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## **Croesus Retail Trust Acquires Two Retail Properties in Tokyo for JPY14,250 million (SGD176.3 million)<sup>1</sup>**

- Adjusted distribution per unit (“DPU”) of Croesus Retail Trust is expected to increase by 5.7% from 7.01 cents to 7.41 cents for Forecast Year 2014.
- Post-acquisition, CRT’s net lettable area (“NLA”) will increase by 9% and portfolio value will increase by 28.3%, expanding its portfolio to six retail properties in Japan.
- The acquisition (the “Acquisitions”) of Luz Omori and NIS Wave I will be funded through net debt proceeds from new 5-year Japanese onshore debt and proceeds from the issuance of S\$100,000,000 in principal amount of Fixed Rate Notes due 2017 (the (“Notes”) pursuant to its U.S.\$500,000,000 Euro Medium Term Note Programme established on 3 January 2014.

**Singapore, 27 February 2014** – Croesus Retail Trust (“CRT”) (SGX:S6NU.SI)<sup>2</sup>, today announces that Croesus Retail Asset Management Pte. Ltd., in its capacity as trustee-manager of CRT, has entered into two sale and purchase agreements to acquire two retail properties in Tokyo, Japan – **Luz Omori** and **NIS Wave I** (the “Properties”).

With the completion of the sale, DPU is expected to increase by 5.7% from 7.01 Singapore cents to 7.41 Singapore cents for the period from 1 July 2013 to 30 June 2014 (“Forecast Year 2014”). The enlarged portfolio will comprise six retail properties, and expand CRT’s NLA by approximately 9% to 198,148 sqm and grow its portfolio value by approximately 28.3% to JPY67,830 million. The closing date of the Acquisitions shall be no later than 31 March 2014, unless otherwise agreed in writing by the relevant parties.

The total purchase consideration for the Properties is JPY14,250 million (approximately SGD176.3 million<sup>1</sup>), comprising JPY3,450 million (approximately SGD42.7 million<sup>1</sup>) for **Luz Omori** and JPY10,800 million (approximately SGD133.6 million<sup>1</sup>) for **NIS Wave I**. The aggregate purchase consideration is at a 4.7% discount to the aggregate valuation of the Properties<sup>3</sup>.

<sup>1</sup> Based on the exchange rate of JPY 80.85 : S\$1.

<sup>2</sup> DBS Bank Ltd. and Citigroup Global Markets Singapore Pte. Ltd. were the joint global coordinators, issue managers, bookrunners and underwriters to the initial public offering of CRT (the “Joint Issue Managers”). The Joint Issue Managers assume no responsibility for the contents of this press release.

<sup>3</sup> The independent valuation of the Properties was conducted by DTZ Debenham Tie Leung K.K. (“DTZ”) as at 18 September 2013.

## Acquisition rationale

The acquisition of the two quality assets represents a strategic move that is yield-accretive to CRT. **Luz Omori** and **NIS Wave I** are two strategically-located retail properties in growing residential areas within Tokyo, which has excellent accessibility to major transportation nodes. The Properties' high occupancy (97.2% and 100% respectively as at 31 December 2013), long weighted average lease expiry ("WALE") (16.6 years and 4.8 years respectively as at 31 December 2013), diversified tenant base and strong competitive position will offer resilience and stability to the portfolio.

**Luz Omori** is a family-oriented retail property situated in Ota Ward, the third most populous ward in Tokyo, with close to 700,000 residences<sup>4</sup>. Luz Omori has 30 tenants anchored by brand names such as Docomo and Daiso, and caters to the neighbourhood that has seen a 13.7% increase in the number of households from 1993 to 2013<sup>4</sup>. It is strategically located at the intersection of a traditional shopping street and a retail street with strong shopper traffic leading directly to the JR Omori Station, from which it takes approximately 17 minutes to reach Tokyo station<sup>4</sup>. There is no direct competition for Luz Omori due to its unique tenant mix. In addition, there are currently no future retail development in the pipeline.

**NIS Wave I** is a retail property located in Tachikawa City – ranked the third most desirable city to live in for its quick access to central Tokyo.

With various leisure and F&B offerings, NIS Wave I is directly connected to JR Tachikawa Station. Due to Tachikawa Station's growing importance as a transportation hub and new affordable residential developments in close proximity to the station, the city has seen a 16.4% increase in the number of households since 2001<sup>4</sup>. No future supply of large-scale retail area in NIS Wave I's catchment area is expected until 2015. The property is also poised to benefit from increased shopper footfall due to its proximity to the development pipeline.

The Properties are relatively new with building ages of approximately 2.9 and 6.5 years for Luz Omori and NIS Wave I respectively, compared to 6.0 years for the initial portfolio of CRT<sup>5</sup>. This lowers the weighted average building age of CRT's portfolio to 5.9 years post-acquisitions.

**Luz Omori** and **NIS Wave I** are acquired from Marubeni Corporation (a strategic partner of CRT) and Godo Kaisha Wave I, a third-party vendor respectively.

