

Financial Statements and Related Announcement::Full Yearly Results

Issuer & Securities

Issuer/ Manager	METRO HOLDINGS LTD
Securities	METRO HOLDINGS LIMITED - SG1I11878499 - M01

Announcement Details

Announcement Title	Financial Statements and Related Announcement
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Submitted By (Co./ Ind. Name)	Tan Ching Chek
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Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please refer to the attachment for the FY2014 Results Presentation.

Additional Details

For Financial Period Ended	31/03/2014
Attachments	MHLPresentationSlides.pdf Total size =1744K

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METRO HOLDINGS LIMITED



FY2014 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 and Singapore



Our Regional Presence

List of Properties

- Metro City, Shanghai
- Metro Tower, Shanghai
- GIE Tower, Guangzhou
- EC Mall, Beijing
- Frontier Koishikawa Building, Tokyo
- Shama Century Park, Shanghai (Associate)

List of Investments (HK Listed)

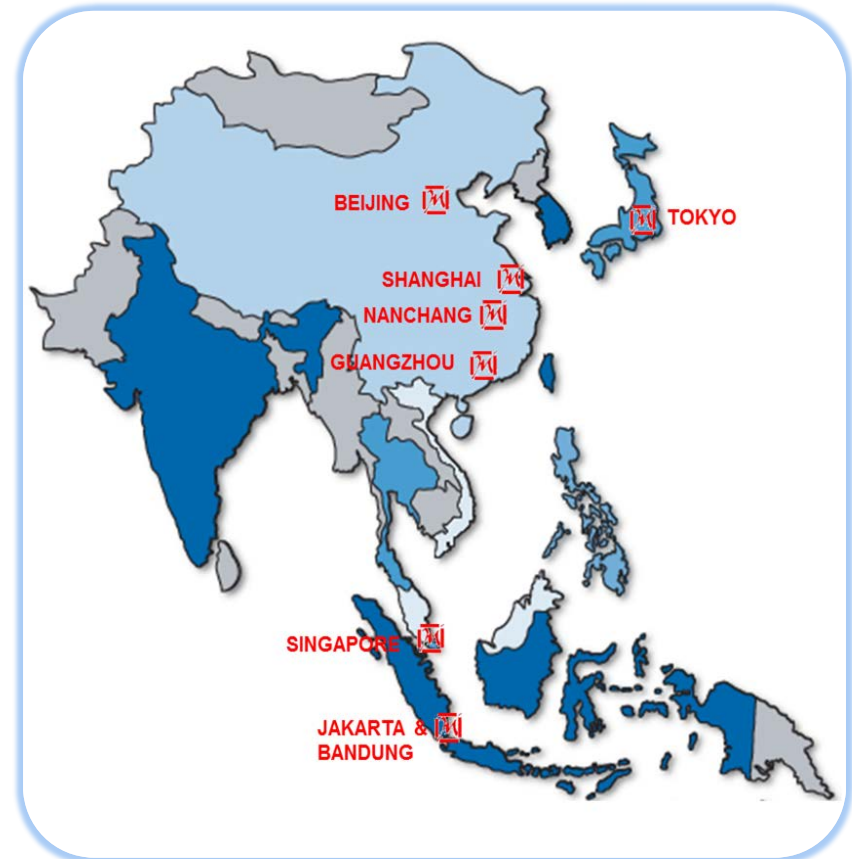
- Top Spring International (Property Developer)
- Shui On Land (Property developer)

Development properties (Under development with joint venture partners)

- The Crest - residential condominium at Prince Charles Crescent, Singapore
- Nanchang Fashion Mark - mixed-use development property in Nanchang City, Jiangxi province, The PRC

List of Retail outlets

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



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	15,434	39,205	118	90.1	229 ⁽¹⁾
GIE Tower, Guangzhou	100%	50 yr term from 1994	-	28,390	33	79.1	99 ⁽¹⁾
Metro Tower, Shanghai	60%	50 yr term from 1993	4,993	40,366	27	96.0	189 ⁽¹⁾
EC Mall, Beijing	50%	50 yr term from 2001	14,181	29,014	91	96.3	484 ⁽²⁾
Frontier Koishikawa Building, Tokyo	100%	Freehold	1,319	5,082	6	100.0	56 ⁽¹⁾

⁽¹⁾ As at 31 March 2014

⁽²⁾ As at 31 December 2013

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	33,123	89.8
Tesco Lifespace, Fushun ⁽²⁾	10.7%	40 yr term from 2007	18,800	36,619	81.3
Tesco Lifespace, Anshan ⁽²⁾	10.7%	40 yr term from 2009	67,565	51,664	69.9
Tesco Lifespace, Fuzhou	10.7%	40 yr term from 2006	21,404	28,808	84.6
Tesco Lifespace, Xiamen	10.7%	40 yr term from 2005	18,984	29,472	89.8
Tesco Lifespace, Shenyang ⁽³⁾	10.7%	40 yr term from 2007	14,107	37,773	69.8

(1) As at 31 March 2014

(2) Lettable area excludes residential element

(3) Basement and level 1 opened in 2QFY2014 and level 2, 4 and 5 opened in 4QFY2014

Portfolio Overview



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

	Location	% owned by Group ⁽¹⁾	Leasable/ Saleable Area (sqm) ⁽²⁾	Expected sale launch	Expected completion date
Nanchang Fashion Mark	Nanchang, Jiangxi Province, PRC	30%	830,323	N.A. (*)	December 2017
The Crest at Prince Charles Crescent	Singapore	40%	50,860	Mid 2014	Late 2016

* Nanchang Fashion Mark's residential properties are being sold in phases. The first phase of 20,519 sqm and second phase of 12,996 sqm had been presold in 3QFY2014 and 4QFY2014 respectively.

