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FY2013 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	29-May-2013 17:10:18
Announcement No.	00036

>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-03-2013
Description	Please refer to the attachment.

Attachments

 [MHLSlides.pdf](#)
 Total size = **1780K**
 (2048K size limit recommended)

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METRO HOLDINGS LIMITED



FY2013 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 with 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
- EC Mall, Beijing
- Frontier Koishikawa Building, Tokyo

List of Investments (HK Listed)

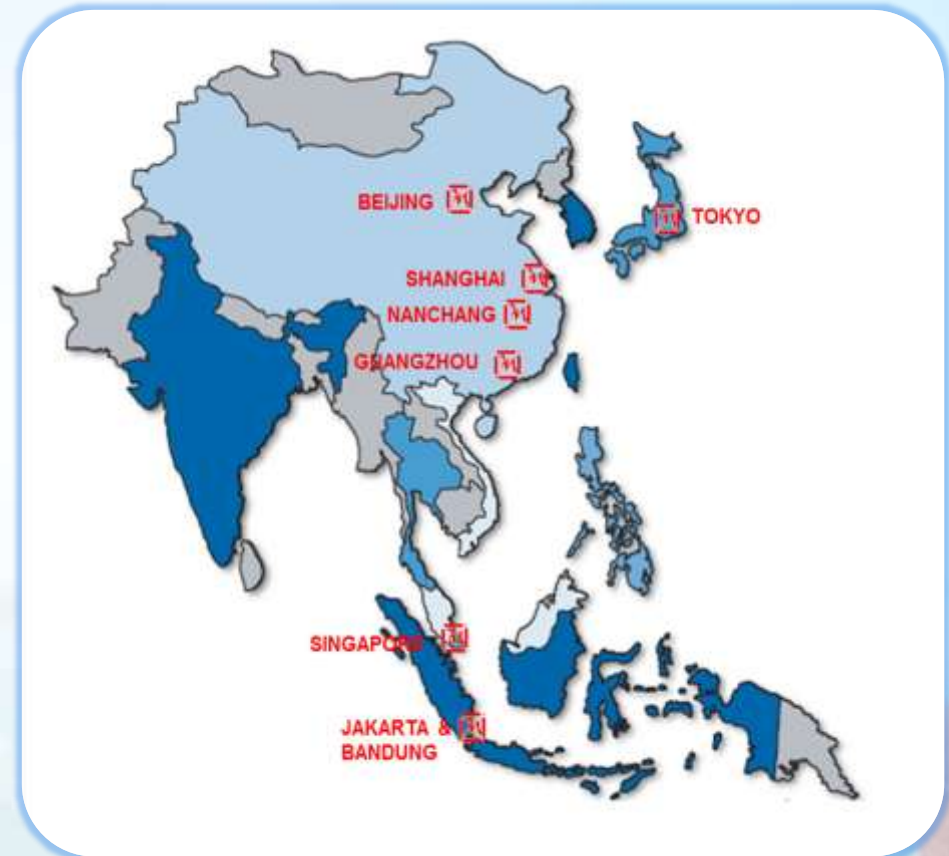
- Top Spring International
- Shui On Land

Development properties (Under development with joint venture partners)

- Residential condominium at Prince Charles Crescent, Singapore
- Nanchang Fashion Mark - mixed-use development property in Nanchang City, The PRC

List of Retail outlets

- Singapore
- Jakarta, Indonesia
- Bandung, Makassar, 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	39,630	103	87.5	238 ⁽¹⁾
GIE Tower, Guangzhou	100%	50 yr term from 1994	-	28,390	38	94.4	97 ⁽¹⁾
Metro Tower, Shanghai	60%	50 yr term from 1993	5,247	40,075	20	98.8	182 ⁽¹⁾
EC Mall, Beijing	31.65%	50 yr term from 2001	26,735	28,984	90	95.3	354 ⁽²⁾
Frontier Koishikawa Building, Tokyo	100%	Freehold	1,319	5,082	5	85.3	66 ⁽¹⁾

⁽¹⁾ As at 31 March 2013

⁽²⁾ As at 31 December 2012

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	30,567	89.7
Tesco Lifespace, Fushun ⁽²⁾	10.7%	40 yr term from 2007	18,800	33,284	83.9
Tesco Lifespace, Anshan ⁽²⁾	10.7%	40 yr term from 2009	67,565	51,577	60.1
Tesco Lifespace, Fuzhou	10.7%	40 yr term from 2006	21,404	26,257	75.5
Tesco Lifespace, Xiamen ⁽³⁾	10.7%	40 yr term from 2005	18,984	29,370	72.8

⁽¹⁾ As at 31 March 2013

⁽²⁾ Lettable area excludes residential element

⁽³⁾ Basement level opened in late 3QFY2012 and official opening in 1QFY2013

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	38,822	August 2013	NA

⁽¹⁾ As at 31 March 2013

⁽²⁾ Estimated as at 31 March 2013

Portfolio Overview

Development Properties Under Development by an Associate / Jointly-controlled entity:

	Location	% owned by Group ⁽¹⁾	Lettable / Saleable Area (sqm) ⁽²⁾	Expected construction start date	Expected completion date
Nanchang Fashion Mark	Nanchang, Liaoning Province, PRC	30%	795,000	May 2013	December 2017
Prince Charles Crescent	Singapore	40%	46,500	June 2013	September 2017

(1) As at 31 March 2013

(2) Estimated as at 31 March 2013

Property Investment

Property Valuation (100%) as at 31 March 2013 and 2012:

	FY2013 (Rmb'm)	FY2012 (Rmb'm)	(%)	FY2013 (S\$m)	FY2012 (S\$m)	(%)
Metro City, Shanghai ⁽¹⁾	1,192	1,267	-5.9	238	253	-5.9
GIE Tower, Guangzhou ⁽¹⁾	485	475	+2.1	97	95	+2.1
Metro Tower, Shanghai ⁽¹⁾	911	895	+1.7	182	179	+1.7
EC Mall, Beijing ⁽²⁾	1,788	1,680	+6.4	354	336	+5.3
	FY2013 (JPY'm)	FY2012 (JPY'm)	(%)	FY2013 (S\$m)	FY2012 (S\$m)	(%)
Frontier Koishikawa Building, Tokyo ⁽¹⁾	5,030	5,470	-8.0	66	84	-21.4

⁽¹⁾ As at 31 March 2013

⁽²⁾ As at 31 December 2012

Exchange rates:

FY12: S\$1: RMB 5.000 : JPY 0.01530

FY13: S\$1: RMB 5.000 : JPY 0.01318

Occupancy Rate

	FY2013 (%)	FY2012 (%)
Metro City, Shanghai	87.5	96.2
GIE Tower, Guangzhou	94.4	94.8
Metro Tower, Shanghai	98.8	99.7
EC Mall, Beijing	95.3	98.6
Frontier Koishikawa Building, Tokyo	85.3	73.2

Property Investment – Expiry Profile



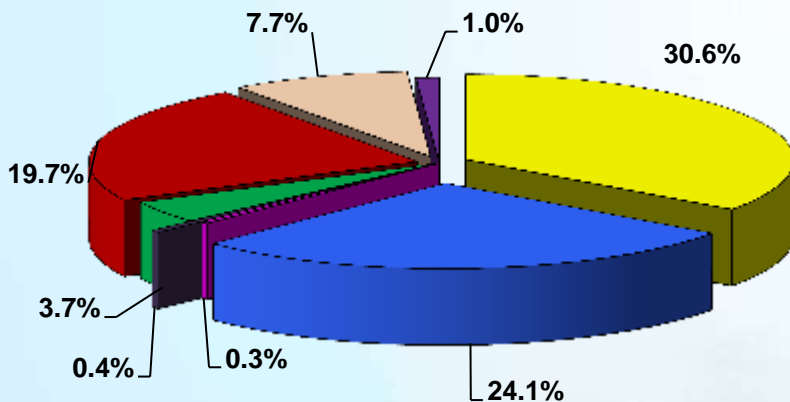
Expiry Profile by Gross Rental Income:

	1H2014 (%)	2H2014 (%)
Metro City, Shanghai	15.17	12.01
GIE Tower, Guangzhou	8.70	39.88
Metro Tower, Shanghai	21.01	1.60
EC Mall, Beijing	17.2	5.9
Frontier Koishikawa Building, Tokyo	-	56.0

Top 10 Tenants:

Occupancy Rate: 87.5%

Retail Tenant Mix by Lettable Area (as at 31 March 2013)



■ F&B/Foodcourt

■ Others

■ Department Store

■ Fashion & Shoes

■ Leisure & Entertainment/Sport & Fitness

■ Supermarkets

■ Electronics & IT

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

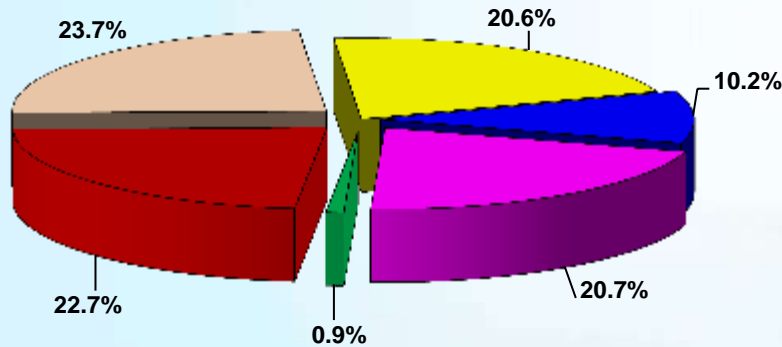
Name of Tenant	Trade Sector	% of total lettable area
Buynow Computer World	Electronics & IT	16.02%
Physical Fitness & Beauty Centre	Leisure & Entertainment/ Sport & Fitness	10.18%
Kodak Cinema World	Leisure & Entertainment/ Sport & Fitness	8.53%
Food Republic	F&B/Food Court	6.33%
HAOLEDI KTV	Leisure & Entertainment/ Sport & Fitness	5.41%
Shanghai Xi Ti	F&B/Food Court	4.18%
Pizza Hut	F&B/Food Court	1.86%
Herborist	Fashion & Shoes	1.83%
Starbucks	F&B/Food Court	1.81%
DianTi Hill	F&B/Food Court	1.76%

Metro Tower, Shanghai



Occupancy Rate: 98.8%

Office Tenant Mix by Lettable Area (as at 31 March 2013)



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

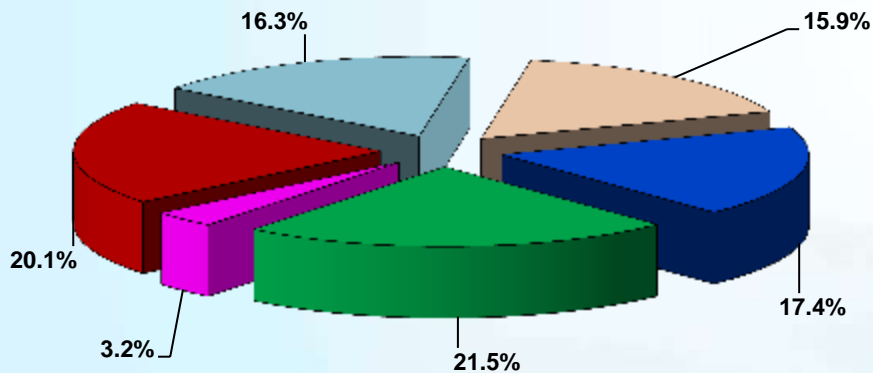
Top 10 Tenants:

Name of Tenant	Trade Sector	% of total lettable area
Exxon Mobil	Petroleum & Chemicals	18.70%
Swatch Group	Consumer Products	18.60%
Energy Source	Others	10.61%
KFC	F&B	8.49%
Pizza Hut	F&B	6.77%
Agricultural Bank of China	Banking, Insurance and Financial Services	6.04%
Cummins	Others	5.38%
Shanghai Xi Ti	F&B	4.25%
AIA	Banking, Insurance and Financial Services	4.14%
Metro Express Newspaper	Others	4.01%

GIE Tower, Guangzhou

Occupancy Rate: 94.4%

Office Tenant Mix by Lettable Area (as at 31 March 2013)



■ Electronics and IT

■ Petroleum & Chemicals

□ F&B

■ Pharmaceutical

■ Others

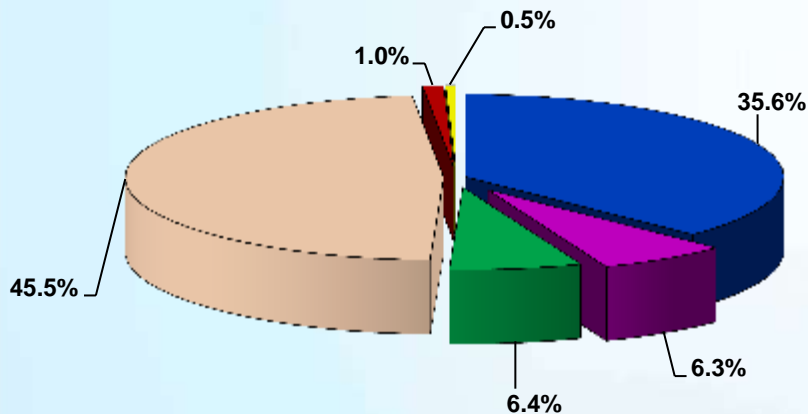
□ Banking, Insurance & Financial Services

