### Medium Term Note at interest cost of 4.6%

This MTN is unsecured and it is repayable on 23 January 2017, along with the principal amount of SGD100 million. The Trust entered into a cross currency swap agreement to convert its principal and interest of the MTN from Singapore Dollar to Japanese Yen. The principal amount and interest were fixed with JPY8,176,796,000 with 3.83%.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 22. UNITS IN ISSUE

<b>2015</b>	<b>Number of units '000</b>	<b>Group JPY'000</b>	<b>Trust JPY'000</b>
At 1 July	431,438	29,861,308	29,876,815
Issue of units:			
Managers' fees paid in units	6,000	506,512	506,512
Private placement	78,900	6,085,912	6,085,912
Distribution reinvestment plan	2,626	211,628	211,628
	87,526	6,804,052	6,804,052
Units issued as at 30 June	518,964	36,665,360	36,680,867
Managers' fees payable in units	230	10,655	10,655
Issue costs	-	(189,265)	(189,265)
At 30 June	519,194	36,486,750	36,502,257
<b>2014</b>	<b>Number of units '000</b>	<b>Group JPY'000</b>	<b>Trust JPY'000</b>
At 7 May 2012 (date of constitution)	-	-	-
Issue of units:			
Initial Public Offering ("IPO")	425,320	31,171,488	31,171,488
Managers' fees paid in units	4,668	339,350	339,350
	429,988	31,510,838	31,510,838
Units issued as at 30 June	429,988	31,510,838	31,510,838
Managers' fees payable in units	1,450	118,405	118,405
Issue costs	-	(1,767,935)	(1,752,428)
At 30 June	431,438	29,861,308	29,876,815

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 22. UNITS IN ISSUE (CONT'D)

During the year, the following units were issued:

- 6,000,000 (2014: 4,668,000) units were issued at unit prices ranging between 93.82 – 101.14 Singapore cents (2014: 87.77 – 94.45 Singapore cents) as payment of management fees to the Manager.
- 78,900,000 units were issued at unit price 91.5 Singapore cents to partially fund the proposed acquisition of One's mall.
- 2,626,000 units were issued at unit price 92.6 Singapore cents pursuant to CRT's distribution reinvestment plan.

The Trust has on listing date issued 425,320,000 units at 93 Singapore cents each. These proceeds were primarily used for the acquisition of the TBI relating to the investment properties.

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of unitholders are contained in the Trust Deed and include the rights to:

- receive income and other distributions attributable to the units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a unitholder does not have the right to require any assets (or part thereof) of the Trust be returned to him;
- attend all unitholders' meeting. The Trustee-Manager may at any time convene a meeting of unitholders in accordance with the provisions of the Trust Deed;
- vote at unitholders' meetings. Every unitholder has one vote for each unit of which he is the unitholder.

The restrictions of a unitholder include the following:

- a unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a unitholder has no right to request to redeem his units while his units are listed on SGX-ST.

A unitholder's liability is limited to the amount paid or payable for any unit in the Trust. The provisions for the Trust Deed provide that no unitholders will be personally liable to indemnify the Trustee-Manager or any creditor of the Trust in the event that the liabilities of the Trust exceed its assets.

Issue costs include professional and other fees, underwriting, selling and management commission, and miscellaneous offering expenses. Included in issue costs are JPY6,843,000 (2014: JPY79,061,000) of non-audit fees paid to the auditors.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 23. FAIR VALUE ADJUSTMENT RESERVE

	Group		Trust	
	2015 JPY'000	2014 JPY'000	2015 JPY'000	2014 JPY'000
At 1 July/ date of constitution	(449,957)	–	(1,904)	–
Net gain/(loss) on fair value changes on cash flow hedges	88,776	(449,957)	4,752	(1,904)
At 30 June	<u>(361,181)</u>	<u>(449,957)</u>	<u>2,848</u>	<u>(1,904)</u>

Fair value adjustment reserve represents the cumulative fair value changes of derivative financial instruments.

