

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	16-Nov-2011 17:16:22
Announcement No.	00047

>> Announcement Details

The details of the announcement start here ...

Announcement Title * 1HFY2012 Results Presentation

Description Please refer to the attached file.

Attachments

 presentationfinal.pdf
Total size = **1794K**
(2048K size limit recommended)

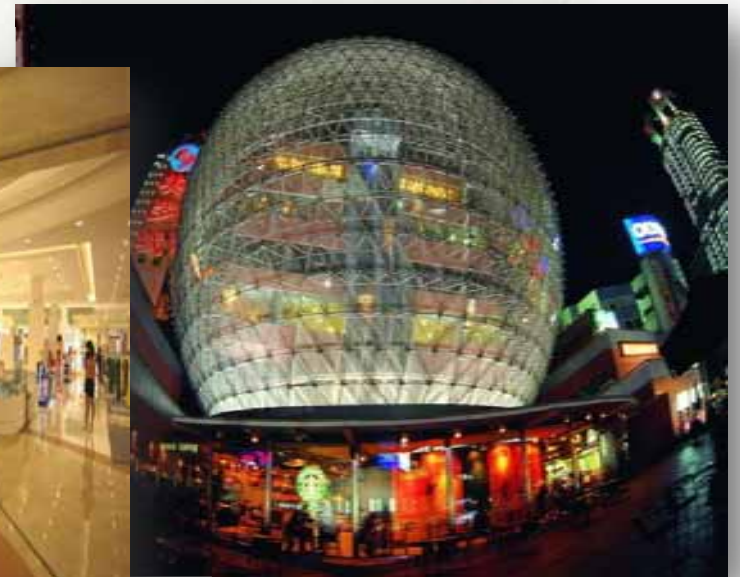
[Close Window](#)

METRO HOLDINGS LIMITED



1HFY2012 RESULTS PRESENTATION

November 16, 2011



Contents



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

Who We Are



We are...

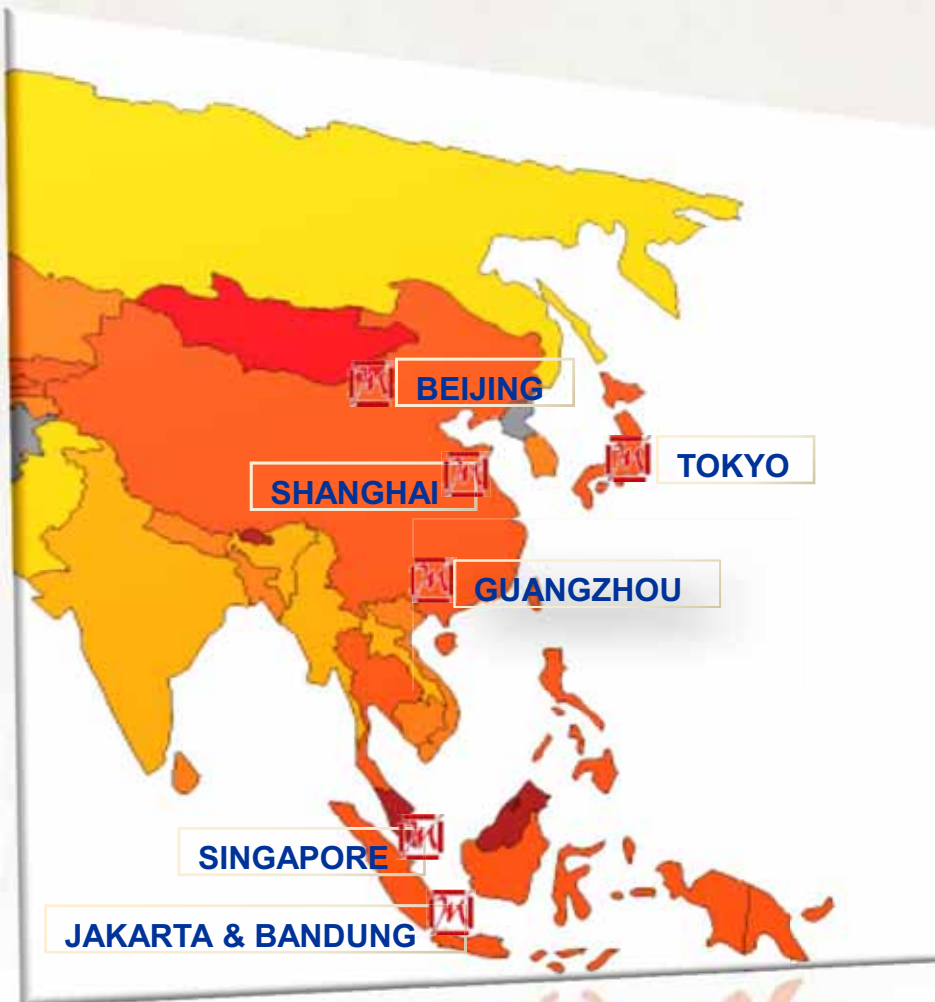
A property development and investment group, backed by an established retail track record



- Strong presence in China, Indonesia, Singapore and the Asia-Pacific region



Our Regional Presence



List of Properties

- Metro City, Beijing
(Sale in progress in FY2012)
- ECMall, Beijing
- Metro City, Shanghai
- Metro Tower, Shanghai
- GIE Tower, Guangzhou
- Frontier Koishikawa Building, Tokyo

List of Investments (HK Listed)

- Shui On Land
- Top Spring International

List of Retail outlets

- Singapore
- Jakarta, Indonesia
- Bandung, Makassar, Indonesia

Property Development & Investment



Portfolio Overview



Completed Investment Properties:

	% owned by Group ⁽¹⁾	Tenure	Site Area ("sqm")	Lettable Area ("sqm")	No. of Tenants ⁽¹⁾	Occupancy Rate (%) ⁽¹⁾	Valuation (S\$m) (100%)
Metro City, Shanghai	60%	36 yr term from 1993	15,342	39,422	109	98.5	241 ⁽²⁾
Metro City, Beijing	50%	40 yr term from 2004	32,484	116,846	13	74.5	320 ⁽²⁾
GIE Tower, Guangzhou	100%	50 yr term from 1994	-	28,390	42	96.1	91 ⁽²⁾
Metro Tower, Shanghai	60%	50 yr term from 1993	5,247	40,214	24	97.9	168 ⁽²⁾
EC Mall, Beijing	31.65%	50 yr term from 2001	26,735	28,977	91	99.1	316 ⁽³⁾
Frontier Koishikawa Building, Tokyo ⁽⁴⁾	100%	Freehold	1,319	5,124	5	73.2	87 ⁽²⁾

⁽¹⁾ As at 30 September 2011

⁽²⁾ As at 31 March 2011

⁽³⁾ As at 31 December 2010

⁽⁴⁾ Acquired in early 1QFY2011

Portfolio Overview



Completed Investment Properties under Associated Companies:

	% owned by the Group ⁽¹⁾	Tenure	Site Area ("sqm")	Lettable Area ("sqm")	Occupancy Rate (%) ⁽¹⁾
Tesco Lifespace, QinHuangDao	10.7%	40 yr term from 2005	31,808	30,255	93.3
Tesco Lifespace, Fushun ⁽²⁾	10.7%	40 yr term from 2007	18,800	32,420	89.4
Tesco Lifespace, Anshan ⁽²⁾	10.7%	40 yr term from 2009	67,565	46,245	88.3
Tesco Lifespace, Fuzhou	10.7%	40 yr term from 2006	21,404	26,184	93.9

⁽¹⁾ As at 30 September 2011

⁽²⁾ Exclude residential element

Portfolio Overview



Investment Properties Under Development by Associated Companies:

	Location	% owned by Group ⁽¹⁾	Tenure	Lettable Area (sqm) ⁽²⁾	Scheduled Opening	Preleased TA signed
Tesco Lifespace, Xiamen	Xiamen, PRC	10.7%	40 yr term from 2005	29,256	December 2011	51.5%
Tesco Lifespace, Shenyang	Shenyang, PRC	10.7%	40 yr term from 2007	36,600	July 2012	NA

(1) As at 30 September 2011

(2) Estimated as at 30 September 2011

Occupancy Rate



	1HFY2012 (%)	1HFY2011 (%)
Metro City, Shanghai	98.5	98.3
Metro City, Beijing	74.5	74.6
GIE Tower, Guangzhou	96.1	92.7
Metro Tower, Shanghai	97.9	76.1
ECMall, Beijing	99.1	83.6
Frontier Koishikawa Building, Tokyo⁽¹⁾	73.2	73.2

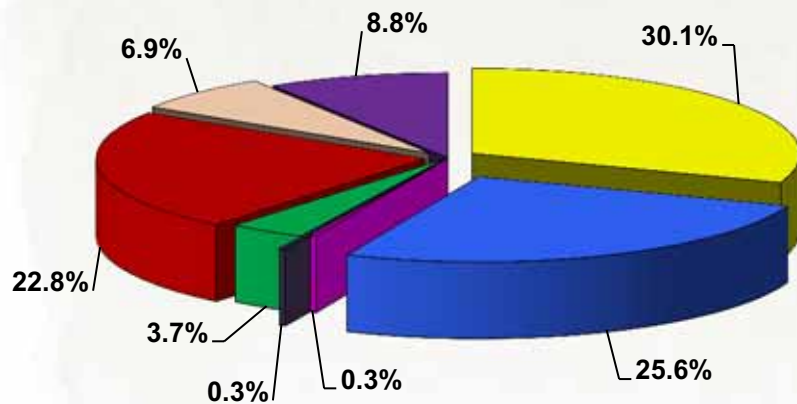
⁽¹⁾ Acquired in early 1QFY2011

Metro City, Shanghai



Total: 98.5%

Retail Tenant Mix by Lettable Area (as at 30 September 2011)



- F&B/Foodcourt
- Services
- Department Store
- Fashion & Shoes

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

Top 10 Tenants:

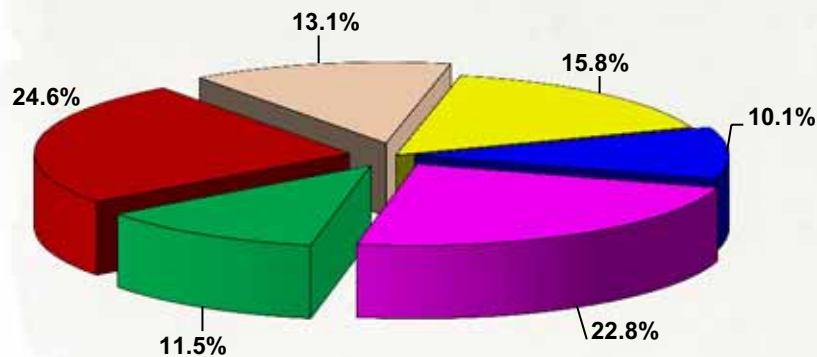
Name of Tenant	Trade Sector	% of total lettable area
Buynow Computer World	Electronics & IT	19.73%
Physical Fitness & Beauty Centre	Leisure & Entertainment/ Sport & Fitness	10.23%
Kodak Cinema World	Leisure & Entertainment/ Sport & Fitness	8.57%
Popular Bookmall	Books/Gifts & Specialty/ Hobbies/Toys/Jewelry	7.44%
Megabite	F&B/Food Court	6.27%
HAOLEDI KTV	Leisure & Entertainment/ Sport & Fitness	5.44%
DAGAMA BBQ	F&B/Food Court	2.34%
Pizza Hut	F&B/Food Court	1.87%
Herborist	Fashion & Shoes	1.84%
Starbucks	F&B/Food Court	1.82%