⁽¹⁾ As at 31 March 2014

⁽²⁾ Estimated as at 31 March 2014

Property Investment

Property Valuation (100%) as at 31 March 2014 and 2013:

	FY2014 (Rmb'm)	FY2013 (Rmb'm)	(%)	FY2014 (S\$m)	FY2013 (S\$m)	(%)
Metro City, Shanghai ⁽¹⁾	1,129	1,192	-5.3	229	238	-3.8
GIE Tower, Guangzhou ⁽¹⁾	487	485	+0.4	99	97	+2.1
Metro Tower, Shanghai ⁽¹⁾	930	911	+2.1	189	182	+3.8
EC Mall, Beijing ⁽²⁾	2,360	1,788	+32.0	484	354	+36.7
	FY2014 (JPY'm)	FY2013 (JPY'm)	(%)	FY2014 (S\$m)	FY2013 (S\$m)	(%)
Frontier Koishikawa Building, Tokyo ⁽¹⁾	4,600	5,030	-8.5	56	66	-15.2

⁽¹⁾ As at 31 March 2014

⁽²⁾ As at 31 December 2013

Exchange rates:

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

FY14: S\$1: RMB 4.926 : JPY 0.01224

Occupancy Rate

	FY2014 (%)	FY2013 (%)
Metro City, Shanghai	90.1	87.5
GIE Tower, Guangzhou	79.1	94.4
Metro Tower, Shanghai	96.0	98.8
EC Mall, Beijing	96.3	95.3
Frontier Koishikawa Building, Tokyo	100.0	85.3

Property Investment – Expiry Profile



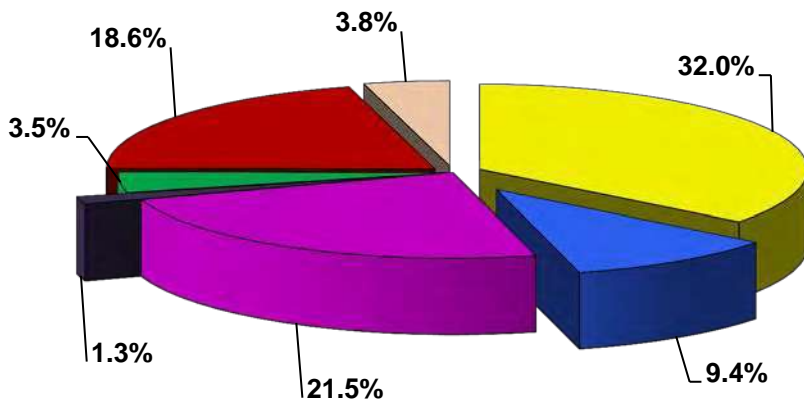
Expiry Profile by Gross Rental Income:

	1H2015 (%)	2H2015 (%)
Metro City, Shanghai	13.03	6.21
GIE Tower, Guangzhou	17.57	11.62
Metro Tower, Shanghai	3.76	9.39
EC Mall, Beijing	8.96	8.26
Frontier Koishikawa Building, Tokyo	5.82	34.50

Top 10 Tenants:

Occupancy Rate: 90.1%

Retail Tenant Mix by Lettable Area (as at 31 March 2014)



■ F&B/Foodcourt

■ Leisure & Entertainment/Sport & Fitness

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

■ Department Store

■ Fashion & Shoes

■ Others

■ Electronics & IT

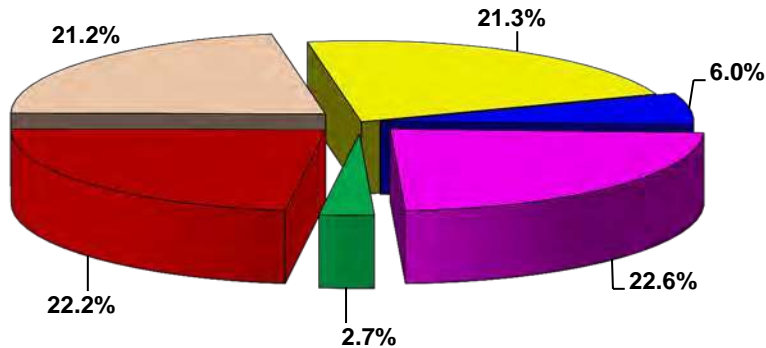
Name of Tenant	Trade Sector	% of total lettable area
Buynow Computer World	Electronics & IT	16.20%
Physical Fitness & Beauty Centre	Leisure & Entertainment/ Sport & Fitness	8.36%
Food Republic	F&B/Food Court	6.39%
Kodak Cinema World	Leisure & Entertainment/ Sport & Fitness	6.33%
HAOLEDI KTV	Leisure & Entertainment/ Sport & Fitness	5.47%
Shanghai Xi Ti	F&B/Food Court	4.37%
Popular Bookmall	Books/Gifts & Specialty/Hobbies/Toys/Jewelry	2.18%
Hershey's	F&B/Food Court	1.93%
Starbucks	F&B/Food Court	1.83%
Pizza Hut	F&B/Food Court	1.75%

Metro Tower, Shanghai



Occupancy Rate: 96.0%

Office Tenant Mix by Lettable Area (as at 31 March 2014)