## 24. DISTRIBUTION TO UNITHOLDERS

	Group and Trust	
	2015 JPY'000	2014 JPY'000
Distribution of 5.24 Singapore cents per unit for the period from 10 May 2013 to 31 December 2013	–	1,810,356
Distribution of 3.74 Singapore cents per unit for the period from 1 January 2014 to 30 June 2014	1,369,360	–
Advance distribution of 1.66 Singapore cents per unit for the period from 1 July 2014 to 10 September 2014	614,703	–
Distribution of 2.50 Singapore cents per unit for the period from 11 September 2014 to 31 December 2014	1,116,619	–
Total distribution	<u>3,100,682</u>	<u>1,810,356</u>

The Trustee-Manager proposed a distribution of 3.92 Singapore cents (2014: 3.74 Singapore cents) per unit or SGD20,352,000 (equivalent to JPY1,626,855,000) (2014: SGD16,136,000 (equivalent to JPY1,369,360,000)) to unitholders in respect of the period from 1 January 2015 to 30 June 2015.

The income available for distribution for the year is JPY3,358,177,000 (2014: JPY3,179,716,000) and in accordance with its distribution policy, the Trustee-Manager distributes 100% of the income available for distribution to unitholders.

## 25. RELATED PARTY TRANSACTIONS

The following significant transactions between the Group and related parties took place at terms agreed between the parties during the period:

	Period from 07.05.2012 (date of constitution) to 30.06.2014	
	2015 JPY'000	JPY'000
Trustee-Manager's fees	555,112	497,983
Acquisition fees	79,200	604,580
	<u>634,312</u>	<u>1,102,563</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 26. COMMITMENTS

### (a) Capital commitment

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2015	2014
	JPY'000	JPY'000
Capital commitment in respect of investment properties	–	20,000

The capital commitment pertains to the refurbishment works for an investment property held by the Group. The works were completed in May 2015.

### (b) Operating lease commitments – as lessee

The Group has entered into commercial leases on carpark and land for its investment properties. These leases have remaining lease terms of up to about 44 years (2014: 45 years).

Minimum lease payments recognised as an expense in profit or loss for the period amounted to JPY147,552,000 (2014: JPY75,130,000).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2015	2014
	JPY'000	JPY'000
Not later than one year	121,890	94,559
Later than one year but not later than five years	487,560	378,237
Later than five years	2,700,931	2,812,318
	<u>3,310,381</u>	<u>3,285,114</u>

### (c) Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of up to about 47 years (2014: 48 years). Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2015	2014
	JPY'000	JPY'000
Not later than one year	6,174,026	4,662,649
Later than one year but not later than five years	5,253,532	5,746,540
Later than five years	1,626,536	2,034,749
	<u>13,054,094</u>	<u>12,443,938</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 27. FAIR VALUE OF ASSETS AND LIABILITIES

### (a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

### (b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group 2015	Quoted prices in active markets for identical assets (Level 1) JPY'000	Significant observable inputs other than quoted prices (Level 2) JPY'000	Significant unobservable inputs (Level 3) JPY'000	Total JPY'000
Recurring fair value measurements				
<b>Assets</b>				
<b>Non-financial assets</b>				
Investment properties	–	–	87,930,000	87,930,000
Total non-financial assets	–	–	87,930,000	87,930,000
<b>Financial assets</b>				
<u>Derivative financial instruments</u>				
Forward currency contracts	–	325,240	–	325,240
Cross currency swap	–	914,052	–	914,052
Total non-financial assets	–	1,239,292	–	1,239,292
Total financial and non-financial assets	–	1,239,292	87,930,000	89,169,292
<b>Liabilities</b>				
<b>Financial liabilities</b>				
<u>Derivative financial instruments</u>				
Interest rate swaps	–	364,030	–	364,030
Total financial liabilities	–	364,030	–	364,030

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 27. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) *Assets and liabilities measured at fair value (cont'd)*

Group 2014	Quoted prices in active markets for identical assets (Level 1) JPY'000	Significant observable inputs other than quoted prices (Level 2) JPY'000	Significant unobservable inputs (Level 3) JPY'000	Total JPY'000
Recurring fair value measurements				
<b>Assets</b>				
<b>Non-financial assets</b>				
Investment properties	–	–	69,870,000	69,870,000
Total non-financial assets	–	–	69,870,000	69,870,000
<b>Liabilities</b>				
<b>Financial liabilities</b>				
<u>Derivative financial instruments</u>				
Forward currency contracts	–	44,351	–	44,351
Interest rate swaps	–	448,052	–	448,052
Cross currency swap	–	59,700	–	59,700
Total financial liabilities	–	552,103	–	552,103