Metro Tower, Shanghai



Total: 97.9%

Office Tenant Mix by Lettable Area (as at 30 September 2011)



- Banking, Insurance & Financial Services
- IT services and Telecommunications
- Others
- Consumer Products
- Petroleum & Chemicals
- F&B/Foodcourt

Top 10 Tenants:

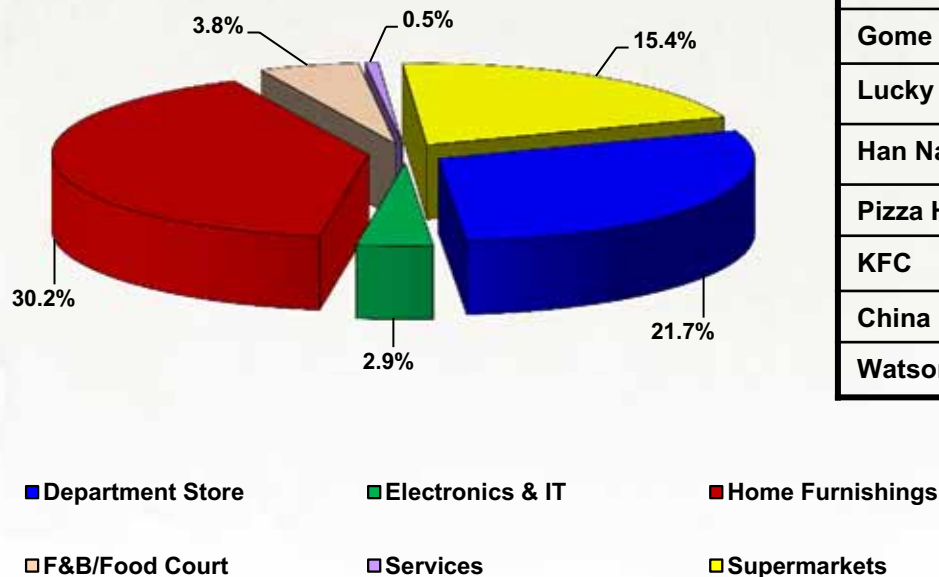
Name of Tenant	Trade Sector	% of total lettable area
Exxon Mobil	Petroleum & Chemicals	20.57%
Swatch Group	Consumer Products	16.22%
Energy Source	IT services and Telecommunications	10.58%
KFC	F&B	8.46%
Agricultural Bank of China	Banking, Insurance and Financial Services	6.01%
Pizza Hut	F&B	5.96%
Faith Cosmetics	Consumer Products	4.23%
AIA	Banking, Insurance and Financial Services	4.12%
Cummins	Others	4.04%
Metro Express Newspaper	Others	4.00%

Metro City, Beijing



Total: 74.5%

**Retail Tenant Mix by Lettable Area
(as at 30 September 2011)**



Top 10 Tenants:

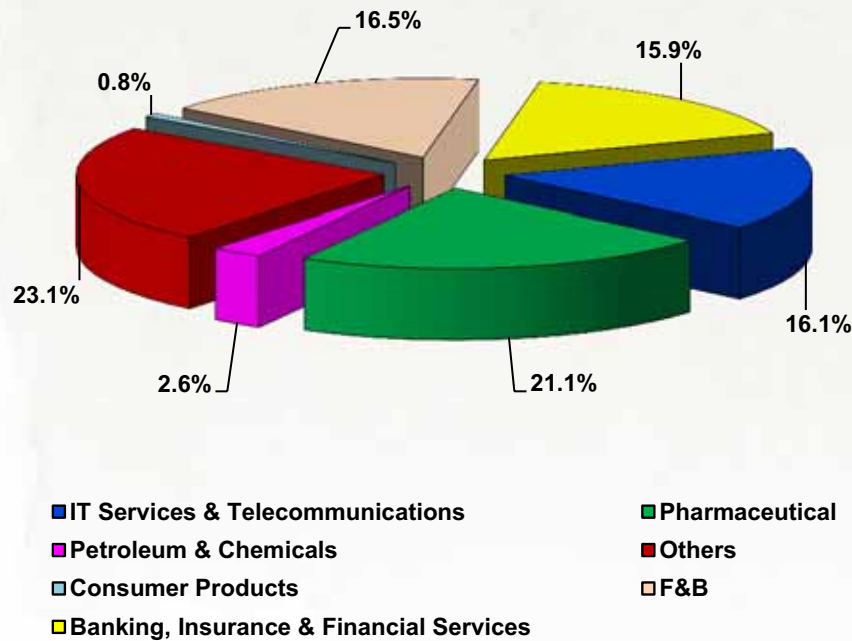
Name of Tenant	Trade Sector	% of lettable area
Hong Xing	Home Furnishings	30.16%
Parkson Department Store	Department Store	21.52%
Walmart Supercentre	Supermarkets	15.45%
Gome Electrical	Electronics & IT	2.85%
Lucky Time Food Court	F&B/Food Court	2.36%
Han Nan Shan	F&B/Food Court	0.65%
Pizza Hut	F&B/Food Court	0.45%
KFC	F&B/Food Court	0.38%
China Construction Bank	Services	0.33%
Watson	Department Store	0.18%

GIE Tower, Guangzhou



Total: 96.1%

Office Tenant Mix by Lettable Area (as at 30 September 2011)



Top 10 Tenants:

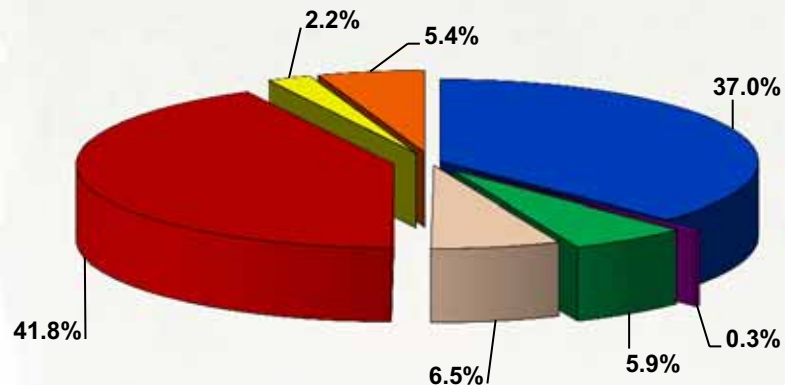
Name of Tenant	Trade Sector	% of lettable area
Jin Yu Restaurant	F&B	12.68%
Ericsson	IT Services & Telecommunication	11.89%
Guang Dong Development Bank	Banking, Insurance & Financial Services	10.24%
Roche	Pharmaceutical	6.80%
Abbott Laboratories	Pharmaceutical	6.03%
New Times Securities	Banking, Insurance & Financial Services	4.66%
Carat Advert GZ Company	Others	4.17%
Toshiba	IT Services & Telecommunications	3.70%
Evergreen	Others	3.53%
APL Cruise Ship	Others	3.09%

ECMall, Beijing



Total: 99.1%

**Retail Tenant Mix by Lettable Area
(as at 30 September 2011)**



- F&B/Food Court
- Leisure & Entertainment/Sport & Fitness
- Fashion & Shoes
- Electronics & IT
- Home Furnishing
- Services
- Books/Gifts & Specialty/Hobbies/Toys/Jewelry

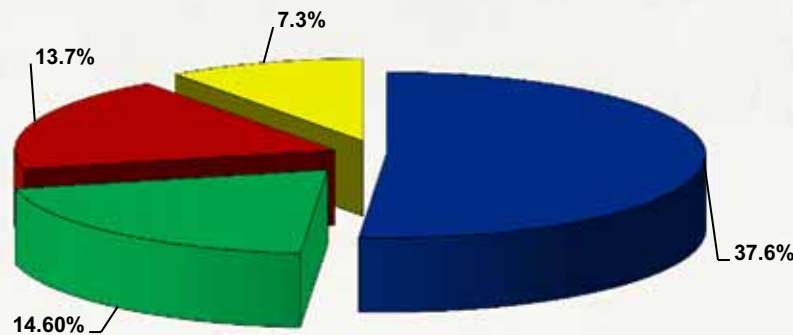
Top 10 Tenants:

Name of Tenant	Trade Sector	% of lettable area
Golden Jaguar	F&B/Food Court	17.95%
C&A	Fashion & Shoes	5.35%
Only/Vero/Moda/ Jack&Jones/ Selected	Fashion & Shoes	4.43%
H&M	Fashion & Shoes	4.37%
Suning Elite	Electronics	4.31%
Shi Mei Hui Food Court	F&B/Food Court	4.23%
Jeans Town	Fashion & Shoes	3.34%
Hola	Leisure & Entertainment/ Sport & Fitness	2.9%
UNIQLO	Fashion & Shoes	2.55%
Wu Di Ren Jia	F&B/Food Court	1.89%

Frontier Koishikawa Building, Tokyo

Total: 73.2%

**Office Tenant Mix by Lettable Area
(as at 30 September 2011)**



■ Government Office
 ■ F&B
 ■ Services/Education
 ■ Others

Top 10 Tenants:

Name of Tenant	Trade Sector	% of lettable area
Shisyutsuhutan-koi Tanto-kan Somusho Daijin-kanbo Kaikei-ka Kikakukan	Government Office	26.81%
Lion	F&B	14.58%
Wiley.japan	Services	13.66%
Administrative Evaluation Bureau of Kanto Region	Government Office	10.77%
Japan Science and Technology Agency	Others	7.35%

Tesco 1 Projects, China



Ownership Split:

- Metro Holdings – 10.7%, Tesco Plc – 50.0%, InfraRed NF (FKA HSBC NF) / Nan Fung – 32.2%, Private Bankers – 7.1%
- Joint investment with Tesco Plc, InfraRed NF China Real Estate Fund (FKA HSBC NF China Real Estate Fund) / Nan Fung and HSBC private banking clients in Nov 2009



QinHuangDao

- ❖ 4-storey & 2-basement retail mall
- ❖ OC rate – 93.3%
- ❖ Opened on Jan 15, 2010



Fushun

- ❖ 5-storey & 2-basement retail mall
- ❖ 200 residential & 493 SOHO units (91% of units sold)
- ❖ OC rate – 89.4%
- ❖ Opened on Jan 29, 2010



Anshan

- ❖ 5-storey & 1-basement retail mall
- ❖ 1,656 residential, 1,459 service apartments & 16 commercial units (16% of units sold)
- ❖ OC rate – 88.3%
- ❖ Opened on Oct 29, 2010

Tesco 2 Projects, China



Ownership Split:

- Metro Holdings – 10.7%, Tesco Plc – 50.0%, InfraRed NF (FKA HSBC NF) – 39.3%
- Joint investment with Tesco Plc and InfraRed NF China Real Estate Fund (FKA HSBC NF China Real Estate Fund) in Feb 2011



Fuzhou

- ❖ 4-storey & 2-basement retail mall
- ❖ OC rate – 93.9%
- ❖ Opened on May 6, 2011



