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(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)

ANNOUNCEMENT

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- (I) PROPOSED INTERNALISATION OF THE TRUSTEE-MANAGER OF CROESUS RETAIL TRUST (“CRT”)
  - (II) RECEIPT OF APPROVAL IN-PRINCIPLE FOR THE LISTING AND QUOTATION OF 32,722,285 NEW UNITS IN CRT PURSUANT TO THE PREFERENTIAL OFFERING
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INTRODUCTION

Croesus Retail Asset Management Pte. Ltd., in its capacity as trustee-manager of CRT (the “**Trustee-Manager**”), is pleased to announce the proposed internalisation of the Trustee-Manager (which will include the wholly owned subsidiary of the Trustee-Manager, Croesus Retail Asset Management Co., Ltd. (“**CRAM KK**”)) (the “**Internalisation**”). The Internalisation seeks to internalise the functions of the Trustee-Manager such that the overall management and day-to-day operations of CRT are brought “in-house”.

Upon the completion of the Internalisation, CRT will have in place a novel structure as compared to the real estate investment trusts and business trusts currently listed on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) which are under the external management model. With the Internalisation, there will be costs savings to unitholders of CRT (the “**Unitholders**”) with the Trustee-Manager’s net profits being available for distribution to Unitholders as dividends. The overall costs savings in the management of CRT is expected to result in a long term increase in the yield to Unitholders.

To implement the Internalisation, the eventual control over, and beneficial ownership of, the Trustee-Manager has to lie with the Unitholders from time to time. It is proposed that the Internalisation will be implemented through the following steps:

- (a) the Trustee-Manager has engaged Perpetual (Asia) Limited (the “**TP Trustee**”) to act as the trustee of a trust named as the “Trustee-Manager Share Trust” (the “**TM Share Trust**”) established for the principal purpose of holding all the issued shares of the Trustee-Manager (the “**TM Shares**”) to provide additional benefits to CRT and, to this end, the Unitholders from time to time (the “**Trust Purpose**”);
- (b) by a declaration of trust under the trust deed constituting the TM Share Trust dated 12 June 2016 (the “**TM Share Trust Deed**”), the TM Share Trust was constituted with a nominal amount of S\$10.00, which forms the initial trust assets of the TM Share Trust, and in accordance with the Trust Purpose, the Unitholders from time to time shall stand to benefit as the beneficiaries of the TM Share Trust. For the avoidance of doubt, the TM Share Trust will not be a unit trust. Accordingly, no unit in the TM Share Trust will be issued upon the constitution of the TM Share Trust nor in connection with the proposed Internalisation;
- (c) the TP Trustee has on 12 June 2016 entered into a share purchase agreement (the “**Share Purchase Agreement**”) to acquire the TM Shares from Evertrust Asset Management Pte. Ltd., the sole shareholder of the Trustee-Manager (“**Evertrust**”, and the acquisition of all the issued shares of the Trustee-Manager, the “**Trustee-Manager Acquisition**”); and
- (d) in order to implement the proposed Internalisation, the Trustee-Manager shall declare a distribution of returns where equitable interests in the TM Shares will be distributed to Unitholders as an ascertainable class of beneficiaries (the “**Distribution of Returns**”).

The Distribution of Returns will be effected in the following manner:

- (a) the Trustee-Manager will transfer the purchase consideration of JPY4,100 million (equivalent to approximately S\$50.0 million<sup>1</sup>) under the Share Purchase Agreement (“**Purchase Consideration**”) to the TP Trustee to be held on trust for CRT in accordance with the Trust Purpose;

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<sup>1</sup> Unless otherwise indicated, all conversions from Japanese Yen amounts into Singapore Dollar amounts in this announcement are based on an assumed exchange rate of JPY82.00 : S\$1.00.

- (b) the Purchase Consideration will be utilised under the Share Purchase Agreement to purchase the TM Shares; and
- (c) upon completion of the Trustee-Manager Acquisition, the TP Trustee will acquire the TM Shares (in its capacity as trustee of the TM Share Trust), whereupon undivided interests in the TM Shares will be held in accordance with the Trust Purpose for the eventual benefit of Unitholders from time to time. Accordingly, the Distribution of Returns will be completed as the Unitholders just prior to the completion of the Trustee-Manager Acquisition are identified as the ascertainable class of beneficiaries.

The proposed Internalisation is consistent with the Trustee-Manager's objective of delivering a competitive return on investment to Unitholders as it would increase the distributions to Unitholders. For illustrative purposes, assuming that the Internalisation was completed on 1 July 2014 and in effect for FY2015, the pro forma DPU of CRT would increase to approximately 8.02 Singapore cents compared to the pro forma DPU of approximately 7.94 Singapore cents pre-Internalisation based on the pro forma income statement of CRT for FY2015. Please refer to **Schedule 1** hereto for the relevant bases and assumptions.

The proposed Internalisation and the Distribution of Returns are both subject to, among other things, the approval of the Unitholders. Under Rule 919 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), where a meeting is held to obtain Unitholders' approval for an interested person transaction, the interested person and any associate of the interested person must not vote on the resolution, nor accept appointments as proxies unless specific instructions as to voting are given. Accordingly, Evertrust and its associates are prohibited from voting on the Internalisation at the extraordinary general meeting of CRT to be convened to seek Unitholders' approval.

