# METRO HOLDINGS LIMITED

## FY2020 RESULTS PRESENTATION

25 JUNE 2020

# CONTENTS



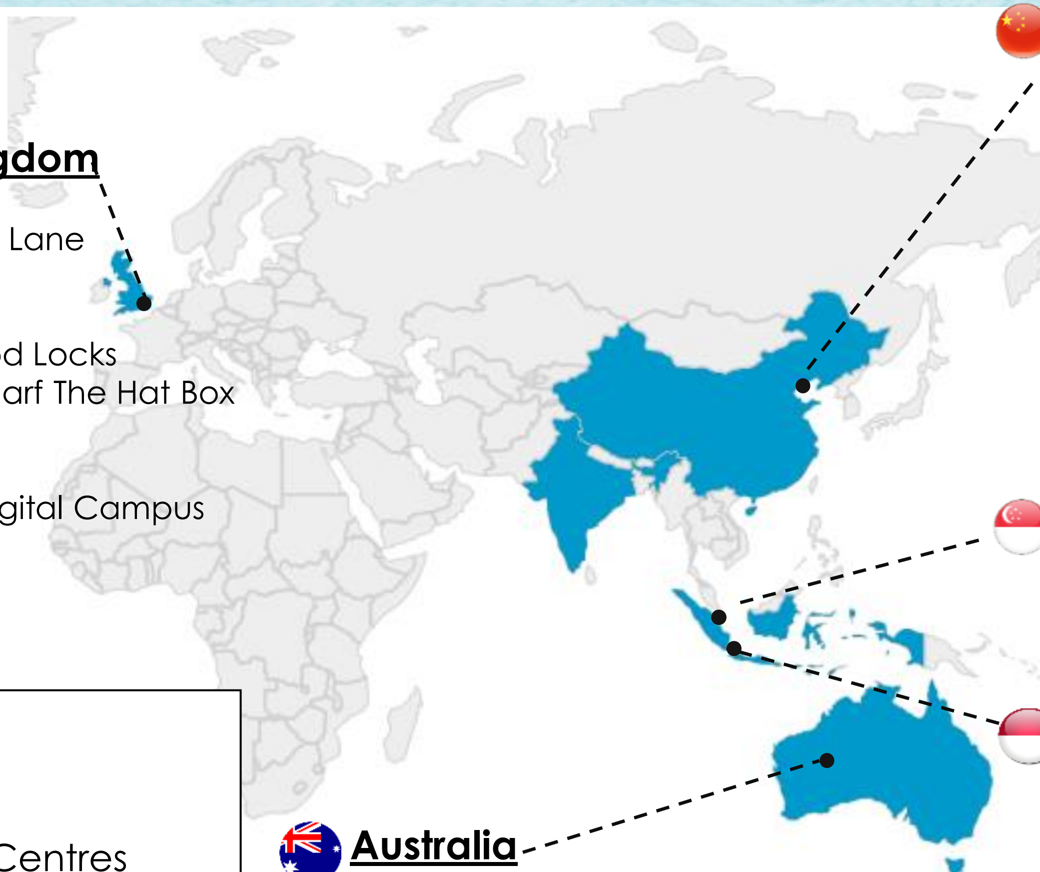
# About Metro

# Who We Are

Metro Holdings was founded in 1957 by the late Mr. Ong Tjoe Kim as a textile store and has been listed on SGX-ST since 1973.

Over the years, under the leadership of the late Mr. Jopie Ong, Metro has evolved into a property investment and development group, backed by an established retail track record, with an international presence across Singapore, China, Indonesia, the United Kingdom and Australia.

# Our International Presence



## United Kingdom

**London**
- 5 Chancery Lane

**Manchester**
- Middlewood Locks
- Milliners Wharf The Hat Box

**Sheffield**
- Sheffield Digital Campus

## China

**Shanghai**
- Metro City
- Metro Tower
- Bay Valley
- Shanghai Shama Century Park
- Shanghai Plaza

**Guangzhou**
- GIE Tower

**Chengdu**
- The Atrium Mall

## Singapore

- The Crest at Prince Charles Crescent
- Tampines Grande
- 2 Metro Stores

## Indonesia

- Trans Park Juanda, Bekasi, Jakarta
- Trans Park Bintaro, Jakarta

## Australia

**New South Wales**
- 50 Margaret Street, Sydney
- Jordan Springs
- Lake Munmorah

**Victoria**
- 390 St Kilda Road, Melbourne
- Tarneit Gardens
- Coltman Plaza
- Lara Village

**Queensland**
- 100 Edward Street, Brisbane
- Town Square Redbank Plains
- Everton Park Woolworths
- Everton Park Home Centre
- Woolworths Rothwell

**Western Australia**
- 59 Albany Highway, Victoria Park
- Dalyellup

**Legend**

**Properties**
- Commercial
- Malls/Retail Centres
- Residential
- Mixed-use Development

**Retail**
- Retail Stores

As at 25 June 2020

# Property Investment & Development

# Investment Properties





| | GIE Tower, Guangzhou, China | Metro City, Shanghai, China | Metro Tower, Shanghai, China | 5 Chancery Lane, London, UK | 7&9 Tampines Grande, Singapore |
|---|---|---|---|---|---|
| **Type of Development** | Commercial | Retail | Commercial | Commercial | Commercial |
| **Key Project Description** | Part of a 7-storey shopping podium & 35-storey office | Lifestyle entertainment centre directly linked to MRT | Grade-A office spread across 26 floors (annex to Metro City) | Office building located in Midtown Central London | Two blocks of premium Grade-A eight-storey office towers |
| **% owned by Group** | 100% | 60% | 60% | 50% | 50% |
| **Tenure** | 50-yr term from 1994 | 36-yr term from 1993 | 50-yr term from 1993 | Freehold | 99-yr term from 2007 |
| **Site Area** | Strata-Titled | 15,434 sqm | 4,993 sqm | 0.487 acres | 8,000 sqm |
| **Lettable Area** | 28,390 sqm | 38,774 sqm | 39,295 sqm | 7,882 sqm | 26,724 sqm |
| **Occupancy Rate[1]** | 93.8% | 94.8% | 94.3% | 100% | 88.6% |
| **Valuation (100%)[1]** | S$109 million | S$190 million | S$228 million | S$140 million | S$405 million |

