


[Print this page](#)**MISCELLANEOUS**** Asterisks denote mandatory information*

Name of Announcer *	METRO HOLDINGS LIMITED
Company Registration No.	197301792W
Announcement submitted on behalf of	METRO HOLDINGS LIMITED
Announcement is submitted with respect to *	METRO HOLDINGS LIMITED
Announcement is submitted by *	Tan Ching Chek
Designation *	Company Secretary
Date & Time of Broadcast	13-Nov-2009 17:33:27
Announcement No.	00148

>> ANNOUNCEMENT DETAILS*The details of the announcement start here ...*

Announcement Title *	1HFY2010 RESULTS PRESENTATION
Description	Please refer to the attachment.
Attachments	 PresentationFinal.pdf Total size = 1592K (2048K size limit recommended)

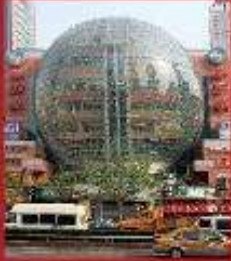
[Close Window](#)

METRO HOLDINGS LIMITED 1HFY2010 RESULTS PRESENTATION

November 13, 2009



- ❖ **About Metro**
- ❖ **Property Development & Investment**
- ❖ **Retail Operations**
- ❖ **Financial Highlights**
- ❖ **Market Outlook**
- ❖ **Growth Strategies**
- ❖ **Outlook**



ABOUT METRO

Who We Are

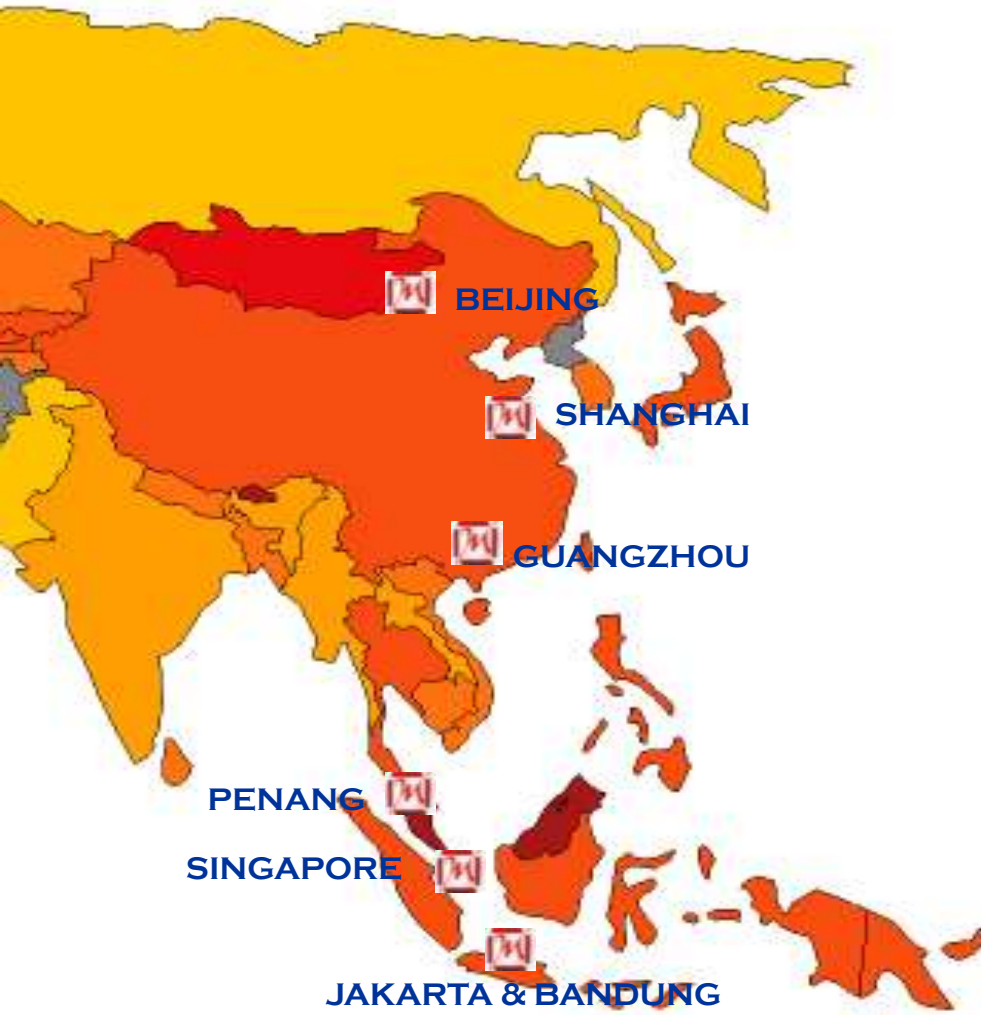


We are...

