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## Croesus Retail Trust Acquires Torius Property in Fukuoka Prefecture, Japan for JPY 7,997 million<sup>1</sup>

- Torius Property will be the eighth property in Croesus Retail Trust's ("CRT") portfolio, marking its first foray into Kyushu Island, and will be the fourth property acquired by CRT since its IPO in May 2013
- One of the largest properties in Fukuoka Prefecture with a diverse and unique tenant mix
- Attractive NPI yield of 7.8%<sup>2</sup> and the Acquisition is expected to be DPU yield accretive
- Equity financing to be conducted in the form of a rights issue of 114,222,677 Rights Units of twenty-two (22) Rights Units for every one hundred (100) existing Units at S\$0.610 per Rights Unit

**Singapore, 28 September 2015** - Croesus Retail Asset Management Pte. Ltd. (the "Trustee-Manager"), in its capacity as trustee manager of CRT, is pleased to announce that it has entered into a purchase and sale agreement to acquire Torius Property, a completed retail property located in Fukuoka, Japan, comprising 36 buildings ("Torius Property") for a purchase consideration (the "Purchase Consideration") of JPY7,997 million (approximately S\$95.2 million) (the "Acquisition"). The Purchase Consideration represents a 3.7% discount to valuation of JPY8,300 million (approximately S\$98.8 million)<sup>3</sup>.

Torius Property is a large-scale suburban retail mall located in the satellite town of Hisayama-machi of Kasuya-gun, which is approximately 13 km from central Fukuoka City in Fukuoka Prefecture, on Japan's Kyushu Island. Comprising 36 single or double storey buildings, Torius Property occupies a land area of 257,173 square metres and has a net lettable area of 77,032 square metres. Torius Property is situated on leasehold land, with the leasehold interest in respect of the main parcel of land on which Torius Property is sited (comprising a land area of 205,543 square metres) expiring on 9 February 2060.

<sup>1</sup> Or S\$95.2 million, based on an exchange rate of JPY84.00 to S\$1.00, which will be used for all Japan yen-Singapore dollar currency conversions in this press release.

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

<sup>3</sup> Based on the independent valuation of Torius Property by DTZ Debenham Tie Leung K. K. as at 31 July 2015, commissioned by the Trustee-Manager to assess the open market value of Torius Property.



*The diversified tenant mix of Torius Property*

#### NPI Yield and DPU Yield Accretive Acquisition

Assuming that Torius Property was acquired by CRT on 1 July 2014 and held for the financial year ended 30 June 2015 ("FY2015"), its pro forma net property income ("NPI") yield would be approximately 7.8%<sup>4</sup>, which compares favourably to the actual NPI yield of CRT's Existing Portfolio<sup>5</sup> of 5.3%<sup>6</sup>. For the same FY2015 period, the pro forma distribution per Unit ("DPU") yield of the Enlarged Portfolio<sup>7</sup> would increase to approximately 9.41%<sup>8</sup>, compared to the actual DPU yield of the Existing Portfolio of 9.40%<sup>9</sup>.

<sup>4</sup> Based on the pro forma NPI of Torius Property for FY2015 divided by the purchase consideration of JPY7,997 million.

<sup>5</sup> "Existing Portfolio" means the existing portfolio of properties comprised in CRT's portfolio as of the date of this press release, being Aeon Town Suzuka, Aeon Tow Moriya, Mallage Shobu, Croesus Shinsaibahi, Luz Omori, Croesus Tachikawa and One's Mall.

<sup>6</sup> Based on the actual NPI of the Existing Portfolio for FY2015 (derived from the unaudited financial statements for FY2015) divided by the appraised value of the Existing Portfolio of JPY87,930 million as at 30 June 2015. Note that One's Mall was acquired on 16 October 2014 and accounts for only a 258-day period in FY2015.

<sup>7</sup> "Enlarged Portfolio" means the enlarged portfolio of properties to be comprised in CRT's portfolio following the completion of the Acquisition, being those properties in its Existing Portfolio and Torius Property.