[1] As at 31 March 2020

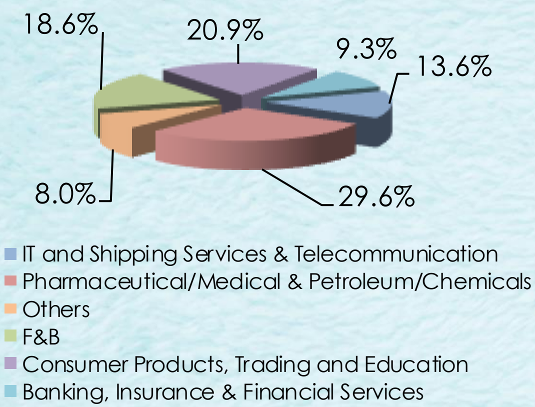
# Investment Properties

## Tenant Mix by Total Leased Area:

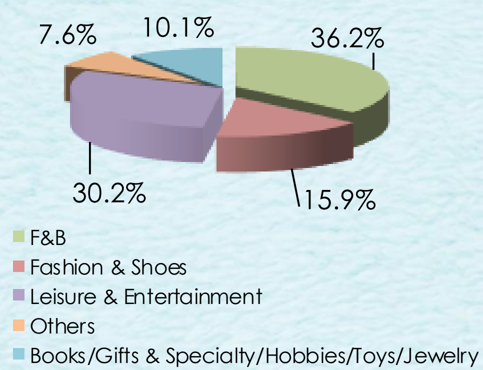
**(as at 31 March 2020)**

| | | GIE Tower, Guangzhou, China | Metro City, Shanghai, China | Metro Tower, Shanghai, China |
|---|---|---|---|---|
| **Occupancy Rate** | **FY2020** | 93.8% | 94.8% | 94.3% |
| | **FY2019** | 94.2% | 99.7% | 98.3% |
| **Expiry Profile** | **1HFY2021** | 20.9% | 18.4% | 5.6% |
| | **2HFY2021** | 10.3% | 14.3% | 3.0% |

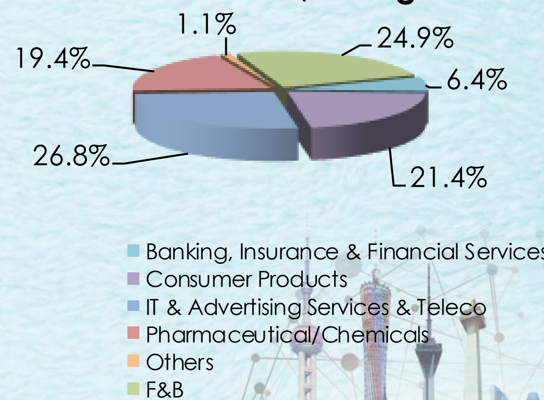
**GIE Tower, Guangzhou**




**Metro City, Shanghai**



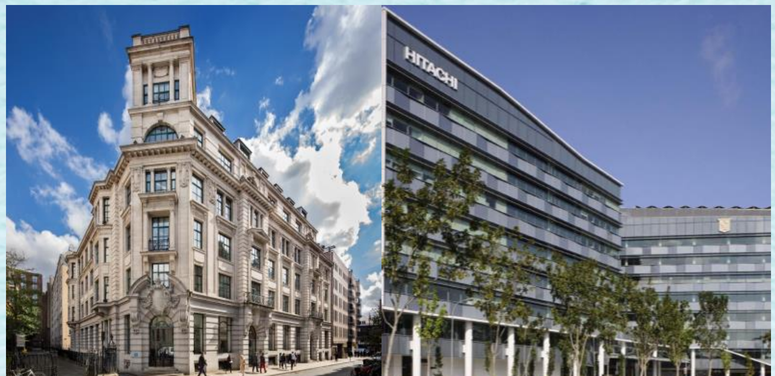

**Metro Tower, Shanghai**



# Investment Properties

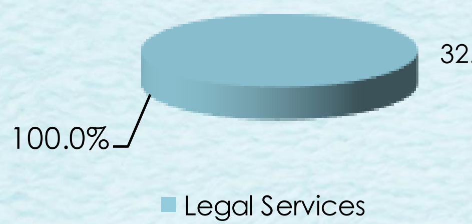
## Tenant Mix by Total Leased Area:

**(as at 31 March 2020)**

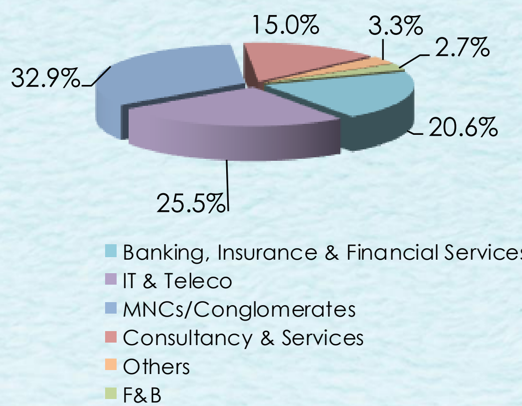


| | | 5 Chancery Lane, London, UK | 7&9 Tampines Grande, Singapore |
|---|---|---|---|
| **Occupancy Rate** | **FY2020** | 100.0% | 88.6% |
| | **FY2019** | 100.0% | 90.6%[1] |
| **Expiry Profile** | **1HFY2021** | 0.0% | 15.7% |
| | **2HFY2021** | 0.0% | 29.1% |