## **THE TM SHARE TRUST**

The TM Share Trust is a trust that has been constituted as part of the Internalisation by a declaration of trust by the TP Trustee. Under the TM Share Trust Deed, the Trust Purpose is to provide additional benefits to CRT and, to this end, the Unitholders from time to time. Accordingly, Unitholders will form the ascertainable class of beneficiaries being the unitholders of CRT and such Unitholders from time to time will stand to benefit from the TM Share Trust in accordance with the Trust Purpose, upon the completion of the Trustee-Manager Acquisition when the TM Shares will form part of the trust assets.

Thereafter, each of the Unitholders from time to time will stand to benefit from the beneficial interest in the TM Shares in proportion to such Unitholder's unitholding interest in CRT. For the avoidance of doubt, the TM Share Trust is not a unit trust and accordingly, no unit in the TM Share Trust will be issued to each individual Unitholder. Instead, the TP Trustee will stand possessed of all the issued shares of the Trustee-Manager for the time being on trust on behalf of and for the Trust Purpose, to the benefit of the Unitholders from time to time *pari passu*, each of whom as the ascertainable class of beneficiaries, has an undivided interest in the TM Shares. Accordingly, no Unitholders will be conferred with any interest or share in any particular TM Share.

Changes to a Unitholder's unitholding interests in CRT will correspondingly change such Unitholder's proportionate equitable interest in the Trustee-Manager. Post-Internalisation, a Unitholder's equitable interest in the TM Shares is only transferable together with a transfer of its Units. Accordingly, if a Unitholder ceases to own any Units, he will concurrently cease to own any equitable interest in the TM Shares.

**For the avoidance of doubt, the TM Shares will not be listed on the SGX-ST. Pursuant to the Internalisation, Unitholders who are substantial unitholders<sup>1</sup> of CRT will necessarily and simultaneously be deemed to be substantial shareholders of the Trustee-Manager. Under Sections 135, 136 and 137 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") read with Section 137J of the SFA or Section 137P of the SFA (as the case may be), Unitholders will be required to notify both the Trustee-Manager and the TM Share Trustee of (1) their deemed and direct unitholdings, (2) any subsequent change in the percentage level of such unitholdings (rounded down to the next whole number), (3) their ceasing to hold 5.0% or more of the total unitholding, or (4) where the percentage of their interest in the shares of the Trustee-Manager reaches, crosses or falls below 15.0%, 30.0%, 50.0% or 75.0% within two business days of becoming aware of (a) such deemed or direct unitholdings, (b) the change in percentage level of such unitholdings, (c) such cessation from being a substantial unitholder, and (d) such change in the percentage of their interest reaching, crossing or falling below 15.0%, 30.0%, 50.0% or 75.0%, respectively.**

Accordingly, the Trustee-Manager will ultimately be beneficially owned by Unitholders from time to time as the ascertainable class of beneficiaries of the TM Share Trust. Pursuant to the Internalisation, through the TM Share Trust Deed, Unitholders will have certain rights in relation to the corporate actions of the Trustee-Manager. After the Internalisation, Unitholders will have the right among others, to endorse the appointment or re-appointment of each of the directors of the Trustee-Manager at the annual general meeting of CRT, by way of ordinary resolution. The TP Trustee will procure the resignation or removal of any director of the Trustee-Manager whose appointment or re-appointment has not been endorsed by the Unitholders at the annual general meeting of CRT.

## **DETAILS OF THE INDEPENDENT VALUATION AND THE PURCHASE CONSIDERATION**

The Purchase Consideration payable to Evertrust is JPY4,100 million (equivalent to approximately S\$50.0 million) and will be funded out of the trust property of CRT pursuant to the Distribution of Returns. The Purchase Consideration represents a discount of between 2.4% (based on the valuation of JPY4,200.1 million) and 8.9% (based on the valuation of JPY4,501.7 million) to the valuation.

KPMG Corporate Finance Pte. Ltd., has undertaken a valuation of the Trustee-Manager for the

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<sup>1</sup> "substantial unitholder" means a person who has an interest or interests in Units or units in the TM Share Trust representing not less than 5.0% of the total voting rights of all the Unitholders, or beneficial owners of the TM Share Trust.

purpose of the proposed Internalisation and the valuation is in the range of JPY4,200.1 million to JPY4,501.7 million (equivalent to approximately S\$51.2 million to S\$54.9 million). The main valuation methodology adopted by the Independent Valuer to value the Trustee-Manager is the income approach utilising the discounted cash flow method. The Independent Valuer also used the market approach as a cross-check to the valuation range indicated by the income approach.

In order to fund the proposed Internalisation, the Trustee-Manager intends to part-finance the proposed Internalisation through an issuance of 25,641,026 to 32,722,285 new Units (“**Preferential Offering Units**”) (representing approximately 3.6% to 4.6% of the existing number of issued Units as at 2 June 2016 (the “**Latest Practicable Date**”)) to raise gross proceeds ranging from S\$20.0 million to S\$22.1 million by way of an underwritten non-renounceable preferential offering (the “**Preferential Offering**”) on a pro rata basis of up to one (1) Preferential Offering Unit for every twenty-two (22) existing Units<sup>1</sup> (“**Existing Units**”, and the basis of the Preferential Offering, the “**Preferential Offering Ratio**”) held as at the time and date on which the transfer books and register of Unitholders will be closed to determine the provisional allotments of Preferential Offering Units to the eligible unitholders (the “**Preferential Offering Books Closure Date**”), fractional entitlements to be disregarded. The remainder of the Purchase Consideration will be part-financed by part of the proceeds from the issuance of the S\$60,000,000 5.0% fixed rate notes due 2020 on 13 April 2016 under the U.S.\$500,000,000 Euro Medium Term Note Programme established by the Trustee-Manager on 3 January 2014 of approximately S\$24.6 million and CRT’s existing cash balances of approximately S\$10.0 million.