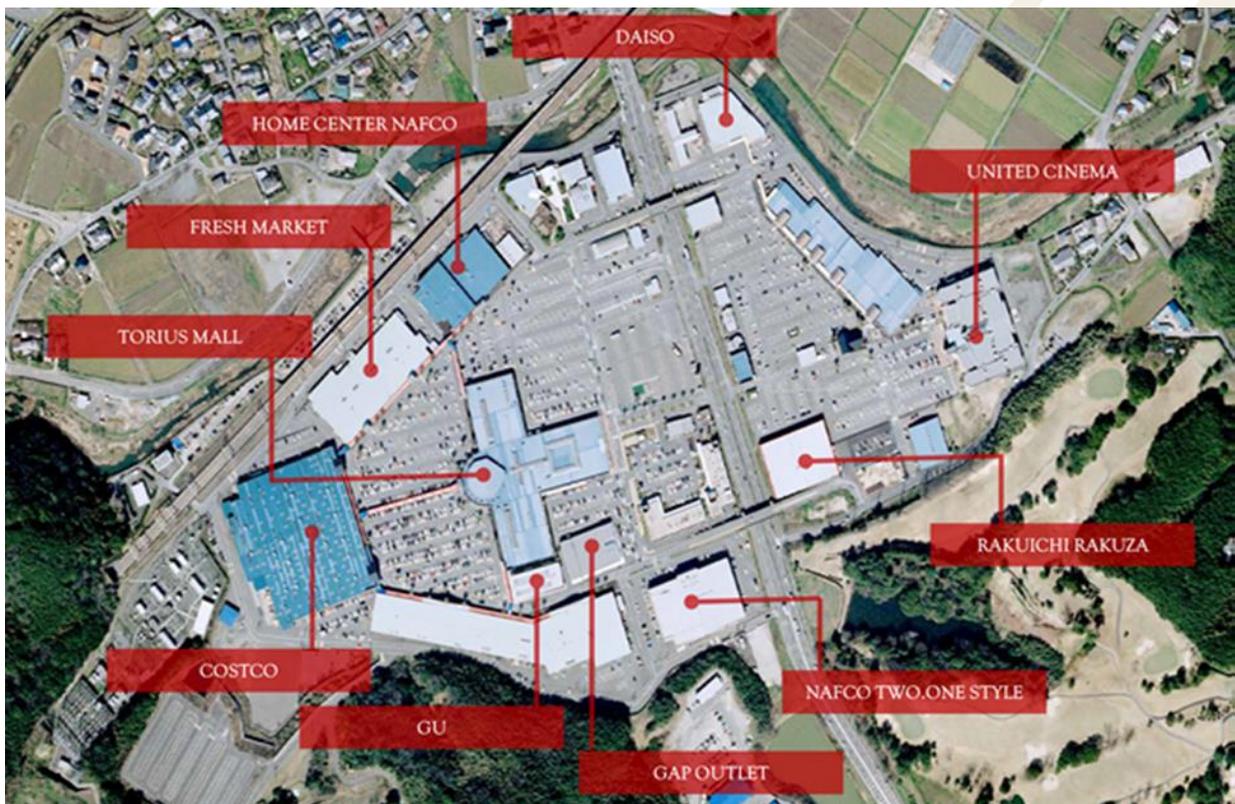
<sup>8</sup> For the Enlarged Portfolio, the pro forma DPU yield is calculated based on the pro forma DPU of 7.66 Singapore cents for FY2015 divided by TERP of S\$0.815 per Unit.

<sup>9</sup> For the Existing Portfolio, the DPU yield is calculated based on the actual DPU of 8.08 Singapore cents declared for FY2015 divided by the Closing Price on 28 September 2015 of S\$0.860 per Unit.

