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Croesus Retail Trust to acquire Fuji Grand Natalie in Hiroshima Prefecture, Japan for JPY 3.3 billion¹

- Fuji Grand Natalie is master leased to Fuji Co., Ltd (“Fuji”), a retail chain listed on the Tokyo Stock Exchange with a market capitalisation of JPY 78.3 billion²
- Acquisition³ has a pro forma NPI yield of 6.3%⁴ and is expected to be DPU accretive to Unitholders of CRT
- Fuji Grand Natalie’s long weighted average lease expiry of 8.2 years will further strengthen CRT’s stable income-producing portfolio

Singapore, 7 April 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 Fuji Grand Natalie (the “Property”), a prominent and well-established income-producing large scale suburban retail mall in Hatsukaichi

¹ Or S\$40.2 million, based on an exchange rate of JPY 82.00 to S\$1.00, which will be used for all Japan yen-Singapore dollar currency conversions in this press release.

² As at 6 April 2016.

³ As defined below.

⁴ Assuming that Fuji Grand Natalie was acquired by CRT on 1 July 2014 and held for the financial year ended 30 June 2015.

City, Hiroshima Prefecture, for a purchase consideration (the “Purchase Consideration”) of JPY 3,300 million (approximately S\$40.2 million) (the “Acquisition”). The Purchase Consideration represents a 6.3% discount to valuation of JPY 3,520 million (approximately S\$42.9 million)⁵.

Fuji Grand Natalie, which was completed in June 1999, has a diversified tenant mix of about 53 sub-tenants involved in a range of trades, including fashion, goods, services, food and other sectors.

The Property is located in a well populated zone in Hatsukaichi City, surrounded by other residential and commercial buildings, making it a good catchment area for residents within 10km radius. Home to the Itsukushima Shrine, a UNESCO World Heritage Site, Hatsukaichi City is only a 30 minutes’ drive away from Hiroshima City. Fuji Grand Natalie is accessible via Hiroden Ajina Station of Miyajima Line, and JR Ajina Station of Sanyo Line, which are respectively 1 minute and 2 minutes walk away. The Property is also highly accessible to drivers, being next to the Prefectural Road 2, a major road access between Hiroshima City and Kyushu (southern island of Japan).

Accretive Acquisition to Improve DPU to Unitholders

Assuming that Fuji Grand Natalie 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 6.3%⁶, which compares favourably to the actual NPI yield of CRT’s Existing Portfolio⁷ of 5.5%⁸. For the same FY2015 period, the pro forma distribution per Unit (“DPU”) yield of the Enlarged Portfolio⁹ would increase to approximately 7.80 Singapore cents¹⁰, compared to the pro forma DPU yield of the Existing Portfolio of 7.66 Singapore cents¹¹.

⁵ Based on the independent valuation of Fuji Grand Natalie by Cushman & Wakefield K.K.as at 31 March 2016, commissioned by the Trustee-Manager to assess the open market value of Fuji Grand Natalie.

⁶ Based on the pro forma NPI of Fuji Grand Natalie for FY2015 divided by the Purchase Consideration of JPY 3,300.0 million.

⁷ “Existing Portfolio” means the existing portfolio of properties comprised in CRT’s portfolio as of the date of this announcement, being Aeon Town Suzuka, Aeon Tow Moriya, Mallage Shobu, Croesus Shinsaibahi, Luz Omori, Croesus Tachikawa, One’s Mall and Torius.

⁸ Based on the actual NPI of the Existing Portfolio for FY2015 (derived from the FY2015 Audited Financial Statements) and including the pro forma NPI of Torius for FY2015 as disclosed in the announcement on 30 September 2015 divided by the appraised value of the Existing Portfolio of JPY96,230 million as at 31 December 2015. Note that One’s Mall was acquired on 16 October 2014 and accounts for only a 258-day period in FY2015.

⁹ “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 Fuji Grand Natalie.

¹⁰ For the Enlarged Portfolio, the pro forma DPU was prepared based on the FY2015 Audited Financial Statements, taking into account the Torius Acquisition and the 2015 Rights Issue, as well as the Acquisition being financed by an illustrative equity and debt mix. It was assumed that the aforementioned transactions were completed on 1 Jul 2014 with Torius and Fuji Grand Natalie being held by CRT through the FY2015 ended 30 June 2015. This takes into account the pro forma cumulative financials effects of the Torius Acquisition and Rights Issue as announced in the offer information statement dated 6 October 2015. Please refer to Paragraph 6 of the announcement uploaded to SGXNET on 7 April 2016 in relation the Acquisition for further details.

¹¹ For the Existing Portfolio, the pro forma DPU was prepared based on the FY2015 Audited Financial Statements, taking into account the Torius Acquisition and the 2015 Rights Issue. It was assumed that the aforementioned transactions were completed on 1 July 2014 with Torius being held by CRT through the FY2015 ended 30 June 2015. Please refer to Paragraph 6 of the announcement uploaded to SGXNET on 7 April 2016 in relation the Acquisition for further details.