## RATIONALE FOR THE INTERNALISATION

The Trustee-Manager believes that the proposed Internalisation will bring the following key benefits to Unitholders:

- (a) **The proposed Internalisation will reduce the costs to Unitholders in the management of CRT and will be DPU accretive to Unitholders**

While the Trustee-Manager will continue to derive its income pursuant to the current fee provisions under the trust deed constituting CRT dated 7 May 2012 (as amended), excess cash from the Trustee-Manager’s income (after deducting the costs of operating the Trustee-Manager, like the remuneration of the employees of the Trustee-Manager and the payment of directors’ fees, finance costs and income tax) will be distributed to Unitholders in accordance with the Trust Purpose. Accordingly, the proposed Internalisation is consistent with the Trustee-Manager’s objective of delivering a competitive return on investment to Unitholders as it would increase the distributions to Unitholders. For illustrative purposes, assuming that the Internalisation was completed on 1 July 2014 and in effect for FY2015, the pro forma DPU of CRT would increase to approximately 8.02 Singapore cents

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<sup>1</sup> Based on the maximum number of 32,722,285 Preferential Offering Units. The Preferential Offering Ratio will be one (1) Preferential Offering Unit for every twenty-eight (28) Existing Units based on the minimum number of 25,641,026 Preferential Offering Units.

compared to the pro forma DPU of approximately 7.94 Singapore cents pre-Internalisation based on the pro forma income statement of CRT for FY2015.

In this regard, the costs to Unitholders in having an externally-managed trustee-manager are higher than the expected costs to be incurred in the operation of the Trustee-Manager after completion of the proposed Internalisation.

CRT will also be able to undertake new acquisitions of properties competitively at a reduced cost to Unitholders as any excess cash from payment of the acquisition fee to the Trustee-Manager will be declared as dividends for the benefit of Unitholders. CRT will enjoy operating leverage, as the work undertaken by the Trustee-Manager for new acquisitions should not require a material increase in internal management cost which should therefore provide greater contributions to the earnings growth per unit of CRT.

In light of the foregoing, the overall costs savings to Unitholders arising from the proposed Internalisation is expected to result in long term increase in the yield to Unitholders.

(b) **Stronger alignment of interest between Unitholders and the Trustee-Manager**

Following the proposed Internalisation, the TM Share Trust Deed will confer on Unitholders the right to endorse the appointment (or re-appointment, as the case may be) of each of the directors of the Trustee-Manager at the annual general meeting of CRT, by way of ordinary resolution.

The TP Trustee, as the sole shareholder of the Trustee-Manager, shall be obligated to procure the resignation or removal of any director whose appointment (or re-appointment, as the case may be) has not been endorsed or re-endorsed (as the case may be) by Unitholders by way of ordinary resolution. Accordingly, this ensures that the directors of the Trustee-Manager will be effectively appointed by Unitholders (as compared to most external management models where such appointments are made by shareholders of the trustee-manager as opposed to the unitholders at large), which would enhance the level of corporate governance as Unitholders are empowered in the selection of the directors, and enable maximum alignment of interests between Unitholders and the Trustee-Manager.

(c) **Continued support from the Sponsor**

CRT will continue to benefit from the support of each of the Sponsor, Croesus Group Pte. Ltd. and Croesus International Inc. (collectively, the “**Croesus Group**”) and Daiwa House Industry Co. Ltd and Marubeni Corporation (collectively, the “**Strategic Partners**”) through the fresh right of first refusals granted to the Trustee-Manager (the “**Amended ROFRs**”). The Amended ROFRs will ensure continued support for the Trustee-Manager’s growth strategy and will provide CRT with continuing access to the acquisition opportunities and pipeline afforded by the Croesus Group and Strategic Partners at the time of its initial public offering.

In addition, in connection with the Internalisation and in addition to the continued support from the members of the Croesus Group and the Strategic Partners, each of the following key persons (“**Key Persons**”):

- (i) Mr Jim Chang Cheng-Wen (Chief Executive Officer and Executive Director);
- (ii) Mr Yong Chao Hsien Jeremy (Non-Executive Director);
- (iii) Mr Tetsuo Ito (Chief Financial Officer and Head of Investor Relations<sup>1</sup>);
- (iv) Mr Kiyoshi Sato (Chief Investment Officer); and
- (v) Mr Shunji Miyazaki (Chief Asset Management Officer),

have agreed to enter into service agreements with the Trustee-Manager (the “**Service Agreements**”).

The Service Agreements for Mr Yong Chao Hsien Jeremy and Mr Jim Chang Cheng-Wen shall be valid for an initial term commencing from the date of completion of the Trustee-Manager Share Acquisition up to and until 30 June 2020, for so long as (a) CRT remains listed on the mainboard of the SGX-ST and (b) (unless in the case of a voluntary resignation during the initial term) Mr Yong Chao Hsien Jeremy or, as the case may be, Mr Jim Chang Cheng-Wen remains a director of the Trustee-Manager.

