

 [Print this page](#)
FY2012 Results Presentation * Financial Statement And Related Announcement

* 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	30-May-2012 17:15:31
Announcement No.	00046

>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-03-2012
Description	Please refer to the attached file.

Attachments

 [Presentation.pdf](#)
 Total size = **2011K**
 (2048K size limit recommended)

[Close Window](#)

METRO HOLDINGS LIMITED



FY2012 RESULTS PRESENTATION



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

Who We Are



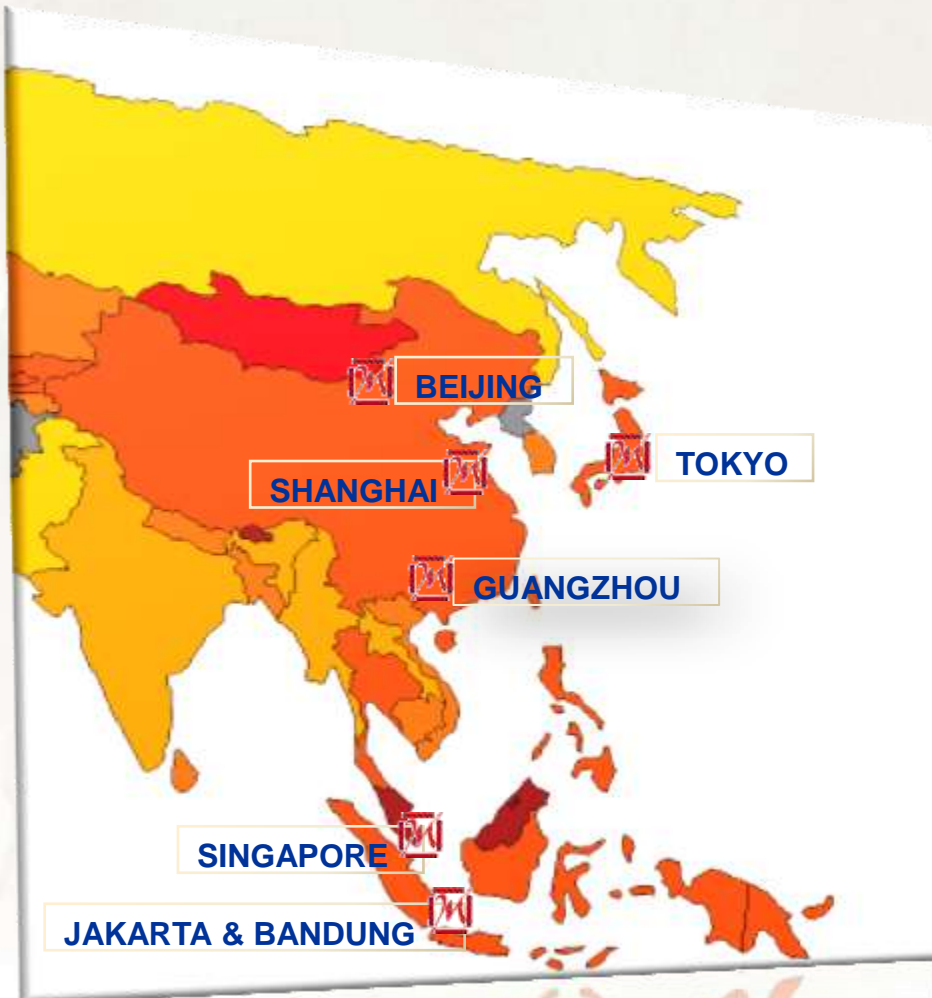
We are...

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, Shanghai
- Metro Tower, Shanghai
- GIE Tower, Guangzhou
- ECMall, Beijing
- 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
- Surabaya, 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	39,749	102	96.2	253 ⁽¹⁾
GIE Tower, Guangzhou	100%	50 yr term from 1994	-	28,390	42	94.8	95 ⁽¹⁾
Metro Tower, Shanghai	60%	50 yr term from 1993	5,247	40,258	23	99.7	179 ⁽¹⁾
EC Mall, Beijing	31.65%	50 yr term from 2001	26,735	28,972	89	98.6	336 ⁽²⁾
Frontier Koishikawa Building, Tokyo	100%	Freehold	1,319	5,124	5	73.2	84 ⁽¹⁾

⁽¹⁾ As at 31 March 2012

⁽²⁾ As at 31 December 2011

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	17,537	30,285	93.2
Tesco Lifespace, Fushun ⁽²⁾	10.7%	40 yr term from 2007	18,800	32,139	86.8
Tesco Lifespace, Anshan ⁽²⁾	10.7%	40 yr term from 2009	67,565	46,457	69.2
Tesco Lifespace, Fuzhou ⁽³⁾	10.7%	40 yr term from 2006	21,404	26,229	85.0
Tesco Lifespace, Xiamen ⁽⁴⁾	10.7%	40 yr term from 2005	18,984	30,378	65.5

⁽¹⁾ As at 31 March 2012

⁽²⁾ Lettable area excludes residential element

⁽³⁾ Completed in mid 1QFY2012

⁽⁴⁾ Basement level opened in late 3QFY2012 and official opening on 9 May 2012

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, Shenyang	Shenyang, PRC	10.7%	40 yr term from 2007	36,600	July 2012	NA