**5 Chancery Lane, London**




**7&9 Tampines Grande, Singapore**



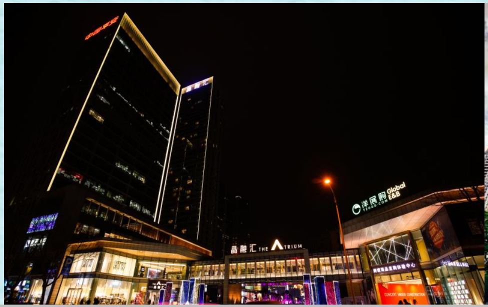

[1]As at 30 June 2019

# Investment Properties

| | Bay Valley, Shanghai, China | Shanghai Plaza, Shanghai, China |
|---|---|---|
| **Type of Development** | Commercial | Mixed-use |
| **Key Project Description** | Office buildings (C7 and 48% of A4) located in New Jiangwan City, Yangpu District | Retail mall, centrally located at Huai Hai Zhong Road, Huang Pu district |
| **% owned by Group** | 30% | 35% |
| **Tenure** | 50-yr term from 2008 | 50-yr term from 1992 |
| **Site Area** | n.a. | n.a. |
| **Lettable Area** | 38,420 sqm | 40,693 sqm |
| **Valuation (100%)** [1] | S$203 million | S$618 million |
| **Current Status** | Fully leased | Asset enhancement works and leasing activities are in progress |

[1] As at 31 March 2020

# Investment Properties




Office building at 100 Edward Street, Brisbane

| | The Atrium Mall, Chengdu, China | Portfolio of 14 Office & Retail Properties, Australia[1] |
|---|---|---|
| **Type of Development** | Retail | Commercial & Retail |
| **Key Project Description** | LEED® Gold certified commercial mall, which is part of a landmark mixed-use development | Portfolio of 14 quality freehold properties comprising 4 office buildings and 10 retail centres that span across 4 key states in Australia, namely New South Wales, Victoria, Queensland and Western Australia |
| **% owned by Group** | 25% | 20% |
| **Tenure** | 40-yr term from 2007 | Freehold |
| **Site Area** | 123,170 sqm | n.a. |
| **Lettable Area** | 26,078 sqm | 130,925 sqm |
| **GDV[2]/Valuation (100% basis)** | RMB800 million[3] | S$760 million[4] |
| **Current Status** | Phase 1 asset enhancement works underway and to complete end September 2020 | Acquired on 8 November 2019 |

(1) See slide 5 for complete list of 14 properties
(2) GDV refers to Gross Development Value
(3) 100% purchase consideration of the equity component
(4) As at 31 March 2020

# Trading Properties



| | The Crest, Prince Charles Crescent, Singapore | Trans Park Juanda, Bekasi, Jakarta, Indonesia | Trans Park Bintaro, Jakarta, Indonesia |
|---|---|---|---|
| **Type of Development** | Residential | Residential | Residential |
| **% owned by Group** | 40% | 90% | 90% |
| **Key Project Description** | 469 units with total GFA[1] of 50,854 sqm | 5,622 units with total GFA[1] of 162,754 sqm<br>Five 32-storey residential towers within a mixed development | 2 residential towers comprising 1,260 apartment and 170 SoHo units with total GFA[1] of 61,619 sqm |
| **Site Area** | 23,785 sqm | 4.5 hectares | 1.6 hectares |
| **GDV[2]/Valuation (100% basis)** | S$516.3 million[3] | IDR1.99 trillion[4] | IDR1.33 trillion[4] |
| **Current Status** | >90% sold | Bekasi mall has opened, 4 of 5 residential towers have topped-off and apartment sales are underway | Bintaro mall has opened, 1 of 2 residential towers have topped-off and apartment sales are underway |

(1) GFA refers to Gross Floor Area
(2) GDV refers to Gross Development Value
(3) 100% land cost for project
(4) 100% purchase consideration

# Trading Properties

| | Shanghai Shama Century Park, Shanghai, China | Bay Valley, Shanghai, China |
|---|---|---|
| **Type of Development** | Residential | Commercial |
| **% owned by Group** | 30% | 30% |
| **Key Project Description** | 284 units with total GFA[1] of 49,357 sqm and 240 car park units | Office buildings (C4 and 52% of A4) with total GFA[1] of 59,434 sqm |
| **Site Area** | n.a. | n.a. |
| **GDV[2] (100% basis)** | n.a. | RMB1.5 billion[3] |
| **Current Status** | 100% sold | Leasing activities are underway |

[1] GFA refers to Gross Floor Area
[2] GDV refers to Gross Development Value
[3] 100% purchase consideration

# Trading Properties



| | Milliners Wharf The Hat Box, Manchester, UK | Middlewood Locks, Manchester, UK | Sheffield Digital Campus, Sheffield, UK |
|---|---|---|---|
| **Type of Development** | Residential | Mixed-use | Commercial |
| **% owned by Group** | 25% | 25% | 50% |
| **Key Project Description** | Phase 1 sold (144 apartments); Phase 2 (~60 apartments) | 2,215 units and commercial space including offices, hotel, shops, restaurants and a gym with total GFA[1] of 222,967 sqm | Two office buildings with total GFA[1] of 13,252 sqm |
| **Site Area** | 1.06 acres | 24 acres | 1.03 acres |
| **GDV[2] (100% basis)** | n.a. | £700 million[2] | £40 million[2] |
| **Current Status** | Planning approval for Phase 2 have been submitted, working on feasibility appraisal | Phase 1: 571 units completed and sold units being handed over; 277 units in Phase 1 and all 546 units in Phase 2 sold to Get Living, a UK private rented sector venture; Planning for Phase 3 underway | Acero Works (7,460 sqm) sold in May 2018; Development works are now focused on Vidrio House (5,792 sqm) |