Top 10 Tenants:

Name of Tenant	Trade Sector	% of lettable area
Yu Cai Restaurant	F&B	12.68%
Ericsson	Electronics and IT	11.89%
Guang Dong Development Bank	Banking, Insurance & Financial Services	10.24%
Abbott Laboratories	Pharmaceutical	8.35%
Roche	Pharmaceutical	6.80%
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%

Occupancy Rate: 95.3%

**Retail Tenant Mix by Lettable Area
(as at 31 March 2013)**



- 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	17.94%
C&A	Fashion & Shoes	5.35%
Only/Vero/Moda/ Jack&Jones/ Selected	Fashion & Shoes	4.42%
H&M	Fashion & Shoes	4.37%
Shi Mei Hui Food Court	F&B/Food Court	4.23%
MC Style	Fashion & Shoes	3.35%
Hola	Leisure & Entertainment/ Sport & Fitness	2.89%
Mama's Goodbaby	Fashion & Shoes	2.78%
UNIQLO	Fashion & Shoes	2.55%
La Chapelle/La Chapelle Sport	Fashion & Shoes	1.87%

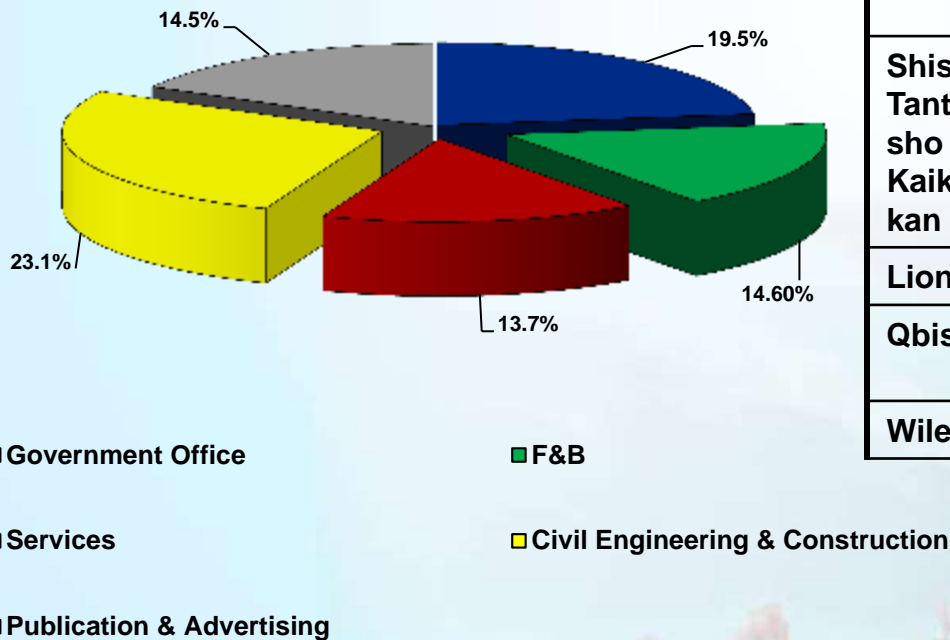
Frontier Koishikawa Building, Tokyo



Occupancy Rate: 85.3%

Top 10 Tenants:

Office Tenant Mix by Lettable Area
(as at 31 March 2013)



Name of Tenant	Trade Sector	% of lettable area
Geostar Corporation	Civil Engineering & Construction	23.09%
Shisyutsuhutan-koi Tanto-kan Somu-sho Daijin-kanbo Kaikei-ka Kikaku-kan	Government Office	19.46%
Lion	F&B	14.58%
Qbist Inc	Publication & Advertising	14.53%
Wiley.japan	Services	13.66%

Tesco 1 Projects, China



Ownership Split:

- Metro Holdings – 10.7%, Tesco Plc – 50.0%, InfraRed NF (FKA HSBC NF) / Nan Fung – 35.7%, Private Bankers – 3.6%
- 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 – 89.7%
- ❖ Opened on 15 Jan 2010

Fushun

- ❖ 5-storey & 2-basement retail mall
- ❖ 200 residential & 490 SOHO units (Fully sold)
- ❖ OC rate – 83.9%
- ❖ Opened on 29 Jan 2010

Anshan

- ❖ 5-storey & 1-basement retail mall
- ❖ 1,656 residential (450 units sold)
- ❖ 1,459 service apartments (142 units sold)
- ❖ 16 commercial units (19% of units sold)
- ❖ OC rate – 60.1%
- ❖ 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 – 75.5%
- ❖ Opened on 6 May 2011



