

The financial results presented in this Presentation are for the period from 10 May 2013 (being the official listing date (the "Listing Date") of Croesus Retail Trust ("CRT")) to 30 June 2014. However, the financial statements and results as presented in the announcement of results dated 28 August 2014 are for the period from 7 May 2012 (being the date of constitution of CRT) to 30 June 2014. Although CRT was constituted on 7 May 2012, CRT had been dormant as a private trust during the period from 7 May 2012 to 9 May 2013. The acquisition of properties by CRT was only completed on the Listing Date and consequently, the actual income derived from the properties for the current period was from the Listing Date to 30 June 2014.

## Croesus Retail Trust

Financial Results for the period  
from 10 May 2013 to 30 June  
2014

28 August 2014

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# Important Notice



Certain statements in this presentation constitute “forward-looking statements”, including forward-looking financial information. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Croesus Retail Trust (“CRT”) or Croesus Retail Asset Management Pte. Ltd., as trustee-manager of CRT (the “Trustee-Manager”) to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding the Trustee-Manager’s present and future business strategies and the environment in which CRT or the Trustee-Manager will operate in the future. Because these statements and financial information reflect the Trustee-Manager’s current views concerning future events, they necessarily involve risks, uncertainties and assumptions and investors are cautioned not to place undue reliance on these statements and financial information. Actual performance could differ materially from these forward-looking statements and forward-looking financial information.

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This presentation contains certain information with respect to the trade sectors of CRT’s tenants. The Trustee-Manager has determined the trade sectors in which CRT’s tenants are primarily involved based on the Trustee-Manager’s general understanding of the business activities conducted by such tenants. The Trustee-Manager’s knowledge of the business activities of CRT’s tenants is necessarily limited and such tenants may conduct business activities that are in addition to, or different from, those shown herein.

This presentation includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. While the Trustee-Manager has taken reasonable steps to ensure that the information from such industry publications, surveys and forecasts are extracted accurately and in their proper context, the Trustee-Manager has not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein.

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The past performance of CRT is not indicative of the future performance of CRT. Similarly, the past performance of the Trustee-Manager is not indicative of the future performance of the Trustee-Manager.

This presentation is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in CRT.

In this presentation, references to “forecast figures” or “forecast” are to forecast figures which the Trustee-Manager has extracted from the announcement dated 27 February 2014 (the “Acquisition Announcement”) in relation to the acquisition of Luz Omori and NIS Wave I (the “Additional Portfolio”) and forecast figures for Forecast Year 2014 which the Trustee-Manager has extracted from the prospectus of CRT dated 2 May 2013 (the “Prospectus”), are subject to the bases and assumptions stated therein respectively, and pro-rated or, as the case may be, extrapolated for the actual number of days attributable to the respective reporting period, except for non-recurring items such as unrealised fair value gains, their related deferred tax expenses and prepaid property tax which are not proportionally pro-rated, or as the case may be, extrapolated. Such forecast figures are for illustrative purposes only and should not be construed as a representation or a forecast of the performance or results of CRT.

# About Croesus Retail Trust



## Aeon Town Moriya

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



## Aeon Town Suzuka

A suburban shopping centre located in Suzuka city, Mie Prefecture



## Croesus Shinsaibashi <sup>(1)</sup>

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



## Mallage Shobu

A suburban shopping centre located in Kuki city, Saitama Prefecture



## Luz Omori

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



## NIS Wave I

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

- 1 First Asia-Pacific retail business trust with an initial portfolio in Japan listed on the SGX-ST
- 2 Portfolio currently comprises 6 quality prime and suburban retail malls with an aggregate NLA of 198,168 sq m and committed occupancy of approximately 100% as at 30 June 2014
- 3 Market Capitalisation of S\$434 million <sup>(2)</sup>

- 4 Exposure to resilient income-producing stabilised assets in Japan
  - Close to major transportation nodes and conveniently accessible
  - Mix of quality malls catering to the young and trendy and suburban malls catering to daily necessities
  - Most leases are Fixed-Term Leases, allowing for adjustment in rental income and tenant composition upon expiry

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

(1) Previously known as Luz Shinsaibashi. Please refer to the announcement dated 2 June 2014 for more details in relation to the change in name.

(2) Based on closing price of S\$1.010 on 26 August 2014.

**Key Highlights**

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- CRT's second Distribution Per Unit of 3.74<sup>(1)</sup> Singapore cents to be paid in September 2014
- Q4 FY2014 Distribution Per Unit of 2.00<sup>(2)</sup> Singapore cents exceeds the forecast figures by 2.0%. Year-to-date Distribution Per Unit of 8.98<sup>(3)</sup> Singapore cents also exceeds forecast figures by 6.3%
- Portfolio Net Property Income and Income Available for Distribution for Q4 FY2014 exceeds forecast figures by 2.6% and 2.1%, respectively, due mainly to lower property operating expenses achieved through cost savings in property management and repair expenses
- Portfolio valuation appreciated by 3% as at 30 June 2014<sup>(4)</sup>
- Tenant replacements at Mallage Shobu continue to show positive rental reversions

(1) For the period from 1 January 2014 to 30 June 2014

(2) For the period from 1 April 2014 to 30 June 2014

(3) For the period from 10 May 2013 to 30 June 2014

(4) See slide 9 for further details on the basis of computation

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# Financial Highlights – 10 May 2013 to 30 June 2014



