

FOR IMMEDIATE RELEASE

## Croesus Retail Trust reports 4Q FY2017 available DPU of 2.01<sup>1</sup> Singapore cents and FY2017 DPU of 7.66<sup>2</sup> Singapore cents

- 4.06<sup>3</sup> Singapore cents to be distributed for 2H FY2017
- Gross Revenue and Net Property Income (“NPI”) growth driven mainly by FY2016 property acquisitions
- Planning underway for asset enhancements at Torius

### Results Summary

JPY million	4Q FY2017	4Q FY2016	Variance	FY2017	FY2016	Variance
	1 Apr 2017 to 30 Jun 2017	1 Apr 2016 to 30 Jun 2016		1 Jul 2016 to 30 Jun 2017	1 Jul 2015 to 30 Jun 2016	
Gross Revenue	2,993	2,675	11.9%	12,319	9,581	28.6%
NPI	1,441	1,440	0.1%	6,334	5,449	16.2%
Income Available for Distribution	1,272	1,068	19.0%	4,885	3,981	22.7%
Available DPU <sup>(a)</sup> (Singapore cents)	2.01	1.70	18.2%	7.66	7.06	8.5%
Available Restated DPU <sup>(a), (b)</sup> (Singapore cents)	2.01	1.70	18.2%	7.66	6.83	12.2%

Notes:

- Average SGD/JPY foreign exchange rates for the 4Q FY2017 DPU and 4Q FY2016 DPU computation are 81.49 and 84.84, respectively, while the FY2017 DPU and FY2016 DPU computation are 83.35 and 84.83, respectively.
- The Restated Available DPU for 4Q FY2016 and FY2016 was adjusted to reflect the effect of an enlarged unit base, taking into consideration the 27,682,070 units issued pursuant to the preferential offering on 25 August 2016, when determining the income available for distribution for the period from 1 April 2016 to 3 April 2016 and 1 July 2015 to 3 April 2016, respectively.

<sup>1</sup> 18.2% higher than Available Restated DPU for 4Q FY2016.

<sup>2</sup> 12.2% higher than Available Restated DPU for FY2016.

<sup>3</sup> Comprising Available DPU of 2.01 Singapore cents for 4Q FY2017 and 2.05 Singapore cents for the three months ended 31 March 2017 announced on 15 May 2017.

**Singapore, 18 August 2017** – Croesus Retail Asset Management Pte. Ltd., as trustee-manager of Croesus Retail Trust (“CRT”, and the trustee-manager of CRT, the “Trustee-Manager”), is pleased to announce that it has recorded an available distribution per unit (“DPU”) of 2.01 Singapore cents for the three months ended 30 June 2017 (“4Q FY2017”), representing a 18.2% increase from the Available Restated DPU of 1.70 Singapore cents achieved in the previous corresponding period (“4Q FY2016”).

#### **4Q FY2017 Performance Review**

For 4Q FY2017, CRT reported gross revenue of JPY2,993 million, an increase of 11.9% from JPY2,675 million recorded in 4Q FY2016. The increase is due mainly to the acquisition of Fuji Grand Natalie on 18 April 2016 and Mallage Saga and Feeeal Asahikawa on 27 May 2016. In addition, higher variable rent from better tenant sales in Mallage Shobu and a strong performance by the cinema in Torius also contributed to the gross revenue increase.

CRT’s NPI for the quarter was JPY1,441 million, compared to JPY1,440 million in the previous corresponding quarter. The increase is due to the same factors that contributed to the increase in gross revenue, offset by higher expense ratios in newly acquired properties, such as Mallage Saga and Feeeal Asahikawa, and the expenses from refurbishment works in Mallage Shobu.

Income available for distribution rose 19.0% to JPY1,272 million in 4Q FY2017 from JPY1,068 million in 4Q FY2016. Cost savings arising from the internalisation of the Trustee-Manager, lower finance cost from redemption of Series 001 Notes and realised gain on disposal of units of CRT (“Units”) by the Trustee-Manager contributed towards the increase.

Overall, the DPU for 4Q FY2017 was 2.01 Singapore cents, 18.2% higher than the Available Restated DPU for 4Q FY2016 of 1.70 Singapore cents.

#### **FY2017 Performance Review**

CRT’s gross revenue for the full year ended 30 June 2017 (“FY2017”) was JPY12,319 million, which was 28.6% higher than the JPY9,581 million recorded in the previous corresponding period. This was mainly due to the acquisitions of Torius, Fuji Grand, Mallage Saga and Feeeal Asahikawa, bolstered by higher variable rent from better tenant sales in Mallage Shobu and compensation from tenants for early termination in Mallage Shobu and Croesus Tachikawa.

Corresponding to the increase in gross revenue, the Trustee-Manager’s NPI registered a 16.2% y-o-y growth from JPY5,449 million in FY2016 to JPY6,334 million in FY2017. The percentage increase in NPI is lower than in gross revenue mainly due to higher expense ratios in newly acquired properties, such as Mallage Saga and Feeeal Asahikawa, and the expenses from refurbishment works in Mallage Shobu.

Income available for distribution rose 22.7% to JPY4,885 million in FY2017 from JPY3,981 million recorded in the previous year due mainly to the same factors that contributed to the increase in NPI.

Overall, CRT posted DPU of 7.66 Singapore cents for FY2017, which is 12.2% higher than the Available

Restated DPU for FY2016 of 6.83 Singapore cents.

To mitigate its foreign currency exposure, CRT has hedged close to 100% of its expected distributable income up to June 2019.