Xiamen

- ❖ 3-storey & 2-basement retail mall
- ❖ Expected opening in Dec 2011 (in phases)



Shenyang

- ❖ 5-storey & 3-basement retail mall
- ❖ Expected opening in Jul 2012



Retail Operations



Retail Operations



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

Singapore: -

- ❖ Metro Paragon
- ❖ Metro Woodlands
- ❖ Metro Sengkang
- ❖ Metro City Square

Specialty Shops

- ❖ *Monsoon Accessorize*
 - Bugis Junction
 - Changi Airport Terminal 3 (resite)
 - Changi Airport Terminal 2
 - Ion Orchard
 - Paragon
 - Raffles City
 - Takashimaya Shopping Centre
- ❖ *M.2*
 - Ngee Ann City

Indonesia: -

- ❖ Metro Pondok Indah
- ❖ Metro Plaza Senayan
- ❖ Metro Bandung Supermal
- ❖ Metro Taman Angrek
- ❖ Metro Pacific Place
- ❖ Metro Trans Studio Makassar
- ❖ Metro Gandaria City



**Accessorize,
Ion Orchard,
Singapore**



**Metro City Square,
Singapore**

Financial Highlights



1H2012 Results Highlights



- ❖ **Property division turnover improves; profit affected by mark-to-market losses**
 - ❖ Growth in rental income offset by a 5% decline in value of the RMB against the SGD;
 - ❖ Mitigated by higher rental income from higher occupancy at Metro Tower Shanghai and EC Mall
 - ❖ Lower profit before tax due to absence of share of associate's divestment gain relating to 1 Financial Street in corresponding period last year; and
 - ❖ Decline in fair value of short-term investments in quoted equities

- ❖ **Retail division reports higher sales**
 - ❖ Sales growth in 1H2012 despite slower growth in Singapore economy
 - ❖ Higher sales achieved in Indonesia despite the crowded trading retail scene
 - ❖ Profitability affected by refurbishment costs of Metro Woodlands

- ❖ **Balance sheet remains strong**
 - ❖ Healthy cash position of S\$460.7 million (as at 30 September 2011)
 - ❖ Total shareholders' equity of S\$1.0 billion (as at 30 September 2011)
 - ❖ Remains in net cash position



Half Year Financial Summary



Profit & Loss Accounts:

	2QFY12 (S\$'000)	2QFY11 (S\$'000)	Change (%)	1HFY2012 (S\$'000)	1HFY2011 (S\$'000)	Change (%)
Turnover	44,645	43,372	+2.9	87,249	82,567	+5.7
Profit Before Tax	1,105	58,591	-98.1	7,499	67,786	-88.9
Net (Loss)/Profit After Tax and Minority Interest	(379)	51,910	n.m.	2,649	58,840	-95.5

Half Year Financial Summary



Financial Ratios:

	1HFY2012	1HFY2011
Earnings per share after tax and minority interests (cents)	0.41	9.29
Return on shareholders' funds (%)	0.26	6.1
Return on total assets (%)	0.18	4.23
Number of issued shares (million)	828.6 ⁽¹⁾	641.0
Net asset value per share (cents)	120.4 ⁽¹⁾	158.0
Debt/Equity ratio (times)	0.26 ⁽²⁾	0.29
Net Debt/Equity ratio (times)	Net cash	Net cash
Special Interim Dividend per share (cents)	Nil	2.0

⁽¹⁾ Number of shares increased due to the issuance of 133.6 million additional shares pursuant to the Bonus Issue and conversion of Warrants in 1HFY2012. The resultant expanded share capital led to lower NAV per share.

⁽²⁾ Including \$99.5m borrowings in Liabilities directly associated with disposal entity classified as held for sale.

2Q Revenue Breakdown



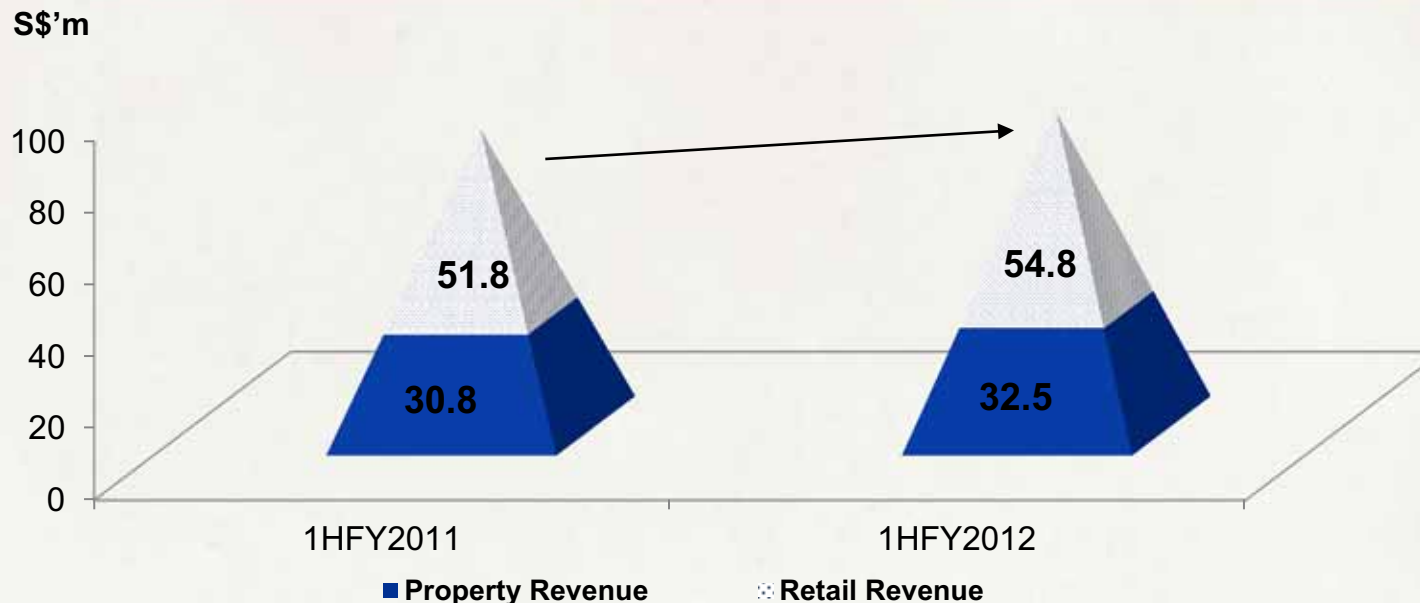
❖ Property revenue remains steady in 2Q2012