	10 May 2013 to 30 June 2014 <sup>(1)</sup>			1 April 2014 to 30 June 2014		
	Actual	Forecast	Variance %	Actual	Forecast	Variance %
<b>Income Available for Distribution (¥'000)</b>	3,179,716	2,994,922	6.2%	707,402	693,063	2.1%
<b>Distribution Per Unit ('DPU') (Singapore cents)</b>	8.98	8.45	6.3%	2.00	1.96	2.0%
<b>Historical Annualised DPU (Singapore cents)</b>	7.86 <sup>(2)</sup>	7.41				
<b>Historical Annualised Distribution Yield<sup>(3)</sup></b>						
<b>@ S\$0.93 per unit (IPO Price)</b>	8.5%	8.0%				
<b>@ S\$1.01 per unit (closing price on 26 Aug 2014)</b>	7.8%	7.3%				

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

(2) The historical annualised DPU is calculated by dividing the DPU for the period from 10 May 2013 to 30 June 2014 by 417 days and multiplying the result by 365 days (the "Historical Annualised DPU"). The Historical Annualised DPU is for illustrative purposes only and should not be construed as a representation of the future DPU or a forecast of the future DPU.

(3) The historical annualised distribution yield is calculated by dividing the Historical Annualised DPU by the respective unit price (in Singapore cents). The historical annualised distribution yield is for illustrative purposes only and should not be construed as a representation of the future distribution yield or a forecast of the future distribution yield.

# Income Available for Distribution Exceeds Forecast by 6.2%



	YTD – 10 May 2013 to 30 June 2014			Q4 – 1 Apr 2014 to 30 June 2014		
(JPY"000)	Actual	Forecast	Variance %	Actual	Forecast	Variance %
<b>Gross Revenue</b>	<b>6,261,227</b>	<b>6,203,340</b>	<b>0.9%</b>	<b>1,584,424</b>	<b>1,599,410</b>	<b>(0.9)%</b>
Less: Property Operating Expenses	(2,232,387)	(2,359,897)	(5.4)%	(564,633)	(605,708)	(6.8)%
<b>Net Property Income</b>	<b>4,028,840</b>	<b>3,843,443</b>	<b>4.8%</b>	<b>1,019,791</b>	<b>993,702</b>	<b>2.6%</b>
Trustee Manager's Fees (1)	(565,508)	(555,943)	1.7%	(148,007)	(147,077)	0.6%
Finance Costs	(707,116)	(717,889)	(1.5)%	(232,171)	(240,016)	(3.3)%
Other Trust Expenses (4)	(196,827)	(169,613)	16.0%	(61,313)	(49,787)	23.2%
<b>Total Trust Income and Expenses</b>	<b>2,559,389</b>	<b>2,399,998</b>	<b>6.6%</b>	<b>578,300</b>	<b>556,822</b>	<b>3.9%</b>
Net Change in Fair Value of Investment Properties/ Financial Instruments (2)	3,783,952	1,683,585	125%	1,928,870	411,941	368%
Income Tax Expenses (4)	(1,550,802)	(660,375)	135%	(676,373)	(158,476)	327%
<b>Profit after Tax</b>	<b>4,792,539</b>	<b>3,423,208</b>	<b>40.0%</b>	<b>1,830,797</b>	<b>810,287</b>	<b>126%</b>
Distribution Adjustments (3)	(1,612,823)	(428,286)	277%	(1,123,395)	(117,224)	858%
<b>Income Available for Distribution to Unitholders</b>	<b>3,179,716</b>	<b>2,994,922</b>	<b>6.2%</b>	<b>707,402</b>	<b>693,063</b>	<b>2.1%</b>

(1) Includes Japan Asset Manager's fees.

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

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

(4) Reclassification of JPY5,343,000 of business scale taxes from the forecasted income tax expenses to forecasted other trust expenses were made to be consistent with the actual accounts. Other trust expenses comprise of finance income, other administrative expenses, other trust expenses and foreign exchange losses.



# Appreciation in Portfolio Valuation by 3.0% as at 30 June 2014



	Valuation (JPY mm) as at 30 June 2014 <sup>(2)</sup>	Discount Rate (%)	Terminal Cap Rate (%)	Prior Valuation <sup>(1)</sup> (JPY mm)	Change in Valuation (%)	Purchase Price (JPY mm)
Aeon Town Moriya	13,000	5.9%	6.2%	12,800	1.6%	12,154
Aeon Town Suzuka	8,970	6.2%	6.5%	8,790	2.0%	8,439
Croesus Shinsaibashi	9,940	4.3%	4.6%	9,380	6.0%	9,021
Mallage Shobu	22,700	6.0%	6.3%	21,900	3.7%	20,584
Luz Omori	3,560	5.2%	5.5%	3,560	0.0%	3,450
NIS Wave I	11,700	5.0%	5.3%	11,400	2.6%	10,800
<b>Total Portfolio</b>	<b>69,870</b>			<b>67,830</b>	<b>3.0%</b>	<b>64,448</b>

(1) For the Initial Portfolio, based on valuation by DTZ as at 31 Mar 2013 (see the Prospectus for further details). For Mallage Shobu, valuation by DTZ as at 1 June 2013, after inclusion of the Uniqlo annex. For the Additional Portfolio, based on valuation by DTZ as at 18 Sept 2013 (see the announcement dated 27 February 2014 for further details).

9 (2) Valuation as at 30 June 2014 by independent valuer, DTZ (see announcement dated 28 August 2014 for further details).