*A property development and investment group,
backed by an established retail track record*

- Strong presence in China, Indonesia and Singapore





List of Properties

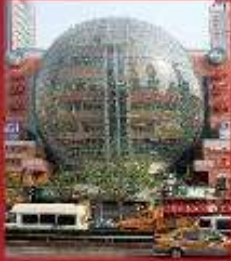
- Metro City, Beijing
- 1 Financial Street, Beijing
- Metropolis Tower, Beijing
- ECMall, Beijing
- Metro City, Shanghai
- Metro Tower, Shanghai
- GIE Tower, Guangzhou
- Gurney Park, Penang
- Liaoning/Hebei Malls

List of Investments

- Shui On Land
- Crowne Plaza, Beijing

List of Retail outlets

- Singapore
- Jakarta, Indonesia
- Bandung, Indonesia



PROPERTY DEVELOPMENT & INVESTMENT

Portfolio Overview



Completed Properties:

	% owned by Grp	Tenure	Site Area (sqm)	Lettable Area (sqm)	No. of Tenants ⁽¹⁾	Occupancy Rate (%) ⁽¹⁾	Valuation (S\$m) (100%) ⁽²⁾
Metro City, Shanghai	60%	36 yr term from 1993	15,342	38,825	106	94.2	226
Metro City, Beijing	50%	40 yr term from 2004	32,484	104,165	18	88.7	334
GIE Tower, Guangzhou	100%	50 yr term from 1994	-	28,390	39	83.1	99
Metro Tower, Shanghai	60%	50 yr term from 1993	5,247	40,073	25	96.6	181
Gurney Plaza Extension, Penang	49%	Freehold	7,660	12,577	53	98.7	88
G Hotel, Penang	49%	Freehold	7,880	304 rms	-	-	60 ⁽³⁾

⁽¹⁾ As at September 30, 2009

⁽²⁾ As at March 31, 2009

⁽³⁾ As at March 31, 2008

Portfolio Overview



Newly-Completed Properties:

	Completion Date	% owned by Grp	Tenure	Site Area (sqm)	Lettable Area (sqm)	No. of Tenants ⁽¹⁾	Occupancy Rate (%) ⁽¹⁾	No. of Tenants Under LOI ⁽²⁾
1 Financial Street, Beijing	Late 4QFY2009	45%	50 yr term from 2002	12,420	70,675	13	26.2	Approx 4.9%
Metropolis Tower, Beijing	Late 2QFY2010	31.5%	50 yr term from 2001	26,735	24,660	1	4.1	Approx 10.9%
ECMall, Beijing	Late 2QFY2010	31.5%	40 yr term from 2001	26,735	29,017	26	46.4	Approx 16.4%
Total				134,503	348,382	281	67.3	

⁽¹⁾ As at September 30, 2009

⁽²⁾ LOIs signed in September 2009

Occupancy Rate

	1HFY2009 (%)	1HFY2010 (%)
Metro City, Shanghai	99.3	94.2
Metro City, Beijing	75.3	88.7
GIE Tower, Guangzhou	68.6	83.1
Metro Tower, Shanghai	100.0	96.6
Gurney Plaza Extension, Penang ⁽¹⁾	-	98.7
1 Financial Street, Beijing ⁽²⁾	-	26.2
Metropolis Tower, Beijing ⁽³⁾	-	4.1
ECMall, Beijing ⁽³⁾	-	46.4

(1) Completed in late 3QFY2009

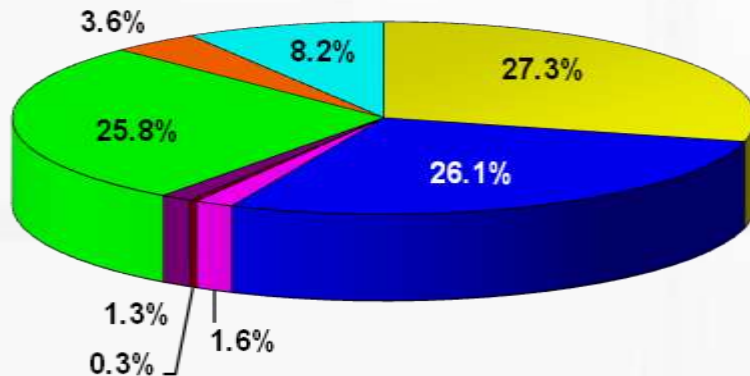
(2) Completed in late 4QFY2009

(3) Completed in late 2QFY2010

Top 10 Tenants:

Name of Tenant	Trade Sector	% of total lettable area
Buynow Computer World	Electronics & IT	19.05%
Physical Fitness & Beauty Centre	Leisure & Entertainment/ Sport & Fitness	10.15%
Kodak Cinema World	Leisure & Entertainment/ Sport & Fitness	8.70%
Popular Bookmall	Books/Gifts & Specialty/ Hobbies/Toys/Jewelry	7.56%
Megabite	F&B/Food Court	7.43%
HAOLEDI KTV	Leisure & Entertainment/ Sport & Fitness	5.52%
DAGAMA	F&B/Food Court	2.38%
Pizza Hut	F&B/Food Court	1.91%
Starbucks	F&B/Food Court	1.85%
KFC	F&B/Food Court	1.79%

Tenant Mix by Lettable Area (as at Sept 30, 2009)



- F&B/Food Court
- Services
- Department Store
- Fashion & Shoes

- Leisure & Entertainment/Sport & Fitness
- Supermarkets
- Electronics & IT
- Books/Gifts & Specialty/Hobbies/Toys/Jewelry

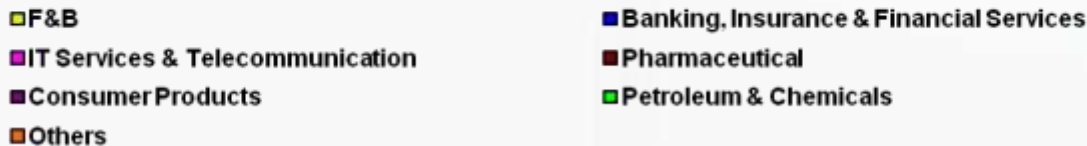
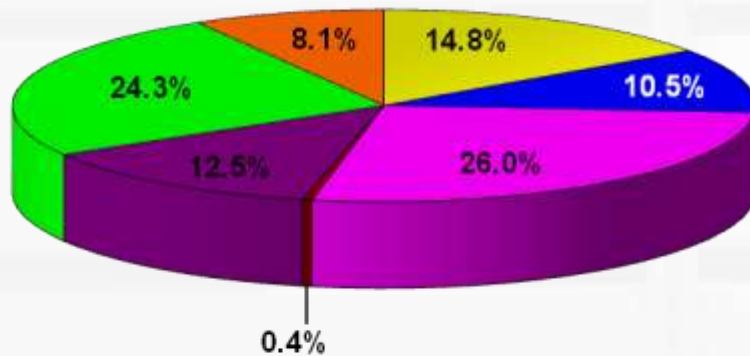
Metro Tower, Shanghai



Top 10 Tenants:

Name of Tenant	Trade Sector	% of total lettable area
Microsoft	IT Services & Telecommunication	24.81%
Exxon Mobil	Petroleum & Chemicals	20.65%
Swatch Group	Consumer Products	9.81%
KFC	F&B	8.49%
AIA	Banking, Insurance and Financial Services	6.59%
Pizza Hut	F&B	5.98%
Agricultural Bank of China	Banking, Insurance and Financial Services	3.91%
Cummins	Others	3.31%
Lucite International	Petroleum & Chemicals	1.95%
Faith Cosmetics	Consumer Products	1.71%

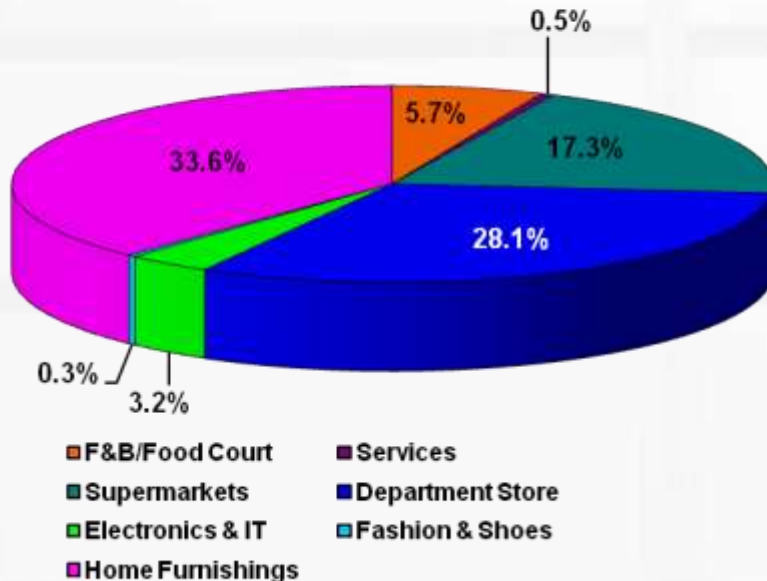
Tenant Mix by Lettable Area (as at Sept 30, 2009)



Top 10 Tenants:

Name of Tenant	Trade Sector	% of lettable area
Hong Xin	Home Furnishings	33.60%
Parkson Department Store	Department Store	24.13%
Walmart Supercentre	Supermarkets	17.33%
365Y Mao Da Ji	Department Store	3.80%
Gome Electrical	Electronics & IT	3.19%
Lucky Time Food Court	F&B/Food Court	2.24%
Han Nan Shan	F&B/Food Court	0.73%
Na Fu	F&B/Food Court	0.60%
Pizza Hut	F&B/Food Court	0.50%
KFC	F&B/Food Court	0.43%

