

## Financial Statements and Related Announcement::Full Yearly Results


## Issuer &amp; Securities

|                         |   |
|-------------------------|---|
| <b>Issuer/ Manager</b>  | METRO HOLDINGS LTD                          |
| <b>Securities</b>       | METRO HOLDINGS LIMITED - SG1111878499 - M01 |
| <b>Stapled Security</b> | No  |

## Announcement Details

|  |   |
|--|---|
| <b>Announcement Title</b>  | Financial Statements and Related Announcement   |
| <b>Date &amp; Time of Broadcast</b>  | 26-May-2016 15:19:03  |
| <b>Status</b>  | New   |
| <b>Announcement Sub Title</b>  | Full Yearly Results   |
| <b>Announcement Reference</b>  | SG160526OTHR1TER  |
| <b>Submitted By (Co./ Ind. Name)</b>   | Tan Ching Chek  |
| <b>Designation</b>   | Company Secretary   |
| <b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b> | Please refer to the attached file for a copy of the FY2016 Results Presentation Slides. |

## Additional Details

|                                   |   |
|-----------------------------------|---|
| <b>For Financial Period Ended</b> | 31/03/2016  |
| <b>Attachments</b>                |  <a href="#">MHLFY2016ResultsPresentation.pdf</a><br>Total size =1521K |

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# METRO HOLDINGS LIMITED

FY2016 RESULTS PRESENTATION

26 May 2016



- About Metro
- Property Development & Investment
- Retail Operations
- Financial Highlights
- Market Outlook
- Growth Strategies
- Going Forward



# Who We Are



A property development and investment group, backed by an established retail track record with strong presence in China, Indonesia and Singapore



# Our Regional Presence

## List of Properties

- Metro City, Shanghai
- Metro Tower, Shanghai
- GIE Tower, Guangzhou
- Shama Century Park, Shanghai (Associate)

## List of Investments (HK Listed)

- Top Spring International (Property Developer) (Associate)

## List of Retail Outlets

- Singapore
- Indonesia – Jakarta, Bandung, Makassar, Surabaya and Solo

## Development Properties (with joint venture partners)

- The Crest – residential condominium at Prince Charles Crescent, Singapore
- Nanchang Fashion Mark - mixed-use development property in Nanchang City, Jiangxi province, The PRC
- Milliners Wharf, Middlewood Locks – mixed-use developments in Manchester, UK
- Sheffield Digital Campus – office buildings in Sheffield, UK





# PROPERTY DEVELOPMENT & INVESTMENT



# Portfolio Overview



## Investment Properties:

|                              | % owned by Group <sup>(1)</sup> | Tenure               | Site Area ("sqm") | Lettable Area ("sqm") | No. of Tenants <sup>(1)</sup> | Occupancy Rate (%) <sup>(1)</sup> | Valuation (\$'m) (100%) |
|------------------------------|---------------------------------|----------------------|-------------------|-----------------------|-------------------------------|-----------------------------------|-------------------------|
| <b>GIE Tower, Guangzhou</b>  | 100%                            | 50 yr term from 1994 | -                 | 28,390                | 32                            | 86.0                              | 100 <sup>(1)</sup>      |
| <b>Metro City, Shanghai</b>  | 60%                             | 36 yr term from 1993 | 15,434            | 39,107                | 133                           | 88.2                              | 221 <sup>(1)</sup>      |
| <b>Metro Tower, Shanghai</b> | 60%                             | 50 yr term from 1993 | 4,993             | 40,388                | 28                            | 99.4                              | 200 <sup>(1)</sup>      |

<sup>(1)</sup> As at 31 March 2016



# Portfolio Overview



## Development Properties (Associates/Joint Ventures):

|   | Location                        | % owned by Group (*) | Leasable/<br>Saleable Area<br>(#) | Sale launch | Expected completion date |
|---|---------------------------------|----------------------|-----------------------------------|-------------|--------------------------|
| <b>Nanchang Fashion Mark</b>                  | Nanchang, Jiangxi Province, PRC | 30%                  | 498,139 sqm                       | Note (1)    | March 2018               |
| <b>The Crest at Prince Charles Crescent</b>   | Singapore                       | 40%                  | 50,854 sqm                        | June 2014   | Late 2016                |
| <b>Milliners Wharf “The Hat Box”</b> Note (2) | Manchester, UK                  | 25%                  | 112,400 sqft                      | Mid 2015    | 1Q 2016                  |
| <b>Middlewood Locks</b>                       | Manchester, UK                  | 25%                  | Note (3)                          | Note (3)    | Note (3)                 |
| <b>Sheffield Digital Campus</b>               | Sheffield, UK                   | 50%                  | 131,226 sqft                      | Note (4)    | Note (4)                 |

### Note

(1) Nanchang Fashion Mark’s residential and commercial properties are being sold and completed in phases. As at 31 March 2016, 286,781sqm, 37,196sqm and 45,294sqm of residential, office and retail area respectively have been presold. 279,616sqm of residential area and 12,271sqm of retail area have been completed and handed over as at 31 March 2016

(2) All units of The Hat Box have been sold as at 31 March 2016.

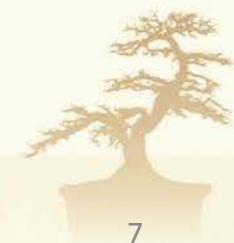
(3) Middlewood Locks’ residential properties will be developed in phases

(4) Sheffield DC comprises two Grade A office buildings, Acero Works and Vidrio House. Construction of Acero Works has now commenced, with completion expected in Q3 2017

Development properties under development by Hong Kong listed associate, Top Spring International, are not listed above

\* As at 31 March 2016

# Estimated as at 31 March 2016





# Property Investment



## Property Valuation (100%) as at 31 March 2016 and 2015:

|   | FY2016<br>(Rmb'm) | FY2015<br>(Rmb'm) | (%)  | FY2016<br>(S\$m) | FY2015<br>(S\$m) | (%)  |
|---|-------------------|-------------------|------|------------------|------------------|------|
| <b>GIE Tower, Guangzhou</b> <sup>(1)</sup>                | 479               | 486               | -1.4 | 100              | 108              | -7.4 |
| <b>Metro City, Shanghai</b> <sup>(1)</sup>                | 1,059             | 1,044             | +1.4 | 221              | 232              | -4.7 |
| <b>Metro Tower, Shanghai</b> <sup>(1)</sup>               | 957               | 935               | +2.4 | 200              | 207              | -3.4 |
| <b>EC Mall, Beijing</b> <sup>(2)</sup>                    | --                | 2,478             | n.m. | --               | 555              | n.m. |
|   | FY2016<br>(JPY'm) | FY2015<br>(JPY'm) | (%)  | FY2016<br>(S\$m) | FY2015<br>(S\$m) | (%)  |
| <b>Frontier Koishikawa Building, Tokyo</b> <sup>(3)</sup> | --                | 4,790             | n.m. | --               | 55               | n.m. |