The Service Agreements for the other key executive officers of the Trustee-Manager, being Mr Tetsuo Ito, Mr Kiyoshi Sato and Mr Shunji Miyazaki shall be valid for an initial term commencing from the date of completion of the Trustee-Manager Share Acquisition up to and until 30 June 2018, for so long as CRT remains listed on the mainboard of the SGX-ST.

Each of the Service Agreements thereafter shall automatically be renewed from year to year (on such terms and conditions as the relevant Key Person and the Trustee-Manager may agree) unless terminated in accordance with the respective Service Agreements.

In addition, in the event that the proposed Internalisation is implemented, and to demonstrate his continued support and dedication to CRT, Mr Yong Chao Hsien Jeremy has agreed to take on an executive role in the Trustee-Manager.

The continuing commitment of the Key Persons and entry into the Service Agreements will mitigate against any operational and/or business disruptions resulting from the Internalisation. CRT will continue to be able to rely on the expertise and business connections of the Key Persons.

(d) **Provision of a more complete suite of services by the Trustee-Manager**

Pursuant to the proposed Internalisation, the Trustee-Manager intends to carry on with the remaining terms of the various asset management agreements with the respective Japan asset managers. After the expiry of these asset management agreements, the Trustee-Manager

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<sup>1</sup> Mr Tetsuo Ito has been appointed as Head of Investor Relations effective from 9 November 2015.

intends to, through its subsidiary CRAM KK, provide asset management services in respect of the properties in CRT's portfolio. The Trustee-Manager, through its subsidiary, will apply for and ensure that the requisite consents, approvals and licences are obtained in Japan to provide asset management services in respect of the properties in CRT's portfolio as well as recruit sufficiently experienced and qualified personnel to undertake such services. This will allow the Trustee-Manager to provide a more complete suite of services to CRT at overall lower costs to unitholders due to economies of scale through both the trustee-manager services as well as asset management services.

## CONDITIONS PRECEDENT UNDER THE SHARE PURCHASE AGREEMENT

Completion under the Share Purchase Agreement is subject to and conditional upon:

- (a) the approval from Unitholders for the proposed Internalisation obtained at a duly convened general meeting of CRT;
- (b) the approval from Unitholders for the proposed Distribution of Returns obtained at a duly convened general meeting of CRT; and
- (c) obtaining such licences, authorisations, orders, grants, confirmations, permissions, registrations, exemptions and/or other approvals as may be required under the relevant laws, regulations or the provisions of the Trust Deed in order to effect the proposed Internalisation as contemplated in the circular to be issued, and such licences, authorisation, orders, grants, confirmations, permissions, registrations, exemptions and/or other approvals remaining in full force and effect.

Provided that the above conditions are satisfied, the Share Purchase Agreement further provides that completion will take place within 21 business days after the later of (i) the date of the extraordinary general meeting and (ii) the receipt of the licences, authorisations, orders, grants, confirmations, permissions, registrations, exemptions and/or other approvals referred to sub-section (c) above. The long stop date under the Share Purchase Agreement is 31 December 2016.

## FINANCIAL EFFECTS

**Schedule 1** hereto sets out the pro forma financial effects of the Internalisation, the Distribution of Returns and the Preferential Offering.

## INTERESTED PERSON TRANSACTION

The Trustee-Manager is wholly owned by Evertrust. Accordingly, for purposes of Chapter 9 of the Listing Manual, Evertrust (being a controlling shareholder of the Trustee-Manager) is an "interested person" of CRT.



Based on CRT’s audited financial statements for the financial year ended 30 June 2015 (“FY2015”, and the audited financial statements for FY2015, the “FY2015 Audited Financial Statements”), the net tangible assets (“NTA”) of CRT was approximately JPY43,586 million (equivalent to approximately S\$531.5 million) as at 30 June 2015. As CMIRM KK is also wholly owned by the Sponsor and will be paid under its asset management agreement, the fees paid under such asset management agreement with CRT will also constitute an interested person transaction under Chapter 9 of the Listing Manual (the “Existing Interested Person Transaction”). Given the Purchase Consideration of JPY4,100 million (equivalent to approximately S\$50.0 million) (which is 9.4% of the NTA of CRT as at 30 June 2015) and aggregated with the value of the Existing Interested Person Transaction, the value of the acquisition of the TM Shares exceeds the said threshold. Please refer to the following table which sets out the foregoing information:

<b>Listing Rule 906</b>	<b>Calculation</b>
NTA (JPY m) (FY2015 Audited Financial Statements)	43,586
Purchase Consideration (JPY m)	4,100
Existing Interested Person Transaction (JPY m)	116.2
Purchase Consideration as a % of latest audited NTA	9.4%
	(Exceeds 5.0% threshold)

The table below sets out details of all Existing Interested Person Transactions entered into between (1) CRT and (2) the Sponsor and its subsidiaries and associates, during the course of the current financial year up to the Latest Practicable Date, which are the subject of aggregation pursuant to Rule 906 of the Listing Manual:

<b>Interested Person</b>	<b>Relationship</b>	<b>Transaction Type</b>	<b>Amount of Transaction (JPY'000)</b>
CMI Realty Management Kabushiki Kaisha	Company is 100% owned by the Sponsor	Acquisition fee paid in relation to the 2016 Acquisitions under the asset management agreement for Torius, Fuji Grand Natalie, Mallage Saga and Feeeal Asahikawa	48,739
		Total Japan AM fees payable under the full term of the asset management agreement for Torius, Fuji Grand Natalie, Mallage Saga and Feeeal Asahikawa	67,493
		<b>Total</b>	<b>116,232</b>

The audit and risk committee of the Trustee-Manager (the “**Audit and Risk Committee**”) has reviewed the Existing Interested Person Transactions and was satisfied that they are on normal commercial terms and that the entry into such transactions are not prejudicial to the interests of CRT and its minority Unitholders.