Xiamen

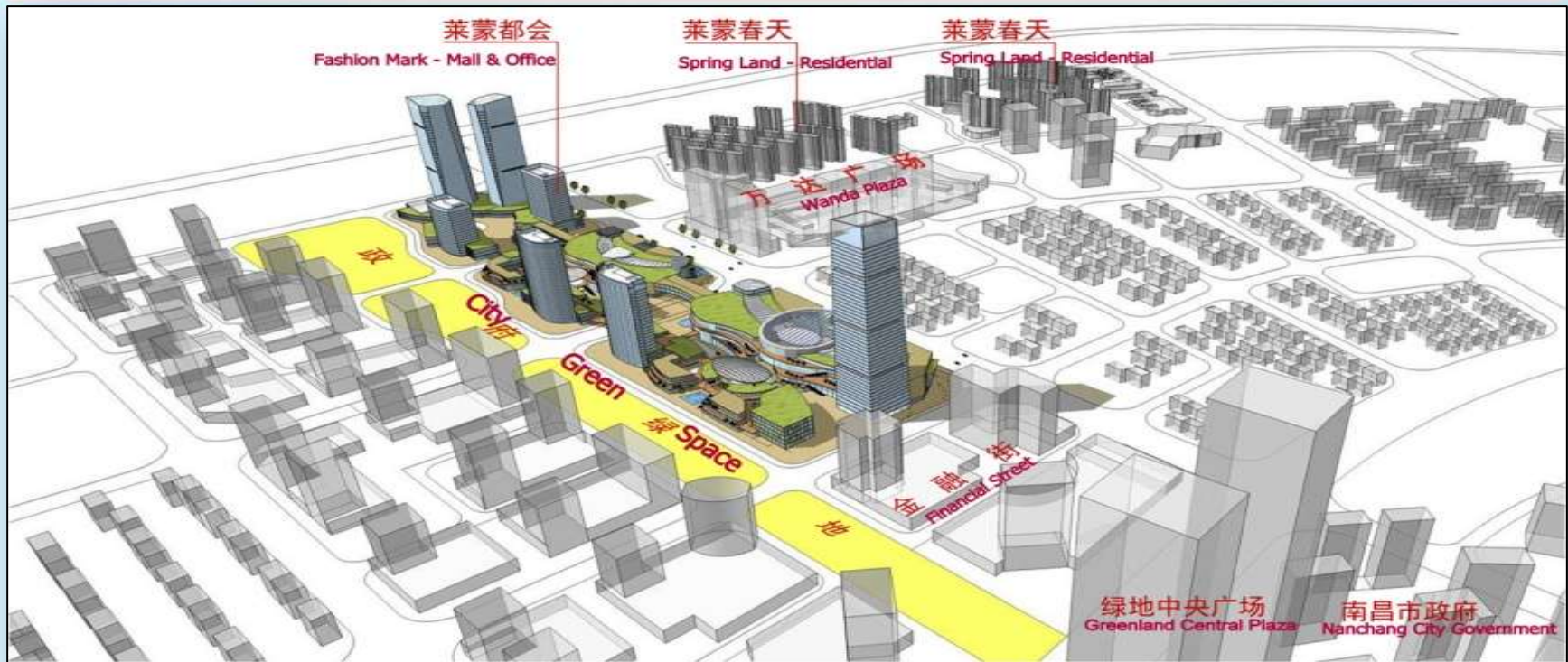
- ❖ 3-storey & 2-basement retail mall
- ❖ OC rate – 72.8%
- ❖ Opened on 9 May 2012



Shenyang

- ❖ 5-storey & 3-basement retail mall
- ❖ Expected opening in August 2013

Nanchang Fashion Mark



- ❖ Joint-venture project with a Hong Kong-listed company Top Spring International Holdings Limited
- ❖ Metro holds effective 30% stake in the project
- ❖ Mixed-use development - residential and office components for sale; and retail component to hold as investment property
- ❖ Location - Hong Gu Tan CBD, Nanchang City of the Jiangxi Province in the PRC, established about ten years ago
- ❖ Many domestic financial institutions already established a presence in the area
- ❖ Vast catchment area in the Central China region

Nanchang Fashion Mark



Key Statistics

Site Area (sq.m.)	269,455			
Expected construction start date	May 2013			
Expected completion date	December 2017			
Land cost (RMB million)	1,978			
Interest attributable to us (%)	30%			
Total GFA (sq.m.)	978,760			
Saleable/Leasable GFA (sq.m.)	Total	Residential	Retail	Other
	795,000	312,000	225,000	258,000

Prince Charles Crescent



Key Statistics	
Site Area (sq.m.)	23,785
Tenure	99 years
Expected construction start date	June 2013
Expected completion date	Sept 2017
Total GFA (sq.m.)	49,950
Estimated total saleable GFA (sq.m.)	46,500
Land cost (S\$'m)	516.3
Interest attributable to us (%)	40%

- ❖ 473 units condominium development comprising 4 blocks of 5-storey and 3 blocks of 24-storey residential building
- ❖ Basement carpark, swimming pool, landscape deck and communal facilities
- ❖ Located along Prince Charles Crescent within the Bukit Merah Planning Area in Singapore
- ❖ Next to Crescent Girl's School
- ❖ Situated within existing residential enclave of condominiums and landed housing developments
- ❖ Close proximity to commercial / shopping nodes including Tanglin Mall, Valley Point and Tiong Bahru Plaza
- ❖ Attractive frontage along Alexandra Canal, which has been enhanced as a pedestrian space through PUB's Active Beautiful and Clean improvement programme

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
 - Raffles City
 - T2 Changi Airport
 - T3 Changi Airport
 - Ion Orchard
 - Tampines
 - Parkway Parade
 - Paragon
 - 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
- ❖ Metro Ciputra World



Accessorize,
Ion Orchard,
Singapore



Metro City Square,
Singapore

Senior Executive appointments announced on 7 Sep 2012, to bring fresh perspectives for further growth:

- ❖ Managing Director Mrs Wong Sioe Hong appointed as Executive Chairman
 - 40 years of industry experience

- ❖ Retail industry veteran Mr David Tang appointed as Chief Executive Officer
 - 25 years of retail expertise



Financial Highlights



FY2013 Results Highlights



❖ Property division turnover contracts marginally following divestment of Metro City Beijing

- Notwithstanding the impact of disposal of Metro City Beijing, the Group recorded higher rental income from higher occupancy at three main properties – Metro City Shanghai, Metro Tower Shanghai and EC Mall Beijing
 - Compensated for the 0.9% decrease in turnover due to the decline in value of the RMB against the SGD and lower rental from Frontier Koishikawa on lower occupancy during the year
- Lower profit attributable to shareholders mainly due to absence of divestment gain from the disposal of jointly controlled entity, Metro City Beijing, at S\$98.7 million in FY2012
- Some impact from the decline in fair value adjustments on investment properties of \$7.5 million

❖ Retail division reports higher sales

- Sales increase in Singapore mainly contributed by the recently refurbished Metro Woodlands store and Metro Paragon at Orchard
- Higher profitability on revenue growth, improved margins
- Sales increase in Indonesia especially due to new stores, though affected by increased costs

❖ Balance sheet remains strong

- Healthy cash position - at S\$386.6 million (as at 31 March 2013) even after investments in new projects
- Total shareholders' equity up at S\$1.1 billion (as at 31 March 2013)
- Remains in net cash position



Financial Highlights

Profit & Loss Accounts:

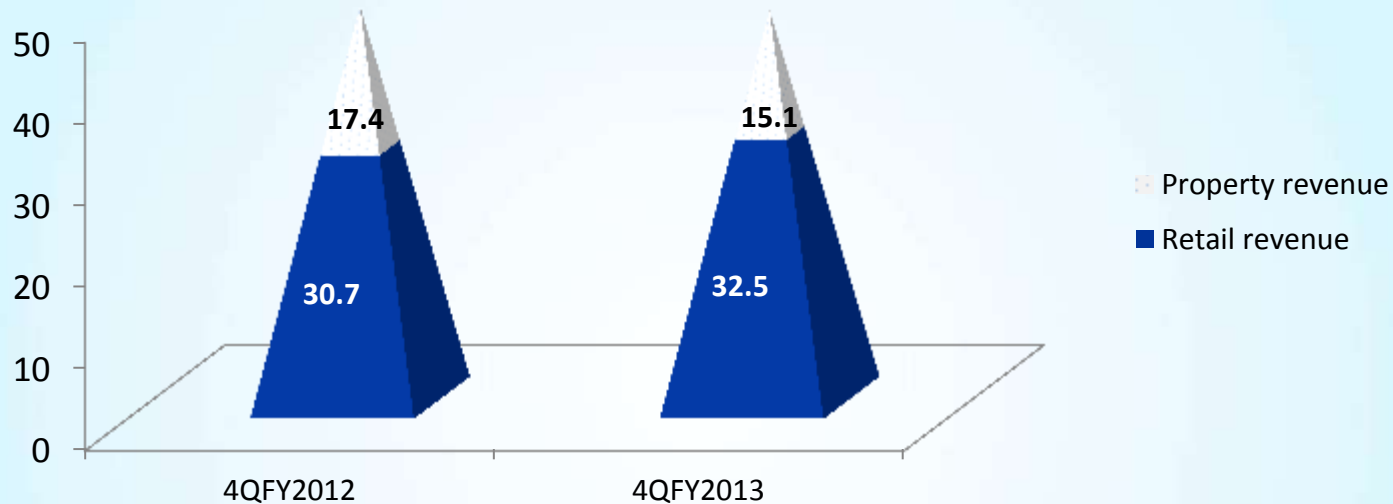
	4QFY13 (S\$'000)	4QFY12 (S\$'000)	Change (%)	FY2013 (S\$'000)	FY2012 (S\$'000)	Change (%)
Turnover	47,631	48,148	-1.1	187,120	186,995	+0.1
Profit Before Tax	20,505	95,401	-78.5	82,049	115,270	-28.8
Less: Gain on disposal of Metro City Beijing (net)	-	92,400	n.m.	-	92,400	n.m.
Less: Fair value adjustments on Short term investments	8,537	5,186	64.6	29,553	(3,151)	n.m.
Less: Fair value adjustments on Investment properties (net of tax for associates)	(7,530)	7,129	n.m.	(7,530)	7,129	n.m.
Less: Impairment of AFS investments	-	(17,839)	n.m.	-	(17,839)	n.m.
PBT excluding Fair value adjustments and Impairment loss	19,498	8,525	128.7	60,026	36,731	63.4

Full Year Financial Summary

Financial Ratios:

	FY2013	FY2012
Earnings per share after tax and non-controlling interests (cents)	7.8	11.3
Return on shareholders' funds (%)	5.74	8.64
Return on total assets (%)	4.34	6.40
Number of issued shares (million)	828.0	828.0
Net asset value per share (cents)	138.3	134.6
Debt/Equity ratio (times)	0.21	0.14
Net Debt/Equity ratio (times)	Net cash	Net cash
Final Dividend per share (cents)	2.0	2.0
Special Dividend per share (cents)	2.0	4.0
Dividend cover (times)	1.96	1.85

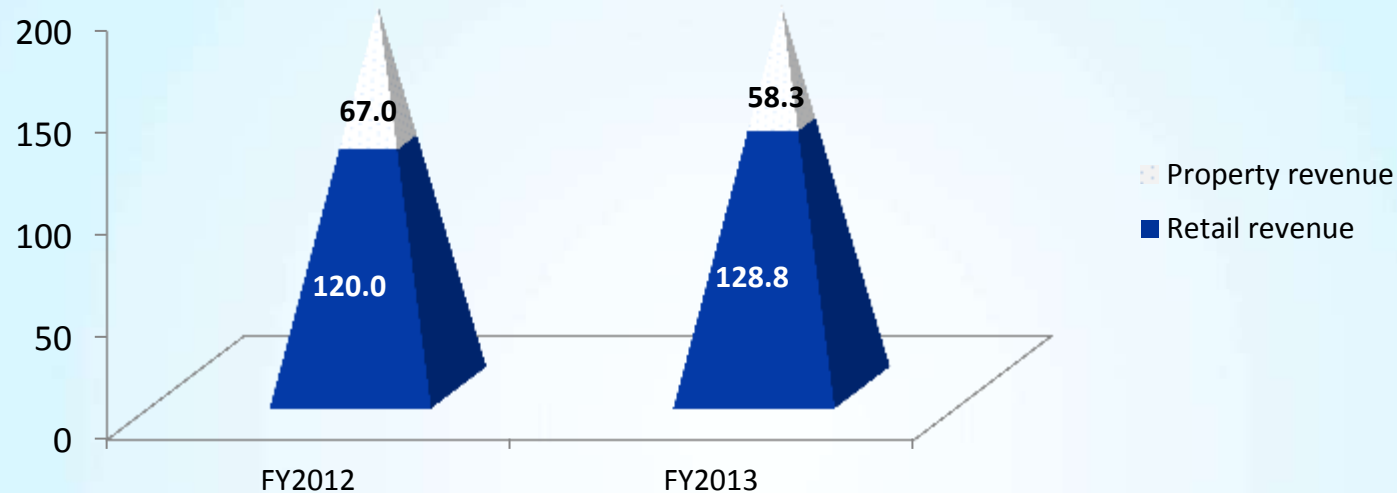
4Q Revenue Breakdown



❖ Group turnover down marginally by 1% in 4QFY2013

- Higher sales of the Retail division in 4QFY2013 substantially offset the 13.2% decline in Property revenue due to the disposal of Metro City Beijing in 4QFY2012
- Occupancy rate at Frontier Koishikawa improved as new tenants commenced their leases in the quarter
- Occupancy at Metro City Shanghai fell as a major refurbishment and reconfiguration exercise on three of its nine levels of space had commenced

Full Year Revenue Breakdown



❖ Property revenue fell 12.9% y-o-y

- Lower revenue for FY2013 due to the disposal of Metro City Beijing in FY2012
- Higher rental income from Metro City Shanghai, Metro Tower Shanghai and EC Mall in FY2013
- Lower rental for Frontier Koishikawa as occupancy only picked up in the last quarter of FY2013
- Average occupancy of all five properties remained high at 92.3% as at 31 March 2013