<sup>(1)</sup> As at 31 March 2016

<sup>(2)</sup> As at 31 December 2014. Divested @ 1 April 2015

<sup>(3)</sup> Divested @ 19 August 2015 at selling price, JPY 5.22 billion

Exchange rates:

FY15: S\$1: RMB 4.505

FY16: S\$1: RMB 4.785



# Occupancy Rate



|                              | FY2016 (%) | FY2015 (%) |
|------------------------------|------------|------------|
| <b>GIE Tower, Guangzhou</b>  | 86.0       | 76.7       |
| <b>Metro City, Shanghai</b>  | 88.2       | 88.6       |
| <b>Metro Tower, Shanghai</b> | 99.4       | 97.0       |



# Property Investment – Expiry Profile



## Expiry Profile by Gross Rental Income:

|                              | 1H2017 (%) | 2H2017 (%) |
|------------------------------|------------|------------|
| <b>GIE Tower, Guangzhou</b>  | 18.4       | 21.2       |
| <b>Metro City, Shanghai</b>  | 20.3       | 18.9       |
| <b>Metro Tower, Shanghai</b> | 3.9        | 0.8        |

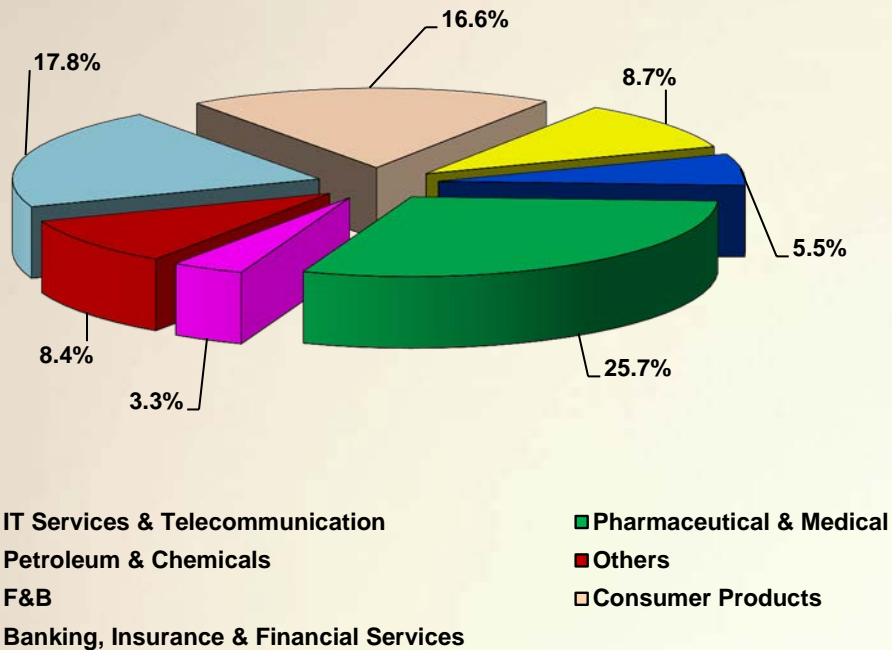


# GIE Tower, Guangzhou



Occupancy Rate: 86.0%

## Office Tenant Mix by Lettable Area (as at 31 March 2016)

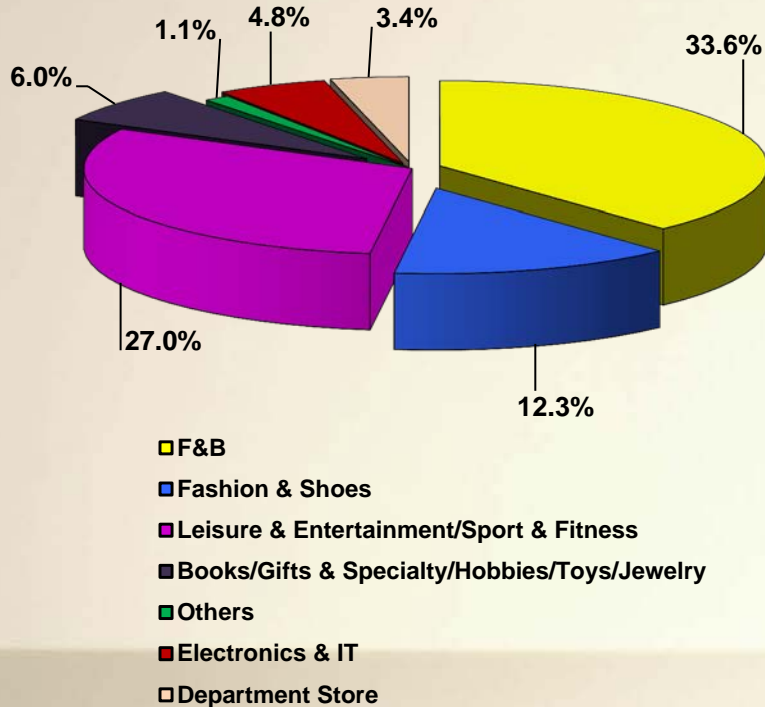


## Top 10 Tenants:

| Name of Tenant                   | Trade Sector                            | % of lettable area |
|----------------------------------|---|--------------------|
| Yu Cai Restaurant                | F&B                                     | 14.2%              |
| Abbott Laboratories              | Pharmaceutical & Medical                | 11.7%              |
| Guangzhou Kamen Industry         | Consumer Products                       | 10.2%              |
| Sino-US United MetLife Insurance | Banking, Insurance & Financial Services | 7.7%               |
| Roche                            | Pharmaceutical & Medical                | 6.8%               |
| Novo Nordisk                     | Pharmaceutical & Medical                | 4.2%               |
| Toshiba                          | IT Services & Telecommunication         | 4.1%               |
| Evergreen                        | Others                                  | 3.5%               |
| Da Zhong Shen Chang              | Consumer Products                       | 2.5%               |
| Koyama                           | F&B                                     | 2.5%               |