(1) As at 31 March 2012

(2) Estimated as at 31 March 2012

Property Investment



Property Valuation (100%) as at 31 March 2012 and 2011:

	FY2012 (Rmb'm)	FY2011 (Rmb'm)	(%)	FY2012 (S\$m)	FY2011 (S\$m)	(%)
Metro City, Shanghai ⁽¹⁾	1,267	1,255	+1.0	253	241	+5.0
GIE Tower, Guangzhou ⁽¹⁾	475	473	+0.4	95	91	+4.4
Metro Tower, Shanghai ⁽¹⁾	895	873	+2.5	179	168	+6.5
EC Mall, Beijing ⁽²⁾	1,680	1,645	+2.1	336	316	+6.3
	FY2012 (JPY'm)	FY2011 (JPY'm)	(%)	FY2012 (S\$m)	FY2011 (S\$m)	(%)
Frontier Koishikawa Building, Tokyo ⁽¹⁾	5,470	5,700	-4.0	84	87	-3.4

⁽¹⁾ As at 31 March 2012

⁽²⁾ As at 31 December 2011

Exchange rates:

FY11: S\$1: RMB 5.208 : JPY 0.01526

FY12: S\$1: RMB 5.000 : JPY 0.01536

Occupancy Rate



	FY2012 (%)	FY2011 (%)
Metro City, Shanghai	96.2	98.3
GIE Tower, Guangzhou	94.8	95.2
Metro Tower, Shanghai	99.7	84.3
ECMall, Beijing	98.6	89.1
Frontier Koishikawa Building, Tokyo	73.2	73.2

Property Investment – Expiry Profile



Expiry Profile by Gross Rental Income:

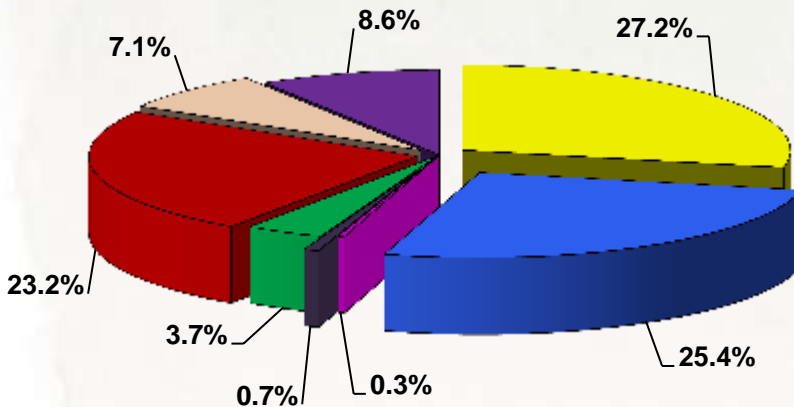
	1H2013 (%)	2H2013 (%)
Metro City, Shanghai	21.5	17.8
GIE Tower, Guangzhou	5.1	42.2
Metro Tower, Shanghai	8.7	23.2
ECMall, Beijing	4.5	13.0
Frontier Koishikawa Building, Tokyo	23.8	34.2

Top 10 Tenants:

Name of Tenant	Trade Sector	% of total lettable area
Buynow Computer World	Electronics & IT	19.56%
Physical Fitness & Beauty Centre	Leisure & Entertainment/ Sport & Fitness	10.15%
Kodak Cinema World	Leisure & Entertainment/ Sport & Fitness	8.50%
Popular Bookmall	Books/Gifts & Specialty/ Hobbies/Toys/Jewelry	7.38%
Food Republic	F&B/Food Court	6.31%
HAOLEDI KTV	Leisure & Entertainment/ Sport & Fitness	5.39%
Pizza Hut	F&B/Food Court	1.85%
Herborist	Fashion & Shoes	1.83%
Starbucks	F&B/Food Court	1.81%
DianTi Hill	F&B/Food Court	1.75%

Total: 96.2%

Retail Tenant Mix by Lettable Area (as at 31 March 2012)



■ F&B/Foodcourt

■ Others

■ Department Store

■ Fashion & Shoes

■ Leisure & Entertainment/Sport & Fitness

■ Supermarkets

■ Electronics & IT

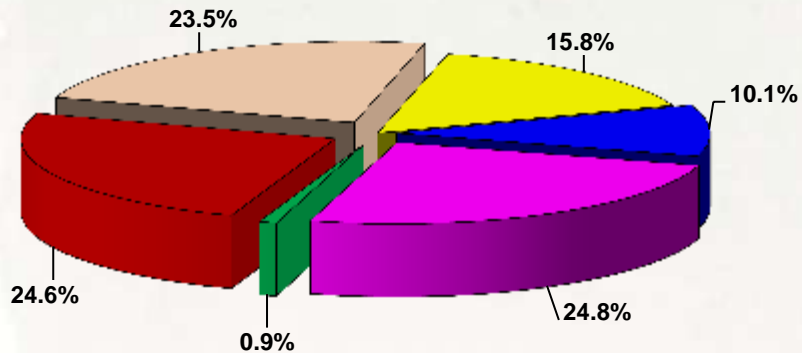
■ Books/Gifts & Specialty/Hobbies/Toys/Jewelry