(c) *Level 2 fair value measurements*

As at 30 June 2015, the Group has forward foreign exchange contracts, interest rate swaps and cross currency swap, which are categorised in Level 2. The fair value of forward currency contracts is determined using mark-to-market valuation, which is calculated on the basis of quoted forward exchange rates at the balance sheet date, received from respective banking and financial institutions. The fair values of interest rate swaps and cross currency swap are also determined using mark-to-market valuation, which is calculated as the present value of the estimated future cash flows, received from respective banking and financial institutions. These derivative financial instruments are recognised at fair value in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 27. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) *Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs as applied by the external valuation expert:

Description and location	Fair value (JPY'000)	Valuation technique	Unobservable inputs	Rate
Aeon Town Moriya (Ibaraki)	14,400,000	Discounted cash flow	– Discount rate – Terminal capitalisation rate	5.4% 5.7%
Aeon Town Suzuka (Mie)	9,650,000	Discounted cash flow	– Discount rate – Terminal capitalisation rate	5.8% 6.1%
Croesus Shinsaibashi (Osaka)	10,700,000	Discounted cash flow	– Discount rate – Terminal capitalisation rate	3.8% 4.1%
Croesus Tachikawa (Tokyo)	12,800,000	Discounted cash flow	– Discount rate – Terminal capitalisation rate	4.5% 4.9%
Luz Omori (Tokyo)	3,880,000	Discounted cash flow	– Discount rate – Terminal capitalisation rate	4.8% 5.0%
Mallage Shobu (Saitama)	24,500,000	Discounted cash flow	– Discount rate – Terminal capitalisation rate	5.7% 6.0%
One's Mall (Chiba)	12,000,000	Discounted cash flow	– Discount rate – Terminal capitalisation rate	5.3% 5.6%

The fair values are determined using the DCF approach with reference to the direct capitalization approach value as a cross check. The DCF and direct capitalization approach involve the estimation of income and expenses, taking into account expected future changes in economic and social conditions, which may affect the value of the properties. The direct comparison approach is not applied due to a lack of comparable transactions. The Group is of the view that the valuation methods and estimates are reflective of the current market condition.

Total property expenses, recognised in the consolidated profit or loss, represent direct operating expenses arising from investment properties that generated rental income. The Group does not have any investment properties that did not generate rental income.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 27. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) *Level 3 fair value measurements (cont'd)*

### Sensitivity analysis for investment properties

The investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in significant change to the fair value of the respective investment properties. A significant increase in the discount rate and the terminal capitalisation rate would result in a significantly lower fair value measurement, and vice versa.

### Valuation policies and procedures

For all significant financial reporting valuations using valuation models and input unobservable to the Trustee-Manager, the Group engages external valuation experts to perform the valuation. The Trustee-Manager is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, the Trustee-Manager reviews the appropriateness of the valuation methodologies and assumptions adopted. The Trustee-Manager also evaluates the appropriateness and reliability of the input used in the valuations. External valuation experts are required, to the extent practicable, to use a minimum of one methodology to cross-check valuations that are sensitive to unobservable input.

Significant changes in fair value measurements from period to period are evaluated by management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent external sources, or internal sources if necessary and appropriate.

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to currency risk, interest rate risk, credit risk and liquidity risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as forward currency contract, interest rate swap and cross currency swap to hedge certain financial risk exposures.

The Trustee-Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Trustee-Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter party default on its obligations. The Group and the Trust's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits and derivatives financial instruments), the Group and the Trust minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Credit evaluations are performed by the Group before lease agreements are entered into with lessees. In addition, the Group requires lessees to provide tenancy security deposits. Cash and short-term deposits are placed with financial institutions which are regulated.

At the end of reporting period, the maximum exposure to credit risk is represented by the net carrying amount of that class of financial instruments, being offset by any tenancy security deposits.

The credit risk for trade receivables based on the information provided to key management is as follows:

#### Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks which are regulated. Trade and other receivables that are neither past due nor impaired are substantially from companies with a good collection track record with the Group.

#### Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired.