The proposed Internalisation will constitute an “interested person transaction” under Chapter 9 of the Listing Manual, in respect of which Unitholders’ approval is required.

#### DISCLOSEABLE TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL

The relative figures computed on the basis set out in Rule 1006(b) and Rule 1006(c) of the Listing Manual is as follows:

- (i) the net profits attributable to the assets acquired compared with CRT’s net profits; and
- (ii) the aggregate value of the consideration given compared with CRT’s market capitalisation.

Comparison of	Internalisation	CRT	Relative figure (%)
<b>Rule 1006(b)</b>			
Net Property Income (“NPI”) (JPY’000)	– <sup>(1)</sup>	4,681,121 <sup>(2)</sup>	N.A.
<b>Rule 1006(c)</b>			
Purchase consideration compared with CRT’s market capitalization <sup>(3)</sup>	JPY4,100 million (approximately S\$50.0 million)	Approximately JPY47,638 million (S\$581.0 million)	8.6

**Notes:**

- (1) There is no NPI associated with the Internalisation as there is no property involved in the acquisition of the Trustee-Manager.
- (2) The NPI of CRT is extracted from the FY2015 Audited Financial Statements.
- (3) Based on 716,965,618 Units in issue and multiplied by the weighted average price of S\$0.8103 per Unit on 10 June 2016 (being the Market Day immediately preceding the Share Purchase Agreement).

Rule 1006(d) of the Listing Manual does not apply in relation to the Internalisation as no Units will be issued as consideration for the Internalisation. As the relative figure under Rule 1006(c) exceeds 5.0% but does not exceed 20.0%, the Internalisation is a “discloseable transaction” under Chapter 10 of the Listing Manual and the specific approval of Unitholders is not required for the Internalisation.

#### APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

The Trustee-Manager has appointed CIMB Bank Berhad, Singapore Branch, (the “**IFA**”) to advise

the independent directors of the Trustee-Manager (the “**Independent Directors**”) and the Audit and Risk Committee in relation to the proposed Internalisation. Further details on the advice of the IFA are set out in full in the letter issued by the IFA in the circular to be issued to Unitholders shortly. Please also refer to the circular for the recommendations of the Independent Directors and the Audit and Risk Committee on the proposed Internalisation.

## **THE PREFERENTIAL OFFERING**

Approval in-principle has been obtained on 10 June 2016 from the SGX-ST for the listing of, and dealing in and quotation of 32,722,285 Preferential Offering Units on the Main Board of the SGX-ST which are to be issued pursuant to the Preferential Offering.

The SGX-ST’s approval in-principle is not to be taken as an indication of the merits of the Preferential Offering, the Preferential Offering Units, the Trustee-Manager, CRT and/or their subsidiaries. The SGX-ST’s in-principle approval is subject to, among others, compliance with the SGX-ST’s listing requirements and the provision of the following undertakings to the SGX-ST:

- (i) a written undertaking from the Trustee-Manager that it will comply with Rule 704(30), Rule 815 and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the Preferential Offering and where proceeds are to be used for working capital purposes, the Trustee-Manager will disclose a breakdown with specific details on the use of proceeds for working capital in CRT’s announcements on use of proceeds and in its annual report; and
- (ii) a written undertaking from the Trustee-Manager that it will comply with Rule 877(10) of the Listing Manual with regards to the allotment of any excess Preferential Offering Unit.

The Preferential Offering Units will be underwritten by Citigroup Global Markets Singapore Pte. Ltd. (the “**Lead Manager and Underwriter**”) pursuant to the terms and subject to the conditions contained in the underwriting agreement entered into by the Trustee-Manager and the Lead Manager and Underwriter on 12 June 2016 (the “**Underwriting Agreement**”). Under the Underwriting Agreement, the Lead Manager and Underwriter will be entitled to a commission of 2.0% of the Issue Price (as defined herein) multiplied by the total number of Preferential Offering Units offered under the Preferential Offering.

In addition, Evertrust has on 12 June 2016 entered into a sub-underwriting arrangement with the Lead Manager and Underwriter (the “**Sub-Underwriting Agreement**”). For the avoidance of doubt, no sub-underwriting fees are payable by the Lead Manager and Underwriter to Evertrust under this Agreement.

After the Preferential Offering has been approved by Unitholders, the Trustee-Manager and the Lead Manager and Underwriter will determine the Preferential Offering Books Closure Date, and fix the issue price of the Preferential Offering Units (the “**Issue Price**”) and the actual Preferential Offering Ratio. The Trustee-Manager will make the appropriate announcement(s) in due course to inform Unitholders of the Preferential Offering Books Closure Date, the Issue Price and the actual Preferential Offering Ratio.

The actual number of Preferential Offering Units to be issued pursuant to the Preferential Offering will depend on the aggregate amount of proceeds to be raised from the Preferential Offering, the Issue Price and the actual Preferential Offering Ratio.