# Healthy Balance Sheet – Growing Net Asset Value per Unit

(JPY'000)	Actual as of 31 March 2014	Actual as of 30 June 2014
Investment Properties	67,917,027	69,870,000
Other Non-current Assets	2,285,771	2,335,047
Current Assets	5,534,720	6,346,037
<b>Total Assets</b>	<b>75,737,518</b>	<b>78,551,084</b>
Loans and Borrowings (long-term)	40,152,436	40,244,092
Other Non-current Liabilities	3,603,701	3,989,538
Current Liabilities	1,468,068	1,923,920
<b>Net Assets</b>	<b>30,513,313</b>	<b>32,393,534</b>
Number of Units Issued and to be issued <sup>(1)</sup>	430,038,000	431,438,000
<b>Net Asset Value per Unit (JPY)</b>	<b>70.95</b>	<b>75.08</b>

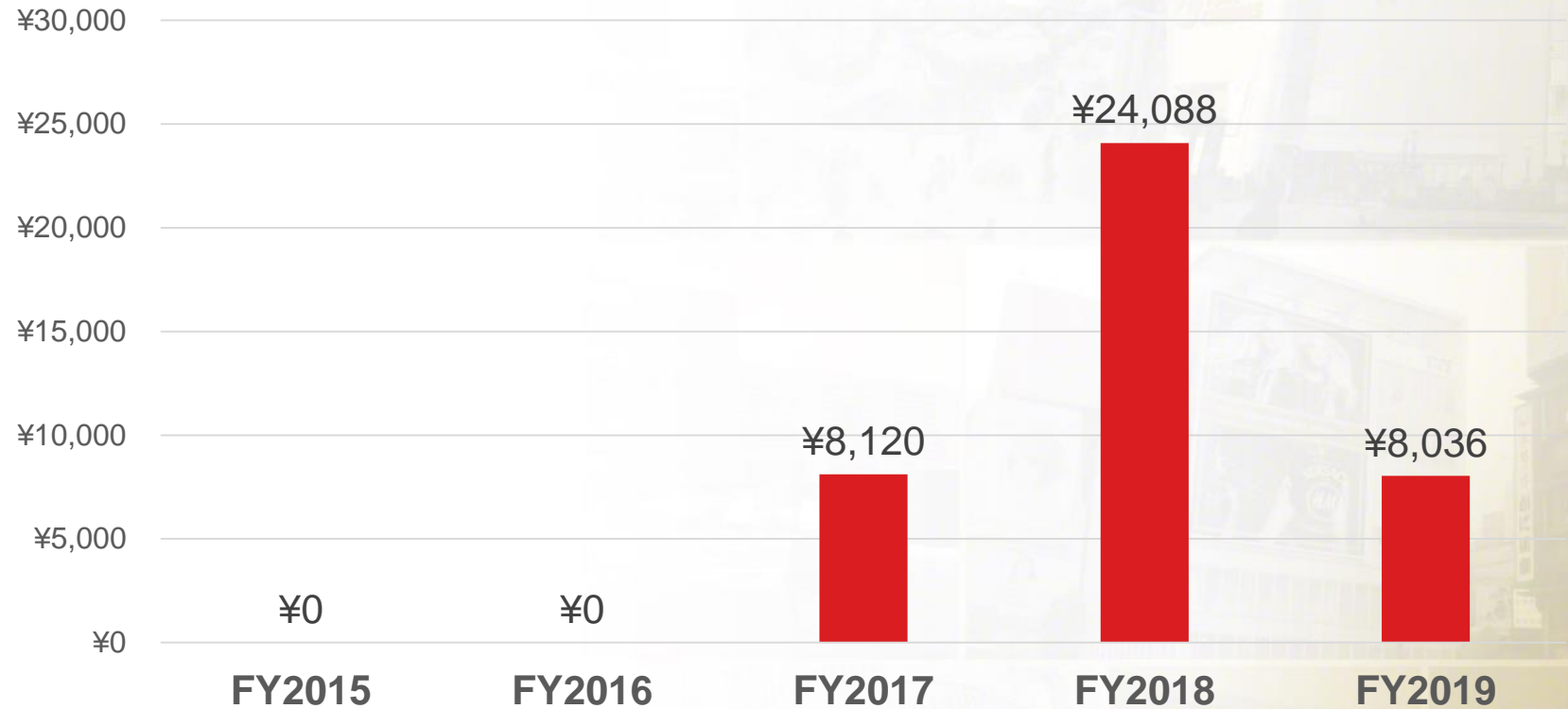
(1) The number of units issued and to be issued as of 30 June 2014 consists of a) the number of units in issue as at 30 June 2014 of 429,988,000; and b) the estimated number of units to be issued to the Trustee-Manager as partial satisfaction of Trustee-Manager's fees payable for the period from 1 April 2014 to 30 June 2014 of 1,450,000.\*\*

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

# Debt Maturity Well Staggered

Total Long-term Debt: JPY 40,244 million

Unit: JPY mm



**% of total debt maturing**

**0%**

**0%**

**20%**

**60%**

**20%**

- Weighted debt maturity as of 30 June 2014 is 3.7 years

# Key Financial Indicators



	Actual as of 31 March 2014	Actual as of 30 June 2014
<b>Gearing Ratio</b>	53.5%	51.7%
<b>Interest Coverage Ratio</b>	5.2 times	4.6 times
<b>% of Debt Hedged</b>	100%	100%
<b>Average All-In Cost of Debt<sup>(1)</sup></b>	2.15%	2.13%
<b>Debt Maturity</b>	4.0 years	3.7 years
<b>Additional Debt Headroom<sup>(2)</sup></b>	JPY12.3 billion	JPY16.2 billion

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

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

# Distribution Details



Distribution Period	1 January 2014 – 30 June 2014
Distribution Per Unit	3.74 Singapore cents