[1] GFA refers to Gross Floor Area
[2] GDV refers to Gross Development Value

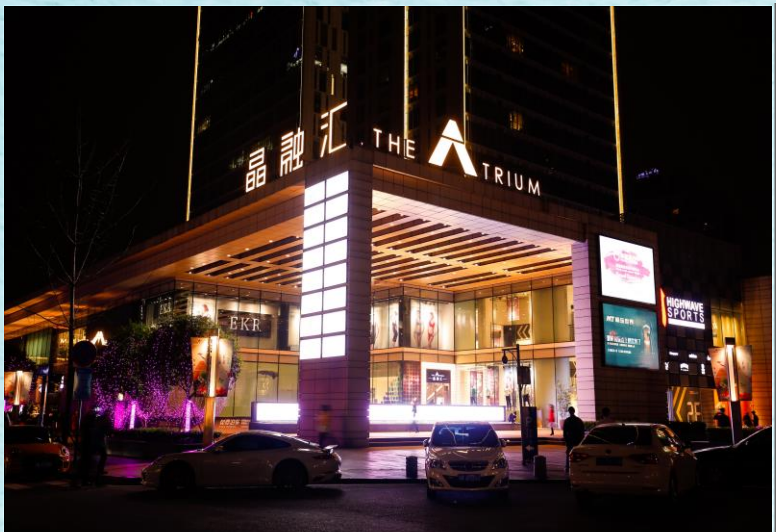
# Investments In FY2020

# 7 & 9 Tampines Grande, Singapore


| | |
|---|---|
| **Description** | Two blocks of premium Grade-A eight-storey office towers with retail and F&B on the ground floor, BCA Green Mark Platinum and LEED® Gold Certified |
| **% owned by Group** | 50% |
| **Site Area (sqm)** | 8,000 |
| **Total GFA (sqm)** | 33,599 |
| **Land Tenure** | 99 years from 2007 (86 years left) |
| **Total Consideration (100%)** | S$91.2 million[1] |
| **Acquisition Date** | 18 April 2019 |
| **Connectivity** | 25-minutes drive from CBD, 10-minutes drive from Changi Airport and 5-minutes walk from Tampines MRT interchange that is part of both East-West and Downtown lines |
| **Status** | 88.6% occupancy[2], Office Tower 1 leased to Hitachi, Office Tower 2 is multi-let tenants, Ground floor retail |

(1) 100% purchase consideration of the equity component
(2) As at 31 March 2020

# The Atrium Mall, Chengdu, China





| | |
|---|---|
| **Description** | LEED® Gold certified commercial mall, which is part of a landmark mixed-use development |
| **% owned by Group** | 25% |
| **Site Area (sqm)** | 123,170 |
| **Total GFA (sqm)** | 45,352 |
| **NLA (sqm)** | 26,078 with 387 carpark lots |
| **Total Consideration (100%)** | RMB800 million[1] |
| **Acquisition Date** | 15 May 2019 |
| **Connectivity** | Located in the heart of Chengdu's CBD & the Dacisi business corridor, close to the Chunxi & the Hong Xing Road pedestrian malls such as Taikoo Li Chengdu. Mall is well connected by 2 train stations & over 20 bus lines |
| **Status** | Phase 1 asset enhancement works underway and to complete end September 2020 |

[1] 100% purchase consideration of the equity component

# Portfolio of 14 Office & Retail Properties, Australia

Office building at 100 Edward Street, Brisbane


Retail Centre at 6 Coltman Plaza, Victoria

| | |
|---|---|
| **Description** | Portfolio of 14 quality freehold properties[1] comprising 4 office buildings and 10 retail centres that span across 4 key states in Australia, namely New South Wales, Victoria, Queensland and Western Australia |
| **% owned by Group** | 20% |
| **NLA (sqm)** | 130,925 |
| **Land Tenure** | Freehold |
| **Average Occupancy Rate[2]** | 96.7% |
| **Weighted Average Lease Expiry** | ~8 years |
| **Total Consideration (20%)** | A$95.8 million[3] |
| **Acquisition Date** | 8 November 2019 |

[1] See slide 5 for complete list of 14 properties
[2] As at 31 March 2020
[3] 20% purchase consideration of the equity component

# Retail Operations

# Retail Operations

- Retail division continues to operate amidst difficult trading conditions;
- Metro Centrepoint ceased operations in October 2019 upon lease expiry;
- In December 2019, Metro divested its Indonesian retail business to our existing partner for a profit whilst retaining a licensing fee, in line with the Group's long-term strategy of rationalising the retail business.