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

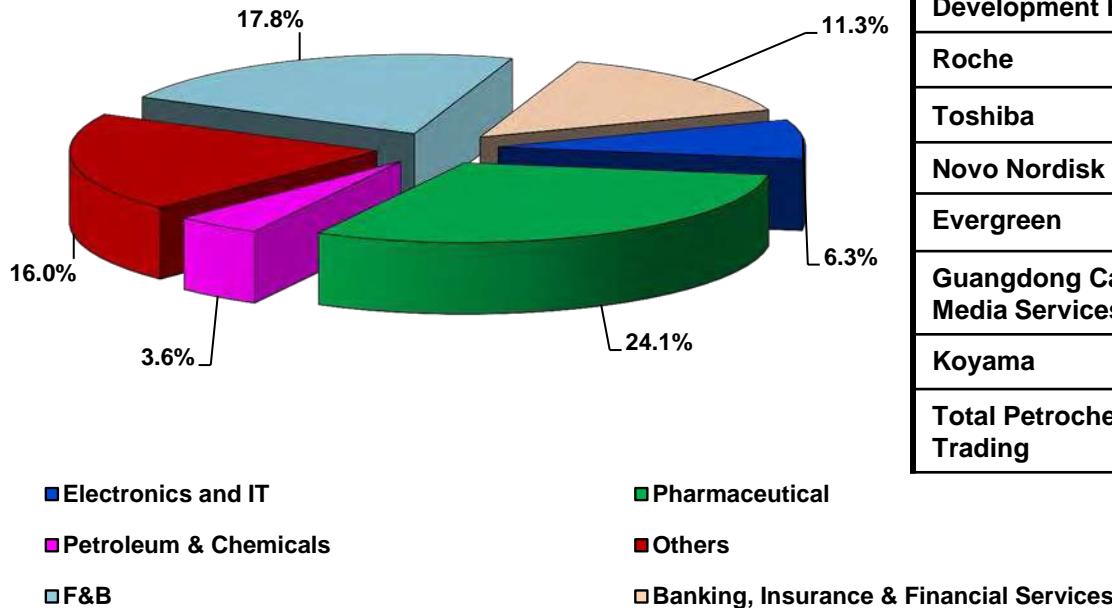
Top 10 Tenants:

Name of Tenant	Trade Sector	% of total lettable area
Exxon Mobil	Petroleum & Chemicals	18.56%
Swatch Group	Consumer Products	16.43%
Energy Source	Others	10.54%
KFC	F&B	8.43%
Pizza Hut	F&B	6.72%
Agricultural Bank of China	Banking, Insurance and Financial Services	5.99%
Cummins	Others	5.34%
Shanghai Xi Ti	F&B	4.22%
Tutuanna	Consumer Products	2.11%
Ann Taylor	Consumer Products	2.04%

GIE Tower, Guangzhou

Occupancy Rate: 79.1%

Office Tenant Mix by Lettable Area
(as at 31 March 2014)

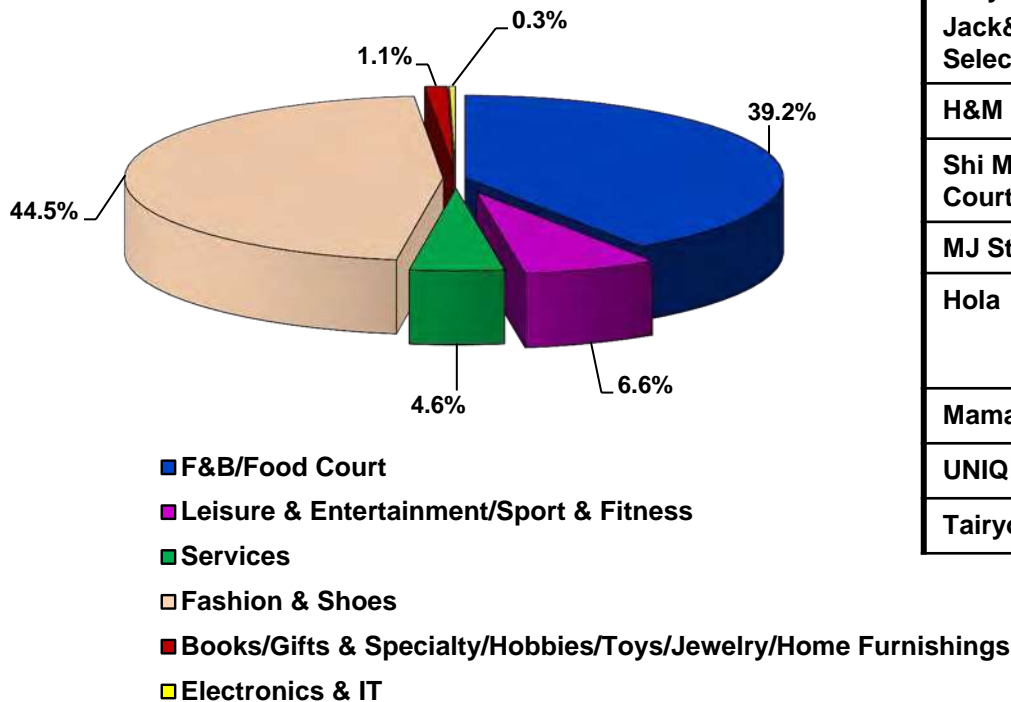


Top 10 Tenants:

Name of Tenant	Trade Sector	% of lettable area
Yu Cai Restaurant	F&B	14.17%
Abbott Laboratories	Pharmaceutical	11.44%
Guang Dong Development Bank	Banking, Insurance & Financial Services	10.24%
Roche	Pharmaceutical	6.80%
Toshiba	Electronics and IT	4.51%
Novo Nordisk	Pharmaceutical	4.17%
Evergreen	Others	3.53%
Guangdong Carat Media Services	Others	2.92%
Koyama	F&B	2.45%
Total Petrochemicals Trading	Petroleum & Chemicals	1.80%

Occupancy Rate: 96.3%

Retail Tenant Mix by Lettable Area (as at 31 March 2014)



Top 10 Tenants:

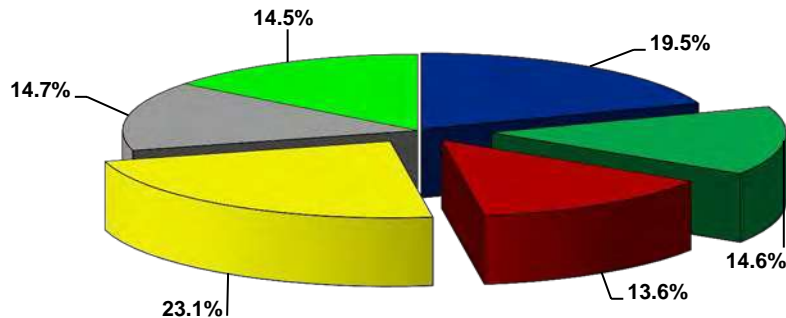
Name of Tenant	Trade Sector	% of lettable area
Golden Jaguar	F&B/Food Court	17.92%
C&A	Fashion & Shoes	5.34%
Only/Vero/Moda/ Jack&Jones/ Selected	Fashion & Shoes	4.42%
H&M	Fashion & Shoes	4.37%
Shi Mei Hui Food Court	F&B/Food Court	4.23%
MJ Style	Fashion & Shoes	3.34%
Hola	Leisure & Entertainment/ Sport & Fitness	2.89%
Mama's Goodbaby	Fashion & Shoes	2.78%
UNIQLO	Fashion & Shoes	2.55%
Tairyo Teppanyaki	F&B/Food Court	1.92%