## Distribution Timetable

Notice of Books Closure Date	Thursday, 28 August 2014
Units Trading Ex-Distribution	9:00 am, Monday, 8 September 2014
Books Closure Date	5:00 pm, Wednesday, 10 September 2014
Cash Distribution Payment Date	Friday, 26 September 2014

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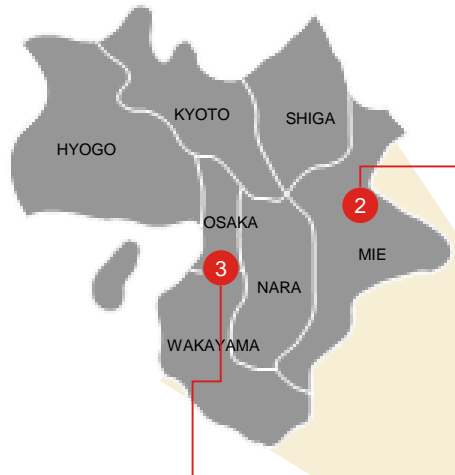
Outlook

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# Portfolio Overview

Sponsor had locked in attractive purchase prices for the acquisitions of Luz Omori and NIS Wave I, at a time when real estate prices in Japan are escalating. Enlarged Portfolio is geographically diversified across Japan, located near major transportation nodes.



**Aeon Town Suzuka**

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

**Mallage Shobu**

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

**NIS Wave I**

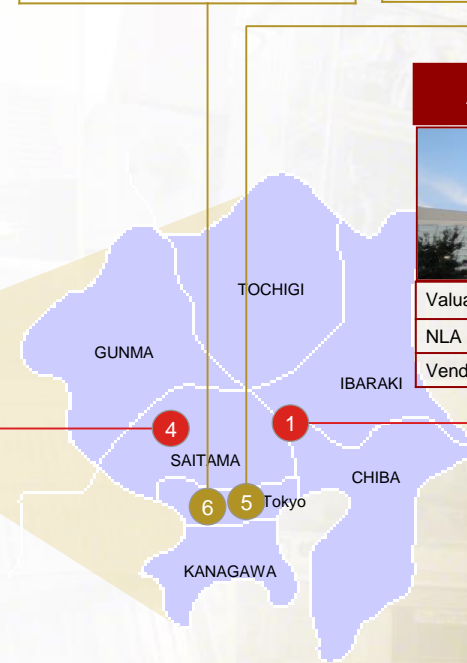
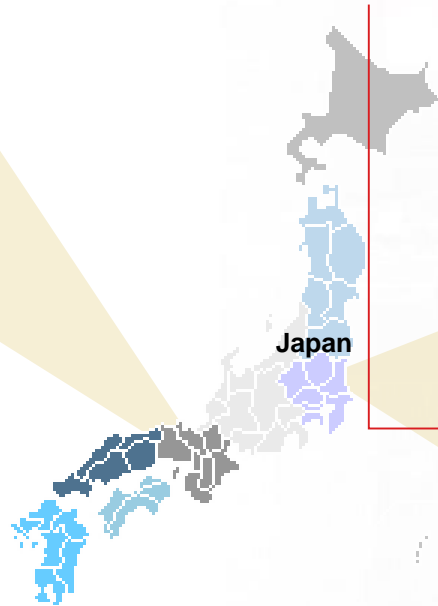
Valuation <sup>(1)</sup> (JPY mm)	11,700
NLA (sqm)	7,141
Vendor: US Private Fund	

**Luz Omori**

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

**Croesus Shinsaibashi**

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



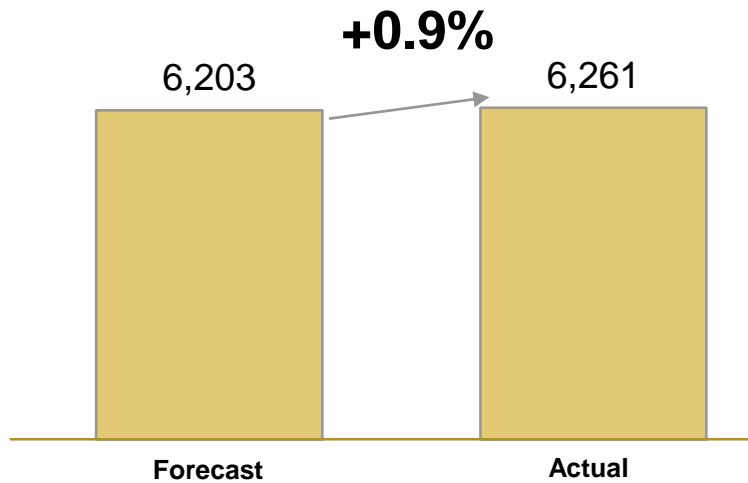
**Aeon Town Moriya**

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

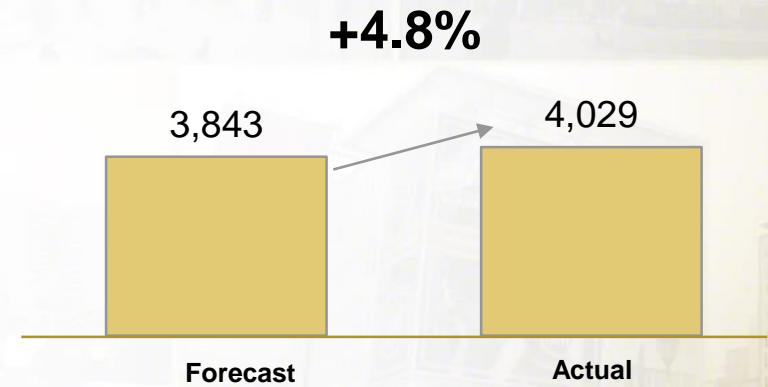
(1) Based on valuation by DTZ as at 30 June 2014

