

FOR IMMEDIATE RELEASE

Croesus Retail Trust registers 1Q FY2017

DPU yoy growth of 9.8% to 1.79 Singapore cents

- Gross revenue and net property income grew 55.8% and 29.5% respectively, following the acquisition of four new assets in FY2016
- Completed internalisation of Trustee-Manager on 31 August 2016
- Cost savings from internalisation in line with expectations

Singapore, 11 November 2016 – Croesus Retail Asset Management Pte. Ltd. (the “Trustee-Manager”), the trustee-manager of Croesus Retail Trust (“CRT”) is pleased to announce its financial results for the three months ended 30 September 2016 (“1Q FY2017”), delivering an available distribution per unit (“DPU”) of 1.79 Singapore cents for the period. This represents a 9.8% increase from the restated DPU of 1.63¹ Singapore cents recorded in the corresponding period the year before (“1Q FY2016”).

Results summary

	1Q FY2017 Actual	1Q FY2016 Actual	Variance
	1 Jul 2016 to 30 Sep 2016	1 Jul 2015 to 30 Sep 2015	
Gross Revenue (JPY million)	3,126	2,007	55.8%
Net Property Income (JPY million)	1,596	1,233	29.5%
Income Available for Distribution (JPY million)	1,152	919	25.4%
Available DPU (Singapore cents)	1.79	1.63 ¹	9.8%

(1) Available DPU for the period has been restated to reflect the effect of 114,222,677 units issued pursuant to the renounceable rights issue on 2 November 2015 and 27,682,070 units issued pursuant to the preferential offering on 25 August 2016.

In 1Q FY2017, CRT recorded a gross revenue of JPY 3,126 million, which was 55.8% higher than the JPY2,007 million recorded in 1Q FY2016. This positive variance was due mainly to higher contributions from the newly acquired properties consisting of Torius (on 16 October 2015), Fuji Grand Natalie (on 18 April 2016), Mallage Saga and Feeeal Asahikawa (on 27 May 2016).

Net property income (“NPI”) registered a year-on-year (“yoy”) growth of 29.5% in 1Q FY2017 from JPY1,233 million to

JPY1,596 million, on the back of income contribution from the four properties acquired in FY2016. However, the increase came in lower than topline growth, due to a higher expense ratio arising from a greater proportion of non-master lease properties in CRT's portfolio following the acquisitions made in FY2016.

Income available for distribution increased 25.4% from JPY919 million in 1Q FY2016 to JPY1,152 million for 1Q FY2017. The lower growth variance compared to NPI was mainly attributed to finance costs incurred in relation to CRT's 4-year 5.0% Fixed Rate Notes under the EMTN Programme ("MTN") previously launched in April 2016. In view that the internalisation was only completed in August 2016, one month of cost savings of JPY29.9 million was realised from the internalisation of the Trustee-Manager. This is in line with what was disclosed in the circular to unitholders in relation to the internalisation dated 15 June 2016.

Following the expiry of its distribution policy to distribute 100% of its distributable income till 30 June 2016, CRT has re-committed to distributing 100% of its distributable income from 1 July 2016 to 30 June 2017, and at least 90% of its distributable income thereafter. It will make distributions to unitholders on a semi-annual basis with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates.

Mr Jim Chang, Chief Executive Officer and Executive Director of Croesus Retail Asset Management Pte. Ltd., said, "We are pleased that contributions from our recent acquisitions have paved the way for CRT's growth once again. Together with cost savings expected from an internalised Trustee-Manager, we hope to be able to boost CRT's distributions going forward. In the coming quarters, we plan to explore new enhancement initiatives at some of our assets, and capitalise on Japan's low interest rates to refinance CRT's debts that are maturing in FY2017 and FY2018 - which are in line with our key objective of bolstering the resilience of our distributions, to provide robust returns to our unitholders."

Enhancing existing assets

The Trustee-Manager is currently considering asset enhancement initiatives at Torius, and a tenant replacement exercise at Feeeal Asahikawa.

At Torius, a large-scale suburban retail mall located in the satellite town of Hisayama machi of Fukuoka, the Trustee-Manager is evaluating plans to construct a new building to increase the property's overall net lettable area ("NLA"). Currently, the property has a total of 36 buildings, spanning across a land area of 257,173 sq m, with a NLA of approximately 76,871 sq m. Further details on the plans will be provided in due course.

Separately, a tenant replacement exercise is currently underway at Feeeal Asahikawa, a shopping complex located in the second largest city in Hokkaido, Asahikawa. The Trustee-Manager has since approached several key tenants to consider taking up tenancy at Feeeal Asahikawa and other CRT's properties, whom have earlier indicated plans to end their lease at other malls in the vicinity.

Capitalising on Japan's low interest rate environment

On 6 October 2016, CRT issued a SGD50 million tap on its MTN. The proceeds will be used to refinance part of the 3-year SGD100 million 4.6% Fixed Rate Notes ("Notes") maturing in January 2017. CRT also achieved a lower average interest rate of 2.80%, by swapping the SGD proceeds from the two MTN tranches into JPY - as compared to a fixed interest rate of 3.83%. Meanwhile, the Trustee-Manager will continue to work on refinancing the remaining SGD50 million

balance of the Notes to achieve a lower cost of debt for CRT's financing needs.

On 19 August 2016, CRT successfully completed a preferential offering, whereby a total of 27,682,070 new units were issued at a price of SGD0.797 per unit to raise gross proceeds of approximately SGD22.1 million. The proceeds were used to finance the internalisation of the Trustee-Manager, which was completed on 31 August 2016.

Outlook

Brexit-led concerns led to a sharp appreciation of the JPY over recent months.¹ This boded well for CRT, as it has hedged close to 100% of its expected income for distribution until December 2018 at favourable forward rate. This is in line with CRT's hedging policy to mitigate against currency fluctuations as it receives distributable income in JPY, and pays out distributions in SGD.

On 1 November 2016, the Bank of Japan announced plans to call off further easing, but indicated the intention to maintain near-zero interest rates for financial institution borrowings, providing a conducive environment for CRT to renegotiate its debt commitments, with the objective of achieving a lower overall cost of debt.²

On the property front, commercial land prices in key cities, including Tokyo, Nagoya and Osaka, continue to trend northwards. In particular, property prices in Osaka have risen significantly due to an influx of foreign visitors, driving cap rate compressions even further.³ As such, competition for prime Japanese retail properties amongst Japanese real estate investment trusts and property players is expected to remain intense over the coming quarters.

Mr Jeremy Yong, Managing Director and Executive Director of Croesus Retail Asset Management Pte. Ltd., said, "With our resilient portfolio and asset enhancement initiatives, we will be able to deliver stable returns. In addition to the internalisation of the Trustee-Manager and organic growth plans that are in place, we will explore other initiatives that could help us to unlock value. Whilst our debts are maturing soon, we are confident of refinancing them and extracting more cost savings, given the low interest rate environment."

Barring any unforeseen circumstances, CRT's properties are expected to continue generating robust and stable cash flows in the next reporting period and in the next 12 months.

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¹ As reported in The Wall Street Journal news article dated 16 June 2016 titled "Yen Surges to Almost Two Year High as 'Brexit' Storm Gathers Force"

² Based on Bank of Japan's Statement on Monetary Policy as at 1 November 2016

³ Based on Colliers International, Japan Investment Outlook report for Q3 2016

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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 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.

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