**Singapore:-**

- Metro Woodlands
- Metro Paragon
- Metro Centrepoint (closed Oct 2019)

**Indonesia (Divested 12 Dec 2019):-**

- Metro Pondok Indah
- Metro Plaza Senayan
- Metro Taman Anggrek
- Metro Gandaria City
- Metro Puri Mall
- Metro Trans Studio Mall Cibubur
- Metro Bandung Supermal
- Metro Trans Makassar
- Metro Ciputra World Surabaya
- Metro Park Solo
- Metro Grand Kawanua Manado


# Financial Highlights

# FY2020 Key Financial Highlights

**Group Revenue for FY2020 increased to S$210.3 million from S$172.0 million in FY2019**

- Property division recognised higher revenue of S$95.2 million in FY2020 as compared to S$34.5 million in FY2019 from the sale of property rights of the residential development properties in Bekasi and Bintaro, Jakarta; which was partially offset by
- Lower revenue from GIE Tower, Guangzhou, by S$0.7 million due to rental rebates extended to help tenants cushion the business impact arising from the COVID-19 pandemic; and
- Retail division reported lower sales from S$130.6 million in FY2019 to S$108.9 million in FY2020 mainly due to closure of Metro Centrepoint in October 2019 upon lease expiry as well as shortening of operating hours in the departmental store in Singapore in February and March 2020 arising from the COVID-19 pandemic.

**Property division – PBT decreased to S$30.0 million in FY2020, from S$114.4 million in FY2019**

- Fair value loss on investment property, GIE Tower, Guangzhou, of S$2.5 million in FY2020, as compared to fair value gain of S$14.7 million in FY2019;
- Unrealised fair value loss on short term and long term investments of S$7.9 million in FY2020 mainly due to outbreak of COVID-19 in the beginning of year 2020 as compared to FY2019's fair value gain of S$9.3 million;
- Share of associates' loss of S$29.7 million in FY2020 as compared to share of profit of S$13.1 million in FY2019. This is mainly due to higher share of operating losses (net of tax) by S$21.3 million comprising S$4.3 million of rental rebates and waivers granted to tenants arising from the COVID-19 pandemic. The Group recorded fair value loss (net of tax) on investment properties owned by associates of S$7.4 million in FY2020 as compared to fair value gain of S$14.1 million in FY2019; and
- Share of profit of joint ventures decreased by S$9.3 million to S$55.9 million in FY2020 from S$65.2 million in FY2019 mainly due to lower fair value gain (net of tax) on investment properties owned by joint ventures of S$18.9 million from S$20.3 million in FY2019 to S$1.4 million in FY2020. This was mitigated by higher share of operating profits (net of tax) by S$9.6 million arising from higher contributions from The Crest, Metro City and Metro Tower, after S$8.1 million rental rebates and waivers granted to tenants arising from the COVID-19 pandemic.

# FY2020 Key Financial Highlights

**Retail division – Registered Net Gain before Tax of S$9.8 million, up from Net Loss before Tax of S$6.4 million in FY2019**

- Divestment gain of S$10.6 million from the disposal of the Group's 50% equity interest in its associate in Indonesia; and
- Excluding the divestment gain, Metro retail's Singapore operation recorded a lower operating loss of S$0.2 million in FY2020 versus S$7.1 million operating loss in FY2019 mainly due to higher profit and absence of provision for stock obsolescence and impairment of fixed assets recorded in FY2019.

**Strong Balance Sheet**

- Net Assets of S$1,529 million as at 31 March 2020, as compared to S$1,534 million as at 31 March 2019.

# Key Financial Highlights – 2HFY2020

## Revenue

S$81.5 million

▼ 14.6% YoY

2HFY2019

S$95.5 million

## PBT

S$14.0 million

▼ 80.3% YoY

2HFY2019

S$71.1 million

**Remarks:**

(1) Revenue from the sale of property rights of the residential development properties in Bekasi and Bintaro, Jakarta, improved by S$11.0 million. This was offset by lower revenue from GIE Tower, Guangzhou, by S$0.8 million mainly due to rental rebates extended to help tenants cushion the business impact arising from the COVID-19 pandemic and lower sales from the retail division by S$24.2 million mainly due to closure of Metro Centrepoint in October 2019 upon lease expiry as well as shortening of operating hours for the departmental store in Singapore in February and March 2020 arising from the COVID-19 pandemic.

(2) PBT decreased by S$57.1 million, mainly attributable to:

- Fair value loss on investment property, GIE Tower, Guangzhou, of S$2.5 million in 2HFY2020, as compared to fair value gain of S$14.7 million in 2HFY2019;
- Unrealised fair value loss on short term and long term investments of S$9.4 million in 2HFY2020 due to outbreak of COVID-19 in the beginning of year 2020 as compared to 2HFY2019's fair value gain of S$3.9 million; and
- Share of associates' loss of S$30.5 million in 2HFY2020 as compared to share of profit of S$9.5 million in 2HFY2019 mainly due to higher share of operating losses (net of tax) by S$19.3 million comprising S$4.3 million of rental rebates and waivers granted to tenants arising from the COVID-19 pandemic. The Group recorded a fair value loss (net of tax) on investment properties owned by associates of S$10.1 million in 2HFY2020 as compared to fair value gain of S$10.5 million in 2HFY2019; partially offset by
- Divestment gain of S$10.6 million from the disposal of the Group's 50% equity interest in its associate in Indonesia.