# Portfolio Gross Revenue and NPI — above Forecast

## Gross Revenue<sup>(1)</sup> (JPY mm)



## Net Property Income<sup>(1)</sup> (JPY mm)



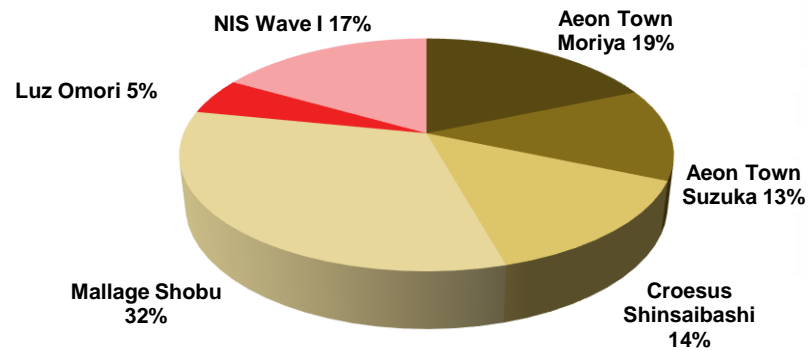
(1) For the period from Listing Date of 10 May 2013 to 30 June 2014.



# Key Information on the Enlarged Portfolio

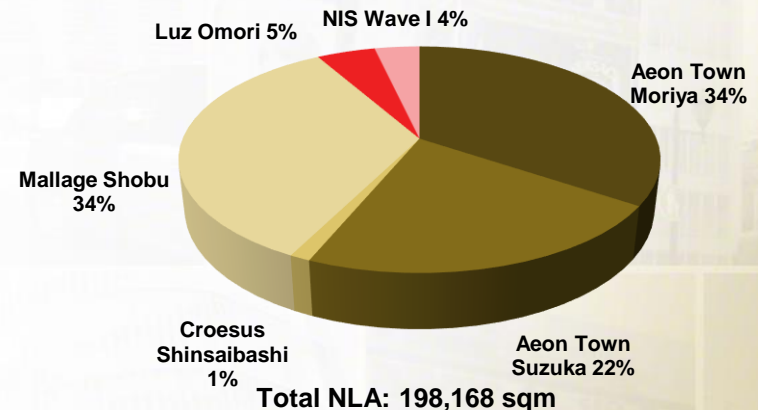
	City	Number of Tenants	Age of Building (yrs) <sup>(1)</sup>	Leasehold / Freehold	Valuation <sup>(2)</sup> (JPY mm)	FY2014 Actual NPI <sup>(3)</sup> (JPY mm)	Purchase Price (JPY mm)	Annualised NPI Yield <sup>(4)</sup>
<b>Aeon Town Moriya</b>	Ibaraki	1 master lessee, 110 subtenants	7.1	Freehold	13,000	937.3	12,154	6.8%
<b>Aeon Town Suzuka</b>	Mie	1 master lessee, 42 subtenants	7.1	Freehold	8,970	678.4	8,439	7.0%
<b>Croesus Shinsaibashi<sup>(6)</sup></b>	Osaka	4	4.8	Freehold	9,940	527.4	9,021	5.1%
<b>Mallage Shobu</b>	Saitama	239	5.6	Freehold	22,700	1,606.5	20,584	6.8%
<b>Luz Omori</b>	Tokyo	29	3.4	Leasehold expiring in July 2059	3,560	71.7	3,450	6.5%
<b>NIS Wave I</b>	Tokyo	10	7.0	Freehold / Leasehold expiring in Dec 2029 <sup>(5)</sup>	11,700	207.5	10,800	6.0%
<b>Total</b>		<b>434</b>	<b>6.4</b>		<b>69,870</b>	<b>4,028.8</b>	<b>64,448</b>	<b>6.4%</b>

Breakdown of Valuation



Total Valuation: JPY 69,870 mm

Breakdown of NLA



Total NLA: 198,168 sqm

(1) As at 30 June 2014.

(2) Based on valuation by DTZ as at 30 June 2014.

(3) From 10 May 2013 to 30 June 2014.

(4) Based on annualising the Actual NPI (which comprises of 417 day period from 10 May 2013 to 30 June 2014 for the Initial Portfolio and for 117 day period from 6 March 2014 to 30 June 2014 for the Additional Portfolio, respectively) divided by the purchase price. The annualised NPI yield is for illustrative purposes only and should not be construed as a representation or forecast of the future NPI yield.

(5) NIS Wave I 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.

(6) Name change from Luz Shinsaibashi to Croesus Shinsaibashi effective 1 June 2014.