### (b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Trust will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Trust's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Trust's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations. In addition, the Group also monitors and observes the bank covenants imposed by the banks on the various borrowings.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Liquidity risk (cont'd)*

The table below summarises the maturity profile of the Trust's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

<b>Group 2015</b>	<b>Within 1 year JPY'000</b>	<b>1 to 5 years JPY'000</b>	<b>Over 5 years JPY'000</b>	<b>Total JPY'000</b>
<u>Financial assets</u>				
Trade and other receivables	401,115	6,927	213,500	621,542
Restricted cash	3,300,260	653,623	3,114,188	7,068,071
Cash and short-term deposits	2,941,662	–	–	2,941,662
Derivative financial instruments	104,877	60,053	–	164,930
<b>Total undiscounted financial assets</b>	<b>6,747,914</b>	<b>720,603</b>	<b>3,327,688</b>	<b>10,796,205</b>
<u>Financial liabilities</u>				
Trade and other payables	1,248,551	653,622	3,114,188	5,016,361
Loans and borrowings	1,230,174	47,265,340	–	48,495,514
Other liabilities (exclude deferred revenue)	60,986	–	286,000	346,986
Derivative financial instruments	136,340	307,968	–	444,308
<b>Total undiscounted financial liabilities</b>	<b>2,676,051</b>	<b>48,226,930</b>	<b>3,400,188</b>	<b>54,303,169</b>
<b>Total net undiscounted financial assets/ (liabilities)</b>	<b>4,071,863</b>	<b>(47,506,327)</b>	<b>(72,500)</b>	<b>(43,506,964)</b>
<b>Group 2014</b>	<b>Within 1 year JPY'000</b>	<b>1 to 5 years JPY'000</b>	<b>Over 5 years JPY'000</b>	<b>Total JPY'000</b>
<u>Financial assets</u>				
Trade and other receivables	311,601	–	95,517	407,118
Restricted cash	2,754,823	493,034	1,560,293	4,808,150
Cash and short-term deposits	2,754,421	–	–	2,754,421
Derivative financial instruments	60,600	–	–	60,600
<b>Total undiscounted financial assets</b>	<b>5,881,445</b>	<b>493,034</b>	<b>1,655,810</b>	<b>8,030,289</b>
<u>Financial liabilities</u>				
Trade and other payables	886,724	493,034	1,560,293	2,940,051
Loans and borrowings	870,498	42,307,246	–	43,177,744
Other liabilities (exclude deferred revenue)	97,666	–	286,000	383,666
Derivative financial instruments	196,302	463,449	–	659,751
<b>Total undiscounted financial liabilities</b>	<b>2,051,190</b>	<b>43,263,729</b>	<b>1,846,293</b>	<b>47,161,212</b>
<b>Total net undiscounted financial assets/ (liabilities)</b>	<b>3,830,255</b>	<b>(42,770,695)</b>	<b>(190,483)</b>	<b>(39,130,923)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Liquidity risk (cont'd)*

<b>Trust 2015</b>	<b>Within 1 year JPY'000</b>	<b>1 to 5 years JPY'000</b>	<b>Over 5 years JPY'000</b>	<b>Total JPY'000</b>
<u>Financial assets</u>				
Trade and other receivables	7,965	–	–	7,965
Cash and short-term deposits	1,115,077	–	–	1,115,077
Loan to subsidiaries	503,665	9,569,947	–	10,073,612
Derivative financial instruments	104,877	60,053	–	164,930
Total undiscounted financial assets	1,731,584	9,630,000	–	11,361,584
<u>Financial liabilities</u>				
Trade and other payables	25,268	–	–	25,268
Loans and borrowings	418,048	8,416,171	–	8,834,219
Other liabilities	40,023	–	–	40,023
Total undiscounted financial liabilities	483,339	8,416,171	–	8,899,510
Total net undiscounted financial assets	1,248,245	1,213,829	–	2,462,074
<b>Trust 2014</b>	<b>Within 1 year JPY'000</b>	<b>1 to 5 years JPY'000</b>	<b>Over 5 years JPY'000</b>	<b>Total JPY'000</b>
<u>Financial assets</u>				
Trade and other receivables	273,124	–	–	273,124
Cash and short-term deposits	1,946,875	–	–	1,946,875
Loan to subsidiaries	–	8,829,394	–	8,829,394
Derivative financial instruments	60,600	–	–	60,600
Total undiscounted financial assets	2,280,599	8,829,394	–	11,109,993
<u>Financial liabilities</u>				
Trade and other payables	27,476	–	–	27,476
Loans and borrowings	313,171	8,671,006	–	8,984,177
Other liabilities	44,898	–	286,000	330,898
Derivative financial instruments	87,845	110,393	–	198,238
Total undiscounted financial liabilities	473,390	8,781,399	286,000	9,540,789
Total net undiscounted financial assets/ (liabilities)	1,807,209	47,995	(286,000)	1,569,204

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Trust's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Trust's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through the use of interest rate swaps.