# Key Financial Highlights – FY2020

## Revenue

S$210.3 million

▲22.3% YoY

FY2019

S$172.0 million

## PBT

S$39.7 million

▼63.2% YoY

FY2019

S$108.0 million

## Basic EPS

3.9 cents

▼66.4% YoY

FY2019

11.6 cents

## NAV Per Share

S$1.81

▼0.5% YoY

FY2019

S$1.82

## Return on Total Assets(1)

1.6 %

▼70.4% YoY

FY2019

5.4%

## Return on Equity(1)

2.1%

▼67.7% YoY

FY2019

6.5%

**Remarks:**

(1) In calculating return on equity and return on total assets, the average basis has been used

# Key Financial Highlights – FY2020

## Proposed Dividend[1]

S$16.6 million

▼ 55.6% YoY

FY2019

S$37.3 million

Comprises:

- Ordinary Dividend
  - 2.0 cents

## Dividend Cover

1.95x

▼ 24.4% YoY

FY2019

2.58x

**Remarks:**

(1) FY2020's proposed dividend subject to shareholders' approval at the AGM

# Consolidated Income Statement

| (S$ '000) | 2nd Half Year Ended | | | Full Year Ended | | |
|---|---|---|---|---|---|---|
| | 31-Mar-20 | 31-Mar-19 | Change | 31-Mar-20 | 31-Mar-19 | Change |
| **Revenue** | 81,533 | 95,467 | (14.6%) | 210,254 | 171,964 | 22.3% |
| **Profit Before Tax** | 14,030 | 71,061 | (80.3%) | 39,731 | 108,033 | (63.2%) |
| **Comprising:** | | | | | | |
| **Metro City, Metro Tower, GIE Tower, 5 Chancery Lane, Tampines Grande (Incl Fair Value) [1]** | 23,487 | 55,466 | (57.7%) | 41,994 | 74,977 | (44.0%) |
| **Key Associates – Top Spring, Bay Valley, Shanghai Plaza, Australia Portfolio (Incl Fair Value)** | (43,745) | (1,664) | n.m. | (52,612) | (5,567) | 845.1% |
| **Residential Projects – The Crest, Bekasi, Bintaro** | 17,460 | 1,572 | n.m. | 24,162 | 11,933 | 102.5% |
| **Retail [2]** | 9,680 | (1,682) | n.m. | 9,756 | (6,355) | n.m. |
| **Investments (InfraRed Fund II/III, MGSA, etc)** | 5,772 | 18,046 | (68.0%) | 20,914 | 31,415 | (33.4%) |
| **Others** | 1,376 | (677) | n.m. | (4,483) | 1,630 | n.m. |
| **Profit After Tax** | 11,476 | 62,650 | (81.7%) | 33,080 | 96,695 | (65.8%) |

**Remarks:**

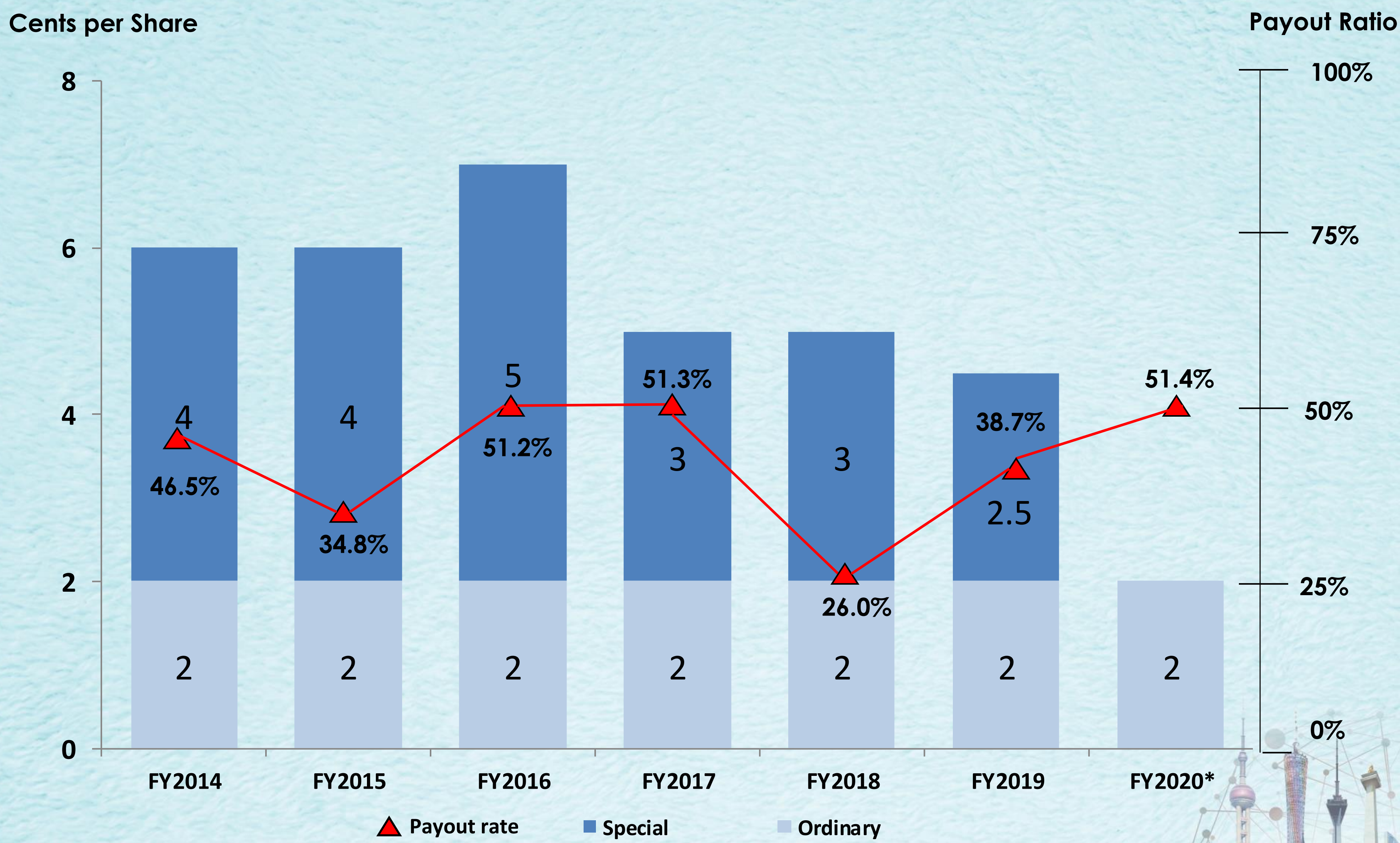
(1) Due to the COVID-19 pandemic, rental rebates and waivers as well as extension of payment terms were granted to some tenants at Metro City, Metro Tower and GIE Tower who faced cashflow difficulties due to the closure of business operations