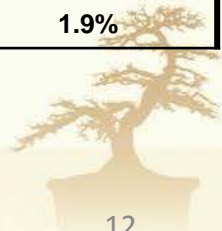
Occupancy Rate: 88.2%

## Retail Tenant Mix by Lettable Area (as at 31 March 2016)



## Top 10 Tenants:

| Name of Tenant                   | Trade Sector                                 | % of total lettable area |
|----------------------------------|--|--------------------------|
| Physical Fitness & Beauty Centre | Leisure & Entertainment/ Sport & Fitness     | 7.6%                     |
| Star Theatre                     | Leisure & Entertainment/ Sport & Fitness     | 6.5%                     |
| Food Republic                    | F&B  | 6.4%                     |
| Kodak Cinema World               | Leisure & Entertainment/ Sport & Fitness     | 6.0%                     |
| HAOLEDI KTV                      | Leisure & Entertainment/ Sport & Fitness     | 5.5%                     |
| Shanghai Xi Ti                   | F&B  | 4.4%                     |
| Buynow Computer World            | Electronics & IT                             | 4.1%                     |
| Hershey's                        | Books/Gifts & Specialty/Hobbies/Toys/Jewelry | 1.9%                     |
| Popular Bookmall                 | Books/Gifts & Specialty/Hobbies/Toys/Jewelry | 1.9%                     |
| MUJI                             | Department Store                             | 1.9%                     |

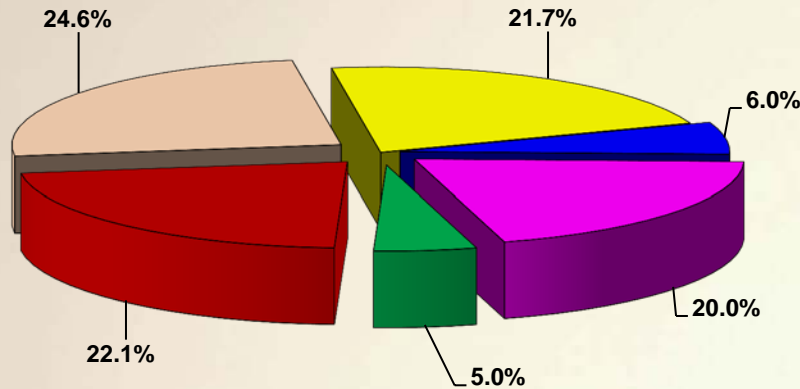


# Metro Tower, Shanghai



Occupancy Rate: 99.4%

## Office Tenant Mix by Lettable Area (as at 31 March 2016)



- Banking, Insurance & Financial Services
- Consumer Products
- IT Services & Telecommunication
- Petroleum & Chemicals
- Others
- F&B

## Top 10 Tenants:

| Name of Tenant             | Trade Sector                            | % of total lettable area |
|----------------------------|---|--------------------------|
| Exxon Mobil                | Petroleum & Chemicals                   | 18.6%                    |
| Swatch Group               | Consumer Products                       | 16.8%                    |
| Energy Source              | Others                                  | 13.3%                    |
| KFC                        | F&B                                     | 8.4%                     |
| Pizza Hut                  | F&B                                     | 6.7%                     |
| Agricultural Bank of China | Banking, Insurance & Financial Services | 6.0%                     |
| Cummins                    | Others                                  | 5.3%                     |
| Shanghai Xi Ti             | F&B                                     | 4.2%                     |
| Tutuanna                   | Consumer Products                       | 2.5%                     |
| Lucite International       | Petroleum & Chemicals                   | 1.9%                     |





# Shanghai Shama Century Park



| Key Statistics                                   |                  |
|--|------------------|
| Acquisition date                                 | 27 December 2013 |
| Land use rights tenure ending on                 | 30 December 2072 |
| Total consideration (Rmb million) – 30% interest | 524              |
| Saleable/Leaseable GFA (sq.m.)                   | *31,038          |
| Valuation (Rmb million) – 100%                   | *1,761           |
| Interest attributable to us (%)                  | 30%              |
| Average occupancy rate (%)                       | 78.3%            |

\* As at 31 March 2016

## Project Overview

The Property is operated as serviced apartments and was completed in 2006 for residential and car park uses. It is located at No. 99 Dongxiu Road, Pudong New District, Shanghai, the PRC, and comprises:

- (a) a total of 284 residential units across nine buildings with a total gross floor area of approximately 49,357 sq.m
- (b) 240 underground car park units
- (c) As at 31 March 2016, leasable GFA of approximately 18,319 sq.m., comprising 118 units, has been sold and delivered



# Nanchang Fashion Mark



- Joint-venture project with a Hong Kong-listed company Top Spring International Holdings Limited
- Location – Hong Gu Tan CBD, Nanchang City of the Jiangxi Province in the PRC, established about ten years ago
- Mixed-use development – residential, retail and office components for sale; retail shopping mall and serviced apartment to hold as investment property. Being developed in phases
- Many domestic financial institutions have already established a presence in the area
- Vast catchment area in the Central China region



# Nanchang Fashion Mark



## Key Statistics

|   |                |                    |               |                            |               |
|---|----------------|--------------------|---------------|----------------------------|---------------|
| <b>% owned by Group</b>                             | 30%            |                    |               |                            |               |
| <b>Site Area (sq.m.)</b>                            | 269,455        |                    |               |                            |               |
| <b>Construction start date</b>                      | May 2013       |                    |               |                            |               |
| <b>Expected completion date</b>                     | August 2018    |                    |               |                            |               |
| <b>Land cost (RMB million)</b>                      | 1,978          |                    |               |                            |               |
| <b>Total GFA (sq.m.)</b>                            | 1,030,475      |                    |               |                            |               |
| <b>Saleable/Leasable GFA (sq.m.) <sup>(1)</sup></b> | <b>Total</b>   | <b>Residential</b> | <b>Retail</b> | <b>Serviced apartments</b> | <b>Office</b> |
|   | <b>498,139</b> | 11,654             | 239,758       | 20,766                     | 225,961       |

As at 31 March 2016, saleable area presold and delivered comprised approximately 279,616sqm residential and 12,271sqm retail.