- ❖ Higher occupancy at Metro Tower, Shanghai, offset by a 5% decline in the value of the Renminbi against the Singapore dollar

❖ Retail turnover rose 4.8% q-o-q

- ❖ Moderate growth for retail sales in 2Q2012 over the corresponding quarter last year despite slower economic growth in Singapore

Half Year Revenue Breakdown



❖ Property revenue rose 5.5% y-o-y

- ❖ All five properties in Shanghai, Beijing and Guangzhou continue to enjoy high occupancies averaging 93.2%
- ❖ Comparatively higher occupancy rates for Metro Tower, Shanghai and EC Mall in 1H2012

❖ Retail turnover rose 5.8% y-o-y

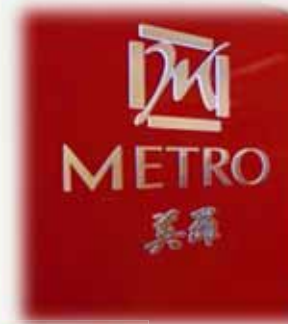
- ❖ Higher retail turnover in 1H2012 despite slower economic growth in Singapore
- ❖ Sales growth, however, moderated from that of the 4th quarter of last financial year as the Singapore economy slowed

Balance Sheet Highlights



	As at Sep 30, 2011 (S\$'000)	As at March 31, 2011 (S\$'000)	Change (%)
Property, plant and equipment	16,895	16,223	+4.1
Investment Properties	562,488	688,452	-18.3
Other Non-current Assets	144,550	197,202	-26.7
Assets of disposal entity classified as held for sale	172,700	-	N.M.
Current Assets	584,942	532,113	+9.9
Total Assets	1,481,575	1,433,990	+3.3
Current Liabilities	301,540	140,449	+114.7
Long term and deferred liabilities	179,807	276,988	-35.1
Total Net Assets	1,000,228	1,016,553	-1.6
Shareholders' Funds	997,496	1,012,490	-1.5
Minority Interests	2,732	4,063	-32.8

Market Outlook



Market Outlook: China



Long-term growth of China's commercial real estate market will continue

❖ Despite the increasingly uncertain global outlook, we continue to expect robust growth in China for the remainder of this year. Firm domestic demand is being supported by sustained wage growth, which should mean gross domestic product (GDP) for the year as a whole comes in at around 9.5%.

❖ One of the **main drivers of growth continues to be investment into the property sector**; annual growth in August stood at 33.2%, suggesting the property market is still receiving high levels of investment.

-- RICS Global Real Estate Weekly, 14 October 2011

❖ Property professionals believe the **outlook is just as positive for the coming year**;

❖ According to the latest RICS Global Commercial Property Survey, tenant demand for real estate is just as high now as before the global financial crisis;

❖ Outlook for commercial property also looks strong; results from our latest survey suggest values are rising further and at a faster pace, but we expect the rate of growth in both rents and values to temper in the second half of the year, especially if further interest rate rises are forthcoming.

-- RICS Economic Research , Chinese property market update, 2011

❖ The **long-term growth and development of China's commercial real estate market will continue** and not likely to be affected by the recent tightening policy of the Chinese government;

❖ "So far in China, a limited number of buildings in Beijing and Shanghai are considered truly institutional investment grade quality. As a result, we have now seen some assets traded a few times over the past 1-2 years leading to substantial cap rates compressed in these assets," said Elysia Tse, vice president of Real Estate Portfolio Management/Risk Analytics at Blackrock.

-- China Daily, "US expert positive about China's commercial property market", 20 May 2011

Moderated growth but still the main source of optimism in the global economy

- ❖ China's gross domestic product grew at an annual pace of 9.1% during the third quarter, down from 9.5% growth in the second quarter – compares with just 1.3% growth in the United States and 0.2% growth in the 17-country euro zone during the second quarter.
- ❖ Premier Wen Jiabao said he's comfortable with the slightly slower rate in economic growth, pointing out that it was expected as a result of the government's crackdown on inflation.
- ❖ Other data released by the Chinese government showed consumer spending was surprisingly strong, even amid high inflation in the country. Retail sales soared 17.7% year-over-year in September, up from 17% growth in August.
- ❖ "While external slackness will likely bite China's exports growth in the coming months, the strength of domestic demand should keep the economy growing at around 8.5% to 9% in the coming quarter," HSBC's Asian economics team wrote in a research note.

-- CNN Money, "China's economy grows at 9.1%", 18 October 2011

- ❖ With economic prospects worsening in crisis-hit Europe and the US, China is increasingly seen as the main source of optimism in the global economy.
- ❖ China's gross domestic product expanded 9.1 per cent in the third quarter from a year earlier, the slowest pace for the world's second-largest economy since early 2009 and down from a 9.5 per cent increase in the second quarter.
- ❖ The slowdown is, however, being welcomed by policymakers who have been trying for more than a year to cool growth and rein back inflation.
- ❖ The country's economic performance has been "generally good" this year and will continue at a rapid and stable rate, said Sheng Laiyun, spokesman for China's National Bureau of Statistics.