(2) Included divestment gain of S$10.6 million from the disposal of the Group's 50% equity interest in its associate in Indonesia in FY2020

# Balance Sheet Highlights

| (S$ million) | As at | | Change |
|---|---|---|---|
| | 31-Mar-20 | 31-Mar-19 | |
| **Investment Property** | 109.0 | 112.0 | (2.7%) |
| **Associates** | 795.6 | 758.1 | 4.9% |
| **Joint Ventures** | 337.3 | 232.8 | 44.9% |
| **Other Non-current Assets** | 165.0 | 103.3 | 59.7% |
| **Current Assets** | 829.4 | 693.5 | 19.6% |
| **Total Assets** | **2,236.3** | **1,899.7** | **17.7%** |
| **Current Liabilities** | 208.6 | 166.4 | 25.4% |
| **Long Term and Deferred Liabilities** | 499.0 | 199.1 | 150.6% |
| **Total Net Assets** | **1,528.7** | **1,534.2** | **(0.4%)** |
| **Shareholders' Funds** | 1,500.1 | 1,510.3 | (0.7%) |
| **Non-controlling Interests** | 28.6 | 23.9 | 19.7% |

# Dividend Payout

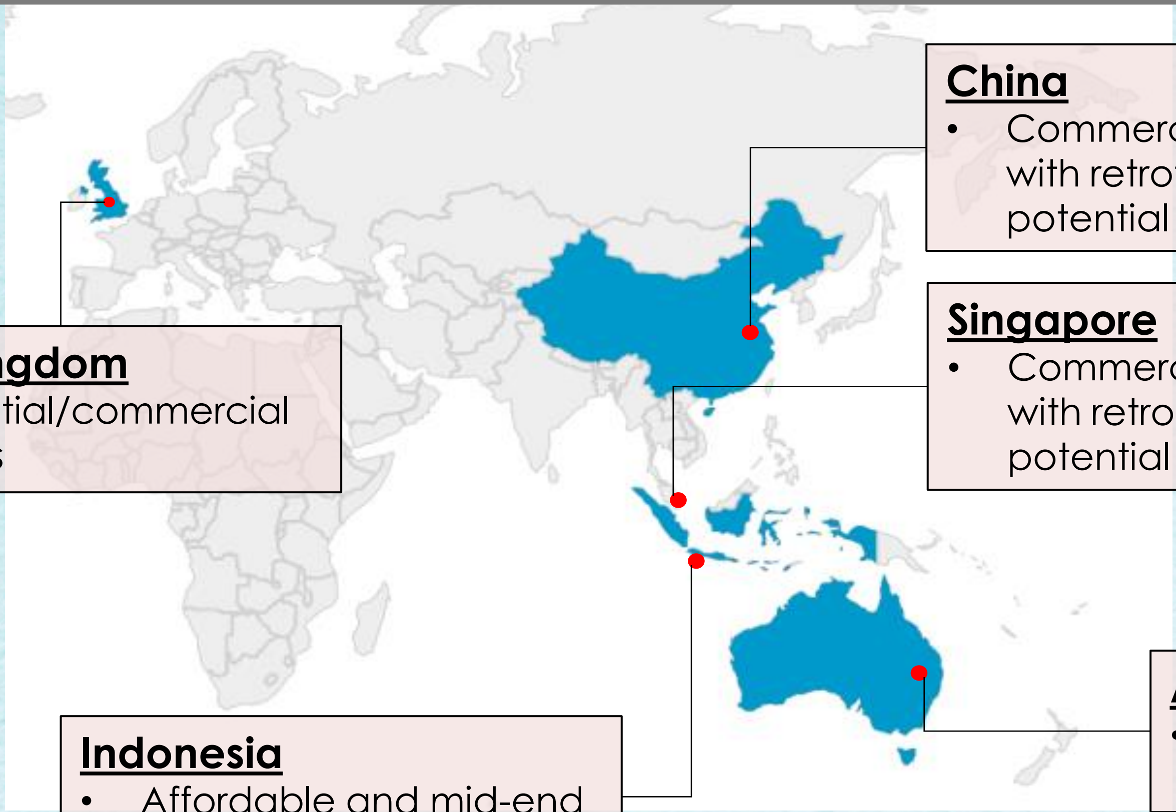



* FY2020's proposed dividend subject to shareholders' approval at the AGM

# Growth Strategies

# Growth Strategies (Property)

1. Continue to grow presence in Singapore, China, Indonesia, the United Kingdom and Australia
2. Explore regional countries for diversification
3. Balanced portfolio of investment and development assets



**China**
- Commercial assets with retrofitting upside potential

**Singapore**
- Commercial assets with retrofitting upside potential

**United Kingdom**
- Residential/commercial projects

**Indonesia**
- Affordable and mid-end residential projects

**Australia**
- Quality office/defensive retail projects

# Growth Strategies (Property)

4 Strategic alliances with existing and new partners

5 Continue to achieve efficiency in capital recycling

6 Strengthen financial position whilst proactive asset management of our investment portfolios, and leveraging on the Group's resources and unutilized credit facilities

## PARTNERS

上海徐家滙商城(集團)有限公司 SHANGHAI XUJIAHUI CENTRE (GROUP) CO.,LTD.