The Group has outstanding interest rate swaps with notional amounts totaling JPY39,150,000,000 (2014: JPY33,360,000,000) (Note 17). As at the reporting date, financial derivative liabilities of JPY364,030,000 (2014: JPY448,052,000) were recorded on the balance sheets based on the net fair value of these interest rate swaps.

Sensitivity analysis for interest rate risk

At the reporting date, the Group has minimal interest rate exposure as the Group had fully hedged its floating rate financial liabilities, and its profits after tax and operating cash flows are fully independent of changes in market interest rates.

(d) *Foreign currency risk*

Foreign currency risk arises when transactions are denominated in currencies other than the respective functional currencies of the various entities in the Group and impact the Group's total return for the year.

The Group's foreign currency risk relates mainly to its distribution to unitholders in Singapore Dollar. The Group monitors its foreign currency exposure on an on-going basis and manages its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

The Group has outstanding forward currency contracts and cross currency swap with notional amounts totaling JPY4,944,000,000 and JPY8,176,796,000 (2014: JPY3,764,000,000 and JPY8,176,796,000) respectively (Note 17). As at the reporting date, net financial derivative assets/(liabilities) of JPY1,239,292,000 (2014: JPY104,051,000) were recorded on the balance sheets based on the net fair value of these forward currency contracts and cross currency swap.

Sensitivity analysis for foreign currency risk

At the reporting date, if the Japanese Yen strengthened/weakened against Singapore Dollar by 10% (2014: 5%) with all other variables constant, the Group's total return before tax would have been JPY50,341,000 (2014: JPY11,368,000) lower/higher due to exchange differences arising from appreciation/depreciation of Japanese Yen against Singapore Dollar.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## 29. OPERATING SEGMENT

The Group's investment properties are primarily tenanted for use as retail space and are all located in Japan. The revenues of the Group are derived primarily from retail tenants. Therefore, the Trustee-Manager considers that the Group operates within a single business segment and within a single geographical segment in Japan.

	2015 JPY'000	2014 JPY'000
Revenue from a major retail tenant	1,872,116	1,837,487

### Geographical segment

Revenue and non-current assets information based on the geographical location of assets respectively are as follow:

	2015		2014	
	Revenue	Non-current assets	Revenue	Non-current assets
	JPY'000	JPY'000	JPY'000	JPY'000
Japan	7,635,403	92,992,870	6,261,227	72,205,047

## 30. CAPITAL MANAGEMENT

The Trustee-Manager looks at the depository assets as defined under the Property Fund Guidelines to manage as capital. The Trustee-Manager's objective when managing capital is to optimise the Group's capital structure within the borrowing limits set out in the Trust Deed to fund future acquisitions and asset enhancement works at the Group's properties. To maintain or achieve an optimal capital structure, the Trustee-Manager may issue new units or source additional borrowing.

The Trustee-Manager monitors capital based on gearing ratio. The gearing ratio is calculated as total loans and borrowings divided by total depository assets.

The gearing ratios of the Group as at the end of the reporting periods are as follows:

	2015 JPY'000	2014 JPY'000
Total loans and borrowings	47,487,213	40,602,536
Total depository assets	100,400,953	78,490,576
Gearing ratio	47.3%	51.7%

The banks providing specified loans and specified bonds to subsidiaries require the subsidiaries to keep certain level of cash reserve and gearing ratio in the agreements. The Trustee-Manager monitors and manages the working capital of the Group and financial position of the subsidiaries to satisfy these requirements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

## **31. SUBSEQUENT EVENTS**

### Payment of management fee by way of issue of units

On 31 August 2015, the Trust has made payment of management fees by way of issue of 1,680,000 new units to the Trustee-Manager at the issue price of SGD0.8439 per unit.