Frontier Koishikawa Building, Tokyo



Occupancy Rate: 100%

Office Tenant Mix by Lettable Area
(as at 31 March 2014)



- Government Office
- F&B
- Services
- Civil Engineering & Construction
- Construction Industry
- Publication & Advertising

Top 10 Tenants:

Name of Tenant	Trade Sector	% of lettable area
Geostar Corporation	Civil Engineering & Construction	23.09%
Shisyutsuhutan-koi Tanto-kan Somusho Daijin-kanbo Kaikei-ka Kikaku-kan	Government Office	19.46%
NIPPO	Construction Industry	14.69%
Lion	F&B	14.58%
Qbist Inc	Publication & Advertising	14.53%
Wiley.japan	Services	13.66%

Shanghai Shama Century Park



Key Statistics	
Acquisition date	27 December 2013
Land use rights tenure ending on	30 December 2072
Total consideration (Rmb million) – 30% interest	524
Saleable / Leaseable GFA (sq.m.)	49,357
Valuation (Rmb million) – 100%	* 2,400
Interest attributable to us (%)	30%
Average occupancy rate (%)	86.39%

* As at 31 December 2013

Project overview

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

- (a) a total of 284 residential units across nine buildings with a total gross floor area of approximately 49,357 sq.m.; and
- (b) 240 underground car park units.

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 – 89.8%
- ❖ Opened on 15 Jan 2010



Fushun

- ❖ 5-storey & 2-basement retail mall
- ❖ 200 residential & 490 SOHO units (Fully sold)
- ❖ OC rate – 81.3%
- ❖ Opened on 29 Jan 2010



Anshan

- ❖ 5-storey & 1-basement retail mall
- ❖ 1,656 residential (512 units sold)
- ❖ 1,459 service apartments (149 units sold)
- ❖ 86 commercial skirts located below residential/service apartments (unsold)
- ❖ OC rate – 69.9%
- ❖ 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 – 84.6%
- ❖ Opened on 6 May 2011



Xiamen

- ❖ 3-storey & 1-basement retail mall
- ❖ OC rate – 89.8%
- ❖ Opened on 9 May 2012



Shenyang

- ❖ 5-storey & 2-basement retail mall
- ❖ OC rate – 69.8%
- ❖ Opened on 15 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; retail shopping mall and serviced apartment 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				
Development cost incurred as at 31 December 2013 (RMB million)	289				
Interest attributable to us (%)	30%				
Total GFA (sq.m.)	1,030,475				
Saleable/Leasable GFA (sq.m.)	Total	Residential	Retail	Serviced apartments	Office
	830,323	292,641	288,204	38,474	211,004

The Crest



Key Statistics	
Site Area (sq.m.)	23,785
Tenure	99 years
Expected sales launch	Mid 2014
Expected completion date	Late 2016
Total GFA (sq.m.)	49,950
Estimated total saleable GFA (sq.m.)	50,860
Land cost (S\$'m)	516.3
Interest attributable to us (%)	40%

- ❖ 469 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

Indonesia:-

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

Specialty Shops

❖ *Monsoon Accessorize*

- Bugis Junction
- Raffles City
- Ion Orchard
- Tampines
- Parkway Parade
- Paragon
- T3 Changi Airport (lease expiring in July 2014)
- JEM (New)
- Bedok Mall (New)



Accessorize,
Ion Orchard,
Singapore



Metro City Square,
Singapore

- ❖ *M.2*
 - Ngee Ann City

Financial Highlights

FY2014 Results Highlights



❖ Property division improved performance following higher valuations of investment properties and one-off gains

- Property division's profit before taxation rose 60.7% to S\$119.3 million
- Increased valuation of investment properties, including associates, with fair value gains of S\$40.5 million
 - EC Mall in Beijing
 - Nanchang Fashion Mark project
- Freehold warehouse in Pasir Panjang, Singapore sold for a gain on disposal of S\$29.6 million
- S\$19.0 million negative goodwill recognised on acquisition of additional equity interest relating to EC Mall in Beijing

❖ Retail division records stable sales

- Sales remain stable in Singapore despite keen competition in the retail scene
- Sales held steady in Indonesia, though profitability was affected by higher expenses and weakening of Rupiah

❖ Balance sheet remains strong

- Healthy cash position - at S\$337.2 million (as at 31 March 2014) even after investments in new projects
- Total shareholders' equity up at S\$1.2 billion (as at 31 March 2014)
- Remains in net cash position



Financial Highlights



Profit & Loss Accounts:

	4QFY14 (S\$'000)	4QFY13 (S\$'000)	Change	FY2014 (S\$'000)	FY2013 (S\$'000)	Change
Turnover	49,698	47,631	4.3%	194,266	187,120	3.8%
Profit Before Tax	53,764	20,505	162.2%	124,820	82,049	52.1%
Comprising:						
Operating etc	12,503	17,238	-27.5%	29,163	40,702	-28.3%
Fair value adjustments on investment properties (net of tax for associates)	40,470	(7,530)	n.m.	40,470	(7,530)	n.m.
Fair value adjustments on short term investments	234	8,537	-97.3%	(5,302)	29,553	n.m.
Gain on disposal of warehouse in Singapore	-	-	n.m.	29,559	-	n.m.
Negative goodwill on acquisition of an additional interest in JCE and associates	(266)	-	n.m.	23,940	-	n.m.
Interest income from loan notes	-	-	n.m.	-	8,638	n.m.
Dividend income from quoted and unquoted investments	823	2,260	-63.6%	6,990	10,686	-34.6%
	53,764	20,505	162.2%	124,820	82,049	52.1%