Mr. Jim Chang, Chief Executive Officer and Executive Director of Croesus Retail Asset Management Pte. Ltd., said, "We are excited to be able to further expand our footprint in Japan in going beyond the regions of Tokyo and Osaka. With this Acquisition, our property portfolio will comprise eight properties, with an enlarged value of JPY96,230 million. In the last financial year<sup>10</sup>, Torius Property's pro forma NPI yield is far superior to average market capitalisation rates, and this Acquisition therefore represents our continual commitment to our Unitholders to deliver a competitive return on investment. In addition, the Rights Issue offers our Unitholders an opportunity to further participate in the growth of CRT."

Located in proximity to major roads, as well as train stations along the JR Kashii Line and JR Sasaguri Line, Torius Property offers good accessibility to a growing captive population within a 30 minutes' drive radius. It is also one of the largest retail facilities in Fukuoka City, with few retail facilities nearby.

In addition, Torius Property offers a diverse and unique mix of 145 tenants. Some of Torius Property's tenants include Costco (wholesale supermarket), Nafco (interior and furniture, DIY), United Cinema (cinema), Rakuichi Rakuza (amusement centre) and Daiso (100 yen shop). Other notable facilities at Torius Property include a petting zoo, as well as an outdoor barbecue park that enhances the mall's appeal as a family outing and gathering destination. Testament to the appeal of Torius Property to both visitors and tenants, Torius Property has a high occupancy rate of 95.3%.<sup>11</sup>



*An aerial overview of Torius Property*

<sup>10</sup> From 1 July 2014 to 30 June 2015

<sup>11</sup> As at 30 June 2015

Mr. Jeremy Yong, Co-Founder and Group Managing Director of Croesus Merchants International Pte. Ltd. (the sponsor of CRT) and Director of Croesus Retail Asset Management Pte. Ltd., said, "Fukuoka as the economic centre of the Kyushu region presents attractive prospects for Croesus Retail Trust. With consistent improvements in the region's consumer price indices, driven in-part by the nation's monetary easing, fiscal spending and structural reforms, we expect the retail sector in Fukuoka to remain buoyant. With our presence in the prefecture, we hope to be able to capture this upside and continue growing our returns to our Unitholders."

As at 30 June 2015, the Weighted Average Lease to Expiry ("WALE") (by NLA) of Torius Property is 6.8 years, and with the acquisition, would reduce the WALE (by NLA) of the Enlarged Portfolio from 8.6 years to 8.2 years as of 30 June 2015. This presents an opportunity for the Trustee-Manager to undertake progressive asset enhancement improvements to Torius Property and CRT's investors may be able to benefit from the corresponding potential rental reversions and improvements.

Following the completion of the Transactions (as defined below), CRT's Aggregate Leverage<sup>12</sup> would be reduced from 47.3% to 46.5% as of 30 June 2015. Taking into consideration the favourable interest rate environment in Japan, the Trustee-Manager also intends to enter into interest rate swaps to fix the interest rate for 100% of the new specified bonds (as mentioned below) till maturity.

### Method of Financing

The Acquisition will be funded by a combination of debt and equity financing. The debt financing will be obtained from an issuance of new Japanese onshore 5-year specified bonds of JPY4,000 million<sup>13</sup>, and the equity financing will be raised in the form of a rights issue (the "Rights Issue", and together with the Acquisition, the "Transactions") of 114,222,677 units in CRT ("Rights Units") based on twenty-two (22) Rights Units for every one hundred (100) existing Units at an issue price of S\$0.610 for each Rights Unit ("Issue Price"). The Rights Issue is expected to raise gross proceeds of approximately S\$69.7 million.

The Rights Issue provides Unitholders with the opportunity to subscribe for their pro rata provisional entitlements to the Rights Units. The Issue Price represents a discount of approximately 29.1% to the closing price of S\$0.860 per Unit on 28 September 2015<sup>14</sup>, and a discount of 25.2% to the theoretical ex-rights price of S\$0.815 per Unit<sup>15</sup>.