## **32. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

The financial statements for the year ended 30 June 2015, were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee-Manager, Croesus Retail Asset Management Pte. Ltd. on 16 September 2015.



# STATISTICS OF UNITHOLDINGS

As at 14 September 2015

There were 519,193,989 issued and fully paid units (voting rights: 1 vote per unit) in issue as at 14 September 2015. There is only one class of units in Croesus Retail Trust.

## UNITHOLDINGS OF THE DIRECTORS OF THE TRUSTEE-MANAGER (AS AT 14 SEPTEMBER 2015)

(Based on the Register of Directors' Unitholdings)

Name of Director	Direct Interest		Deemed Interest		Total No. of Units	%
	No. of Units	%	No. of Units	%		
Mr Lim Teck Leong David	–	–	1,450,000	0.28	1,450,000	0.28
Mr Jim Chang Cheng-Wen	–	–	7,664,000	1.48	7,664,000	1.48
Mr Eng Meng Leong	–	–	–	–	–	–
Mr Quah Ban Huat	–	–	–	–	–	–
Mr Yong Chao Hsien Jeremy	–	–	7,664,000	1.48	7,664,000	1.48

## SUBSTANTIAL UNITHOLDERS (AS AT 14 SEPTEMBER 2015)

(As recorded in the Register of Substantial Unitholders)

	Direct Interest	%	Deemed Interest	%
DBS Bank Ltd.	33,736,000	6.50	–	–
DBS Group Holdings Ltd. <sup>1</sup>	–	–	33,736,000	6.50
Temasek Holdings (Private) Limited <sup>2</sup>	–	–	33,736,000	6.50
Target Value Fund	38,539,000	7.42	–	–
Target Asset Management Pte. Ltd. <sup>3</sup>	–	–	38,539,000	7.42
Teng Ngiek Lian <sup>4</sup>	–	–	38,539,000	7.42

Notes:

1. DBS Group Holdings Ltd. is deemed to be interested in 33,736,000 units held directly by DBS Bank Ltd., a wholly-owned subsidiary of DBS Group Holdings Ltd.
2. Temasek Holdings (Private) Limited ("Temasek") is deemed to be interested in the 33,736,000 units held directly by DBS Bank Ltd., a wholly-owned subsidiary of DBS Group Holdings Ltd. ("DBSH"). Temasek has more than 20% interest in DBSH, an independently managed Temasek portfolio company. Temasek is not involved in the business or operating decisions of DBSH, including those regarding their positions in the units.
3. Target Asset Management Pte. Ltd. is deemed to be interested in 38,539,000 units held directly by Target Value Fund. Target Asset Management Pte. Ltd. is the Investment Manager of the Target Value Fund.
4. Mr. Teng Ngiek Lian is a majority shareholder in Target Asset Management Pte. Ltd. Accordingly, he is deemed to be interested in 38,539,000 units held by Target Value Fund.

## FREE FLOAT

Based on the information made available to the Trustee-Manager, as at 14 September 2015, approximately 84.3% of the number of Units issued is held in the hands of the public. Accordingly, CRT has complied with Rule 723 of the Listing Manual of the SGX-ST.

The Trust does not have any treasury units.

# STATISTICS OF UNITHOLDINGS

As at 14 September 2015

## ADDITIONAL INFORMATION

	Total Volume '000	Highest Price \$	Lowest Price \$
Unit performance for the financial year ended 30 June 2015	220,403.7	1.020	0.885
		As at 30 June 2014 \$	As at 30 June 2015 \$
Closing price		0.955	0.935

## DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	14	0.19	609	0.00
100 – 1,000	1,258	16.74	1,240,743	0.24
1,001 – 10,000	3,927	52.27	20,308,933	3.91
10,001 – 1,000,000	2,281	30.36	118,873,847	22.90
1,000,001 AND ABOVE	33	0.44	378,769,857	72.95
<b>TOTAL</b>	<b>7,513</b>	<b>100.00</b>	<b>519,193,989</b>	<b>100.00</b>

## TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	HSBC (SINGAPORE) NOMINEES PTE. LTD.	94,252,886	18.15
2	DBS NOMINEES (PRIVATE) LIMITED	78,195,986	15.06
3	CITIBANK NOMINEES SINGAPORE PTE. LTD.	38,009,144	7.32
4	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	37,426,114	7.21
5	RAFFLES NOMINEES (PTE) LIMITED	27,395,532	5.28
6	SOLANUM INVESTMENT PTE. LTD.	12,323,974	2.37
7	BANK OF SINGAPORE NOMINEES PTE. LTD.	10,523,615	2.03
8	DBSN SERVICES PTE. LTD.	8,921,600	1.72
9	ALPHA SECURITIES PTE. LTD.	8,215,982	1.58
10	PHILLIP VENTURES ENTERPRISE FUND 3 LTD.	7,085,800	1.36
11	NTUC FAIRPRICE CO-OPERATIVE LTD.	6,000,000	1.16
12	CIMB SECURITIES (SINGAPORE) PTE. LTD.	5,811,529	1.12
13	DBS VICKERS SECURITIES (SINGAPORE) PTE. LTD.	5,169,307	1.00
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,137,312	0.60
15	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	2,950,141	0.57
16	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	2,923,084	0.56
17	ABN AMRO NOMINEES SINGAPORE PTE. LTD.	2,730,475	0.53
18	DB NOMINEES (SINGAPORE) PTE. LTD.	2,714,750	0.52
19	CROESUS RETAIL ASSET MANAGEMENT PTE. LTD.	2,239,000	0.43
20	OCBC SECURITIES PRIVATE LIMITED	2,104,988	0.41
	<b>TOTAL</b>	<b>358,131,219</b>	<b>68.98</b>

# NOTICE OF ANNUAL GENERAL MEETING

## CROESUS RETAIL TRUST

(a business trust constituted on 7 May 2012 under the laws of the Republic of Singapore)

Registration Number: 2013004

Managed by Croesus Retail Asset Management Pte. Ltd.

(Registration Number 201205175K)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Unitholders of Croesus Retail Trust (“**CRT**”) will be held at Pan Pacific Hotel, Level 2, 7 Raffles Boulevard, Marina Square Singapore 039595, on Monday, 26 October 2015 at 2.00 p.m. to transact the following business:

### ORDINARY BUSINESS

1. To receive and adopt the Report of the Trustee-Manager issued by Croesus Retail Asset Management Pte. Ltd. (the “**Trustee-Manager**”), Statement by the Trustee-Manager and the Audited Financial Statements of CRT for the financial year ended 30 June 2015 together with the Independent Auditor’s Report thereon. **(Resolution 1)**
2. To re-appoint Ernst & Young LLP as the Independent Auditor of CRT to hold office until the conclusion of the next Annual General Meeting of CRT and to authorise the Directors of the Trustee-Manager to fix its remuneration. **(Resolution 2)**

### SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

#### 3. **General mandate to issue units in CRT (“Units”)**

That pursuant to Clause 6.1.1 of the trust deed constituting CRT dated 7 May 2012 (as amended) (the “**Trust Deed**”), Section 36 of the Business Trusts Act, Chapter 31A of Singapore (the “**BTA**”) and Rule 806 of the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Trustee-Manager, on behalf of CRT, be authorised and empowered to:

- (a) (i) issue Units, whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued) issue Units in pursuance of any Instruments made or granted by the Trustee-Manager while this Resolution was in force,

# NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro-rata basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the total number of issued Units (excluding treasury Units, if any) at the time of the passing of this Resolution, after adjusting for:
  - (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
  - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Trust Deed for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) and the BTA;
- (4) unless revoked or varied by the Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meeting of the Unitholders of CRT or (ii) the date by which the next Annual General Meeting of the Unitholders of CRT is required by applicable laws and regulations to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Trustee-Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Trustee-Manager and any director of the Trustee-Manager ("**Director**") be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director may consider expedient or necessary or in the interest of CRT to give effect to the authority conferred by this Resolution.

[See Explanatory Note]

**(Resolution 3)**

By Order of the Board of Directors of Croesus Retail Asset Management Pte. Ltd.  
(as Trustee-Manager of Croesus Retail Trust)



Kim Yi Hwa  
Company Secretary  
Singapore, 6 October 2015

# NOTICE OF ANNUAL GENERAL MEETING

## EXPLANATORY NOTE:

The Ordinary Resolution 3 in item 3 above, if passed, will empower the Trustee-Manager from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by applicable laws and regulations to be held, or the date on which such authority is varied or revoked by CRT in a general meeting of the Unitholders, whichever is the earlier, to issue Units, make or grant Instruments (such as securities, warrants or debentures) convertible into Units and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued Units (excluding treasury Units, if any) in CRT, of which up to 20% of the total number of issued Units (excluding treasury Units, if any) may be issued other than on a pro-rata basis to Unitholders.