**Tenant Mix by Lettable Area
(as at Sept 30, 2009)**



Metropolis Tower, Beijing

Metropolis Tower

- ❖ Joint development with ECM Group and HSBC NF China Real Estate Fund
- ❖ 19-storey, 4-basement office tower located in ZhongGuanCun, Haidian District in North West Beijing
- ❖ Completed on schedule in late 2QFY2010
- ❖ To contribute to the Group's topline by 3QFY2010



Confirmed Tenant:

Name of Tenant	Trade Sector	% of lettable area
BNTE	IT Services & Telecommunication	4.1%

ECMall, Beijing



ECMall

- ❖ Located next to Metropolis Tower
- ❖ 6-storey, 4-basement retail mall
- ❖ Completed on schedule in late 2QFY2010
- ❖ Soft-opening to continue in phases
- ❖ Contribution to rental income from 3QFY2010 will be progressive



Top 5 Tenants:

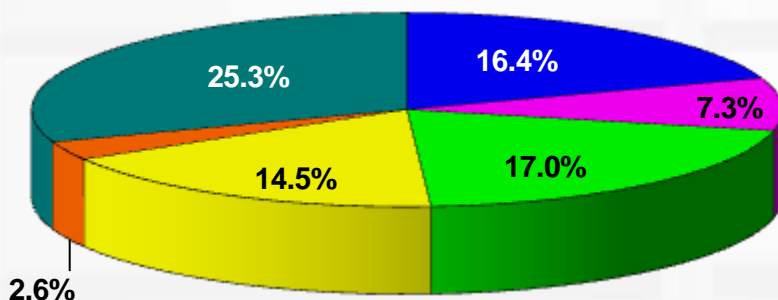
Name of Tenant	Trade Sector	% of lettable area
Golden Jaguar	F&B/Food Court	17.92%
C&A	Fashion & Shoes	5.96%
Best Seller / Selected	Fashion & Shoes	4.42%
H&M	Fashion & Shoes	4.36%
UNIQLO	Fashion & Shoes	2.55%



Top 10 Tenants:

Name of Tenant	Trade Sector	% of lettable area
Jin Yu Restaurant	F&B	12.68%
Ericsson	IT Services & Telecommunication	11.89%
Guang Dong Bank	Banking, Insurance & Financial Services	6.34%
Swiss Ya Pei	Pharmaceutical	4.17%
Roche	Pharmaceutical	4.17%
Carat Advert GZ Company	Others	4.17%
Evergreen	Others	3.53%
APL Cruise Ship	Others	3.09%
Toshiba	IT Services & Telecommunication	2.92%
Total PetroChemicals	Petroleum & Chemicals	2.64%

Tenant Mix by Lettable Area (as at Sept 30, 2009)



- F&B
- IT Services & Telecommunication
- Petroleum & Chemicals

- Banking, Insurance & Financial Services
- Pharmaceutical
- Others

1 Financial Street, Beijing

- ❖ Joint development with HSBC NF China Real Estate Fund / Nan Fung
- ❖ Located in the Financial Street Area, Xi Cheng District, Beijing's central business district
- ❖ 4-storey podium connecting two office towers and three levels of basement
- ❖ Completed in late 4QFY2009
- ❖ Improvement in occupancy rate from 19.3% as at end June 2009 to 26.2% as at end September 2009
- ❖ 13 tenants as at end September 2009

Major Tenants:

Name of Tenant	Trade Sector	% of lettable area
CZ Bank	Services	12.5%
New Times Securities	Services	5.5%



Gurney Park, Penang

Retail component: **Gurney Plaza** and Hotel component: **G Hotel**

- ❖ Located along the renowned tourist belt of Gurney Drive
- ❖ Adjacent to the new CBD and less than five minutes away from all major shopping complexes and corporate towers

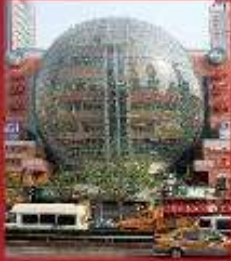
Gurney Plaza

- ❖ Main Gurney Plaza divested in 2007
- ❖ Gurney Plaza Extension – Soft opening of 12,577 square metres extension in mid-Nov 2008
- ❖ Healthy occupancy rate of 98.7% as at end September 2009



Major Tenant:

Name of Tenant	Trade Sector	% of lettable area
Parkson	Department Store	39.37%



RETAIL OPERATIONS

Retail Outlets



Added a Metro Department Store and an “Accessorize” Specialty Shop in Singapore:

Singapore: -

- ❖ Metro Paragon
- ❖ Metro Woodlands
- ❖ Metro Sengkang
- ❖ **Metro City Square – New Outlet**