Metro Tower, Shanghai



Total: 99.7%

Office Tenant Mix by Lettable Area (as at 31 March 2012)



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

Top 10 Tenants:

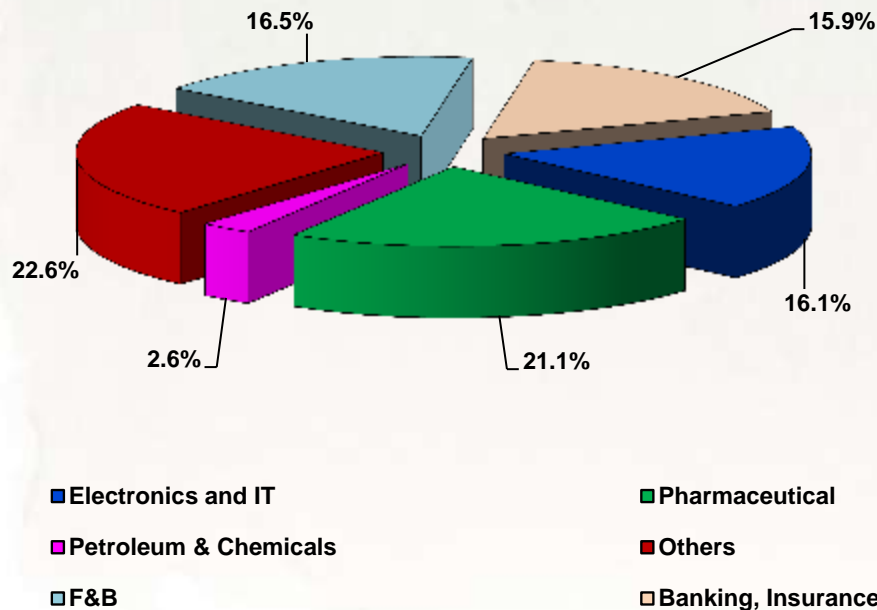
Name of Tenant	Trade Sector	% of total lettable area
Exxon Mobil	Petroleum & Chemicals	20.55%
Swatch Group	Consumer Products	18.25%
Energy Source	Others	10.57%
KFC	F&B	8.45%
Agricultural Bank of China	Banking, Insurance and Financial Services	6.01%
Pizza Hut	F&B	5.95%
Cummins	Others	5.35%
Faith Cosmetics	Consumer Products	4.23%
AIA	Banking, Insurance and Financial Services	4.12%
Metro Express Newspaper	Others	3.99%

GIE Tower, Guangzhou



Total: 94.8%

Office Tenant Mix by Lettable Area
(as at 31 March 2012)



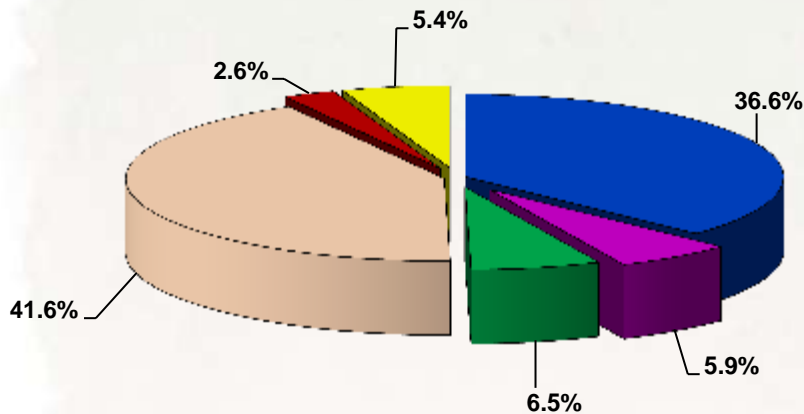
Top 10 Tenants:

Name of Tenant	Trade Sector	% of lettable area
Jin Yu Restaurant	F&B	12.68%
Ericsson	Electronics and IT	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%
Novo Nordisk	Pharmaceutical	4.17%
Toshiba	Electronics and IT	3.70%
Evergreen	Others	3.53%
APL Cruise Ship	Others	3.09%

ECMall, Beijing

Total: 98.6%

**Retail Tenant Mix by Lettable Area
(as at 31 March 2012)**



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

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 & IT	4.31%
Shi Mei Hui Food Court	F&B/Food Court	4.24%
MC Jeans Town	Fashion & Shoes	3.35%
Hola	Leisure & Entertainment/ Sport & Fitness	2.9%
UNIQLO	Fashion & Shoes	2.55%
Wu Di Ren Jia	F&B/Food Court	1.89%

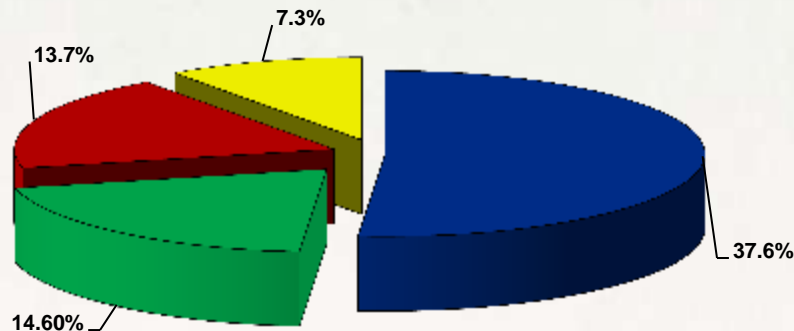
Frontier Koishikawa Building, Tokyo



Total: 73.2%

Top 10 Tenants:

Office Tenant Mix by Lettable Area
(as at 31 March 2012)



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

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

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 – 93.2%
- ❖ Opened on 15 Jan 2010

Fushun

- ❖ 5-storey & 2-basement retail mall
- ❖ 200 residential & 493 SOHO units (93% of units sold)
- ❖ OC rate – 86.8%
- ❖ Opened on 29 Jan 2010

Anshan

- ❖ 5-storey & 1-basement retail mall
- ❖ 1,656 residential, 1,459 service apartments & 16 commercial units (17% of units sold)
- ❖ OC rate – 69.2%
- ❖ Opened on 29 Oct 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 – 85%
- ❖ Opened on 6 May 2011



Xiamen

- ❖ 3-storey & 2-basement retail mall
- ❖ OC rate – 65.5%
- ❖ Opened on 9 May 2012



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 Makassar
- ❖ Metro Gandaria City

Newly opened in Dec 2011

- ❖ Metro Ciputra World Surabaya



Accessorize,
Ion Orchard,
Singapore



Metro City Square,
Singapore

Financial Highlights



FY2012 Results Highlights



❖ Property division turnover improves; profit boosted by divestment gain (Metro City, Beijing)

- Growth in rental income offset by a 1% decline in value of the RMB against the SGD
 - Driven by higher rental income from higher occupancy at three main properties – Metro City and Metro Tower, Shanghai; and EC Mall, Beijing, during the FY2012
- Higher profit attributable to shareholders mainly due to divestment gain from disposal of jointly controlled entity Metro City Beijing which at S\$98.7 million was higher than FY2011's divestment gain of S\$68.2 million from 1 Financial Street, Beijing
- Some impact from decline in fair value of short-term investments in quoted equities; and impairment charge on available-for-sale investments

❖ Retail division reports higher sales

- Broad-based sales increase in line with improved consumer demand in Singapore
- Profitability affected by higher operating costs and depreciation charges at the newly refurbished Metro Woodlands store
- Sales increase in Indonesia due to new stores. Profit growth not as strong due to initial start-up costs at the new Metro Surabaya store

❖ Balance sheet remains strong

- Healthy cash position - up at S\$579.6 million (as at 31 March 2012)
- Total shareholders' equity up at S\$1.1 billion (as at 31 March 2012)
- Remains in net cash position



Financial Highlights



Profit & Loss Accounts:

	4QFY12 (S\$'000)	4QFY11 (S\$'000)	Change (%)	FY2012 (S\$'000)	FY2011 (S\$'000)	Change (%)
Turnover	48,148	45,350	+6.2	186,995	175,245	+6.7
Profit Before Tax	95,401	25,362	+276.2	115,270	105,516	+9.2
Net Profit Attributable to owners of the Company (PATMI)	78,565	14,556	+439.7	91,892	81,896	+12.2
<u>Less:</u> Fair value adjustments on Short term investments	5,186	(3,023)	n.m.	(3,151)	(266)	+1,084.6
<u>Less:</u> Fair value adjustments on Investment properties (net of tax)	5,131	10,257	-50.0	5,131	10,257	-50.0
<u>Less:</u> Impairment of AFS investments	(17,839)	-	n.m.	(17,839)	-	n.m.
PATMI excluding Fair value adjustments and Impairment loss	86,087	7,322	+1,075.7	107,751	71,905	+49.9

Full Year Financial Summary

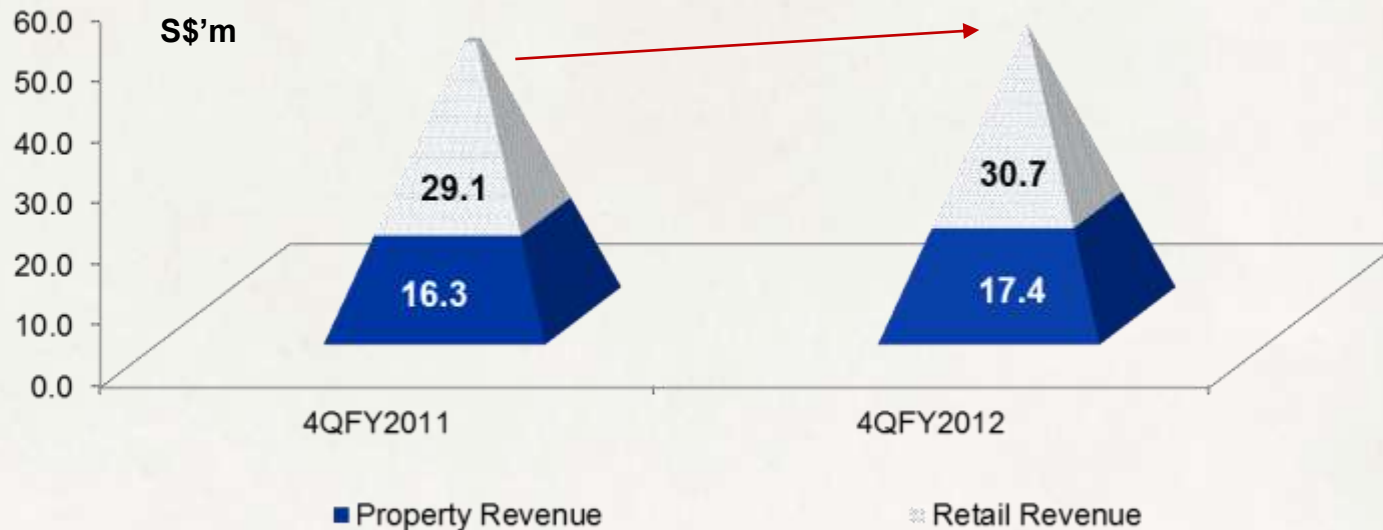


Financial Ratios:

	FY2012	FY2011
Earnings per share after tax and minority interests (cents)	11.3	10.6 ⁽¹⁾
Return on shareholders' funds (%)	8.64	8.18
Return on total assets (%)	6.40	5.85
Number of issued shares (million)	828.0	781.9 ⁽¹⁾
Net asset value per share (cents)	134.6	129.5 ⁽¹⁾
Debt/Equity ratio (times)	0.14	0.25
Net Debt/Equity ratio (times)	Net cash	Net cash
Final Dividend per share (cents)	2.0	2.0
Special Interim Dividend per share (cents)	Nil	2.0
Special Dividend per share (cents)	4.0	1.0
Dividend cover (times)	1.85	2.18

⁽¹⁾ Comparative figures have been adjusted for the bonus shares issue of 1 share for every 5 shares held

4Q Revenue Breakdown



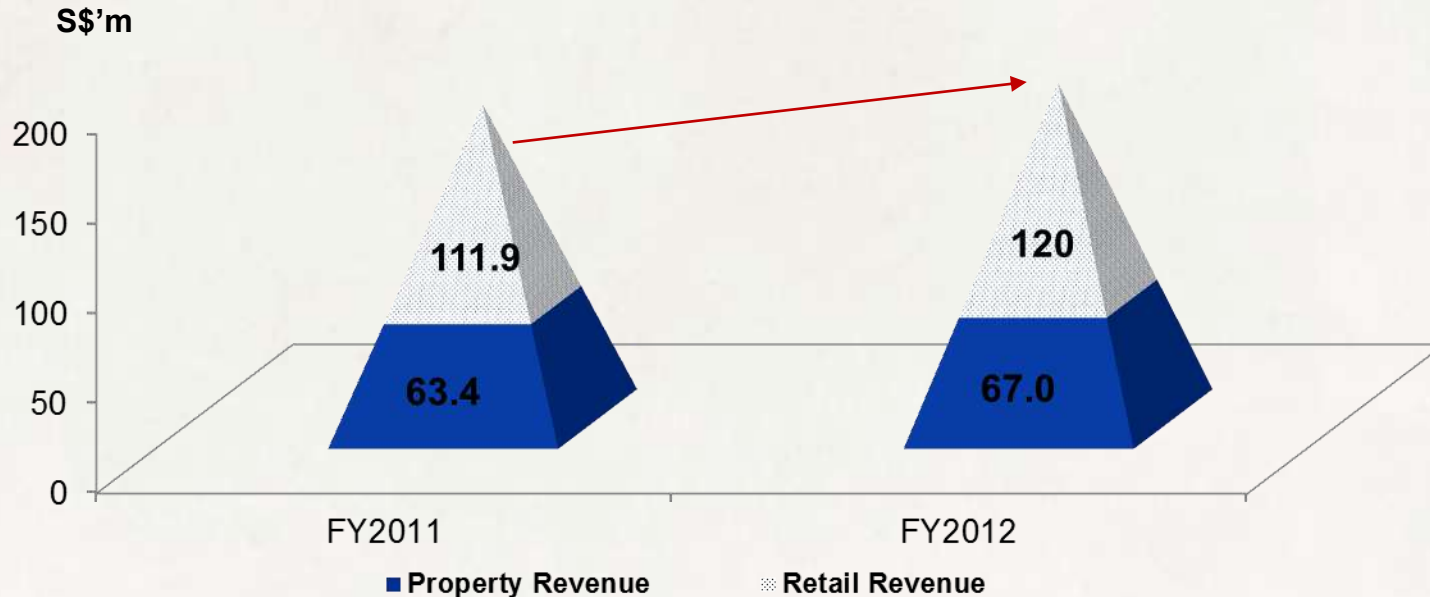
❖ Property revenue up 7.2% in 4Q2012

- Higher occupancy and rental at Metro Tower and Metro City, Shanghai and 3% increase in the value of the Renminbi against the Singapore dollar

❖ Retail turnover rose 5.6% q-o-q

- Driven by improved consumer sentiments in Singapore
- Good revenue growth experienced in all stores – particularly Metro Woodlands

Full Year Revenue Breakdown



❖ Property revenue rose 5.6% y-o-y

- All four properties in Shanghai, Beijing and Guangzhou continue to enjoy high occupancies averaging 97.3%
- Comparatively higher occupancy rates for Metro Tower, Shanghai and EC Mall in 2012

❖ Retail turnover rose 7.3% y-o-y

- Broad based retail sales improvement
- In line with improved consumer demand in Singapore