At present, CRT's portfolio continues to demonstrate stability and resiliency with a high occupancy rate of 97.1% and a long weighted average lease expiry of 6.4 years.

**Mr. Jim Chang, Chief Executive Officer and Executive Director of the Trustee-Manager**, said, "We are pleased to deliver a set of stable financial results for 4Q FY2017 and FY2017. We will continue to explore ways to achieve incremental returns as well as executing our planned asset enhancement initiatives and further refresh our tenant mix at our malls in the coming quarters."

### **Pursuing Growth**

Planning is underway for a proposed new building for Torius, which is estimated to increase the property's overall net lettable area ("NLA") by approximately 1,800 sq m. The Trustee-Manager has entered into a lease reservation agreement to commit a well-established supermarket chain to the proposed new building plans at Torius, which takes into account design specifications that caters to the tenant's requirements. Construction of the new building is expected to commence in the financial year ending 30 June 2018.

CRT received a request from Aeon Town for a rental review of both its leases at Aeon Town Moriya and Aeon Town Suzuka. Under a standard lease in Japan, tenants are allowed to request for a rental revision should there be a change in conditions that justify a revision. At the present time, the Trustee-Manager does not have sufficient information to consider the request.

In respect of its tenant replacement exercises, CRT had most recently replaced its anchor tenant Sumitomo Mitsui Trust Bank with Taito, a leading gaming arcade in Japan, at Croesus Tachikawa. Taito has started its operations on 28 July 2017.

At Mallage Shobu, CRT secured global fashion retailer H & M Hennes & Mauritz AB ("H&M") as an anchor tenant in June 2017. H&M will occupy a retail space of approximately 1,500 sq m on the ground floor of the shopping mall and the store is currently expected to open by the end of August 2017.

Meanwhile, the Trustee-Manager remains focused on its tenant replacement exercise at Feeeal Asahikawa to replace the existing tenant base with potentially better performing tenants.

### **Proactive Capital Management**

On 24 March 2017, CRT entered into a facility agreement with Sumitomo Mitsui Trust Bank for the grant of a 4-year term loan facility of JPY3.0 billion ("Term Loan") at a fixed interest rate of 1.65667%. The Trustee-Manager intends to use the proceeds from the Term Loan to fund the capital expenditure for its asset enhancement initiatives as well as other general and working capital purposes.

On 23 January 2017, the Trustee-Manager fully redeemed and refinanced the outstanding principal amount of Series 001 MTN<sup>4</sup> via two sources of funds, which effectively lowered CRT's overall all-in cost of debt to 1.69% from 1.90%. This is expected to result in cost savings and boost the income available for distribution to Unitholders.

CRT has approximately 46.7% of its total debt maturing in May 2018. Considering the low interest rate environment in Japan, the refinancing of the debt is expected to be at a better rate.

## Outlook

In the second quarter of 2017, the annualised real GDP registered an increase of 4.0%, which marked positive growth for six consecutive quarters, the longest period of growth in the past 11 years<sup>5</sup>. Core consumer prices<sup>6</sup> for the month of June 2017 increased 0.4% y-o-y due to cautious market sentiments. To mitigate its foreign currency exposure, CRT has hedged almost 100% of its expected distributable income up to June 2019 as it receives its distributable income in Japanese Yen and pays out distributions in Singapore Dollars.

On the real estate front, commercial land prices in Tokyo, Nagoya and Osaka have continued to appreciate. In particular, property prices in Osaka have risen significantly due to an increase of foreign visitors, further driving cap rate compression.<sup>7</sup> This has resulted in greater competition for prime retail properties among Japanese real estate investment trusts and property players.

On 28 June 2017, CRT announced a proposed acquisition of all the Units and privatisation of CRT by Cyrus BidCo Pte. Ltd., a company incorporated in Singapore by funds managed or advised by affiliates of The Blackstone Group L.P..<sup>8</sup>

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<sup>4</sup> Series 001 MTN refers to S\$100 million 4.6% fixed rate notes due 2017 issued pursuant to the US\$500 million Euro medium term note programme. For more details, please refer to the SGXNet announcement dated 23 January 2017.

<sup>5</sup> Source: Tankan Summary (June 2017) Survey report dated 3 July 2017 by the Bank of Japan.

<sup>6</sup> Source: Statistics Bureau, Ministry of Internal Affairs and Communications of Japan. CPI refers to All items, less fresh food.

<sup>7</sup> Based on Colliers International, Japan Investment Outlook report for the third quarter ended 31 March 2016.

<sup>8</sup> Please refer to the SGXNet announcement dated 28 June 2017.

## About 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 eleven retail properties in Japan – Aeon Town Moriya, Aeon Town Suzuka, Croesus Shinsaibashi, Croesus Tachikawa, Feeeal Asahikawa, Fuji Grand Natalie, Luz Omori, Mallage Saga, Mallage Shobu, One’s Mall, and Torius – 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, the TR/GPR/ APREA Composite Index, FTSE Real Estate Index and the FTSE REIT index. For more information on CRT, please visit [www.croesusretailtrust.com](http://www.croesusretailtrust.com).

## Important Notice

This press release is not an offer of securities for sale or a solicitation of an offer to purchase securities. This release may contain forward-looking statements that involve risks and uncertainties. Forward-looking statements include statements regarding the intent, belief and current expectations of CRT or its officers with respect to various matters. When used in this press release, the words "expects," "believes," "anticipates," "plans," "may," "will," "should" and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. 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. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events and speak only as of the date of this press release. CRT does not undertake to revise forward-looking statements to reflect future events or circumstances. No assurance can be given that future events will occur, that projections will be achieved, or that CRT’s assumptions are correct. 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.