<sup>(1)</sup> As at 31 March 2016

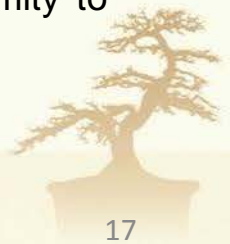


# The Crest



| Key Statistics                    |                    |
|-----------------------------------|--------------------|
| <b>% owned by Group</b>           | 40%                |
| <b>Site Area (sq.m.)</b>          | 23,785             |
| <b>Tenure</b>                     | 99 years from 2012 |
| <b>Expected completion date</b>   | Late 2016          |
| <b>Total saleable GFA (sq.m.)</b> | 50,854             |
| <b>Land cost (S\$'m)</b>          | 516.3              |

- 469 units condominium development comprising 4 blocks of 5-storey and 3 blocks of 24-storey residential buildings
- Basement carpark, swimming pool, landscape deck and communal facilities
- Located along Prince Charles Crescent, next to Crescent Girl's School and close proximity to commercial/shopping nodes including Tanglin Mall, Valley Point and Tiong Bahru Plaza
- The Crest was soft launched in mid 2014 with 110 options issued as at 31 March 2016





# Manchester – Milliners Wharf



| Key Statistics                      |              |
|-------------------------------------|--------------|
| <b>% owned by Group</b>             | 25%          |
| <b>Site Area</b>                    | 1.06 acres   |
| <b>Tenure</b>                       | Freehold     |
| <b>Sales launch</b>                 | Mid 2015     |
| <b>Expected completion date</b>     | 1Q 2016      |
| <b>Estimated total saleable GFA</b> | 112,400 sqft |

- The second phase of Milliners Wharf is situated in New Islington at the Eastern gateway to the city centre and neighbours the very successful first phase of Milliners Wharf
- The development is ideally situated within a 5 minute walk of the City Centre and Piccadilly train station
- The Hat Box comprises 144 apartments, featuring one, two, duplex and three bedroom apartments with a mix of 14 different types split across two buildings
- There are also 135 secure surface parking spaces within the demise of the site
- All the units have been sold and handover commenced in late March 2016



# Manchester – Middlewood Locks



- The 24 acre site at Middlewood Locks will provide a vibrant new neighbourhood of approximately 2,000 new homes and 750,000 sqft of space for offices and mixed commercial uses such as shops, restaurants, hotels, gym and bars
- Middlewood Locks will offer modern apartments set within beautifully landscaped open spaces, water ways and promenades
- Work commenced in May 2016 on the site to enable work to start on Phase I comprising 571 homes and associated space including convenience shops, restaurants and canal side footpaths and cycle ways





# Sheffield – Sheffield DC



| Key Statistics                      |              |
|-------------------------------------|--------------|
| <b>% owned by Group</b>             | 50%          |
| <b>Site Area</b>                    | 1.03 acres   |
| <b>Tenure</b>                       | Freehold     |
| <b>Expected completion date</b>     | 2017/2020    |
| <b>Estimated total saleable GFA</b> | 131,226 sqft |

- Centrally located on Sheaf Street and adjacent to the City’s main railway station, this striking contemporary landmark is a prominent feature for those arriving in the City via the primary road and rail routes
- Occupying an elevated position and with a dramatic sweeping concourse leading to the door, these buildings have prominence, and offer outstanding views from the office windows
- Two Grade A office buildings (Acero Works and Vidrio House) will be built with 6 floors and 8 floors respectively. Both buildings will also sit above a secure car parking facility. Work has commenced on Acero Works



# RETAIL OPERATIONS



Upgraded merchandise selections for customers in all our retail operations, through close collaboration with international and local business partners:

## Singapore:-

- Metro Centrepoint
- Metro Paragon
- Metro Woodlands

## Specialty Shops

- M.2
  - Seletar Mall
  - Bugis Junction
  - Bedok Mall

## Indonesia:-

- Metro Pondok Indah
- Metro Plaza Senayan
- Metro Bandung Supermal
- Metro Taman Angrek
- Metro Pacific Place
- Metro Trans Makassar
- Metro Gandaria City
- Metro Ciputra World
- Metro Park Solo



**Metro Centrepoint,  
Singapore**





# FINANCIAL HIGHLIGHTS

# FY2016 Results Highlights



- **Property division's performance mainly from significant contribution of Nanchang project, net gain from asset disposal and gain from fair value adjustment on investment properties**
  - Property division's profit before taxation down 22.5% to S\$122.2 million as last year's contribution of S\$57.4 million of negative goodwill from Top Spring was mitigated by this year's:
    - Significant contribution of S\$46.7 million with completion and recognition of sales of 80.2% of residential
    - Net gain of S\$38.1 million from disposal of Group's effective interest of 50% in EC Mall
    - Gain from fair value adjustment on investment properties, including those held by associates and joint ventures rose to S\$23.0 million, with highest gain from associate holding apartment units in Shama Century Park, Shanghai
- **Retail division records higher sales**
  - Sales rose with recognition of full year's turnover from Metro Centrepoint in FY2016, as compared to five months in FY2015. Lower operating losses at Metro Centrepoint and closing down sales assisted in mitigating the impact from lack of contribution with closure of department stores
  - Full year sales in Indonesia steady, profits improved as expenses contained
- **Balance sheet remains strong**
  - Healthy cash position – at S\$493.6 million (as at 31 March 2016). Increased from S\$378.8 million (as at 31 March 2015) due to EC Mall return of investment and gain
  - Total shareholders' equity up at S\$1.4 billion (as at 31 March 2016)
  - Remains in net cash position



# Financial Highlights



## Profit & Loss Accounts:

|   | 4QFY16<br>(S\$'000) | 4QFY15<br>(S\$'000) | Change        | FY2016<br>(S\$'000) | FY2015<br>(S\$'000) | Change        |
|---|---------------------|---------------------|---------------|---------------------|---------------------|---------------|
| Turnover  | 32,568              | 41,718              | -21.9%        | 154,595             | 145,826             | 6.0%          |
| <b>Profit Before Tax</b>  | <b>1,239</b>        | <b>7,100</b>        | <b>-82.5%</b> | <b>122,332</b>      | <b>145,538</b>      | <b>-15.9%</b> |
| Comprising:   |                     |                     |               |                     |                     |               |
| Metro City, Metro Tower, GIE Tower<br>(Incl Fair Value)   | 6,973               | 5,013               | 39.1%         | 24,958              | 19,462              | 28.2%         |
| Key Associates – Nanchang, Top Spring, Shama<br>(Incl Fair Value)                               | 5,772               | (4,781)             | n.m.          | 63,538              | *91,459             | -30.5%        |
| Other Operating etc   | (2,130)             | 14,755              | n.m.          | 11,441              | 27,441              | -58.3%        |
| Short term investments – fair value adj and<br>disposals  | 96                  | 902                 | -89.4%        | (6,185)             | 4,537               | n.m.          |
| Disposals – FY2016 EC Mall/<br>FY2015 6 Tesco Lifespace   | -                   | -                   | n.m.          | 38,052              | 21,714              | 75.2%         |
| Impairment – FY2016 Due from JV/<br>FY2015 Metro Centrepoint fixed assets and AFS<br>investment | (9,472)             | (8,789)             | 7.8%          | (9,472)             | (19,075)            | -50.3%        |