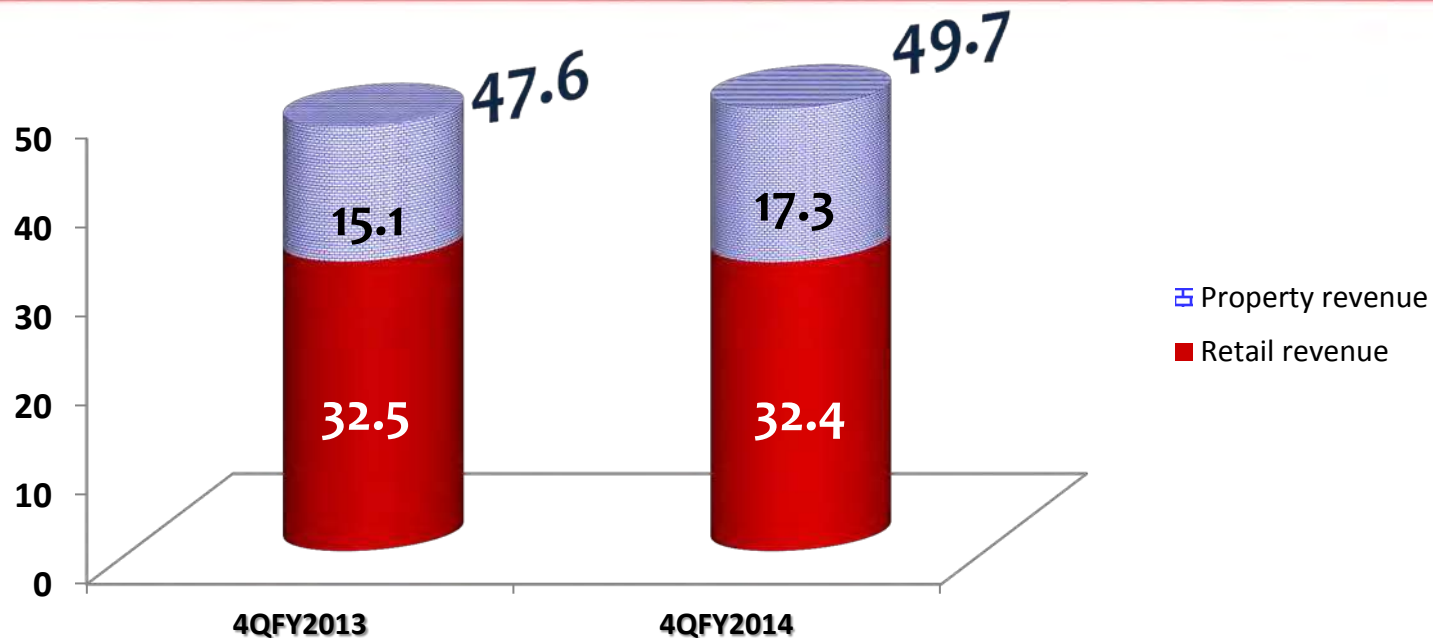
Full Year Financial Summary

Financial Ratios:

	FY2014	FY2013
Earnings per share after tax and non-controlling interests (cents)	12.9	7.8
Return on shareholders' funds (%)	9.18	5.74
Return on total assets (%)	6.70	4.34
Number of issued shares (million)	828.0	828.0
Net asset value per share (S\$)	1.43	1.38
Debt/Equity ratio (times)	0.21	0.21
Net Debt/Equity ratio (times)	Net cash	Net cash
Final Dividend per share (cents)	2.0 #	2.0
Special Dividend per share (cents)	4.0 #	2.0
Dividend cover (times)	2.15	1.96

Dividend for FY2014 proposed by the Board of Directors, subject to Shareholders' approval at the AGM in July 2014

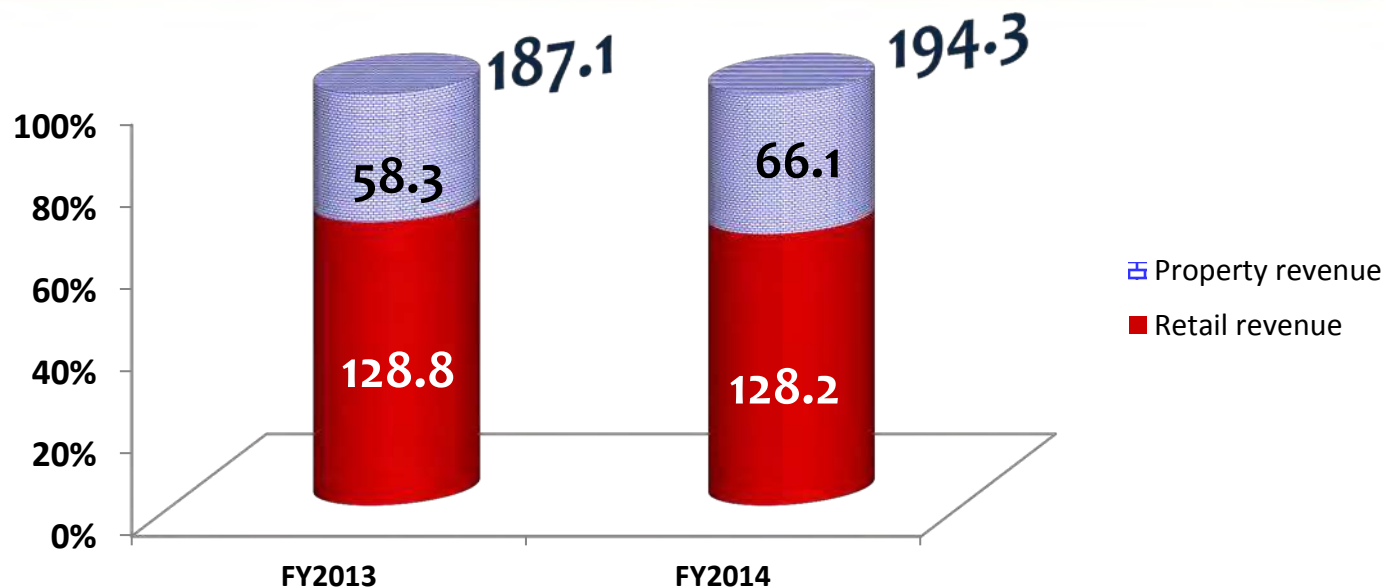
4Q Revenue Breakdown (S\$m)