# Balanced Portfolio Ensures Stable Income and Sustainable Growth

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

	FY2014 NPI % <sup>(1)</sup>	Occupancy <sup>(2)</sup>	WALE by NLA <sup>(2)</sup> (yrs)	Lease Expiry Profile		Connectivity		Key Tenants / Sub tenants
				FY2015	FY2016	By Train	By Major Road	
Aeon Town Moriya	20%	100%	13.0	-	-	✓	✓	Aeon Cinema, Alpen, Food Square Kasumi, Futaba-Tosho, Uniqlo, Nojima
Aeon Town Suzuka	14%	100%	13.0	-	-	✓	✓	Kahma Home Centre, APINA, Nitori, Hana-Shobu, Uniqlo, Atelier, Seria, G.U.
Croesus Shinsaibashi <sup>(3)</sup>	11%	100%	7.7	-	-	✓	✓	H&M
Mallage Shobu	34%	98.8%	4.8	20.0%	2.8%	✓	✓	Nafco, 109 Cinemas, Himaraya, York Mart, Nojima, Academia, Sanki, Play Land, Uniqlo
Luz Omori	5%	96.8%	16.3	-	1.0%	✓	✓	Ota ward, Docomo, Daiso
NIS Wave I	16%	100%	4.3	0.4%	4.9%	✓	✓	NEXUS Holdings, Sumitomo Mitsui Trust Bank

34% of NPI secured through master leases with high quality tenant (Aeon Town)

Approximately 100% occupancy across all properties

~79% of FY2015 and ~91% of FY2016 rentals have been locked in

Well-connected by train, bus or major roads

Quality tenant base from diversified trade sectors

(1) Annualised NPI contribution for each of the properties based on the actual FY2014 NPI. Actual NPI for the Initial Portfolio and Additional Portfolio was pro-rated by dividing by 417 days from 10 May 2013 to 30 June 2014 and 117 days from 6 March 2014 to 30 June 2014, respectively, and then multiplying by 365 days. Subsequently, the percentage of contribution for each of the properties were calculated.

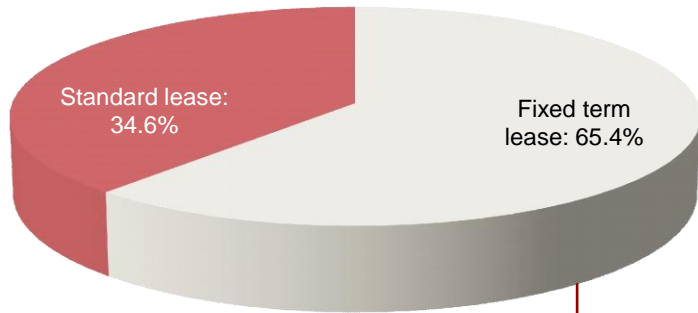
(2) As of 30 June 2014.

(3) Name change from Luz Shinsaibashi to Croesus Shinsaibashi effective 1 June 2014.

# Favorable Lease Profile

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

## % of Gross Rental Income from Fixed Term Leases<sup>(2)</sup>



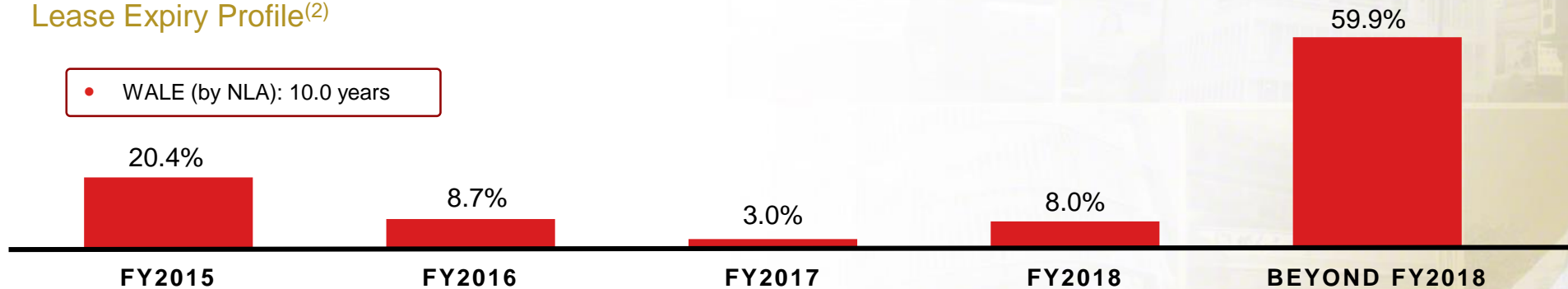
- Greater flexibility in adjusting rental income and tenant composition upon expiry of lease
- Shorter lease tenure (typically 3 – 5 years)

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

- Among the Properties, Croesus Shinsaibashi, Luz Omori and Mallage Shobu have leases with variable rent components
- As of 30 June 2014<sup>(3)</sup> 39.6% of gross rental income of the portfolio had a variable rent component
- Of total variable rent, the variable portion is 14.0% and 25.6% is guaranteed minimum base rent. Therefore, pure fixed rent constitutes 86.0% of total portfolio gross rental income

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

- WALE (by NLA): 10.0 years



(1) Variable rent figures mentioned included guaranteed minimum rent

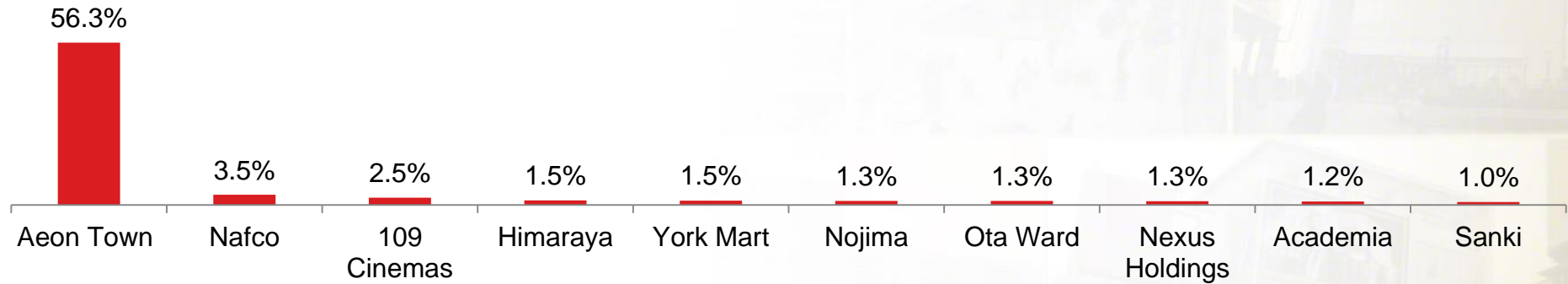
(2) By Gross Rental Income for the month of June 2014