-- Financial Times, "China's GDP up 9.1% in third quarter", 18 October 2011

Market Outlook: Shanghai, Office



Office rents continue to surge

- DTZ Research, Shanghai Q3 2011, 14 October 2011

- ❖ Shanghai's office rental continued its upward trend with the average grade A office transacted rental reaching RMB 8.35 (US\$1.30) per sq m per day at the end of Q3 2011. The city-wide availability ratio was 8.42%, representing a decrease of 0.98 percentage points quarter on quarter (q-o-q) and 2.91 percentage points year on year (y-o-y) respectively.
- ❖ In terms of upcoming new supply, DTZ expects around half a million sq m of office space to be completed within the next 12 months; availability ratio to be challenged by the amount of new supply, while rental to keep rising but at a slower pace under the current uncertain global economic environment.

Rental growth remained at its strongest in China on the back of strong expansionary demand

- CB Richard Ellis, Asia Pacific Offices, Q2 2011

- ❖ Office rents in Shanghai continued to grow rapidly, rising by 5.2% q-o-q amid strong demand from multinational companies across various sectors.

Positive 12-Month Outlook

- Jones Lang LaSalle, Asia Pacific Digest, Second Quarter 2011

- ❖ The Shanghai market has experienced a rapid recovery of demand from multinationals. The strong leasing demand means that most Grade A buildings are already full; Grade A rents in the CBD in Q2 2011 were up 24.9% y-o-y and are likely to reach their previous 2008 peak levels by next year.
- ❖ JLL expects MNCs to continue with investment and expansion plans, with limited supply coming onstream in Puxi's core CBD area before Q3 2012. In Pudong, a large percentage of upcoming projects will be filled by owner-occupiers, so available supply will remain limited.
- ❖ Market conditions likely to remain tight with strong demand fuelling rental growth.

Market Outlook: Shanghai, Retail



Rental in retail hubs continue its upward trend

- *DTZ Research, Shanghai Q3 2011, 14 October 2011*

- ❖ Absence of new high-end retail supply in 2011 continued to impact DTZ's five selected retail hubs (Lujiazui, Nanjing East Rd, Huaihai Middle Rd, Nanjing West Rd, Xujiahui) with the Q3 overall occupancy rate increasing by 1.58 percentage points q-o-q to reach 96.55%.
- ❖ Rental continued its upward trend, reaching RMB55.64 per sq m per day in Q3 2011.

Prime retail rental growth gathers pace

- *CB Richard Ellis, Asia Pacific Prime Retail, Q2 2011*

- ❖ Strong demand for quality retail space, rents expected to continue to edge upwards;
- ❖ Rents for prime ground floor and first floor retail space recorded q-o-q growth of 4.8% and 1% to RMB52.5 and RMB38.8 per sq m per day respectively.

Positive 12-Month Outlook

- *Jones Lang LaSalle, Asia Pacific Digest, Second Quarter 2011*

- ❖ Expansion by fashion brands and F&B will contribute to leasing demand over the rest of 2011, and projects adjusting their tenant mix will be a source of available space in the market.
- ❖ With new supply limited and a number of mature projects upgrading tenants, landlords are likely to continue to seek higher rents.

Market Outlook: Beijing, Retail



Strong retail sales growth stimulating retailer demand

- *DTZ Research, Beijing Q3 2011, 14 October 2011*

- *CB Richard Ellis, Asia Pacific Prime Retail, Q2 2011*

- ❖ From Jan to Aug 2011, total sales of consumer goods in Beijing amounted to RMB437.5 billion (US\$68.4 billion), up 11.1% y-o-y.
- ❖ From Jan to May 2011, average rents for ground floor space surged by 6% q-o-q to RMB 35.9 per sq m/day.
- ❖ Key trends in the retail sector include:
 - Luxury brands flocking to China with the ongoing debt crisis and slowing growth in Europe;
 - Fast fashion retailers continued to account for the majority of prime leasing deals;
 - Brands are starting to focus and penetrate specific markets with the maturing of the retail market; the watch and jewellery, cosmetics, supermarket, electronics and F&B sectors were also active.
 - Instead of providing services for single consumers, shopping malls (sited in non-core areas) are aiming at household consumption.

Positive 12-Month Outlook

- *Jones Lang LaSalle, Asia Pacific Digest, Second Quarter 2011*

- ❖ Retailer expansion driving down vacancy and supporting rental growth; urban shopping mall vacancy dropped 2.3 percentage points q-o-q at an average of 10.8% in Q2 2011.
- ❖ An expected 450,000 sq m of new supply will come to the market in the H2 2011;
- ❖ With retailers actively preleasing space and vacancy in prime retail catchments on the downtrend, landlords will raise rents in H2 2011.

Market Outlook: Guangzhou, Office



Active market with growing demand

- *DTZ Research, Guangzhou Q3 2011, 14 October 2011*

- ❖ Due to its strong economic base and growing foreign investment demand, Guangzhou's grade A office market experienced a steady improvement in leasing transactions in Q3.
- ❖ Market remained active with growing demand; average availability ratio fell to 5.7%.
- ❖ Office market remained strong with sustained rental growth during the past quarter to RMB133.4 per sq m/month, an increase of 3.2% q-o-q.
- ❖ 0.32 million sq m of new office spaces expected to come on stream by year-end, DTZ forecasts the net absorption will reach around 320,000 sq m by end-2011;
- ❖ Average rent expected to grow to RMB145.8 per sq m/month and the overall availability ratio is expected to rise to 12% in Q4 2011.

vs.