\* FY2015 includes negative goodwill on acquisition of Top Spring of \$57.4 million

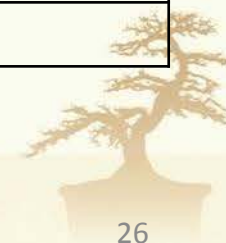


# Full Year Financial Summary

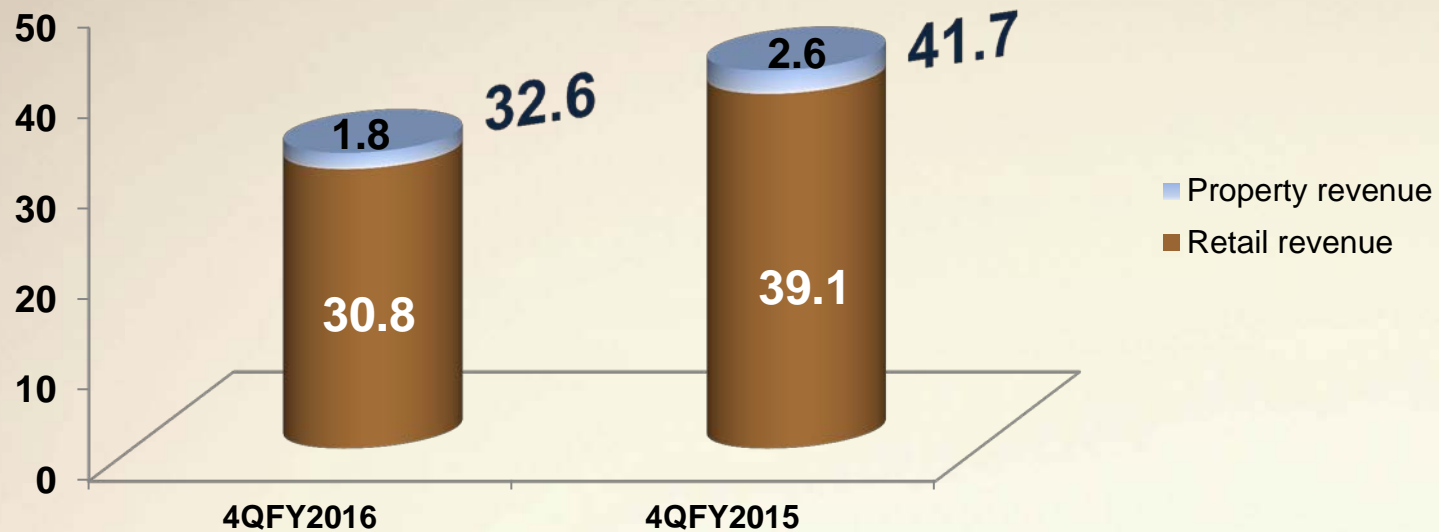
## Financial Ratios:

|  | FY2016   | FY2015   |
|--|----------|----------|
| Earnings per share after tax and non-controlling interests (cents) | 13.7     | 17.3     |
| Return on shareholders' funds (%)                                  | 8.2      | 11.2     |
| Return on total assets (%)   | 7.1      | 9.6      |
| Number of issued shares (million)                                  | 828.0    | 828.0    |
| Net asset value per share (S\$)                                    | 1.66     | 1.66     |
| Debt/Equity ratio (times)  | -        | 0.04     |
| Net Debt/Equity ratio (times)                                      | Net cash | Net cash |
| Final Dividend per share (cents)                                   | 2.0 #    | 2.0      |
| Special Dividend per share (cents)                                 | 5.0 #    | 4.0      |
| Dividend cover (times)   | 1.95     | 2.88     |

# Dividend for FY2016 proposed by the Board of Directors, subject to Shareholders' approval at the AGM in July 2016



# 4Q Revenue Breakdown (S\$m)

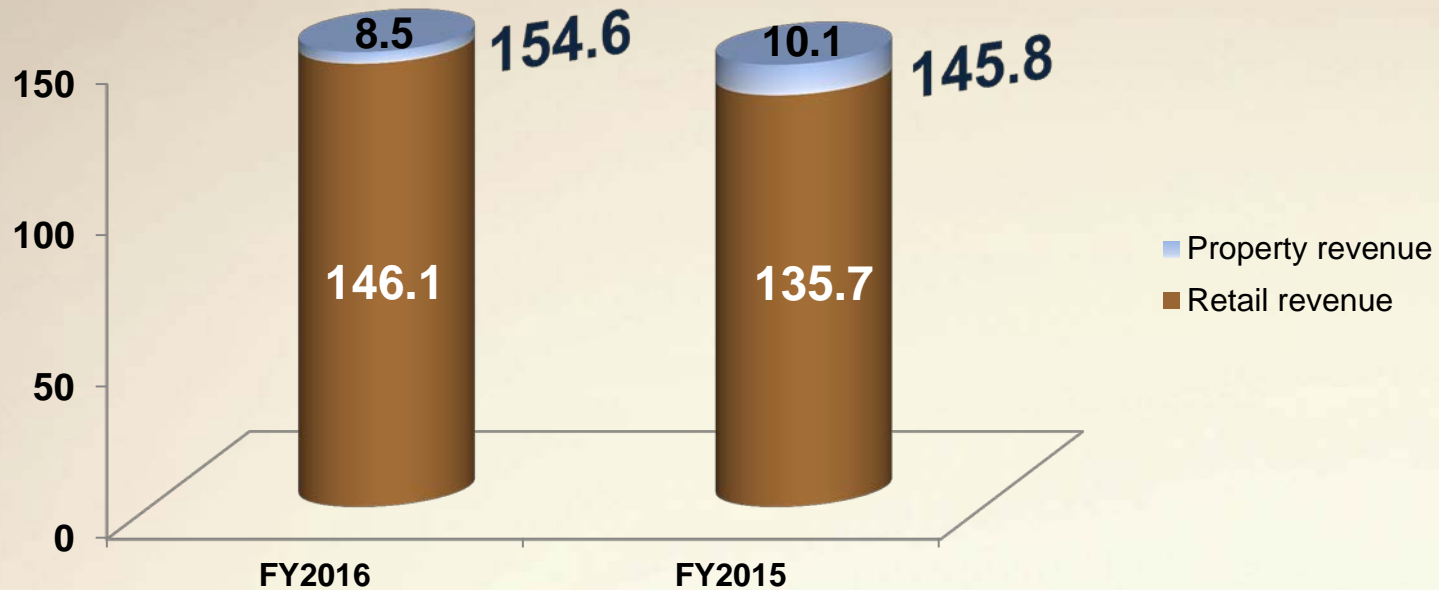


- **Group revenue fell about 22%**

- Retail sales were lower as 3 department stores operated compared to 5 stores in 4QFY2015
- Also, scaled down Accessorize business progressively
- The \$0.8 million decline in property rental income was due to an absence of Frontier Koishikawa