(3) From 1 July 2013 to 30 June 2014

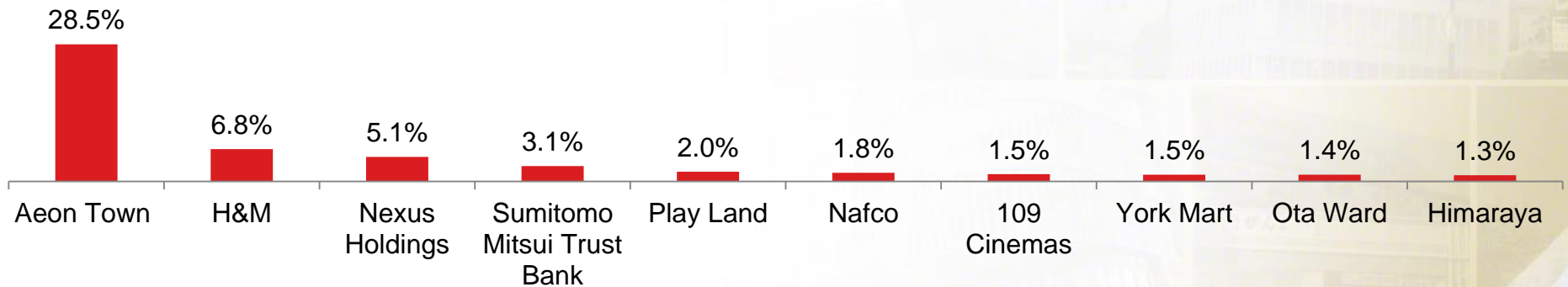
# Top Ten Tenants of CRT

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

## Top 10 Tenants by NLA (As at 30 June 2014)



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



# New Shop Openings in Q4 FY2014



Mallage Shobu: Keittio SM2



Aeon Town Suzuka: Golf King



Mallage Shobu: Combi mini

28 April 2014 Yokai Watch Air Trampoline



2 May 2014 Happiness Live Event

## Mallage Shobu – Tenant Replacements

- Renovation work associated with tenant replacements
- Significant movement in the tenant composition, with 148 of 242 leases expiring in Nov-14
  - Rental reversion upon lease expiry, since most of the expiring leases were entered into in 2008 with lease terms favoring the lessees, given market conditions at the time
  - Attract strategic anchor tenants to further enhance the overall growth
  - Recent additions of new tenants such as Keittio SM2 (fashion brand) and Combi mini (baby products); currently in negotiations with other high quality tenants

***Favorable rental reversions anticipated when leases expire in November 2014***

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# Outlook: Promising Macro-Environment

- Promising GDP and Tankan data
  - Q1 2014 annualised GDP growth of +6.1% (q-on-q) to mark sixth straight quarter of expansion. However, Q2 2014 annualised GDP contracted 6.8% due to the consumption tax increase from 5 to 8% effective 1 April 2014, which impacted private consumption.
  - Quarterly Tankan index released in June 2014 rose to +12 from -8 in March 2013, highlighting increased confidence and optimism for the economy.
  
- Increase in CPI numbers
  - Core consumer prices for the month of June 2014 rose 3.3% on a year-to-year basis, making it the thirteenth consecutive month of increase.
  - 2013 annual CPI rose 0.4% (year-to-year), indicating an annual increase for the first time in the past five years.<sup>(1)</sup>
  
- Based on survey by Japan Real Estate Institute
  - Suburban Tokyo, suburban Nagoya and prime Osaka have all shown expected cap rate compressions of approximately 20 to 50bps for the period from April 2012 to April 2014.
  - Tokyo suburban shown compression of 70bps from its recent peak in 2011.

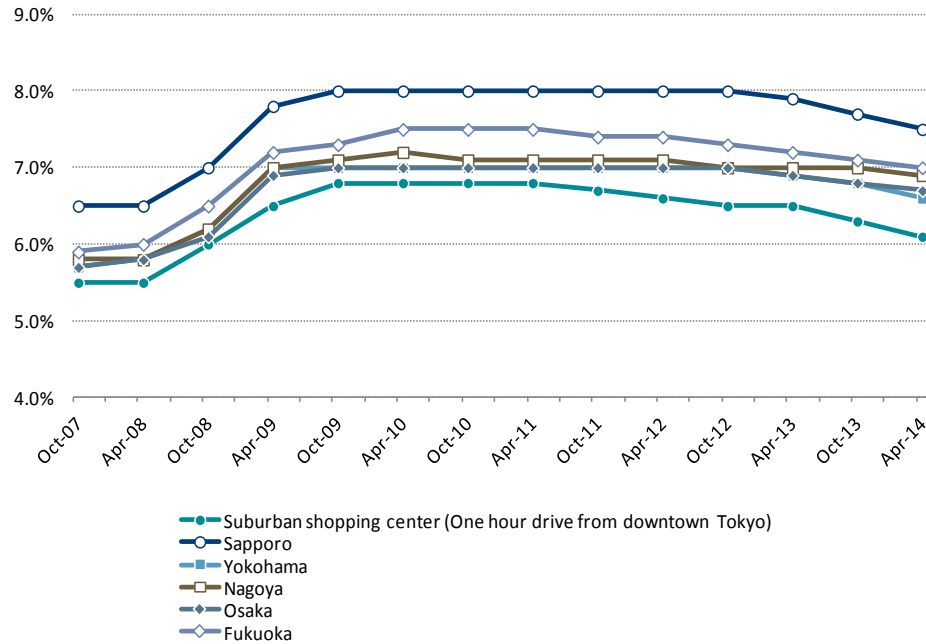
Source: Barclays Research Report, Japan Real Estate Institute and the Japanese Ministry of Internal Affairs and Communication