Balance Sheet Highlights

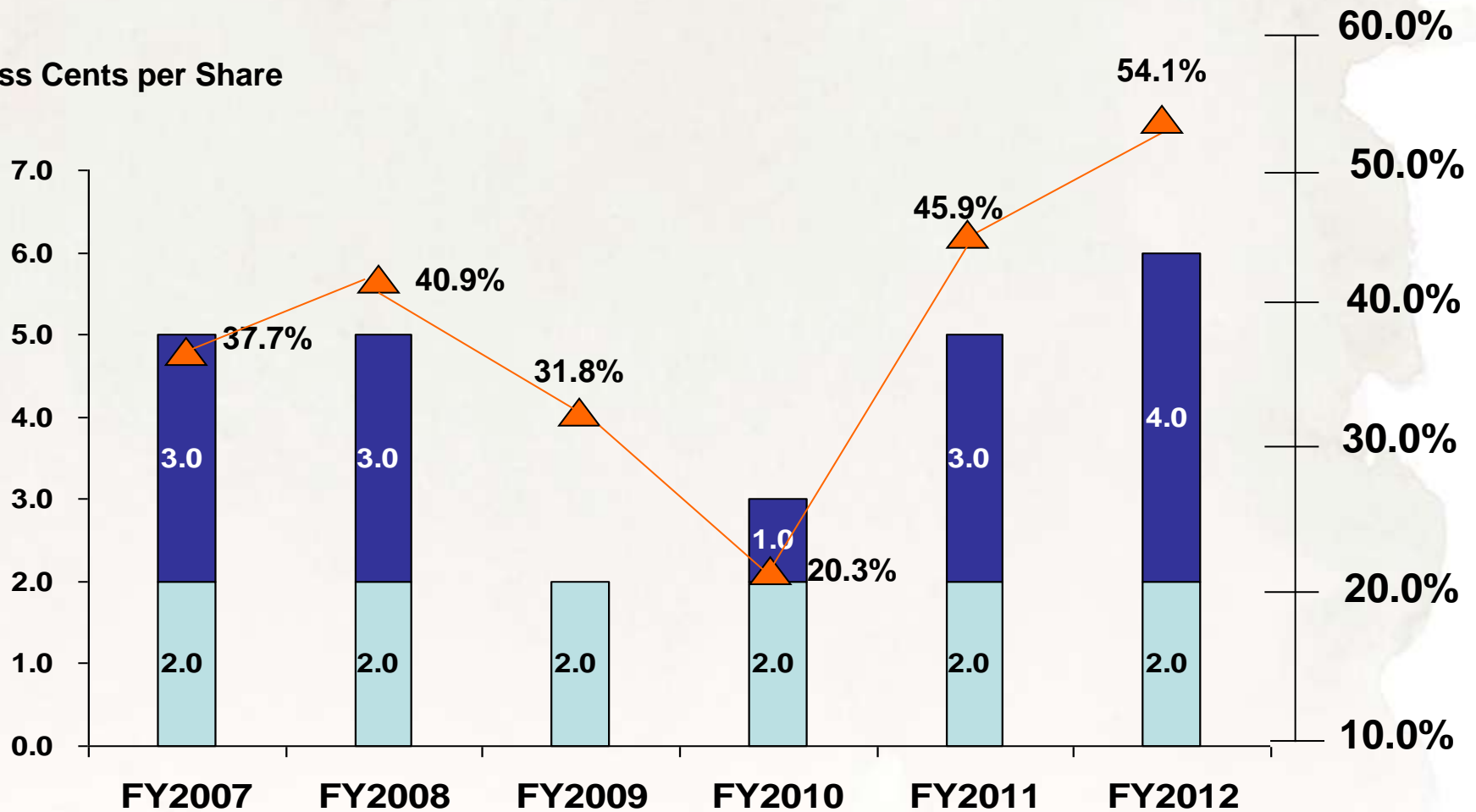


	As at 31 March 2012 (S\$'000)	As at 31 March 2011 (S\$'000)	Change (%)
Property, plant and equipment	16,490	16,223	+1.6
Investment Properties	550,194	688,452	-20.1
Other Non-current Assets	168,282	197,202	-14.7
Current Assets	702,318	532,113	+32.0
Total Assets	1,437,284	1,433,990	+0.2
Current Liabilities	150,260	140,449	+7.0
Long term and deferred liabilities	169,405	276,988	-38.8
Total Net Assets	1,117,619	1,016,553	+9.9
Shareholders' Funds	1,114,281	1,012,490	+10.1
Non-controlling Interests	3,338	4,063	-17.8

Dividend Payout



Gross Cents per Share



--- Payout Rate
 ■ Ordinary Dividend
 ■ Special Dividend

Market Outlook



Resilient property market amidst moderated growth in China

- ❖ China's gross domestic product (GDP) registered a year-on-year increase of 8.1 percent, reaching 10.79 trillion yuan (approximately 1.7 trillion US dollars) in the first quarter of 2012;
- ❖ China's GDP grew 8.9 percent in the final quarter of last year and 9.1 percent in the third quarter of 2011; Earlier this year, the government set its annual economic growth target for 2012 at 7.5 percent.
- ❖ In the first quarter of 2012, the total investment in real estate development was 1,092.7 billion yuan, a year-on-year growth of 23.5 percent (a real growth of 20.7 percent after deducting price factors), which was 4.4 percentage points lower than that in the year 2011, or 10.6 percentage points lower than that in the same period of last year.