Weakening expansionary demand

- *Jones Lang LaSalle, Asia Pacific Digest, Second Quarter 2011*

- ❖ Clear slowdown in pre-leasing activity in upcoming new buildings, most of which are scheduled to come on stream in Q4 2011 and Q1 2012.
- ❖ Large supply is expected to put downward pressure on rents shortly;
- ❖ Rental growth slows on fear of global slowdown and China's tightening monetary policies and slower domestic growth;
- ❖ Capital values almost flatline despite strong interest in strata-title assets.

Market Outlook: Retail, Singapore



Singapore:

- ❖ Locals, tourists likely to boost retail sales⁽¹⁾
 - Visitor arrivals for the first eight months of the year totalled 8.8 million, up 16% from last year
 - Retail supply has increased at a compounding rate of 0.9% over the last 10 years vs. Singapore's population increase of 2.3%⁽²⁾
- ❖ Excluding motor vehicles, retail sales increased by 7.4 per cent y-o-y in August 2011⁽³⁾
 - Overall retail index buoyed by an increase in sales of watches, jewelry and petrol service station sales
- ❖ Challenging retail market outlook⁽⁴⁾
 - Consumer sentiment hit by stock market volatility, exacerbated by Europe's sovereign debt crisis
 - Retail sales in August declined 7.2% month-on-month, reversing a 1.9% increase in July
 - Consumer spending should still be supported by a resilient labour market: Citigroup

Sources:

⁽¹⁾ *Locals, tourists likely to boost retail sales: Savills, Business Times Weekend, 22-23 October 2011*

⁽²⁾ *Singapore's retail sector heats up, Today, 22 October 2011*

⁽³⁾ *August sees slow consumer spending as car sales decline, Business Times Weekend, 15-16 October 2011*

⁽⁴⁾ *Surprise drop in retail sales, The Straits Times, 15 October 2011*

Market Outlook: Retail, Indonesia



Indonesia:

- ❖ Country's retail sales will grow from US\$133.89bn (IDR1.39trn) in 2011 to US\$222.41bn (IDR2.30trn) by 2015⁽¹⁾
 - Strong underlying economic growth; Indonesia's nominal GDP is forecast to be US\$819.6bn in 2011
 - World's fourth largest population with rising per-capita incomes
 - Continued development of organised retail infrastructure
- ❖ Rising domestic consumption
 - Booming consumer market, with a population of nearly 240 million people and more than 60 million low-income workers projected to enter its rapidly expanding middle class in the coming decade⁽²⁾
 - Rising economic affluence; number of middle-income Indonesian households with US\$5,000 to US\$15,000 annual disposable income will grow from 36% of the population to over 58% by 2020⁽³⁾⁽⁴⁾

Sources:

⁽¹⁾ *Indonesia Retail Report, Q4 2011, Business Monitor International, 4 August 2011*

⁽²⁾ *Indonesia: Climbing up the economic ranks, IE Singapore, 5 August 2011*

⁽³⁾ *Emerging Focus: Rising middleclass in emerging markets, Euromonitor International, 29 March 2010*

⁽⁴⁾ *The changing Indonesian consumer, HKTDC, 15 Feb 2011*

Growth Strategies



Growth Strategies



Property Development & Investment



Continue to prudently leverage on:

- Rich Retail Experience
- Strong Foothold and Know-how in China Selection
- Strategic Partnerships
- Strong Balance Sheet of Metro Group

Retail Operations



Emphasis on:

- Addition of new specialties shops
- Enhancing Merchandise Offering
- Improving Customer Service
- Implement mobile Point-of-Sales
- Upgrade of Customer Relationship Management System
- Adoption of new marketing platform

Growth Strategies



Property Development and Investment

❖ Leverage on Rich Retail Experience

- Optimise tenant mix
- Continual enhancement of lettable space
- Improve efficiency of mall management

❖ Capitalise on Strong Foothold in the Asia-Pacific region

- Opportunistic search for new projects
- Maintain special focus in fast growing regions, such as China and Indonesia
- Continue to seek out quality property projects in first, second and third tier cities in China

❖ 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

- Current low borrowing ratio allows greater flexibility when good investment opportunities arise

Growth Strategies



Retail Operations

❖ Addition of new retail outlets

- Plans to open more outlets in Singapore when suitable real estate opportunities present themselves
- Opening additional *Monsoon Accessorize* outlets

❖ 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

- Improve customer service through adoption of technology
- Implement mobile Point-of-Sales (POS)
- Cross-store merchandising and selling; customers can buy merchandise from any Metro store

Growth Strategies



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, with objective to engage and activate customers, both old and new
 - Continue with multi-media strategy in engaging customers through Facebook, Twitter, Web and Mobile websites



Outlook



Property Segment:

- ❖ **Rental income from Group's four mature properties expected to remain stable**

- The divestment of Metro City Beijing is expected to be completed in the current financial year, subject to certain conditions

- ❖ **Selective positioning, new investments in property development and strategic alliances**

- With a view to broaden revenue stream and facilitate sustained profitability of Metro Group
- Expand its property interests in the PRC

- ❖ **Strategic alliances with partners**

- Recent tie-ups with Tesco PLC in Xiamen, Fuzhou and Shenyang

Retail Segment:

- ❖ **Challenging retail market outlook**
 - Retail trade remains highly competitive
 - Overall market condition is volatile due to European debt crisis and weak US economy affecting consumer sentiments

- ❖ **Continued improvement in contribution from *Monsoon Accessorize* with new *Accessorize* outlet in Changi Airport Terminal 2 achieving credible performance**

- ❖ **Continue to identify new sites for store expansion, both departmental stores and specialty shops**

- ❖ **New stores - Indonesia**
 - New store opening in Surabaya, Indonesia expected in late 3QFY2012

**Thank
You**