“Accessorize” Specialty Shops

- ❖ Raffles City
- ❖ Bugis Junction
- ❖ Ngee Ann City
- ❖ Changi Airport Terminal 3
- ❖ Paragon
- ❖ **ION Orchard – New Outlet**

**Accessorize,
ION Orchard,
Singapore**



Indonesia: -

- ❖ Metro Pondok Indah
- ❖ Metro Senayan Square
- ❖ Metro Bandung Supermal
- ❖ Metro Taman Anggrek
- ❖ M @ Pacific Place



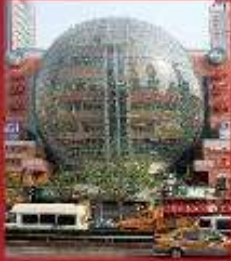
**Metro Taman
Anggrek, Indonesia**

Singapore: -

- ❖ New Metro City Square soft-opened on schedule in September 2009
- ❖ New ION Accessorize/Monsoon outlet opened in 2QFY2010

Indonesia: -

- ❖ Trading conditions in Indonesia continues to be competitive and challenging
- ❖ Opening of Metro Gandaria, Jakarta scheduled for 2QFY2011



1HFY2010 FINANCIAL HIGHLIGHTS

Results Highlights



- ❖ Healthy growth in both top and bottom lines
 - ❖ Revenue improves 5.1% to S\$69.7 million on the back of revenue growth in both property and retail divisions
 - ❖ PBT more than quadruples to S\$30.4 million in view of turnaround in fair value of short-term investments
 - ❖ Excluding changes in fair value of short-term investments, PBT still recorded a commendable 23.1% surge to S\$23.6 million
 - ❖ Accordingly, net profit soars to S\$22.4 million
- ❖ Property division continues to grow
 - ❖ Higher rental income from Metro City Beijing, Metro Tower Shanghai and GIE Tower Guangzhou
 - ❖ Strengthening of Chinese Yuan against the Singapore Dollar
 - ❖ PBT boosted by turnaround in fair value of short-term investments
- ❖ Retail division achieves stable performance despite recessionary trading conditions
 - ❖ Small contribution to turnover by Metro City Square and promotional events provided some growth
 - ❖ Associated company in Indonesia continues to be affected by slowdown in economic activities
- ❖ Balance sheet remains healthy
 - ❖ Cash position improves to S\$201.8 million as at end September 2009
 - ❖ Total shareholders' equity remains stable at S\$923.3 million as at end September 2009
 - ❖ Maintains low net gearing at 0.03x as at end September 2009

Results Highlights

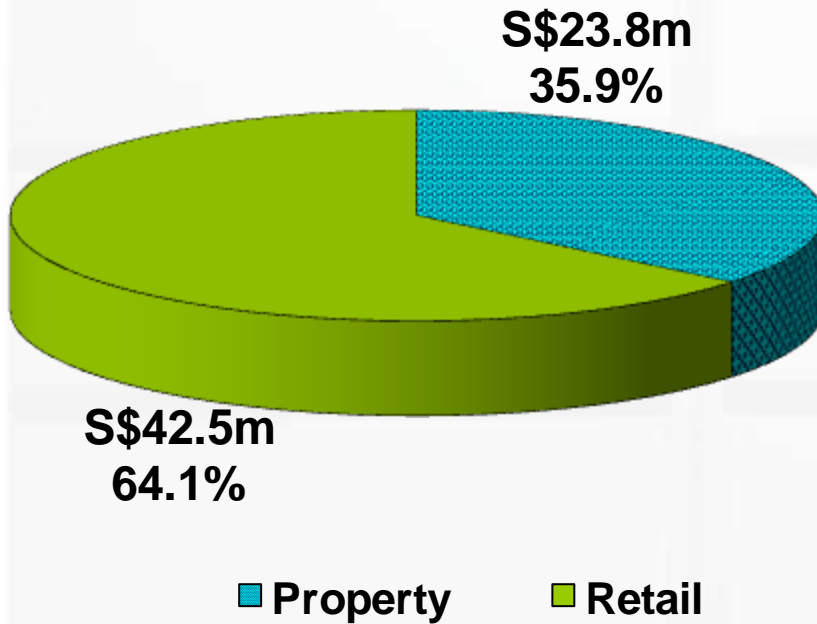


Profit & Loss Accounts:

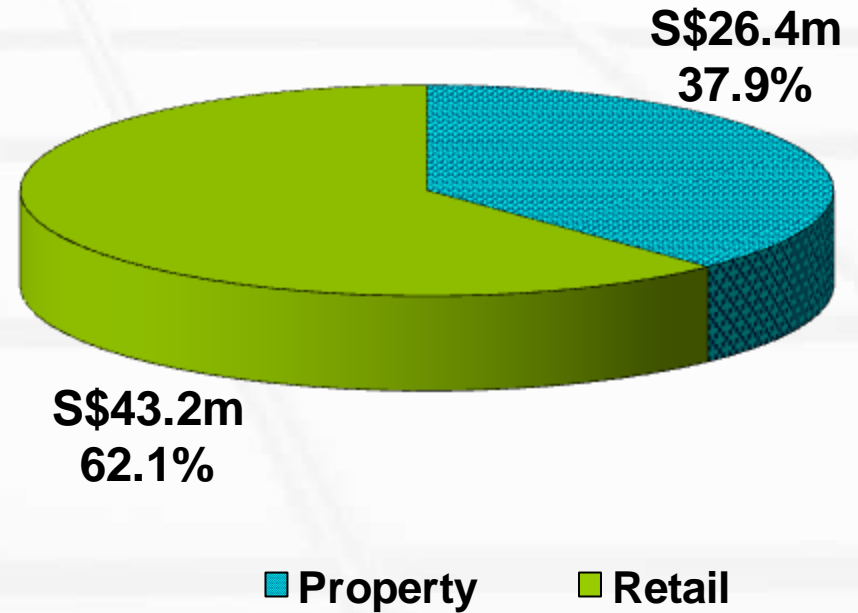
	2QFY09 (S\$'000)	2QFY10 (S\$'000)	Change (%)	1HFY09 (S\$'000)	1HFY10 (S\$'000)	Change (%)
Turnover	33,739	36,236	+7.4	66,325	69,679	+5.1
Profit Before Tax	(1,348)	13,166	N.M.	6,357	30,377	+377.8
Profit Before Tax (excluding changes in fair value of short-term investments)	7,969	13,745	+72.5	19,190	23,617	+23.1
Net Profit Attributable to Shareholders	(4,895)	9,325	N.M.	671	22,410	N.M.