❖ Retail turnover rose 7.3% y-o-y

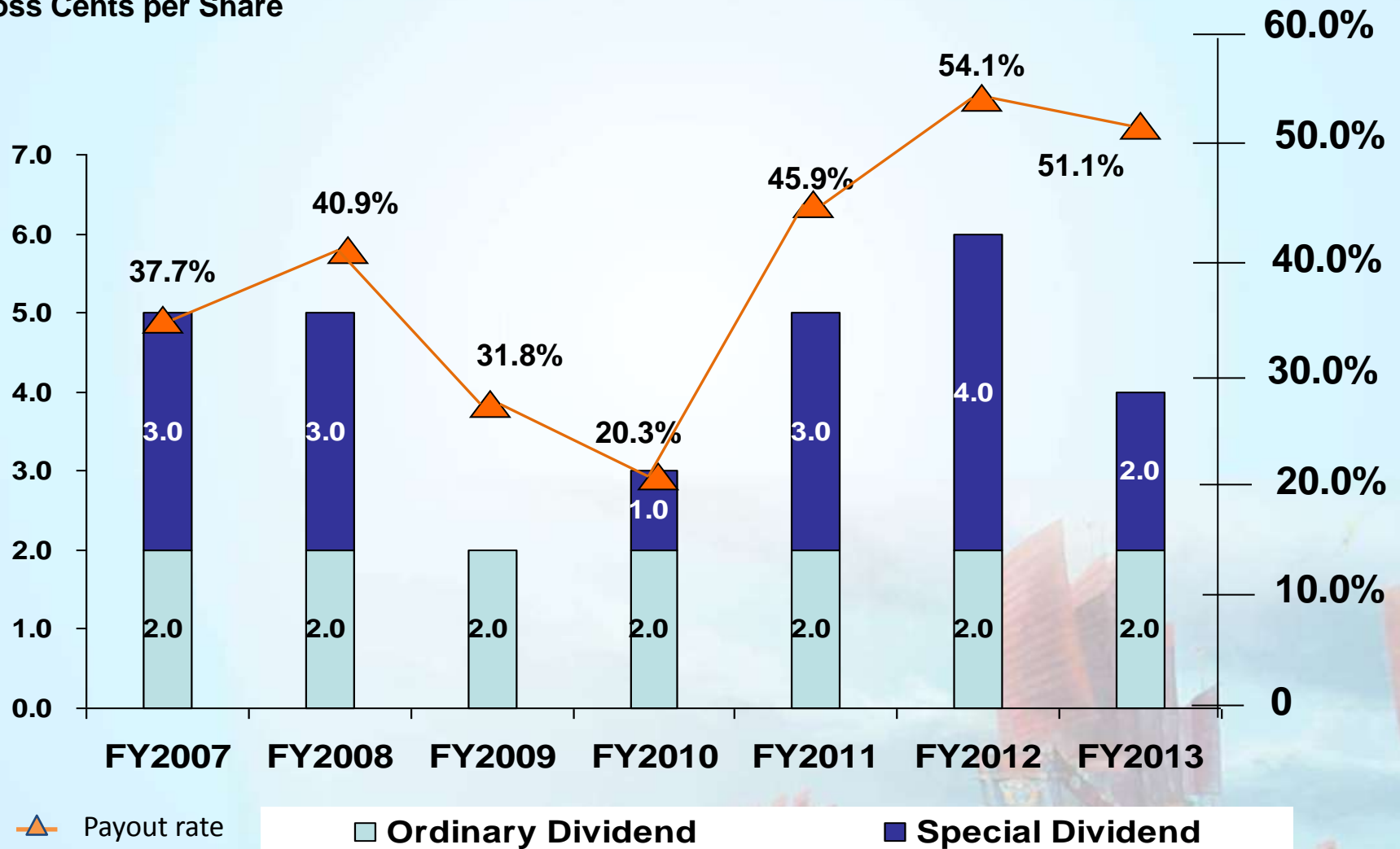
- Higher retail sales mainly contributed by recently refurbished Metro Woodlands store and Metro Paragon store

Balance Sheet Highlights

	As at 31 March 2013 (S\$'000)	As at 31 March 2012 (S\$'000)	Change (%)
Property, plant and equipment	6,603	16,490	-60.0
Investment Properties	533,871	550,194	-3.0
Other Non-current Assets	252,324	168,282	+49.9
Current Assets	754,177	702,318	+7.4
Total Assets	1,546,975	1,437,284	+7.6
Current Liabilities	123,592	150,260	-17.7
Long term and deferred liabilities	274,853	169,405	+62.2
Total Net Assets	1,148,530	1,117,619	+2.8
Shareholders' Funds	1,144,918	1,114,281	+2.7
Non-controlling Interests	3,612	3,338	+8.2

Dividend Payout

Gross Cents per Share





Market Outlook



China has slowed but growth is still solid...

- ❖ China's 1Q 2013 GDP result of 7.7% y-o-y (7.9% in 4Q 2012) was slightly below expectations, with industrial production and retail sales slowing during the first quarter. House price curbs announced in early March look benign as residential prices rose further across China during the months of March and April. There should still be enough momentum to achieve growth of close to 8% this year, driven largely by stable external demand and slightly stronger consumer spending as the year progresses.

-- Asia Pacific Property Digest, Jones Lang LaSalle, Q1 2013

- ❖ China's GDP registered a year-on-year increase of 7.7 percent in Q1 2013, lower than market expectations of 8%;
- ❖ The relatively slower growth was surprising particularly against the strong lending data;
- ❖ CBRE believes that the loose monetary supply has acted as a key driver for the rebound of investment in real estate and infrastructure.
- ❖ New tightening measures on the housing sector shall affect overall real estate investment and domestic consumption is expected to be the most important engine of economic growth in the following quarters.

-- CB Richard Ellis, China MarketView, Q1 2013

- ❖ The total investment in real estate development in the first four months of 2013 was 1,918.0 billion yuan, up by 21.1 percent year-on-year in nominal term, 0.9 percentage points higher than that in the first three months.

-- National Bureau of Statistics of China, 14 May 2013

Growth of rents varies across submarkets, overall rentals stayed stable

- Cushman & Wakefield, Marketbeat Office Snapshot, Shanghai Q1 2013

- ❖ After a relatively high transaction volume period in fourth quarter of 2012, submarket rental movements showed varied growth over the first quarter of 2013;
- ❖ Shanghai's adjusted key submarket Grade A office rent in the first quarter was RMB409.0/sqm/month;
- ❖ Shanghai's Grade A office vacancy rate, while still at historically low levels, saw a slight increase of 0.6 percentage points to 6.7%.

Rental growth and vacancy rate trend to continue

- DTZ Research, Property Times, Shanghai Q1 2013

- ❖ The average grade A office rent in Shanghai reached RMB8.74/sqm /day as of end-Q1 2013;
- ❖ The citywide availability ratio rose 0.67 percentage points to 8.02%, mainly due to increased vacancy in the Lujiazui area plus availability in selected sub-centres remaining large.