-- National Bureau of Statistics of China, 13 April 2012

- ❖ The 2012 Government Work Report set this year's GDP growth target at 7.5 percent, demonstrating the Chinese central government's enhanced tolerance towards slower growth.
 - ❖ In the first quarter of 2012, office rents increased across all of the 15 major cities monitored in China. Beijing recorded the largest growth of 10.6 percent q-o-q due to the continuing shortage of supply;
 - ❖ The retail property market was active in the first quarter... Major cities recorded rental growth ranging from 0.3 percent to 3.8 percent. Both local and overseas retailers continue to expand.
- MarketView: People's Republic of China, CB Richard Ellis, Q1 2012**

- ❖ China's real GDP growth slowed further to 8.1% y-o-y in 1Q12 (8.9% y-o-y in 4Q11), the weakest performance since 2Q09 and mainly due to deteriorating external demand. In April, there was a further slowing in export growth, as well as weaker figures for imports, retail sales and industrial production.
- ❖ China is still expected to lead the region this year with growth of around 8%, driven largely by consumer and investment spending.

-- Asia Pacific Property Digest, Jones Lang LaSalle, Q1 2012

Market Outlook: Shanghai, Office



Office rents continue to surge

- *DTZ Research, Shanghai Q1 2012, 23 April 2012*

- ❖ The average grade A office transacted rents in Shanghai reached RMB8.70 (US\$1.38) per sq m per day at the end of Q1 2012. The city-wide availability ratio reached 5.95%, representing an increase of 1.04 percentage points q-o-q and a decrease of 3.47 percentage points y-o-y.
- ❖ For the next quarter, DTZ expects a lot of new supply being introduced to the market but at the same time they expect to see strong absorption numbers... estimating rents growth to be around 3% to 4% q-o-q.

Rental growth and vacancy rate trend to continue

- *CB Richard Ellis, MarketView PRC, Q1 2012*

- ❖ In the next quarter, quality supply in the core CBD area is expected to be fairly limited in the short term. Thus, rents are likely to grow further driven by the tight availability in prime locations, though the magnitude of growth might not be as significant as that achieved in 2011.

12-Month Outlook: Limited new supply in CBD, rising activities in decentralised locations

- *Jones Lang LaSalle, Asia Pacific Property Digest, Q1 2012*

- ❖ Demand to remain limited in CBD areas over the next one to two quarters until sentiment toward the economy improves. This will lead to stable rents as new supply also remains limited;
- ❖ The decentralised market is set to receive a huge volume of new supply, with 11 additional projects scheduled for completion in 2012. This market will perform well due to strong upgrading demand from neighbouring areas and the rental differential between CBD and peripheral areas, which makes the latter attractive for increasingly cost-conscious tenants.

Overall city-wide rents for the rest of 2012 to rise

- *DTZ Research, Shanghai Q1 2012, 23 April 2012*

- ❖ No huge fluctuation of rents in Q1, average high-end retail rents in downtown hubs stand at RMB56.18 per sq m per day;
- ❖ More shopping malls expected to open in the next quarter, overall city-wide occupancy rate to slightly drop but 2012 rents should see a rise of between 5% to 8%.

Prime retail rental market buoyant

- *CB Richard Ellis, MarketView PRC, Q1 2012*

- ❖ Entering 2012, the Shanghai retail property market showed continued buoyancy;
- ❖ Within the first quarter, overall vacancy rate remained tight at 5.6%;
- ❖ Average ground floor rent rose by 1.1% q-o-q to RMB54 per sq m per day.

12-Month Outlook: Rents rising on strong leasing demand

- *Jones Lang LaSalle, Asia Pacific Property Digest, Q1 2012*

- ❖ Retail projects continue upgrading tenants to attract more foot traffic;
- ❖ Leasing demand remains strong from luxury, fast fashion and F&B retailers.
- ❖ 2012 remains a massive year for new supply. Around 552,000 sqm and 1.19 million sqm of retail space will be delivered respectively to the prime and decentralised markets by end-2012;
- ❖ Strong leasing demand will steadily absorb the resulting vacant space. Pre-commitment of 2012 supply has already reached 67% in the prime areas and 58% in decentralised areas.

Rents expected to witness mild increase in 2012

- DTZ Research, Property Times Beijing, Q1 2012

- ❖ In January and February 2012, total retail sales of consumer goods in Beijing amounted to RMB 123.54 billion, up 15.8% y-o-y.
- ❖ With stably improving leasing demand, the availability ratio in city-wide shopping malls declined by 1 percentage point q-o-q to reach 14%. Overall rents remained stable, and demand for high-end shopping malls in prime locations remained strong.
- ❖ It is expected that more than 204,000 sq m of shopping mall spaces will come on stream next quarter ... overall availability ratio is expected to remain stable while rent is expected to witness a mild increase throughout the year.