Revenue Breakdown

1HFY2009

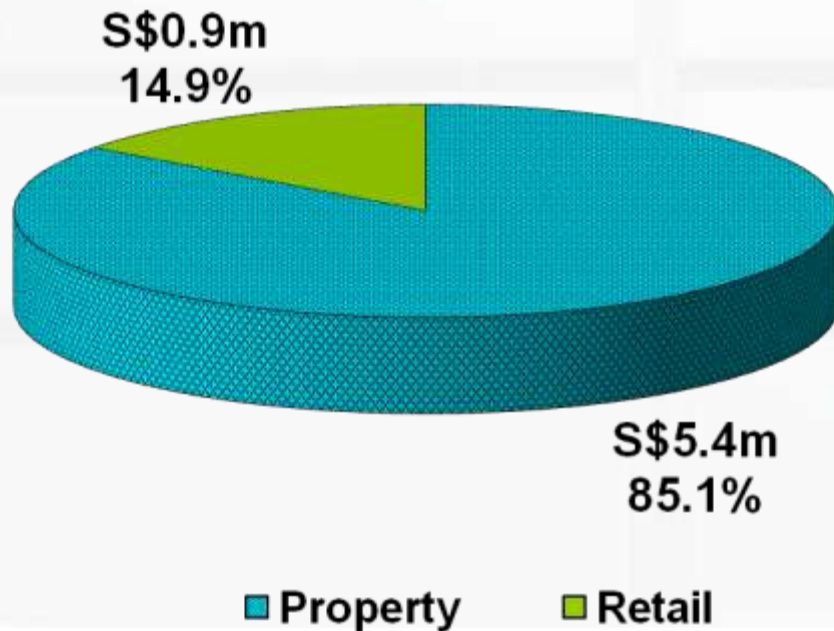


1HFY2010

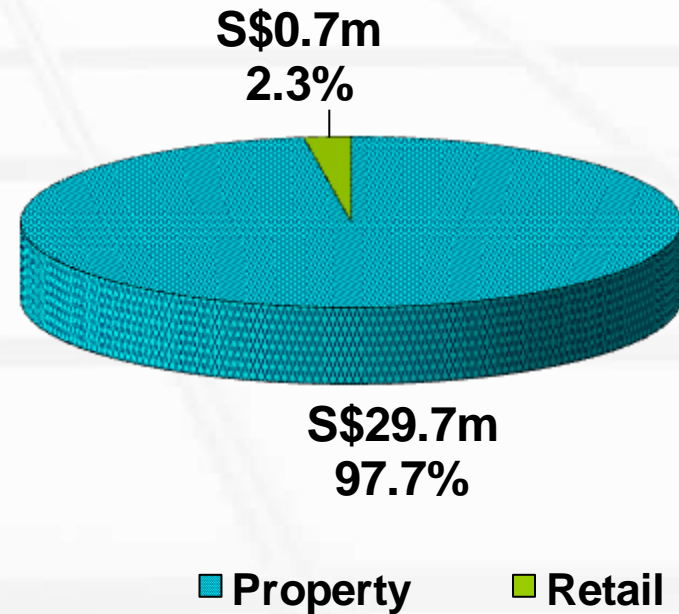


PBT Breakdown

1HFY2009



1HFY2010

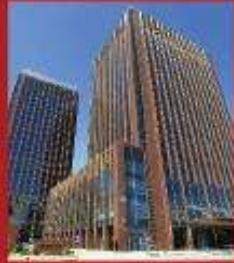
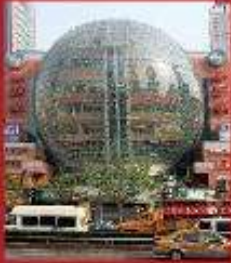


Balance Sheet Highlights



	As at Mar 31, 2009 (S\$'000)	As at Sept 30, 2009 (S\$'000)	Change (%)
Property, plant and equipment	11,965	14,418	+20.5
Investment Properties	514,480	610,567	+18.7
Non-current Assets	515,731	372,205	-27.8
Current Assets	271,266	310,016	+14.3
Total Assets	1,313,442	1,307,206	-0.5
Current Liabilities	196,254	166,046	-15.4
Long term and deferred liabilities	180,616	213,634	+18.3
Total Net Assets	936,572	927,526	-1.0
Shareholders' Funds	933,992	923,295	-1.1
Minority Interests	2,580	4,231	+64.0

	1HFY2009	1HFY2010
Earnings per share after tax and minority interests (cents)	0.11	1.48
Return on shareholders' funds (%)	0.08	2.51
Return on total assets (%)	0.05	1.77
Net assets per share (cents)	136.4	146.8
Debt/Equity ratio (times)	0.23	0.24
Net Debt/Equity ratio (times)	0.05	0.03



MARKET OUTLOOK

❖ Grade A office market stabilising

- Return of some leasing demand and edging down of vacancy rate
 - Demand for space mainly from lease renewals
- Grade A office rents fell in all of the city's CBDs in 3Q as landlords continue to make concessions to attract and retain tenants
 - Office rent expected to stabilise next year

❖ Prime retail market rental quotations witness rebound

- Major prime retail areas in Shanghai proven to be resilient despite the downturn
 - Evidenced by quick rental rebound in Q3
 - Both prime ground floor and first floor rents trended north – growth rates of 4.2% and 1.4% q-o-q respectively
- Retail supply influx expected in the run up to the 2010 World Expo
 - In the 6 months preceding the World Expo, approx 530,000 sqm of new retail supply expected to be launched onto the market
- Shanghai high-end retail rental expected to be on a growth path into 2010
 - In view of an upbeat economy and strong domestic retail sales

Sources:

- CBRE, Third Quarter 2009
- Colliers, Third Quarter 2009
- Cushman & Wakefield, 3Q 2009
- DTZ Research, Q3 2009
- Savills Research (Office), October 19, 2009
- Savills Research (Retail), October 23, 2009

❖ Resurgence in Grade A office demand

- Demand in Grade A sector came mostly from domestic financial institutions
 - Several large-scale leasing transactions concluded during the quarter; mostly closed in brand new office buildings
- Effective Grade A office rents fall 1.8% in 3Q
- Uneven stabilisation
 - Substantial supply till early 2010 paired up with the high uncertainty of sustainable economic recovery
 - Significant stronger absorption required to bring vacancy rate to normal levels before market recovers

❖ Retail environment experiencing noticeable improvement in 3Q

- Retailers start to actively seek prime locations for their new stores or relocations in 3Q09
 - With influx of new projects, many tenants are being drawn away from projects with long-term management problems
- Prime retail rents continued to slip albeit at a slower rate
 - Prime ground floor and first floor rents dropped by 2.8% and 3.2% q-o-q respectively
- High vacancy rates and flat rents expected for the next 12 months at least
 - Especially for new developments
 - Prime shopping centres only expected to see a moderate recovery in rents of 5-10%

Sources:

- CBRE, *Third Quarter 2009*
- Colliers, *Third Quarter 2009*
- Cushman & Wakefield, *3Q 2009*
- DTZ Research, *Q3 2009*
- Savills Research (Office), *October 19, 2009*
- Savills (Retail), *October 21, 2009*

❖ Leasing activity picks up in 3Q09

- Domestic companies resumed expansion plans as economic conditions improve
 - Net take-up in 3Q was 11,000 sqm, the majority of which was attributed to expanding local companies
- 80% of landlords kept rents unchanged in 3Q
 - Cautious market sentiments linger
 - Remaining 20% made slight adjustments to rents to maintain their current tenant base or attract new tenants
- Rents expected to stabilise over the next two quarters
 - Given large amount of new supply expected over the next six months and improving economic conditions
 - In addition, Grade A office rents are now 10.7% below their peak in 2Q 2008