Increasing rents, albeit at a slower rate than during the past two years

- Savills World Research, Shanghai office sector, April 2013

- ❖ Overall Grade A office rents increased by 1.3% quarter-on-quarter to an average of RMB8.44/sqm/day, representing an 29.1% increase since bottoming-out in Q2 2010.
- ❖ Shanghai's Grade A office market is expected to be handed roughly 432,000 sqm of new supply during the remainder of the year, representing an overall supply increase of 21% from 2012 supply levels.

Market Outlook: Shanghai, Retail

Prime retail net asking rents on the rise

- *Cushman & Wakefield, Marketbeat Retail Snapshot, Shanghai Q1 2013*

- ❖ Notable trend of Shanghai's retail venues being repositioned into high-end facilities of world-class quality, expected to stimulate Shanghai's retail sales and attract more international brands;
- ❖ Consequently, vacancy rates in Shanghai's five key retail submarkets (East Nanjing Rd, West Nanjing Rd, Middle Huaihai Rd, Xujiahui and Lujiazui) increased to 6.01%, while the average asking rent of prime retail ground floor increased by 1.97% to RMB2,079/sqm/month.

Overall vacancy rates still increasing and rental rates maintaining

- *Savills World Research, Shanghai retail sector, April 2013*

- ❖ Prime retail rents increased slightly by 0.4% to an average of RMB44.6/sqm/day;
- ❖ In Q1 2013, prime area vacancy rates increased by 0.8 ppt to 4.3%, with almost all the prime areas recording increases in vacancy rates.
- ❖ Rising vacancy rates in Lujiazui and Xujiahui are primarily due to landlords adjusting tenant mixes.

Market Outlook: Beijing, Retail

Prime retail rent increased slightly

- *Cushman & Wakefield, Marketbeat retail snapshot, Q1 2013*

- ❖ Beijing's retail market demand remained active over the first quarter of 2013, despite a slight increase in prime retail rents;
- ❖ Rents in submarkets kept stable, averaging RMB1,550/sqm/month.
- ❖ Approximately 1.3 million sqm of new supply entering the Beijing market within the coming three quarters.

Steady growth in the Beijing retail market

- *DTZ Research, Property Times, Q1 2013*

- ❖ Retail sales grew by 10.2% y-o-y to RMB136.13 billion in the first two months of 2013;
- ❖ Overall retail vacancy rate increased mildly to 13.51% and rents remained stable.
- ❖ Overall retail rents to remain stable in Q2, with about 196,000 sqm of retail space expected to come on stream.

Prime shopping mall rents and occupancy rates expected to remain stable

- *Savills World Research, Beijing retail sector, April 2013*

- ❖ Mid- to high-end shopping mall first-floor rents increased by 1.2% quarter-on-quarter to an average of RMB869.1/sqm/month;
- ❖ City-wide mid- to high-end shopping mall vacancy rate fell by 1.5 ppt to 8.5% in Q1 2013.
- ❖ Pre-leasing demand in new projects remains strong, with 594,700 sqm of new supply expected to be added to Beijing's retail market in the last three quarters of 2013.

Moderate rental growth as new supply enters the market

- DTZ Research, Guangzhou Q1 2013

- ❖ City-wide rent grew 0.7% quarter-on-quarter, reaching RMB166.3/sqm/month;
- ❖ City-wide availability ratio rose by 1.11% quarter-on-quarter to 9.68% (due to new launches).
- ❖ Total office transaction volume soared 21.7% from last year to 0.248 million sqm over the first two months of 2013.
- ❖ Looking forward, several projects are expected to be launched in 2013, providing an additional 0.3964 million sqm of prime office space;
- ❖ The city-wide average rent is expected to remain stable, while the availability ratio will increase due to rising new supply.

Rental to remain stable in the next two quarters

- CB Richard Ellis, China MarketView , Q1 2013

- ❖ Vacancy rates remained unchanged at 12.5% and some landlords had scaled down rental discounts offered in previous quarters;
- ❖ Average office rent increased by 1.2% quarter-on-quarter to RMB130.3/sqm/month.
- ❖ Despite expectations for a strong pipeline in the next six months, market sentiment has improved, underpinned by an active strata-titled sales market and recovering demand in Q1 2013;
- ❖ Thus, CBRE expects office rental to remain stable in the next two quarters.

Nanchang: An emerging Tier-3 city; opportunities in office, retail and residential

- *Jones Lang LaSalle, China50 Fifty Real Estate Markets that Matter, Mar 2012*

- *Read Daily News, 'Nanchang, the property market a year-on-year volume and price go in January', 31 Jan 2013*

- ❖ A number of provincial capitals are well positioned (in terms of GDP growth prospects, human capital and corporate activity) to support office market development, notably Changsha, Zhengzhou, Harbin, **Nanchang**, Nanning and Hefei.
- ❖ The rapid expansion of international retailers has continued at an unprecedented speed as they seek to extend their footprint across China's secondary and tertiary cities. Retailers are now moving much deeper into Tier 3 cities, consolidating their positions in emerging cities;
- ❖ With nearly all Tier 3 cities offering substantial opportunities for retailers, supported by a wealthy minority of affluent households, it is the availability of high-quality retail space that is the key trigger for international retailers to move into specific Tier 3 cities.
- ❖ The Nanchang property market turnover enthusiasm remains high;
- ❖ 4009 new housing transactions in Jan 2013, an increase of 54.2% year-on-year.

Market Outlook: Singapore, Residential

Cooling measures expected to affect Prime residential market , though liquidity remains

- *Asia Pacific Property Digest, Jones Lang LaSalle, Q1 2013*

- *CB Richard Ellis, Singapore MarketView, Q1 2013*

- *Today, 'Property cooling measures yielding results', 22 May 2013*

- ❖ Property prices finally appear to be stabilising. The annual increase in private residential property prices slowed significantly from 18 per cent in 2010 to 5.9 per cent in 2011, to further to 2.8 per cent in 2012.
- ❖ In 1Q13, the number of resale transactions for condominiums in Prime Districts 9, 10 and 11 fell 61.0% to 144 units from 368 in 4Q12. In comparison, there was a rise of 12.0% between 3Q12 and 4Q12;
- ❖ Reflecting the drop in total sales volume and the punitive effect of the property cooling measures, demand for Prime District condominiums by non-Singaporeans fell to its lowest level since the country's recovery from the Global Financial Crisis;
- ❖ In the past, Singaporean buyers have stepped in to shore up activity in the Prime market, as in 2Q12 and 3Q12. This time, in an indication that the Prime market might see further downside risks, Singaporeans are staying away.
- ❖ Following the seventh round of cooling measures implemented in January 2013 and the new property tax measures unveiled during the Singapore budget, purchase activity by foreigners and locals in the Prime market is expected to decrease further. As a result, capital values for Prime properties are expected to fall in the range of 3–5% in the coming year.
- ❖ It is still too early to assess the efficacy of the measures, especially when there is still a lot of liquidity in the market and projects with strong attributes continue to attract homebuyers.