The Issue Price will be determined in accordance with, among others, Chapter 8 of the Listing Manual. The Issue Price will not be at more than a 10.0% discount to the volume weighted average price for trades done on the SGX-ST for the full market day immediately preceding the day on which the Underwriting Agreement is signed<sup>1</sup>, being 10 June 2016. Accordingly, the Issue Price shall be no lower than S\$0.7293 per Preferential Offering Unit.

The Trustee-Manager will work together with the Lead Manager and Underwriter to determine the Issue Price and the most appropriate launch timing of the Preferential Offering so as to ensure its success, having regard to market conditions and other factors that the Trustee-Manager and the Lead Manager and Underwriter may consider relevant.

The gross proceeds ranging from S\$20.0 million to S\$22.1 million from the Preferential Offering is intended to be utilised in the following manner:

- (a) approximately S\$19.5 million to S\$21.6 million (which is equivalent to approximately 97.5% to 97.7% of the maximum gross proceeds of the Preferential Offering) to partially fund the proposed Internalisation; and
- (b) approximately S\$0.5 million (which is equivalent to approximately 2.3% to 2.5% of the maximum gross proceeds of the Preferential Offering) to pay the estimated fees and expenses, including professional fees and expenses, incurred or to be incurred by CRT in connection with the Preferential Offering.

## **CIRCULAR**

Further details on the Internalisation, the Distribution of Returns and the Preferential Offering and the related transactions in connection therewith will be set out in the circular to be issued to Unitholders shortly, together with a notice of the EGM that the Trustee-Manager proposes to convene for the purpose of seeking Unitholders' approvals in connection with, among others, the Internalisation, the Distribution of Returns and the Preferential Offering.

## **FINANCIAL ADVISER**

Citigroup Global Markets Singapore Pte. Ltd. is acting as the Lead Manager and Underwriter to the Preferential Offering and Financial Adviser to the Trustee-Manager as to the Internalisation.

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<sup>1</sup> The Underwriting Agreement was not signed on a market day. "Market day" means a day on which the SGX-ST is open for trading in securities.

## OTHER INFORMATION

### Interests of Directors

Based on the Register of Directors' Unitholdings maintained by the Trustee-Manager and save as disclosed in the table below, none of the Directors currently holds a direct or deemed interest in the Units as at the Latest Practicable Date:

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units	% <sup>(1)</sup>
	No. of Units	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>		
Mr David Lim Teck Leong	-	-	1,769,000	0.25	1,769,000	0.25
Mr Jim Chang Cheng-Wen	-	-	9,460,080	1.32	9,460,080	1.32
Mr Eng Meng Leong	-	-	-	-	-	-
Mr Quah Ban Huat	-	-	-	-	-	-
Mr Yong Chao Hsien Jeremy	-	-	9,460,080	1.32	9,460,080	1.32

**Note:**

(1) The percentage is based on 716,965,618 Units in issue as at the Latest Practicable Date.

In addition, the Sponsor is owned by Mr Jim Chang Cheng-Wen (Chief Executive Officer and Executive Director) and Mr Yong Chao Hsien Jeremy (Non-Executive Director). The Sponsor has an 80.0% interest in Croesus Partners, which in turn has an 80.0% interest in Evertrust, which in turn wholly-owns the Trustee-Manager.

## DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Trustee-Manager<sup>1</sup> at 50 Raffles Place #25-03 Singapore Land Tower Singapore 048623 for a period of three months from the date of this Announcement:

- (i) the Share Purchase Agreement;

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<sup>1</sup> Prior appointment with the Trustee-Manager will be appreciated.

- (ii) the TM Share Trust Deed;
- (iii) the letter from the IFA;
- (iv) the independent valuation report on the Trustee-Manager issued by the independent valuer;
- (v) the Amended ROFRs;
- (vi) the FY2015 Audited Financial Statements; and
- (vii) the written consents of each of the IFA and the independent valuer.

The CRT Trust Deed will also be available for inspection at the registered office of the Trustee-Manager for so long as CRT is in existence.

By Order of the Board

Kim Yi Hwa

Company Secretary

**Croesus Retail Asset Management Pte. Ltd.**

(Registration No. 201205175K)

(as trustee-manager of Croesus Retail Trust)

12 June 2016

## **Important Notice**

This announcement is for information purposes only and does not constitute or form part of an offer, solicitation or invitation of any offer, to buy or subscribe for any securities of CRT in Singapore, the United States, European Union, European Economic Area, Canada, 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.

The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, the Trustee-Manager, the sponsor of CRT, the Sole Bookrunner and Underwriter, or any of their respective affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Trustee-Manager to redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement is not to be distributed or circulated outside of Singapore. Any failure to comply with this restriction may constitute a violation of United States securities laws or the laws of other jurisdictions.