Sources:

- DTZ Research, Q3 2009
- Savills Research (Office), October 28, 2009

Singapore:

❖ Retail sales continued to decline in July 2009

- Sales fell 1.6% month-on-month; 9.8% year-on-year ⁽¹⁾
 - Excluding motor vehicles, retail spending was down 2.2% year-on-year
- Despite signs pointing to a stronger 2H2009, 2009 sales are unlikely to beat 2008 ⁽²⁾
 - High rents remain a bugbear for the retail industry
 - Other challenges include price-conscious customers, a limited consumer base and tough competition
- Market experts estimate that 2009 sales could come in 3-5% lower year-on-year ⁽²⁾

Indonesia:

❖ Consolidation in the retail sector ⁽³⁾

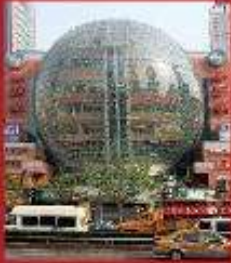
- Retailers closing down unprofitable stores
- Most trade sectors, except for F&B, are said to have reported weaker sales
- However, 'blue-chip' retailers e.g. Matahari and Unilever Indonesia have posted year-on-year increases in 1Q09 sales in the mid to high double-digits
- Some positive signs ahead:
 - Indonesian consumer confidence boosted by low inflation, political stability and signs of economic resilience
 - Nielsen data recorded a double-digit growth in household expenditure in the first five months
 - IMF forecasts that the Indonesian economy may grow 3.5% this year – the fastest growing in Asia after India and China

Sources:

⁽¹⁾ *Business Times*, September 16, 2009

⁽²⁾ *Business Times*, September 9, 2009

⁽³⁾ *OCBC Investment Research*, August 5, 2009



GROWTH STRATEGIES

Continue to prudently leverage on:

- Rich Retail Experience
- Strong Foothold in China Selection

Property Development & Investment

Retail Operations

- Strategic Partnerships
- Strong Balance Sheet of Metro Group

Emphasis on:

- Addition of new retail outlets
- Enhancing Merchandise Offering
- Improving Customer Service

- Upgrade of Customer Relationship Management System
- Adoption of new marketing platform

Property Development and Investment

❖ Leverage on Rich Retail Experience

- Optimise tenant mix
- Continual enhancement of net lettable area
- Enhance rental yield

❖ Capitalise on Strong Foothold in China

- Opportunistic search for new projects

❖ Strategic Partnerships

- 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

Retail Operations

❖ Addition of new retail outlets

- New Metro City Square soft-opened on schedule in September 2009
 - Plans to open more outlets in Singapore when suitable real estate opportunities present themselves
- New Metro Gandaria, Jakarta targeted to open in 2QFY2011

❖ Enhance Merchandise Offering

- Leverage on strong relationships with local and international partners to offer good selection of merchandise
- Focus on customer-desired brands

❖ Improve Customer Service

- Commenced Phase 3 of customer service training under the Customer Centric Initiative (CCI)
 - In collaboration with SPRING Singapore, a Singapore Government Statutory Board

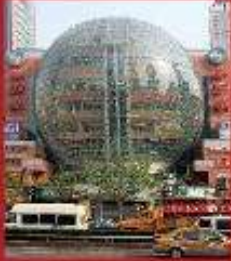
Retail Operations

❖ Upgrade Customer Relationship Management (CRM) System

- Engage expertise in CRM to leverage on available customer data base in current CRM system

❖ Adopt New Marketing Platform

- Adopt new Internet (online) technology, e.g. Facebook, as new media in marketing communications



OUTLOOK

Property Segment:

- ❖ Overall average occupancy rate of properties at 92.3% ⁽¹⁾
 - Maintained from 1QFY2010's AOR of 92.5%
 - Rental income from mature properties in China expected to remain stable
- ❖ Metropolis Tower and ECMall in Beijing completed on schedule and opened in late 2QFY2010
 - Expected to contribute to topline by 3QFY2010
- ❖ Challenging operating environment affecting occupancy and rental rates
 - Occupancy of three new buildings expected to rise slowly amidst an oversupply situation
- ❖ Global economic slowdown expected to impact PRC's GDP growth rate
 - Knock-on effect on the Group's real estate operations and investments in the PRC
 - Group remains optimistic of the long-term growth prospects in the PRC

⁽¹⁾ Excluding newly-completed projects: 1 Financial Street, Metropolis Tower and ECMall

Retail Segment:

- ❖ Slowdown in trading environment of retail division stabilising
 - Slowdown due to impact of global economic downturn on Singapore and Indonesian economies
- ❖ Trading environment in Singapore and Indonesia shows indicative stabilising – will continue to monitor
- ❖ With opening of Metro City Square in 2QFY2010, overall sales will show growth

THANK YOU

November 13, 2009