Mr. Jim Chang, Chief Executive Officer and Executive Director of Croesus Retail Asset Management Pte. Ltd., said, "Fuji Grand Natalie is a master leased property with a weighted average lease expiry of 8.2 years and Fuji as a strong anchor tenant. The acquisition of Fuji Grand Natalie will be a good fit for CRT as all our acquisitions since our listing, are non-master leased properties, and this will allow us to balance our portfolio. Having Fuji Grand Natalie on board will provide greater income stability and another sustainable source of rental income for CRT's portfolio. The acquisition of this property is our first in 2016, and while we are weighing up additional opportunities, we will be prudent and ensure that any future acquisitions will contribute to the growth of CRT."

The Trustee-Manager remains committed to deliver to our Unitholders a competitive return on their investment by growing distributions, and developing our acquisition pipeline in Japan remains a key component of that strategy."

Following the acquisition of Fuji Grand Natalie, CRT's total portfolio will increase to nine properties with an enlarged asset valuation of JPY 99,750 million, expanding both its presence and suburban footprint in Japan, where the majority of retail malls are frequented by consumers for their daily needs.

Assuming Fuji Grand Natalie was acquired by CRT on 1 July 2014, it would contribute (on a pro forma basis) approximately 3.8% towards the aggregate pro forma NPI of the Enlarged Portfolio for FY2015.

CRT is expected to have a larger tenant base, and will enjoy improved tenant diversification. Post-Acquisition, the percentage of CRT's gross rental income from its top 10 tenants will decrease (on a pro forma basis) to 48.6% from 53.0% for the month of June 2015. The contribution from Fuji Grand Natalie will place Fuji on the list of CRT's top ten tenants.





An overview of Fuji Grand Natalie's Location

Property Description and Tenant Mix

The Fuji Grand Natalie is one of the most prominent, large-scale retail facilities in Hatsukaichi City, and comprises a three-storey main building and two two-storey annexes, with approximately 31,065 sqm of net lettable area.

The facility is master-leased to Fuji Co., Limited ("Fuji"), a retail chain operating in the Chugoku and Shikoku region. Fuji was established in 1967 and is listed on the first section of Tokyo Stock Exchange with a market capitalisation of JPY78.3 billion as at 6 April 2016. Fuji operates a total of 98 retail stores in Chugoku and Shikoku Regions, with 20 stores in Hiroshima prefecture that contributed 26.3% of total sales in the same period. Under the master-lease, Fuji sub-leases its space at the Property to end-tenants, and has full control of the tenant mix.

Fuji Grand Natalie operates under the Fuji branding, with Fuji as its anchor tenant. Fuji's operations at the Property comprises a general merchandise store that consists of a supermarket section and a fashion and goods section. Besides Fuji, the Property is sub-leased to a variety of tenants in the fashion, services, foods and goods category with a total of 53 retail tenants, including two fitness gyms and an amusement centre. The scale and diversified tenant mix caters well to the general and specific needs of a captive population, and allows it to function as the one stop shopping, dining and leisure destination for residents in the area. With Fuji as the anchor tenant, the property is viewed as the most established shopping centre in Hatsukaichi City.

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, "In Japan nationally, retail sales value for large-scale retail stores showed positive growth since 2011 and recorded a growth of 2.1% in 2014. Hiroshima prefecture compares favourably, having recorded a growth of 2.6% in large-scale retail store sales values, with sales from department stores and supermarkets grossing JPY441 billion and accounting for 2.2% of sales values nationwide in the same period. Fuji Grand Natalie presents attractive prospects for Croesus Retail Trust as it is positioned as a compelling one-stop retail destination.

Level 25
Singapore Land Tower
50 Raffles Place, #25-03
Singapore 048623
Tel : +65 6713 9550
Fax : +65 6532 4780

Level 11 Meiji Yasuda
Seimei Building 2-1-1
Marunouchi Chiyoda-ku
Tokyo 100-0005 Japan
Tel : +81 3 3211 8686
Fax : +81 3 3211 8685

(Company Registration No: 201205175K)

With consistent improvements in the region's consumer price indices, driven in-part by Japan's monetary easing, we expect the retail sector in Hiroshima to remain buoyant and we hope to capture this upside and continue to grow the returns to our Unitholders."

Method of Financing

The initial financing plan for the Acquisition will be through equity financing using a part of the proceeds from the Private Placement, which was launched and closed on 23 March 2016 and 24 March 2016 respectively.

Mr. Tetsuo Ito, Chief Financial Officer of Croesus Retail Asset Management Pte. Ltd., said, "While we are funding this acquisition with the war chest that we have recently built up, we are concurrently working on securing a favourable debt facility in order to achieve an optimal financing plan for this acquisition as well as to pursue our other growth plans for CRT."

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Investor Contact:

Ms. Amanda Chuah
Tel: +65 6713 9550
Email: achuah@croesusgroup.com

Media Contacts

Mr. Clarence Koh
Tel: +65 6532 0606
Email: clarence.koh@newgatecomms.com.sg

Mr. Jonathan Theo
Tel: +65 6532 0606
Email: jonathan.theo@newgatecomms.com.sg

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 eight retail properties in Japan – Aeon Town Moriya, Aeon Town Suzuka, Croesus Shinsaibashi, Croesus Tachikawa, Luz Omori, Mollage 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 and the TR/GPR/APREA Composite Index. For more information on CRT, please visit www.croesusretailtrust.com.

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").

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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.

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