# Full Year Revenue Breakdown (S\$m)

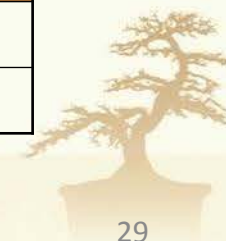


- **Retail revenue rose 7.7% y-o-y**
  - New Metro department store at The Centrepoint operated for full year against 5 months last year
- **Property revenue declined**
  - \$2 million decline from divested Frontier Koishikawa upon disposal in August 2015
  - GIE Tower remains steady with healthier occupancy rate, coupled with stronger value of Renminbi



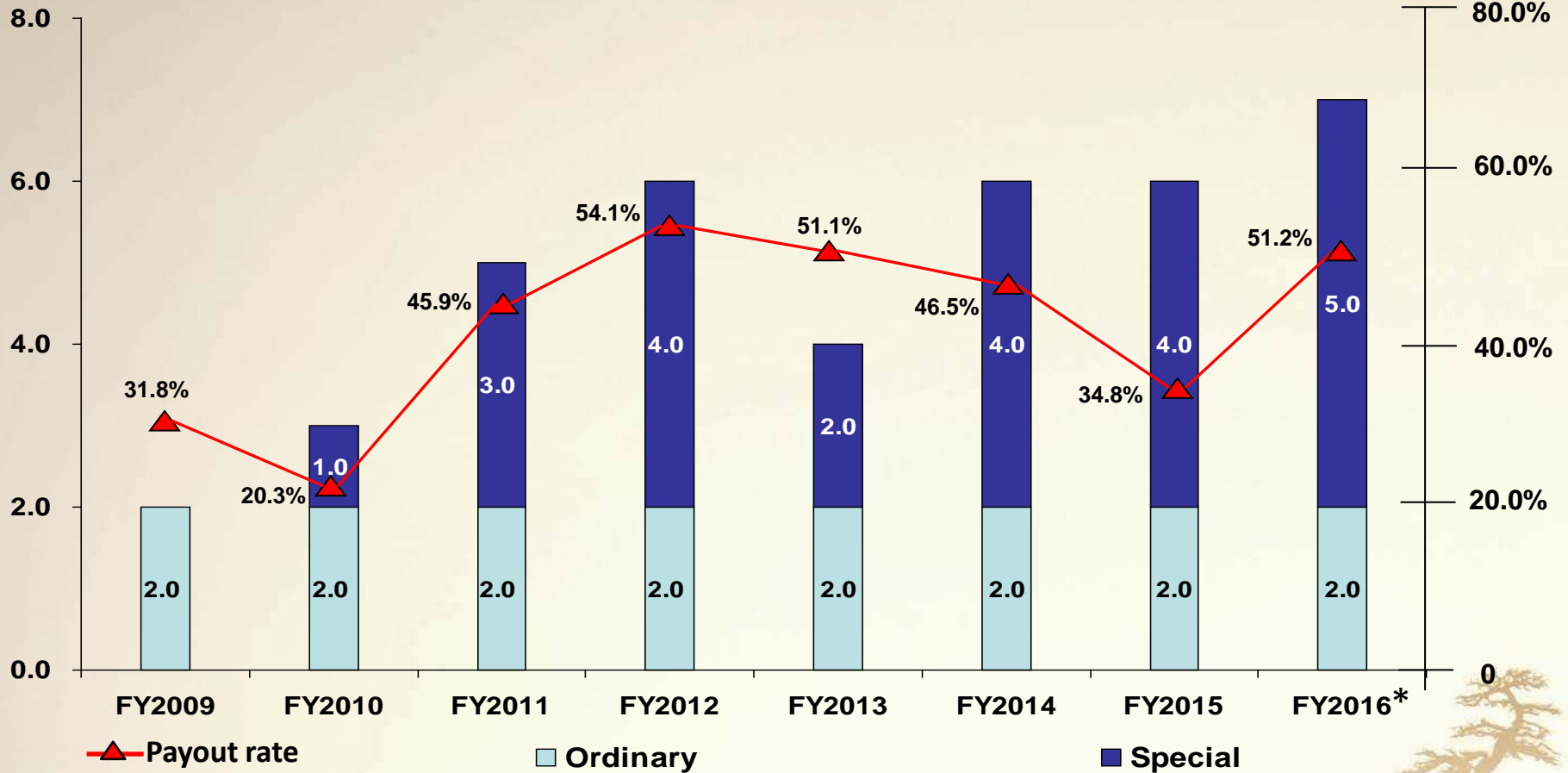
# Balance Sheet Highlights

| As at 31 March                            | 2016<br>(S\$'000) | 2015<br>(S\$'000) | Change<br>(%) | Remarks                      |
|---|-------------------|-------------------|---------------|------------------------------|
| <b>Plant and Equipment</b>                | 4,872             | 6,083             | -19.9%        |                              |
| <b>Investment Properties</b>              | 106,653           | 168,948           | -36.9%        | Disposal of Koishikawa       |
| <b>Associates</b>                         | 467,051           | 411,414           | 13.5%         |                              |
| <b>Joint Ventures</b>                     | 345,221           | 450,526           | -23.4%        | Disposal of EC Mall          |
| <b>Other Non-current Assets</b>           | 51,429            | 48,403            | 6.3%          |                              |
| <b>Current Assets</b>                     | 558,301           | 556,149           | 0.4%          |                              |
| <b>Total Assets</b>                       | <b>1,533,527</b>  | <b>1,641,523</b>  | <b>-6.6%</b>  |                              |
| <b>Current Liabilities</b>                | 126,546           | 199,401           | -36.5%        | Koishikawa bank loans repaid |
| <b>Long term and Deferred Liabilities</b> | 27,489            | 64,805            | -57.6%        |                              |
| <b>Total Net Assets</b>                   | <b>1,379,492</b>  | <b>1,377,317</b>  | <b>0.2%</b>   |                              |
| <b>Shareholders' Funds</b>                | 1,375,647         | 1,373,967         | 0.1%          |                              |
| <b>Non-controlling Interests</b>          | 3,845             | 3,350             | 14.8%         |                              |