Local market still considered a popular destination by many retailers

- Savills Research Beijing, April 2012

- ❖ Retail sales grew by 15.8% y-o-y in the first two months of 2012;
- ❖ Mid- to high-end shopping malls first-floor rents increased by 3.7% q-o-q to an average of RMB845.4 per sq m per month.
- ❖ Aggressive retailer expansions supported rental appreciation, while new supply as a result of a few projects adjusting tenant mixes resulted in a moderate rise in vacancy rates.
- ❖ Despite considerable upcoming supply this year, vacancy rates and rents in prime areas are likely to remain stable due to high pre-commitment levels and robust demand.

Office rental growth continues

- *DTZ Research, Guangzhou Q1 2012, 24 April 2012*

- ❖ In Q1 2012, leasing transactions of Guangzhou grade A office remained active;
- ❖ Driven by strong demand, the city-wide availability ratio dropped slightly by 0.49 percentage points to 9.8%.
- ❖ City-wide average rent for grade A office increased by 3.1% q-o-q, reaching RMB 148.9 (US\$23.6) per sq m per month.

Demand to moderate, existing office buildings to hold rents firm

- *Jones Lang LaSalle, Asia Pacific Property Digest, Q1 2012*

- *CB Richard Ellis, MarketView PRC, Q1 2012*

- ❖ On average, Grade A office effective rents in Guangzhou were largely stable, edging down by just 0.1% q-o-q to RMB 225 per sqm per month (on NFA), the first quarterly decline since 4Q09.
- ❖ Leasing demand over the next 12 months is expected to remain slow given the gloomy global economic outlook and a potential slowdown in economic growth in China.
- ❖ But new completions and schemes under preleasing are expected to provide preferential rents to secure notable tenants;
- ❖ Most of the existing office buildings are expected to hold their rents firm on the back of low vacancy.

Market Outlook: Retail, Singapore



Singapore: Cautiously Optimistic Outlook

- ❖ With the continued uncertainty in the Eurozone and the US, Singapore's economy is expected to slow down this year, according to forecasts released by the Ministry of Trade and Information. Gross domestic product (GDP) growth for 2012 has been projected to range between 1% and 3%;
- ❖ Projections of a slower economic growth in Singapore this year have led retailers here to revert to their "cautiously optimistic" outlook, as they look forward to higher tourist arrivals and improving consumer sentiment in the city-state.⁽¹⁾
- ❖ A record 14.5 million tourists are expected to visit Singapore in 2012, up 10 per cent from 2011. Tourism receipts are also projected to grow 8 per cent to reach S\$23 billion to S\$24 billion.⁽²⁾
- ❖ With slower economic growth expected (1% to 3%) as the country transits towards a more productive and sustainable work environment, cracks are surfacing in the retail market with the slowdown in retail sales.⁽³⁾
- ❖ Still, retail sales in March bounced back from a surprise dip in February, as consumers snapped up more cars, watches and jewellery. The retail sales index was 1.6 per cent higher in March than in February. This reversed the 2 per cent month-on-month drop in February.⁽⁴⁾

Sources:

⁽¹⁾ Retail Outlook 2012, Retail Asia Online, January 2012

⁽²⁾ Singapore retail industry faces challenges ahead, Channel NewsAsia, 17 May 2012

⁽³⁾ Asia Pacific Property Digest, Jones Lang LaSalle, Q1 2012

⁽⁴⁾ Singapore retail sales bounce back with strong March performance, The Straits Times, 15 May 2012

Indonesia: Strong domestic consumption to continue

- ❖ The growing middle class and the on-going lifestyle shift by Indonesia's young and productive demographic segment are predicted to continue encouraging retailers to capitalise on their potential and the sustained demand expected in 2012.⁽¹⁾
- ❖ From 1999 through the end of 2011, Indonesia's annual growth surged from zero to 6.5 percent, swelling the number of middle-class consumers by 50 million to more than 130 million, according to the World Bank⁽²⁾ ;
- ❖ The country's retail sales will grow from IDR1.55trn (US\$149.04bn) in 2012 to IDR2.0trn (US\$192.16bn) in 2016.⁽³⁾
- ❖ Testament to the strength and growth of Indonesia's economy, Fitch Ratings and Moody's raised Indonesia's sovereign debt ratings to BBB- and Baa3 in Dec 2011 and Jan 2012 respectively.⁽⁴⁾⁽⁵⁾

Sources:

⁽¹⁾ Asia Pacific Property Digest, Jones Lang LaSalle, Q1 2012

⁽²⁾ Indonesia Chases China As Middle-Class Consumption Soars, Bloomberg, 2 May 2012

⁽³⁾ Indonesia Retail Report Q2 2012, Business Monitor International, 10 Feb 2012

⁽⁴⁾ Indonesia – Investment grade, again, Standard Chartered Research, 18 January 2012

⁽⁵⁾ Indonesia Investment Rating Restored After 14 Years, Reuters, 15 December 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

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

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

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 mature properties expected to decrease with smaller portfolio**
 - Divestment of Metro City Beijing completed in 4QFY2012

- ❖ **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**
 - Tie-ups with Tesco PLC in Xiamen, Fuzhou and Shenyang coming on-stream

Retail Segment:

- ❖ **Seek to improve sales performance amidst challenging retail market conditions**
 - Competitive trading scene
 - Rising operational costs

- ❖ **Continue to identify new sites for store expansion, both departmental stores and specialty shops**
 - New store, Metro Ciputra World Surabaya, was opened in Surabaya, Indonesia in December 2011

Thank You