DBS Bank Ltd. and United Overseas Bank Limited have been appointed as the joint lead managers and underwriters for the Rights Issue. The offer information statement (together with the application forms) in relation to the Rights Issue will be despatched to Eligible Unitholders on 9 October 2015, at which date Unitholders may commence subscription of their pro rata provisional allotments of Rights Units and excess Rights Units, if applicable. Unitholders who do not wish to take up

<sup>12</sup> "Aggregate Leverage" is defined in the trust deed dated 7 May 2012 constituting CRT (as amended) as the total borrowings and deferred payments (including deferred payments for assets whether to be settled in cash or Units) of CRT. CRT has voluntarily adopted an Aggregate Leverage limit of 60.0% of the value of its assets.

<sup>13</sup> Of the JPY4,000 million specified bond, approximately JPY3,622.7 million will be used to partially fund the Acquisition and JPY286.2 million will be used for the purpose of TMK cash reserve deposit. The remainder is used for debt upfront fees.

<sup>14</sup> 28 September 2015 being the last trading day of the Units prior to the announcement of the Rights Issue.

<sup>15</sup> Theoretical ex-rights price is defined as the sum of market capitalisation of CRT based on the closing price on 28 September 2015, and the gross proceeds from the Rights Issue, divided by the Units outstanding after the Rights Issue.

their pro rata provisional entitlements to the Rights Units may trade these entitlements on the SGX-ST during the “nil-paid” Rights trading period from 9 October 2015 to 19 October 2015.

The closing date and time for subscription for Rights Units by Unitholders is 23 October 2015 at 5:00 p.m. (9.30 p.m. for Electronic Applications through ATMs of Participating Banks), and the Rights Units will commence trading on the SGX-ST on 3 November 2015.

The Acquisition is expected to be completed by 16 October 2015<sup>16</sup>.

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**About Croesus Retail Trust**

Croesus Retail Trust (“CRT”) is the first SGX-listed Asia-Pacific retail business trust with a portfolio located in Japan. CRT is principally focused on investing in a diversified portfolio of predominantly retail real estate assets located in the Asia Pacific region, with an initial focus on Japan. CRT currently has seven retail properties in Japan – Aeon Town Moriya, Aeon Town Suzuka, Croesus Shinsaibashi, Croesus Tachikawa, Luz Omori, Mallage Shobu and One’s Mall – out of which five are located in the Greater Tokyo area. CRT’s portfolio of assets in Japan allows it to create a core portfolio of stable income generating assets that serves as a foundation for CRT to pursue development and acquisition opportunities in the Asia-Pacific region, including Japan, to generate long-term capital value and long-term returns.

CRT was awarded by FinanceAsia as ‘Best Small-cap Company in Singapore’ in its Best Managed Companies Poll for 2014. CRT is part of the FTSE ST Small Cap Index and the TR/GPR/APREA Composite Index. For more information on CRT, please visit [www.croesusretailtrust.com](http://www.croesusretailtrust.com).

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<sup>16</sup> Due to the timeline of the Rights Issue and completion of the Acquisition being prior to the receipt of the proceeds from the Rights Issue, the Trustee-Manager intends to partially pre-fund the Acquisition by way of a bridge loan. Part of the proceeds from the Rights Issue will be used to repay the lenders of the bridge loan facility.

## Important Notice

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in CRT (the “Units”).

The value of the Units and the income derived from them may rise or fall. The Units are not obligations of, deposits in, or guaranteed by the Trustee-Manager, or any of its affiliates. Investors have no right to request the Trustee-Manager to redeem their Units while the Units are listed. It is intended that unitholders of CRT may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the “SGX-ST”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of the CRT and/or the Trustee-Manager is not indicative of the future performance of CRT and/or the Trustee-Manager. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes, and the continued availability of financing in the amounts and the terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Trustee-Manager's current view of future events.

This announcement is not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia), Canada and Japan or any other jurisdiction, nor should it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. .

This announcement is not an offer of securities for sale in the United States. The nil-paid rights and Rights Units are not being registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold in the United States, absent registration or an applicable exemption from registration. No public offering of securities is being made in the United States. Any public offering of securities made in the United States would be made by means of a prospectus that may be obtained from the Trustee-Manager and that would contain detailed information about CRT, the Trustee-Manager and management, as well as financial statements.