❖ Group turnover up by 4.3% Q-o-Q in 4QFY2014

- Higher turnover in 4QFY2014 Q-o-Q contributed by higher rental income arising on the additional 18.4% share of EC Mall's rental
- The average occupancy of the Group's five investment properties as at 31 March 2014 remained high at 92.3%
- Vacancy at Metro City Shanghai represents the space freed up for the next phase of asset reconfiguration
- Retail sales held steady at S\$32.4m for 4QFY2014 in spite of a shorter shopping period leading up to the Chinese New Year festivities this year

Full Year Revenue Breakdown (S\$m)



❖ Property revenue increased 13.4% y-o-y

- The Group accounted for an additional 18.4% share of EC Mall's revenue from 3QFY2014 onwards
- PRC investment properties reporting improved revenue in spite of disruptions arising from Metro City Shanghai's asset enhancement exercise
- Value of the Renminbi strengthened against the Singapore dollar by 4.0%

❖ Retail turnover held steady at S\$128.2m for FY2014

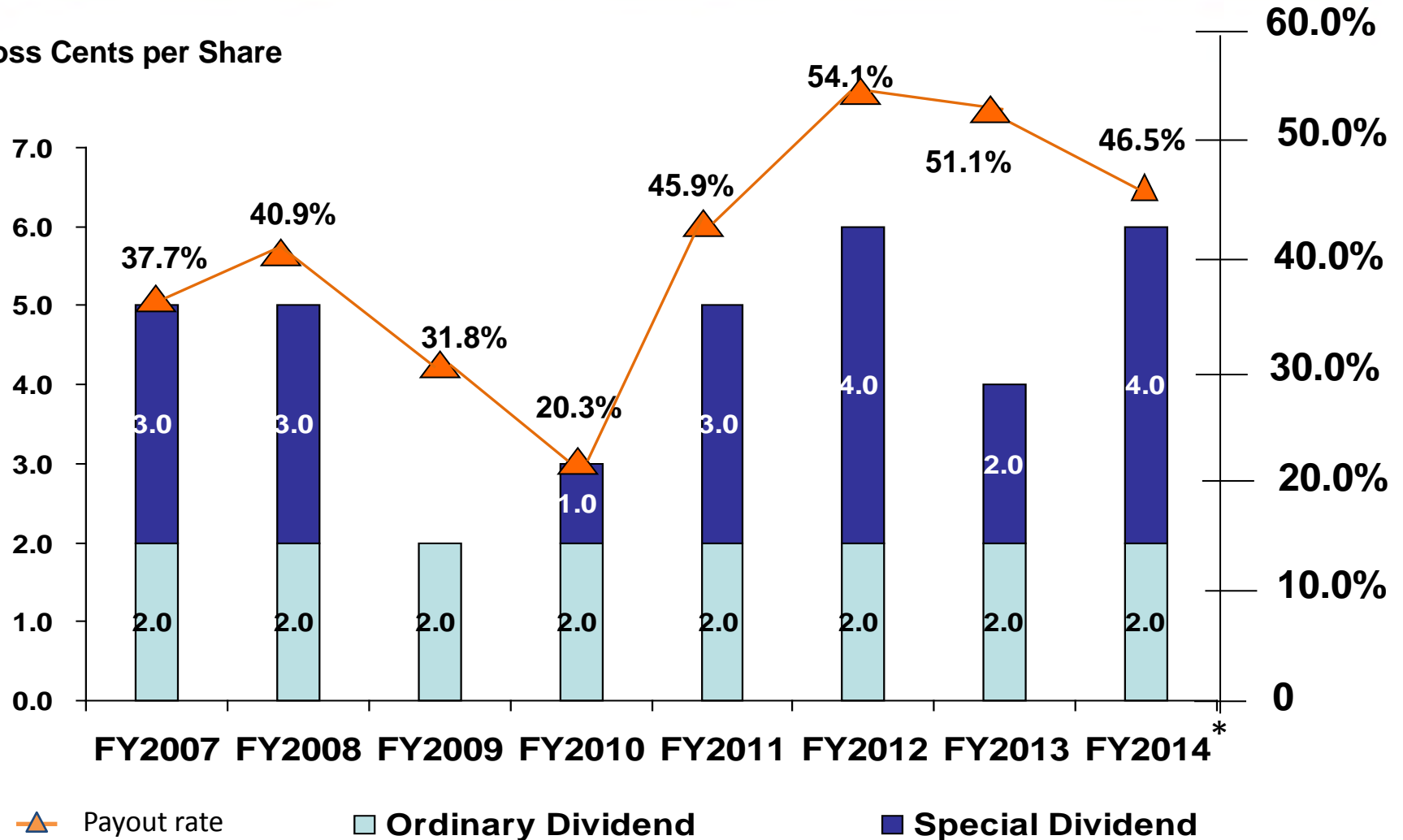
- Retail sales held steady at S\$128.2m for FY2014 against S\$128.8m in FY2013 in the midst of a competitive retail trade

Balance Sheet Highlights

	As at 31 March 2014 (S\$'000)	As at 31 March 2013 (S\$'000)	Change (%)
Property, plant and equipment	4,818	6,603	-27.0
Investment Properties	653,918	533,871	+22.5
Other Non-current Assets	343,038	252,324	+36.0
Current Assets	642,816	754,177	-14.8
Total Assets	1,644,590	1,546,975	+6.3
Current Liabilities	133,637	123,592	+8.1
Long term and deferred liabilities	325,242	274,853	+18.3
Total Net Assets	1,185,711	1,148,530	+3.2
Shareholders' Funds	1,182,628	1,144,918	+3.3
Non-controlling Interests	3,083	3,612	-14.6