Singapore: Cautiously positive

- ❖ For 2013, the Ministry of Trade and Industry (MTI) is expecting growth of between 1 and 3 percent;
- ❖ It said that growth in the global economy is likely to remain subdued, despite macroeconomic conditions stabilising in recent months. Against this macroeconomic backdrop, the growth outlook for Singapore remains cautiously positive;
- ❖ In the services sector, the wholesale and retail trade grew modestly by 2.3 percent on a quarter-on-quarter basis.⁽¹⁾
- ❖ The rising cost of living has also led to a drop in consumer spending as discretionary income is slated to contract, observes Lau Chuen Wei, executive director of the Singapore Retailers Association (SRA);
- ❖ "The cost of living continues to escalate at a tremendous rate. Consumers have become more cautious, and are expected to continue being so, about what they do with their discretionary income, or what is left of it after putting some aside for their necessities," notes Lau.⁽²⁾
- ❖ According to the Department of Statistics, excluding motor vehicles, retail sales went up 1.2% in March 2013;
- ❖ Retail sales of food & beverages, supermarkets, department stores, recreational goods, provision & sundry shops and medical goods & toiletries recorded increases of between 3.9% and 8.8% in March 2013 over March 2012;
- ❖ Similarly, retail sales of wearing apparel & footwear and optical goods & books increased 1.9% and 1.2% respectively during this period.⁽³⁾
- ❖ Growth in visitor arrivals is expected to slow in 2013 with the Singapore Tourism Board forecasting visitor arrivals in the range of 14.8 to 15.5 million, representing an increase of approximately 2.8% to 7.6% above visitor arrivals in 2012.⁽⁴⁾

Sources:

- ⁽¹⁾ *Singapore government cautiously positive about 2013 economic outlook*, xinmsn News, 23 Feb 2013
- ⁽²⁾ *Singapore retailers must explore new avenues to reach customers*, Retail Asia Online, Jan 2013
- ⁽³⁾ *Singapore's retail sales slipped 7.4% in March*, Singapore Business Review, 16 May 2013
- ⁽⁴⁾ *Asia Pacific Property Digest*, Jones Lang LaSalle, Q1 2013

Indonesia: Remains resilient

- ❖ Indonesia's economy and business prospects in various sectors remain bright in 2013;
- ❖ Indonesia's economic growth slowed slightly to 6.0% y-o-y in 1Q13 (6.1% y-o-y in 4Q12), due mainly to more subdued exports. GI is forecasting steady growth of 6.1% for 2013, supported by improving external demand (+3.6% vs. -6.6% in 2012) as well as buoyant consumer and investment spending. ⁽¹⁾
- ❖ Gross domestic product grew 6 per cent in the first quarter compared with a year earlier, lower than the 6.1 per cent delivered in the last quarter of 2012, and the 6.1 per cent average forecast by economists;
- ❖ Most investors remain confident in Indonesia's longer-term prospects, which are underpinned by a demographic dividend, with half of the 240m population under 30 years of age, plentiful natural resources and relative political stability.⁽²⁾
- ❖ The consumer sector has been on a rise in all South East Asia, and Indonesia has outpaced many of its neighbors. The middle class in Indonesia is forecast to grow by 90 million people by 2030—more than any emerging economy save India and China, according to a McKinsey Quarterly report. That should translate into \$1 trillion in annual spending on consumer goods;
- ❖ Indonesian consumer spending constitutes around 60 percent of gross domestic product and is closer to the level of developed countries than export-driven neighbors like Malaysia and Thailand, according to McKinsey. ⁽³⁾

Sources:

⁽¹⁾ *Asia Pacific Property Digest*, Jones Lang LaSalle, Q1 2013

⁽²⁾ *Indonesia growth slips as China slowdown hits*, *Financial Times*, 6 May 2013

⁽³⁾ *Indonesian Consumers Yield Growth for Investors*, *CNBC*, 12 May 2013



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 retail outlets
- ❖ Improve trading performance
- ❖ Enhance Merchandise Offering
- ❖ Enhancing Customer Service
- ❖ 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
- 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

- Open more outlets where suitable real estate opportunities presents themselves
- Add *Monsoon Accessorize* outlets and specialties shops

❖ Improve trading performance

- Intensify sales performance
- Improve gross margins
- Leverage on new mobile point-of-sale (POS) system

❖ Enhance Merchandise Offering

- Expand in-house development of exclusive brands
- Focus on customer-desired brands

Retail Operations

❖ Enhancing Customer Service

- Cross-store merchandising and selling; customers can buy merchandise from any Metro store
- Implement upgrade to Customer Relationships Management (CRM) system



❖ Adopt New Marketing Platform

- Adopt new internet (online) technology to engage and activate customers, both old and new
- Continue with multi-media strategy in engaging customers through Facebook, Twitter, mobile web, electronic direct mail (EDN) and MetroApp





Outlook



Property Segment:

- ❖ **Asset enhancement and refurbishment exercise at Metro City Shanghai has commenced**
 - Costs of Property Division to be impacted in the short-term
 - AEI expected to be completed in 2HFY2014, with future rental yield and income to improve

- ❖ **Residential sale launches in FY2014**
 - Prince Charles Crescent in Singapore
 - Income to be recognized progressively
 - Nanchang Fashion Mark in the PRC
 - Income to be recognized on completion

- ❖ **Disposal of warehouse property at Pasir Panjang in FY2014**
 - Gain of approximately S\$29.6 million on completion

- ❖ **Strategic alliances with partners to continue**
 - Launch of Prince Charles Crescent
 - Launch of Nanchang Fashion Mark
 - Tesco Shenyang opening in August 2013

Retail Segment:

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

- ❖ **Continue to identify new sites for store expansion, both departmental stores and specialty shops**
 - New store, Metro Solo is to open in Solo, Indonesia in 2nd Quarter of FY2014
 - Ongoing negotiations for new store at Mall of Indonesia, Jakarta, targeted for opening in 2014

Thank You