Commenting on the Acquisitions, **Mr. Jim Chang, Chief Executive Officer and Executive Director of Croesus Retail Asset Management Pte. Ltd.**, said, "We are very excited to close the acquisitions. These assets greatly complement our existing portfolio and represent tremendous opportunities to the growth of our portfolio in creating better returns to unitholders. Luz Omori and NIS Wave I will also strengthen our portfolio with their near-100% occupancy rates in cities with stable growth. The newly-acquired properties will also benefit

<sup>4</sup> CBRE Market Report dated September 2013.

<sup>5</sup> As at 31 December 2013.

from good connectivity and a sizeable catchment, and we can expect to recognise stable and sustainable rental income from these properties in the next financial quarter.”

**Mr. Jeremy Yong, Co-Founder and Group Managing Director of Croesus Merchants International Pte. Ltd. (Sponsor of CRT) and Non-Executive Director of Croesus Retail Asset Management Pte. Ltd.** said, “This marks the successful start of the first phase of acquisition growth for CRT. By its recent positive results announcement, and also by today’s acquisition announcement, the management team continues to systematically execute its plans for CRT that was articulated to unitholders at the IPO last year. With time, CRT and its management team will continue to grow from strength to strength. We thank all unitholders and stakeholders for their continued support of CRT.”

The sale and purchase agreements for the Properties were entered into through Persimmon TMK<sup>6</sup>, a special purpose *tokutei mokuteki kaisha* (“TMK”) incorporated under Japan Law for investment holding purposes.

### Financing

The Trustee-Manager will finance the acquisitions through a combination of:

- (i) net debt proceeds from new 5-year Japanese onshore debt of JPY8,300 million (approximately SGD102.7 million)<sup>7</sup>; and
- (ii) proceeds of JPY6,128 million (approximately SGD75.8 million)<sup>8</sup> from the issuance of the Notes pursuant to its U.S.\$500,000,000 Euro Medium Term Note Programme established on 3 January 2014.<sup>9</sup>

<sup>6</sup> The shareholders of Persimmon TMK are, as at the date of this press release, (i) Persimmon Ippan Shadan Hojin, which holds 75% of the specified equity and (ii) Croesus TMK Holding Pte. Ltd., a wholly-owned subsidiary of CRT, which holds 25% of the specified equity. The Trustee-Manager intends to use a holding structure similar to the holding structure of the initial portfolio of CRT at the initial public offering of CRT and expects that Persimmon TMK will issue preferred equities to Croesus TMK Holding Pte. Ltd. and the Tokyo branch of another wholly-owned subsidiary of CRT in the proportions 49% and 51%, respectively, by the completion date of the Acquisitions. Please refer to the announcement dated 30 December 2013 and the prospectus of CRT dated 2 May 2013 for further information on the TMK structure.

<sup>7</sup> Based on the exchange rate of JPY 80.85 : S\$1.

<sup>8</sup> Based on the exchange rate of JPY 80.85 : S\$1.

<sup>9</sup> CRT has entered into a swap transaction to swap the Singapore Dollar proceeds into Japanese Yen proceeds of JPY 8,177 million at the forward exchange rate of JPY 81.77 : S\$1.

**Information of the Properties:**

Property	Luz Omori	NIS Wave I
<b>Location</b>	Tokyo, Japan	Tokyo, Japan
<b>Year of Completion</b>	February 2011	June 2007
<b>Carpark Lots</b>	100	44
<b>Occupancy Rate as at 31 Dec 2013</b>	97.2%	100%
<b>Number of Floors</b>	8 above ground and 2 basement	8 above ground and 3 basement
<b>NLA (sq m) as at 31 Dec 2013</b>	9,285	7,141
<b>WALE by NLA (years) as at 31 Dec 2013</b>	16.6	4.8
<b>Number of Tenancies as at 31 Dec 2013</b>	30	11
<b>Key Tenants</b>	Ota Ward, Docomo, Daiso	Nexus Holdings, Sumitomo Mitsui Trust Bank
<b>Appraised Value by DTZ Debenham Tie Leung K.K. (as at 18 September 2013)</b>	JPY3,560 million (SGD 44.0 million) <sup>10</sup>	JPY11,400 million (SGD141.0 million) <sup>11</sup>
<b>Theme</b>	Family and service-oriented	Leisure and F&B

<sup>10</sup> Based on the exchange rate of JPY80.85 : S\$1.

<sup>11</sup> Based on the exchange rate of JPY80.85 : S\$1.



*Higher resolution images of the properties can be downloaded [here](#).*

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**About Croesus Retail Trust**

Croesus Retail Trust (“CRT”) is the first SGX-listed Asia-Pacific retail business trust with an initial portfolio located in Japan. CRT is principally focused on investing in a diversified portfolio of predominantly retail real estate assets located in the Asia Pacific region. CRT’s initial 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 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).

### 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.