## SCHEDULE 1

### PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTIONS AND THE PROFIT AND LOSS SUMMARY OF THE TRUSTEE-MANAGER GROUP

The pro forma financial effects of the proposed Internalisation and proposed Preferential Offering (collectively, the “**Transactions**”) on the distribution per Unit (“**DPU**”) and net asset value (“**NAV**”) per Unit, and the pro forma capitalisation of CRT presented below are strictly for illustrative purposes and were prepared based on the audited consolidated financial statements of CRT for FY2015 (the “**FY2015 Audited Financial Statements**”), taking into account: (i) the acquisition of Torius which for purposes of the pro forma financial effects set out below, is assumed to be completed on 1 July 2014<sup>1</sup>; (ii) the 114,222,677 Units issued pursuant to the underwritten and renounceable rights issue to existing Unitholders on a pro rata basis which closed on 23 October 2015 (the “**2015 Rights Issue**”), but for purposes of the pro forma financial effects set out below, is assumed to be completed on 1 July 2014; (iii) the 70,000,000 New Units issued under the private placement which closed on 24 March 2016 (the “**Private Placement**”), but for purposes of the pro forma financial effects set out below, is assumed to be completed on 1 July 2014; (iv) the issuance of S\$60,000,000 5.0% fixed rate notes due 2020 (the “**Notes**”) under the U.S.\$500,000,000 Euro Medium Term Note Programme, with the interest costs as at 1 July 2014 being 2.65%; (v) the acquisition of Fuji Grand Natalie which for purposes of the pro forma financial effects set out below, is assumed to be completed on 1 July 2014<sup>2</sup>; and (vi) the acquisitions of Mallage Saga and Feeeal Asahikawa which for purposes of the pro forma financial effects set out below, is assumed to be completed on 1 July 2014<sup>3</sup>, and based on the assumptions below:

#### Assumptions relating to the Torius Acquisition:-

It is assumed that:

- (a) Torius was acquired by CRT on 1 July 2014 and held for FY2015;
- (b) the acquisition cost of JPY9,348.4 million (approximately S\$111.3 million) is funded through a combination of the issuance of Japanese onshore 5-year specified bonds, the proceeds of the rights issue in 2015 Right Issue, and the balance via Consumption Tax Specified Bonds;
- (c) the interest cost of the Japanese specified bonds is 0.95% per annum; and
- (d) 114,222,677 Units were issued under the 2015 Rights Issue (the “**Rights Units**”) at an issue price of S\$0.610 per Rights Units.

<sup>1</sup> The actual completion of the acquisition of Torius was on 16 October 2015.

<sup>2</sup> The actual completion of the acquisition of Fuji Grand Natalie was on 18 April 2016.

<sup>3</sup> The actual completion of the acquisitions of Mallage Saga and Feeeal Asahikawa were on 27 May 2016.



**Assumptions relating to the Acquisition of Fuji Grand Natalie, Mallage Saga and Feeeal Asahikawa (the “2016 Acquisitions”):-**

It is assumed that:

- (a) for the purpose of illustrating the pro forma financial effects of the 2016 Acquisitions on CRT, the 2016 Acquisitions were completed on 1 July 2014 and held for FY2015;
- (b) the 2016 Acquisitions (and the associated transaction costs) of JPY12,378.7 million were funded through a combination of funds, comprising S\$35.4 million from the proceeds of the issuance of the Notes, the Private Placement and the balance via Japanese Yen-denominated debt and Consumption Tax Specified Bonds, where an exchange rate of 82.00 Japanese Yen to 1 Singapore Dollar has been applied to the proceeds of the Notes and the Private Placement; and
- (c) the interest cost of the Notes and Japanese local bank debt/Japanese onshore 5-year specified bonds were 2.65% and 0.6% per annum, respectively.

**Assumptions relating to the Proposed Internalisation:-**

It is assumed that:

- (a) for the purpose of illustrating the pro forma financial effects of the proposed Internalisation on CRT, the Internalisation was completed on 1 July 2014 and in effect for FY2015;
- (b) the Base Fee and the Performance Fee include fees attributable to the 2016 Acquisitions;
- (c) the Internalisation (and the associated transaction costs) is funded through a combination of funds, comprising S\$24.6 million from the proceeds of the issuance of Notes, S\$20 million from the proceeds of the Preferential Offering and the balance via the existing cash balance of S\$10.0 million, where an exchange rate of 82.00 Japanese Yen to 1 Singapore Dollar has been applied;
- (d) the interest cost of the Notes and Japanese local bank debt/Japanese onshore 5-year specified bonds were 2.65% and 0.6% per annum respectively; and

- (e) 25,641,026 Preferential Offering Units were issued on 1 July 2014 at an issue price of S\$0.780 per Preferential Offering Unit.

<b>Pro Forma FY15</b>			
<b>Figures in JPY'000</b>	<b>After Acquisitions</b>	<b>After the Internalisation</b>	<b>Pro Forma</b>
Gross revenue	11,525,766	—	11,525,766
Property operating expense	(5,551,976)	—	(5,551,976)
<b>Net property income</b>	<b>5,973,790</b>	<b>—</b>	<b>5,973,790</b>
Trustee Manager's fee	(700,651)	700,651	—
Japan Asset Manager's fee	(99,489)	—	(99,489)
Other administrative expense	(112,453)	(389,985)	(502,438)
Other trust expense	(155,469)	(7,380)	(162,849)
Finance income	9,272	—	9,272
Finance cost	(1,220,031)	(58,742) <sup>(1)</sup>	(1,278,773)
Foreign exchange gain/loss	113,939	—	113,939
<b>Profit before fair value change</b>	<b>3,808,908</b>	<b>241,544</b>	<b>4,053,452</b>
Fair value gain in investment properties	6,438,460	—	6,438,460
Fair value loss in derivative instrument	369,590	—	369,590
<b>Profit before tax</b>	<b>10,616,958</b>	<b>241,544</b>	<b>10,861,502</b>
Current income tax	(405,921)	(47,801)	(453,722)
Deferred tax	(1,757,983)	—	(1,757,983)
	(2,163,904)	(47,801)	(2,211,705)
<b>Net profit for the period</b>	<b>8,453,054</b>	<b>196,743<sup>(1)</sup></b>	<b>8,649,797</b>
<b>Distribution adjustment</b>			
Trustee Manager's fee in units	649,632		649,632
Amortization of upfront costs	365,158		365,158
Amortization of property tax	163,388		163,388
Fair value gain on investment	(5,131,910)		(5,131,910)
Fair value loss on derivative instrument	(369,590)		(369,590)
Deferred tax expense	451,433		451,433
Others	(102,248)	16,400 <sup>(2)</sup>	(85,848)
<b>Distribution adjustment</b>	<b>(3,974,137)</b>		<b>(3,957,737)</b>
<b>Income available for distribution</b>	<b>4,478,917</b>		<b>4,692,060</b>
<b>DPU</b>	<b>7.94</b>		<b>8.02</b>