For the purpose of determining the aggregate number of Units that may be issued, the total number of issued Units (excluding treasury Units, if any) will be calculated based on the total number of issued Units (excluding treasury Units, if any) at the time the Ordinary Resolution 3 in item 3 above is passed, after adjusting for (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time this Resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of Units.

## NOTES:

1. A Unitholder entitled to attend and vote at the Annual General Meeting of Unitholders (the "**Meeting**") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.
2. Where a Unitholder appoints two proxies, he/she must specify the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy. Where a Unitholder appoints two proxies and does not specify the proportion of his/her unitholding to be represented by each proxy, then the Units held by the Unitholder are deemed to be equally divided between the proxies.
3. The instrument appointing a proxy or proxies must be deposited at the office of Boardroom Corporate & Advisory Services Pte. Ltd., the Unit Registrar of CRT, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the Annual General Meeting.

## PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Trustee-Manager (or its agents) for the purpose of the processing and administration of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Trustee-Manager (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Trustee-Manager (or its agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Trustee-Manager (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Trustee-Manager in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.



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# PROXY FORM

(Please see notes overleaf before completing this Form)

## CROESUS RETAIL TRUST

(a business trust constituted on 7 May 2012 under the laws of the Republic of Singapore)

Registration Number: 2013004

Managed by Croesus Retail Asset Management Pte. Ltd.

(Registration Number 201205175K)

I/We (Name), \_\_\_\_\_

(NRIC/Passport No./Company Registration No.) \_\_\_\_\_

of (Address) \_\_\_\_\_

being a unitholder/unitholders of Croesus Retail Trust ("CRT"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

or failing \*him/her/them, the Chairman of the Annual General Meeting (the "**Meeting**") of CRT as \*my/our \*proxy/proxies to attend and to vote for \*me/us and on \*my/our behalf and if necessary, to demand a poll, at the Meeting to be held at Pan Pacific Hotel, Level 2, 7 Raffles Boulevard, Marina Square Singapore 039595, on Monday, 26 October 2015 at 2.00 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

\* Please delete accordingly.

No.	Resolutions	For **	Against **
1	To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the Audited Financial Statements of CRT for the financial year ended 30 June 2015 together with the Independent Auditor's Report thereon		
2	To re-appoint Ernst & Young LLP as Independent Auditor of CRT and to authorise the Trustee-Manager to fix its remuneration		
3	To authorise the Trustee-Manager to issue Units and to make or grant convertible instruments		

\*\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Total number of Units in:	No. of Units
(a) CDP Register	
(b) Register of Unitholders	

\_\_\_\_\_  
Signature of Unitholder(s)

or, Common Seal of Corporate Unitholder

## **NOTES :**

1. Please insert the total number of units in CRT ("Units") held by you. If you have Units entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Units. If you have Units registered in your name in the Register of Unitholders of CRT, you should insert that number of Units. If you have Units entered against your name in the Depository Register and Units registered in your name in the Register of Unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of Unitholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Units held by you.
2. A Unitholder of CRT entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder of CRT.
3. Where a Unitholder appoints two proxies, he/she must specify the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy. Where a Unitholder appoints two proxies and does not specify the proportion of his/her unitholding to be represented by each proxy, then the Units held by the Unitholder are deemed to be equally divided between the proxies.
4. Completion and return of this instrument appointing a proxy shall not preclude a Unitholder from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the Meeting in person, and in such event, the Trustee-Manager reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the office of Boardroom Corporate & Advisory Services Pte Ltd, the Unit Registrar of CRT, at the following address: Croesus Retail Trust, c/o Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the Meeting.
6. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
7. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
8. All Unitholders will be bound by the outcome of the Annual General Meeting regardless of whether they have attended or voted at the Annual General Meeting.

## **PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 October 2015.

## **GENERAL:**

The Trustee-Manager shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager may reject any instrument appointing a proxy or proxies lodged if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Trustee-Manager.



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