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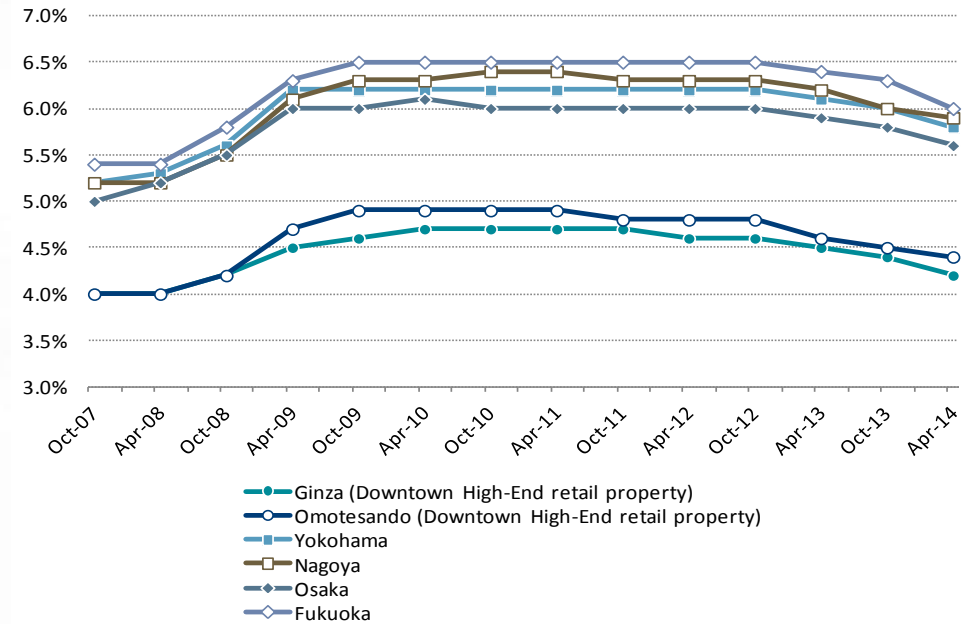


# Retail Cap Rate Trends

## Suburban Retail Cap Rate Trends



## Prime Retail Cap Rate Trends



	2007.10	2008.4	2008.10	2009.4	2009.10	2010.4	2010.10	2011.4	2011.10	2012.4	2012.10	2013.4	2013.10	2014.4
Suburban shopping center (One hour drive from downtown Tokyo)	5.5%	5.5%	6.0%	6.5%	6.8%	6.8%	6.8%	6.8%	6.7%	6.6%	6.5%	6.5%	6.3%	6.1%
Sapporo	6.5%	6.5%	7.0%	7.8%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	7.9%	7.7%	7.5%
Yokohama	5.7%	5.8%	6.2%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	6.9%	6.8%	6.6%
Nagoya	5.8%	5.8%	6.2%	7.0%	7.1%	7.2%	7.1%	7.1%	7.1%	7.1%	7.0%	7.0%	7.0%	6.9%
Osaka	5.7%	5.8%	6.1%	6.9%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	6.9%	6.8%	6.7%
Fukuoka	5.9%	6.0%	6.5%	7.2%	7.3%	7.5%	7.5%	7.5%	7.4%	7.4%	7.3%	7.2%	7.1%	7.0%

	2007.10	2008.4	2008.10	2009.4	2009.10	2010.4	2010.10	2011.4	2011.10	2012.4	2012.10	2013.4	2013.10	2014.4
Ginza (Downtown High-End retail property)	4.0%	4.0%	4.2%	4.5%	4.6%	4.7%	4.7%	4.7%	4.7%	4.6%	4.6%	4.5%	4.4%	4.2%
Omotesando (Downtown High-End retail property)	4.0%	4.0%	4.2%	4.7%	4.9%	4.9%	4.9%	4.9%	4.8%	4.8%	4.8%	4.6%	4.5%	4.4%
Yokohama	5.2%	5.3%	5.6%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.1%	6.0%	5.8%
Nagoya	5.2%	5.2%	5.5%	6.1%	6.3%	6.3%	6.4%	6.4%	6.3%	6.3%	6.3%	6.2%	6.0%	5.9%
Osaka	5.0%	5.2%	5.5%	6.0%	6.0%	6.1%	6.0%	6.0%	6.0%	6.0%	6.0%	5.9%	5.8%	5.6%
Fukuoka	5.4%	5.4%	5.8%	6.3%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.4%	6.3%	6.0%



Expected cap rates of suburban shopping centers located one hour drive from Tokyo have shown compression by 70bps to 6.1% compared to the highest point in April 2011 of 6.8%



Osaka's expected cap rate has recently compressed by 30bps to 5.6% compared to just 12 months ago in April 2013

# Significant Retail deals across Japan



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

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

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Thank You

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