**Notes:**

- (1) Includes finance cost of JPY53.5 million attributable to the Notes of c. S\$25 million. Excluding such finance costs, the excess cash distributable by the Trustee-Manager is JPY267.2 million.
- (2) This relates to the expense of the stamp duty incurred for the Internalisation and has been added back for distribution purposes as funds have been raised for it.

## Other Information — Financial Performance of the Trustee Manager

The following table sets out the profit and loss summary of the Trustee-Manager and CRAM KK (the “Trustee-Manager Group”), based on the audited consolidated financial statements of the Trustee-Manager Group for FY2015. For comparison, an illustrative pro forma profit and loss summary has been presented below strictly for illustrative purposes:

### Profit and Loss Summary for the Trustee-Manager Group

	30 June 2015	30 June 2015
	Trustee-Manager Group	Trustee-Manager Group
	Actual (JPY'000)	Pro Forma (JPY'000)
Revenue . . . . .	634,312 <sup>(1)</sup>	700,651 <sup>(2)</sup>
Cost of sales . . . . .	(214,724)	— <sup>(3)</sup>
<b>Gross profit</b> . . . . .	<b>419,588</b>	<b>700,651</b>
Dividend income from investment securities . . . . .	13,158	— <sup>(4)</sup>
Interest income . . . . .	2	—
Other income . . . . .	216	—
Employee compensation . . . . .	(198,803)	(198,803)
Administrative expenses . . . . .	(169,306)	(169,306)
Other expenses . . . . .	(4,827)	(5,475) <sup>(5)</sup>
Finance cost . . . . .	(5,286)	(5,286)
Realised loss on sale of investment securities . . . . .	(19,003)	—
<b>Profit before change in fair value</b> . . . . .	<b>35,739</b>	<b>321,781</b>
Current taxes . . . . .	(3,270)	(47,801) <sup>(6)</sup>
<b>Net profit for the year</b> . . . . .	<b>32,469</b>	<b>273,980</b>
<b>Other comprehensive income</b>		
Net gain on fair value change of investment securities . . . . .	(330)	— <sup>(7)</sup>
<b>Total comprehensive income for the year</b> . . . . .	<b>32,139</b>	<b>273,980</b>

#### Notes:

- (1) Includes acquisition fee of JPY79,200,000 for One's Mall.
- (2) Includes additional base fee and performance fee from the Torius Acquisition (as defined herein) and the 2016 Acquisitions (as defined herein) and excludes acquisition fees.
- (3) Cost of sales comprises (i) the acquisition fees associated with acquisitions of new properties by CRT which are paid to the Trustee-Manager, and which are in turn paid by the Trustee-Manager to the Sponsor; (ii) monthly management fees paid to the Sponsor; and (iii) consultation and service fees paid to the Japan asset managers, being Tozai Asset Management Co., Ltd., and Marubeni Asset Management Co., Ltd. by the Trustee-Manager in its own corporate capacity. In respect of (i), acquisition fees are excluded as they will no longer be paid to the Sponsor but will be declared as dividends to Unitholders. In respect of (ii) and (iii), such consultation and/or management services were provided to the Trustee-Manager to facilitate and assist the Trustee-Manager in the performance of its own duties and obligations but are no longer required as the Trustee-Manager now has the relevant experience, expertise and the network to perform its duties without any continuing external advice. Accordingly, such consultation and/or management service fees have been removed from expenses as they will be discontinued post-Internalisation.

- (4) Nil, as all of the Units owned by the Trustee-Manager will be divested (which is assumed to take place at the start of FY2015).
- (5) Includes brokerage expenses from divestment of all Units held by the Trustee-Manager (which is assumed to take place at the start of FY2015).
- (6) Higher taxes paid as a result of higher profit before tax.
- (7) Nil, as all of the Units held by the Trustee-Manager will be divested (which is assumed to take place at the start of FY2015).

The Internalisation is not expected to have any material impact on the day-to-day operations of the Trustee-Manager which will continue as usual. Based on the profit and loss summary and the explanations set out in the notes relating thereto, the material change under the “cost of sales” line item is due to: (i) the discontinuation of consultation and service arrangements which are no longer required as the Trustee-Manager now has the relevant experience, expertise and the network to perform its duties without any continuing external advice and (ii) the exclusion of acquisition fees which will no longer be payable to the Sponsor.