# Dividend Payout

## Gross Cents per Share



\* FY2016's proposed dividend subject to shareholders' approval at the AGM in July 2016

# MARKET OUTLOOK





## China's growth entering "new normal"

### ***CBRE, Greater China Real Estate Market Outlook – 2016***

- China's economy forecasted to continue shifting away from rapid growth towards "new normal";
- Economic growth anticipated to slow down in 2016 to between 6.3% and 6.7%;
- Stimulatory effects of property market rebound and series of interest rate cuts in 2015 may offset recent slowdown in domestic economy;
- Mid and long-term drivers of domestic consumption include income growth, rising consumer sophistication and development of networks and smartphones to promote popularity of e-commerce.

## Property market benefiting from government policies

### ***Knight Frank, Greater China Property Market Report – Q1 2016***

- Real estate markets in major Mainland cities continue to benefit from a loosening monetary environment and measures to clear housing inventory.



## Grade-A office market buoyant given vigorous leasing activities

### *Knicht Frank, Shanghai Office Market Report, Q1 2016*

- Approximately 100,000 sqm of new supply in Shanghai's Grade-A office market in Q1 2016;
- Vigorous office space demand from financial and consultancy firms;
- Average Grade-A office vacancy rate dropped 0.6 percentage point quarter-on-quarter ("q-o-q"), remaining low at 4.2%, due to strong rental demand in emerging business districts;
- Upward trend of Grade-A office rents which rose 2.3% q-o-q to RMB9.6 per sq m per day.

## Strong demand balances new supply entering market in 2016

### *Savills, Office Sector Briefing - Shanghai, April 2016*

- Nearly 1 million sqm of new supply anticipated to enter the core market in the remainder of 2016;
- Strong demand from large occupiers in prime areas expected to remain over the next few years but slowing economic growth may lead tenants to grow increasingly cost-conscious.



## Consumer demand shows signs of recovery

### *Knicht Frank, Shanghai Retail Market Report – Q1 2016*

- Retail property market remained stable in Q1 2016, with no new shopping malls launched in prime retail areas:
  - Average retail rent in core areas in Q1 2016 grew slightly by 0.7% to RMB55.7 per sq m per day
  - Overall vacancy rate of shopping malls in Q1 2016 rose 1.8 percentage points q-o-q to 8.8%
- Retail market expected recover gradually, benefitting from Shanghai Disneyland 's opening:
  - 4 shopping centres scheduled to open in Q2 2016, increasing supply by 350,000 sq m
  - Rents in major areas anticipated to increase 5-6%, and vacancy rate to decrease to 7-8%



## Steady trend on healthy leasing demand

### ***CBRE, Marketview – China, Q1 2016***

- Leasing demand underpinned by financial firms, with domestic companies looking to engage in expansion
- 0.9 percentage point dip in overall vacancy rate to 10.9% q-o-q, driven by healthy market activity
- 0.3% q-o-q rise in overall rent to RMB 136.2 per sq m per month
- Around 620,000 sq m of new supply expected to be on market over during Q2 and Q3 2016
- Likely decrease in downward pressure on rentals due to healthy pre-leasing activity and improved occupancy



## Nanchang seeing positive trends

### *Urban Land Institute, Chinese Mainland Real Estate Markets – 2015*

- Nanchang's ratings as a Tier-3 city improved, having benefited from rapid urbanisation and an improving transportation infrastructure
- As a provincial capital, it is the most economically dominant city in its province
- Opening of high-speed railway line to Shanghai, has reduced travel time to Shanghai to about three hours

## Improving outlook for Tier-3 cities

### *DBS, China Property Sector – 29 January 2016*

- Real estate supply-demand dynamics improved in Tier-3 cities although inventory level remains high
- Tier-3 cities likely to benefit most significantly from any potential supportive measures from governments for destocking





## Bright prospects for Manchester residential market

### *JLL, Northern Renaissance, UK Research – February 2016*

- Manchester city centre residential market has been strong for a couple of years, leading to considerable increase in development activities
- Strong uplift in city centre prices of amidst notable imbalance between demand and available supply:
  - No new scheme launches since summer 2015 and no further launches scheduled until mid-2016
- Economic growth projected at 2.6% per annum between 2016 and 2020, greater than rest of Northern England:
  - Prospects supported by strong and expanding economy, labour force and population growth forecast
- Sales prices to rise by 5.5% in 2016 and by an average of 4.5% per year over 2016 – 2020 period:
  - Pressure from residential demand significantly outweighing available supply



## Attractive market for office investment

### ***Knight Frank, Sheffield Offices Market Update, H2 2015***

- Total office take-up for 2015 at 494,283 sq ft is 80% higher than previous year and is the highest annual take-up level since 2002
- Headline rents in prime city centre area at £23.00 per sq ft
- At prime office yields of 6.50%, Sheffield continues to offer an attractive option relative to other regional cities for investors looking for higher returns
- Supply set to be boosted in 2016 and 2017



## Increased sales volume with marginal price decline

### ***Jones Lang Lasalle, Singapore Market Monitor – 1Q 2016***

- Significant total sales volume pick up in prime districts during Q1 2016:
  - 63.9% q-o-q and 73.0% year-on-year (“y-o-y”) increase, driven solely by new sales
- Capital values in prime districts fell 0.4% q-o-q in 1Q 2016:
  - Smallest quarterly decline in the last 2 years

## Market sentiment remains measured

### ***CBRE, Singapore MarketView, 2016***

- Unsold units from existing projects as at end-2015 stood at 23,000 units
- Residential market likely to remain subdued in 2016 and beyond, with softening prices of prime homes presenting window of opportunity for investors
- While rising interest rate environment and slowing economy expected to continue exerting pressure on prices, limited supply will likely help arrest significant price falls



## Singapore: Cautiously positive

- The Monetary Authority of Singapore retained its modest growth outlook for Singapore's economy in 2016, at between 1% and 3%<sup>(1)</sup>
- The retail landscape continued to be challenging, with retail sales, excluding motor vehicles decreasing 2.2% in March 2016 on a y-o-y basis<sup>(2)</sup>
- According to the Department of Statistics, retail sales (seasonally adjusted) increased 1.7% in February 2016 over the previous month; excluding motor vehicles, retail sales dipped 1.1% month-on-month<sup>(2)</sup>
- Retail sales of optical goods & books, watches & jewellery, wearing apparel and footwear and furniture & household equipment dropped between 5.9% and 13.5% in February 2016 over February 2015<sup>(2)</sup>
- International visitor arrivals grew 16.5% y-o-y growth in March 2016, receiving a total of 1.4 million<sup>(3)</sup>