Dividend Payout

Gross Cents per Share



* FY2014's proposed dividend subject to shareholders' approval at the AGM in July 2014

Market Outlook

China's growth sees slowdown

- **CBRE, China MarketView, 2014**

- ❖ China's 1Q2014 GDP growth of 7.4% y-o-y (7.7% in 1Q 2013) was slightly above expectations. However, its slowdown was mainly due to a tighter monetary policy, weaker growth in industrial production (IP) and fixed asset investment (FAI);
- ❖ The residential sector felt the effects of the slower economy, with total unit sales dropping 3.8% y-o-y;
- ❖ Aggregate prime retail supply plummeted to 595,000 sqm in Q1 2014, the lowest quarterly figure since Q2 2010 and rents grew 0.9% q-o-q;
- ❖ Despite limited new supplies, international retailers remained keen on the China market;
- ❖ CBRE believes that the government is likely to offer policy support in a mild cut in the Required Reserve Ratio (RRR) for domestic banks to provide stimulus to the overall economy.

- **National Bureau of Statistics of China, 13 May 2014**

- ❖ The total investment in real estate development in the first four months of 2014 was 2,232.2 billion yuan, an increase of 16.4 percent year-on-year, 0.4 percentage points lower over the first three months.

Average rent remained flat

- *CBRE, China MarketView, 2014*

- ❖ A total of 108,342 sq m was added to the market upon recent completion of two projects;
- ❖ Overall market vacancy rate decreasing 0.8 ppts to 6.8%;
- ❖ The average asking rent remained flat at RMB 264.3/sqm/month, marginally up by 0.1% q-o-q;
- ❖ However, the divergence between Pudong and Puxi is expanding: rents dropped by 0.7% in Puxi while rose by 1.5% in Pudong.

Stable growth

- *CBRE, MarketScore, The Key to Investing in China Offices, 2014*

- ❖ An influx of 1.9 million sqm of new office supply in decentralized areas between 2014-15 in Shanghai is expected;
- ❖ Rental growth in the medium term is likely to be muted in view of the abundant new supply in the pipeline.

Modest growth for rental market

- *Cushman & Wakefield Research, December 2013*

- ❖ Rentals may record a modest growth in 2014 due to lack of new supply;
- ❖ With the establishment of Shanghai Free Trade Zone, office demand is likely to grow in emerging submarkets and the decentralising trend will gain momentum.

No new supply in 1Q14

- *CBRE, MarketView, Q1 2014*

- ❖ With no new supply during the first quarter, the overall vacancy rate dropped by 0.1 ppt to 5.5%;
- ❖ Rents recorded an average growth of 1.6%, mainly attributable to mid- to high-end malls in Xujiahui and Nanjing East Road.;
- ❖ In the next six months, a total of 90,500 sq m of new retail space are set to come on stream.

Caution surround retail market due to slow economic growth

- *Savills World Research, Shanghai retail sector, April 2014*

- ❖ The slow economy has caused retailers to become selective and cautious on store openings and expansions;
- ❖ 2 new malls launched in 1Q2014, adding 80,000 sq m of retail supply to the market;
- ❖ The average asking rent of prime retail ground floor rose by 0.5% q-o-q to RMB47.4/sqm/day;
- ❖ Vacancy rates in prime locations fell by 1.0 ppt in 1Q2014 to 3.1%.

Overall vacancy rate faces slow decline

- *CBRE, China MarketView, Q1 2014*

- ❖ With no fresh supply during 1Q2014, overall vacancy rate dropped by 0.4 ppt q-o-q to 10.8%;
- ❖ Beijing witnessed stable rent appreciation of 2.4% q-o-q;
- ❖ In the next six months, over 160,000 sq m of new completions is expected to hit the market;
- ❖ With all of the future retail supply located in the core submarkets, overall vacancy is expected to slowly decline, resulting in possible improvement of average rent contributed by strong demand from international brands.

Projects in non-prime retail areas scheduled to be launched in 2014

- *Savills World Research, Beijing Retail Sector, Q1 2014*

- ❖ Mid- to high-end shopping mall first-floor rents appreciated by 0.5% QoQ to RMB913.7 per sq m per month, up 2.5% YoY;
- ❖ Overall retail vacancy rates continued to drop as no new supply was launched in the first quarter;
- ❖ Ten projects in non-prime retail areas scheduled for launch in 2014, adding a total retail GFA of 928,000 sq m and enlarging total stock by 10% by the end of 2014.

Moderate rental growth

- *DTZ Research, Guangzhou Q1 2014*

- ❖ Grade A office stock in Guangzhou remained at 3.3 million sq m in Q1 2014;
- ❖ Overall rent grew 0.9% q-o-q, reaching RMB168.1/sqm/month;
- ❖ With no new supply in Q1 2014, the availability ratio in Guangzhou dropped to 8.0%;
- ❖ With limited new supply in 2014, the overall rent is expected to see moderate growth.

Rental to remain stable in the next two quarters

- *CBRE, China MarketView , Q1 2014*

- ❖ With the delivery of RFC Centre and R&F Yingkai Square in Q1 2014, 130,000 sq m was added to the market;
- ❖ As a result, the overall vacancy rate was up by 0.2 ppt to 13.0%;
- ❖ In the next six months, 200,000 sq m of office space will be delivered;
- ❖ Expected steady demand should see office rent remaining stable.

Nanchang: An emerging Tier-3 city

- *Cushman & Wakefield Research, December 2013*

- *Spring Professional , Property in Asia 2014, 2014*

- *Dezan Shira, Changing Consumer Market – An Overview of China’s Retail Industry, 2014*

- ❖ The surge in deals in emerging markets can be largely attributed to the amount of capital being invested into development land sites in China’s tier three cities, where development opportunities, especially in the residential market, drove investments;
- ❖ Improving infrastructure in lower tiered cities are attracting international retail giants causing some to shift their business focus to third tier cities;
- ❖ Middle-class growth rates are expected to be far greater in the smaller and less-developed tier three cities where disposable incomes are rising rapidly;
- ❖ The share of upper-middle-class households in third tier cities is expected to reach more than 30% by 2022, up from 15% in 2002;
- ❖ 58 percent of newly opened stores across China are found in tier-two and tier-three cities.

Cautious mood as sales volume and prices slip

- *Savills World Research, Residential Sales – Singapore, April 2014*

- *CBRE, Singapore MarketView, Q1 2014*

- ❖ Residential property prices appear to be stabilising with the implementation of cooling measures and the total debt servicing ratio (TDSR) framework;
- ❖ Private residential properties in 1Q14 fell 1.3%, the second consecutive quarterly decline;
- ❖ The average price of high-end non-landed homes continued to soften for the fourth consecutive quarter, by 0.9% q-o-q to S\$2,356 psf;
- ❖ Meanwhile, the market is awaiting three upcoming city-fringe projects: City Development Ltd (CDL)'s Commonwealth Towers, Keppel Land's Highline Residences and Wing Tai and Metro's The Crest;
- ❖ Only 1,800 new homes were launched and about the same number was sold, the lowest volume since Q4 2008, as developers spread out their new launches;
- ❖ Developers remain cautious as sales volume remain lukewarm.

Singapore: Cautiously positive

- ❖ For 2014, the Ministry of Trade and Industry (MTI) is expecting economic growth of between 2 and 4 per cent;⁽¹⁾
- ❖ The wholesale and retail trade grew 6.3% on a quarter-on-quarter basis⁽¹⁾;
- ❖ According to the Department of Statistics, excluding motor vehicles, retail sales declined 0.4% in March 2014;
- ❖ Retail sales of optical goods & books, recreational goods, furniture & household equipment, watches & jewellery, provision & sundry shops and wearing apparel & footwear also declined between 1.0% and 4.8% in March 2014 over March 2013;⁽²⁾
- ❖ However, retail sales of medical goods & toiletries, department stores, telecommunications apparatus & computers, petrol service stations and supermarkets increased between 1.6% and 4.7% in March 2014 compared to the previous year;⁽²⁾
- ❖ Visitor arrivals are expected to rise by 8% in 2014, with the Singapore Tourism Board forecasting arrivals in the range of 16.3 to 16.8 million compared to 2013's range of 14.8 to 15.5 million.⁽³⁾

Sources:

(1) *MTI Maintains 2014 GDP Growth Forecast at 2.0 to 4.0 Per Cent, Ministry of Trade and Industry, 20 February 2014*

(2) *S'pore retail sales dip 4% on-month in March, Channel NewsAsia, 15 May 2014*

(3) *Visitor arrivals in Singapore to climb up to 8% in 2014, xinmsn News, 7 March 2014*

Indonesia: Remains resilient

- ❖ Indonesia's economic growth slowed down to 5.2%, a five-year low in 2014⁽¹⁾;
- ❖ Mainly due to the effects of a mineral export ban implemented in January 2014 and successive hikes in interest rates;
- ❖ According to Bank Indonesia, Indonesia's retail sales increased in March 2014, standing at 25.1% compared to 18.8% in February;
- ❖ Indonesia's consumer confidence rose in April 2014, mainly due to increasing confidence about the economy over the next 12 months⁽²⁾;
- ❖ Optimism supported by strong demand in the domestic consumer-reliant economy⁽³⁾;
- ❖ By 2030, Indonesia will be home to an estimated 90 million additional consumers with considerable spending power. This amounts to around \$1 trillion in annual consumer spending⁽⁴⁾.

Sources:

- (1) *Indonesia holds rates steady, slashes 2014 growth outlook* – Business Times, May 9, 2014
- (2) *ANZ-Roy Morgan Indonesian Consumer Confidence Rose in April* – Roy Morgan Research, 14 May 2014
- (3) *Retail sales rise in March as consumption remains robust* – The Jakarta Post, 14 May 2014
- (4) *The archipelago economy: Unleashing Indonesia's potential* – McKinsey & Company, 2012

Growth Strategies

Property Development & Investment



Moving to fuller spectrum of property market by leveraging on:

- ❖ Rich Retail Experience
- ❖ Strong Foothold and
- ❖ Know-how in China 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
- ❖ Propagation of new marketing platform

Property Development and Investment

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

❖ Leverage on Rich Retail Experience

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

❖ Capitalise on Strong Foothold in the Asia-Pacific region

- Opportunistic search for new projects
- Extend property footprint and 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

- Opportunities to broaden revenue streams beyond commercial interests, into areas such as residential properties
- Careful selection of partners with relevant experience and expertise
- Leverage on existing relationships for further expansion into leisure and lifestyle properties

❖ Leverage on Strong Balance Sheet

- Healthy cash levels provide flexibility to capitalise on investment opportunities and buffer against any unexpected market developments

Retail Operations

❖ Addition of new retail outlets

- Seek opportunities to expand footprint where suitable real estate opportunities presents themselves
- 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:

❖ Strategic alliances with partners to continue

- Launch of The Crest at Prince Charles Crescent
- More China property projects with Topspring

Commercial

❖ Planning for next phase of asset reconfiguration for Metro City Shanghai

- Expected to commence in the next few months

❖ Additional 18.4% interest in EC Mall

- The additional 18.4% interest in EC mall acquired in October 2013 will continue to contribute positively to the Group's revenue y-o-y in the first half year of FY2015

Residential

❖ Residential sale launches in FY2015

- The Crest in Singapore
 - Commencing sales launch in mid 2014
 - Income to be recognised progressively
- Nanchang Fashion Mark in the PRC
 - After 2 phases of successful sales launches in 2013/4, further substantial sale launches in 2014/5 expected to have positive take up rates

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 Centrepoint at Orchard Road, Singapore is planned to open in 3QFY2015

Thank You