### Sources:

(1) *Modest gain in Singapore GDP expected in 2016 amid weak global demand: MAS – Business Times, 27 April 2016*

(2) *Retail Sales Index Food & Beverage Services Index – Department of Statistics Singapore, March 2016*

(3) *Singapore Tourism Board, International Visitor Arrivals Statistics – 17 May 2016*



## Indonesia: Remains resilient

- Domestic reforms are finally gaining traction and should help unlock investment and boost productivity growth in Indonesia<sup>(1)</sup>
- Indonesia's economy is anticipated to pick up pace over the next 1 to 2 years, with the World Bank predicting the economy to grow 5.1% and 5.3% for 2016 and 2017 respectively<sup>(2)</sup>
- This is an improvement from the weak global growth which led Indonesia to register a GDP growth rate of 4.8% in 2015, the slowest pace since 2009<sup>(3)</sup>
- The potential of Indonesia's consumer sector in the medium to long-term remains strong with more than 50% of the total population younger than 30<sup>(4)</sup>
- According to Bank Indonesia, Indonesia's retail sales increased 11.6% in March 2016 as compared to March 2015<sup>(5)</sup>
- Consumers' confidence stood at 109.0 in April 2016. While it dipped from 109.8 in March 2015, consumers remain optimistic and expect the economy to improve in the next six months due to better job availability<sup>(6)</sup>

### Sources:

(1) *Asia Pacific Outlook 2016 – Sustained Optimism* – Cushman and Wakefield, 2016

(2) *Indonesia Economic Quarterly, March 2016: Private Investment is Essential* – The World Bank, 15 March 2016

(3) *Indonesia's Q1 GDP grows at slower pace than forecast* – The Star Online, 4 May 2016

(4) *Global Business Guide Indonesia - Indonesia's FMCG Sector; Marred by Low Confidence but Boosted by Modern Retail*, 2016

(5) *Indonesia March retail sales grow 11.6 pct y/y – c.bank survey* – Reuters, 11 May 2016

(6) *Indonesian Consumer Confidence Continues to Dip in April: Central Bank* – Jakarta Globe, 4 May 2016





# GROWTH STRATEGIES





**Property Development & Investment**

**Moving to fuller spectrum of property market by leveraging on:**

- Rich retail experience
- Strong foothold and know-how in China
- Strategic partnerships to further strengthen foothold in China and markets such as the UK
- Strong balance sheet of Metro Group



**Retail Operations**

**Emphasis on:**

- Addition of new retail outlets in Indonesia
- Improve trading performance
- Enhancing merchandise offering
- Enhancing customer service
- Continued focus on multi-media strategy



## Property Development and Investment

Covering a fuller spectrum of properties in key markets to broaden revenue stream and build sustained profitability

- **Leverage on Rich Retail Experience**
  - Optimise tenant mix
  - Continual asset enhancement of lettable space
  - Improve efficiency of mall management
- **Broaden geographical presence**
  - Opportunistic search for new property and retail projects
  - To focus on core China market whilst extending property footprint in regions such as the United Kingdom
  - Together with associate company Top Spring, continue to seek out quality property projects in first, second and third tier cities in China
- **Strategic Partnerships**
  - Opportunities to broaden revenue streams beyond commercial interests, into areas such as mixed-use and residential properties
  - Careful selection of partners with relevant experience and expertise
  - Leverage on existing relationships for further expansion into leisure and lifestyle properties
- **Leverage on Strong Balance Sheet**
  - Healthy cash levels provide flexibility to capitalise on investment opportunities and buffer against any unexpected market developments



## Retail Operations

- **Addition of new retail outlets**
  - Seek opportunities to expand footprint where suitable real estate opportunities presents themselves
  - Continue to improve and expand the e-commerce and mobile channel
- **Improve trading performance**
  - Intensify sales performance
  - Improve gross margins
  - Leverage on new technologies such as Tableau Business Analytic Tool, Agresso Financial System and HRIQ Human Capital Management Solution to improve productivity
- **Enhance Merchandise Offering**
  - Expand in-house development and exclusive products
  - Focus on increasing product categories and optimizing the product assortments



## Retail Operations

- **Enhancing Customer Service**

- Cross-store merchandising and selling; customers can buy, collect, exchange and return merchandise from any Metro store
- Provide Online and Offline Omni-channel shopping for customer convenient
- Implement Customer Relationships Management (CRM) system

- **Focus on New Multi-media Platform**

- Continue with multi-media strategy in engaging customers through Facebook, Twitter, mobile web, electronic direct mail (EDN) and MetroApp



# GOING FORWARD





## Property Segment:

- **Strategic alliances with partners to continue**
  - Second entry into the UK through a 50% interest in Scarborough DC Limited
- **Asset rebalancing to continue**
  - Expect to continue to make significant investments in China, a core market
  - Seek out good investment opportunities in other geographic regions to prudently grow quality asset portfolio

## Commercial

- Asset enhancement of Metro City, Shanghai well on track
  - Last two levels of asset reconfiguration for Metro City, Shanghai well underway

## Mixed-Use Development – Nanchang Fashion Mark

- Residential and ancillary retail properties
  - Presales almost fully recognised
- Commercial
  - Future contribution mainly from the presales of office and remaining skirt retail space
  - Encouraging presales, with almost half presold for next phase
  - However, prices of these properties indicate that gross margins are significantly below those achieved for Nanchang's residential properties

## Residential

- The Crest in Singapore
  - Subdued sales given cautious market sentiment



## Retail Segment:

- **Seek to improve sales performance amidst challenging retail market conditions through more aggressive marketing and omni-channel selling**
  - Continue to adopt fresh concepts to entice consumers
- **Prudently identify new sites for store expansion – both departmental stores and specialty shops in Indonesia**
- **Developments to impact sales**
  - Scheduled makeover of The Centrepoint from May 2015 likely to continue to affect Metro Centrepoint's sales till its completion in October 2016
  - With the competitive trading environment and escalating operating costs in Singapore and Indonesia, the Retail outlook is expected to remain challenging
  - Impact of lower visitor arrivals



THANK YOU