萊蒙國際 TOPSPRING

CTCORP

Scarborough Group International

华凌 HUALING GROUP

LEE KIM TAH GROUP

TRANSCORP

WINGTAIASIA

InfraRed NF

CICC 中金公司

ARA ASSET MANAGEMENT LIMITED

EVIA REAL ESTATE

SIM LIAN HOLDINGS

SIM LIAN-METRO CAPITAL*

* Asset management company 80%-owned by an affiliate of Sim Lian Holdings Pte Ltd and 20%-owned by Metro SL Australia Investment Pte. Ltd.

# Growth Strategies (Retail)

1. Capitalise on retail brand name in Singapore

2. Continue to focus on multi-media strategy and deployment of technology to enhance customers shopping experience

3. Consolidate operational efforts to achieve higher efficiency and productivity


# Thank You

# Market Outlook

# Market Outlook: Singapore, Office

## Market effects from the COVID-19 pandemic to be more apparent in 2Q2020

***Colliers, Singapore Office 1Q2020***

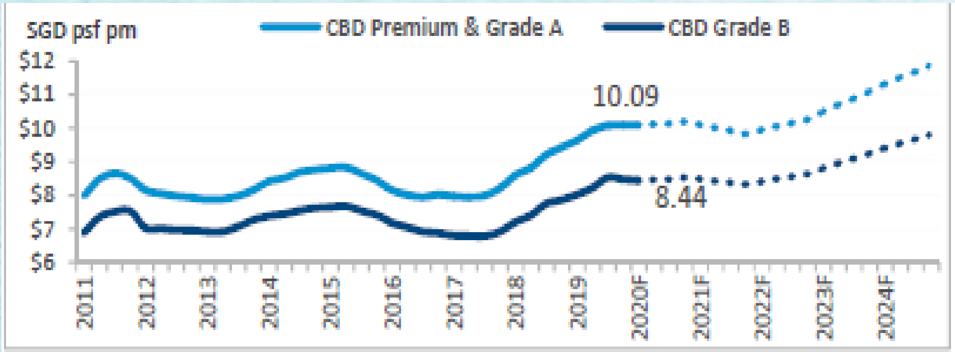
- According to Colliers, the impact of COVID-19 on rents was not apparent in 1Q2020. Growth of CBD Grade A rents remained flat QoQ at SGD10.09 per sq foot, while the rental decline in the Grade B market slowed from 0.7% QoQ in Q42019 to 0.3% in Q12020. Colliers expects a 4% rent decline in 2021 in view of slower demand and high forward supply

## Cold feet from COVID-19

***CBRE, Singapore 1Q2020***

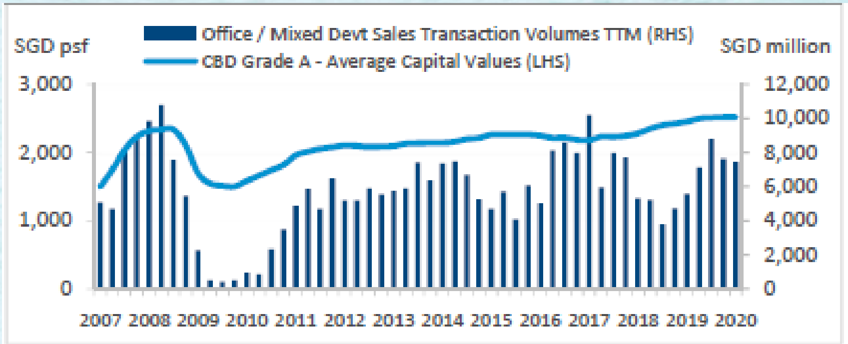
- According to CBRE, the introduction of the COVID-19 "circuit breaker" measure further exacerbated business uncertainty. Coupled with the concern of backfilling upcoming vacant stock that will emerge from the relocation of tenants, rents are subjected to harsher downward pressures for the rest of 2020

Singapore's CBD Grade A & B Gross Effective Rents




Source: Colliers International.

Singapore's CBD Grade A Capital Values & Island-wide Transaction Volumes




Source: Colliers International. Note: Valuation-based methodology is used to derive capital values. Investment volumes only include transactions over SGD5 million. "TTM" refers to trailing 12 months.

# Market Outlook: Singapore, Residential

## The impact of Covid-19 intensified in March

***Savills, Singapore Residential Sales – May 2020***

- Developers launched a total of 2,093 uncompleted private residential units for sale in the first quarter of 2020
- A total of 10 non-landed private residential projects were newly launched in the quarter. Except for the M at Middle Road, which offered all its 522 units for sale, there was restraint in the number of units released in other new projects, ranging from eight to 69
- In total, developers moved 2,149 private residential units in the reviewed quarter, representing a 12.0% fall QoQ but still up 16.9% from the same period last year
- According to the URA's statistics, a total of 29,149 uncompleted private homes (excluding executive condominiums) in the pipeline with planning approvals remained unsold as at the end of 1Q2020, down 1,013 units or 3.4% from 4Q2019's 30,162 units
- For this and next year, Savills forecast for island-wide non-landed price changes are for a fall of -3% to -8% in 2020 followed by a 0% to 5% recovery in 2021

# Market Outlook: Singapore, Retail

## COVID-19 severely disrupted the global economy

- The Singapore economy contracted by 0.7% on a YoY basis in the first quarter, a reversal from the 1.0% growth in the previous quarter. GDP growth forecast for 2020 is downgraded to -7.0% to -4.0%[1]
- Singapore's retail sales index for March 2020 decreased 13.3% YoY, while department stores dropped 38.6% YoY[2]. The decline is mainly attributed to larger YoY declines in retail industries selling discretionary items, due to weaker domestic consumption and fewer tourist arrivals as a result of the COVID-19 outbreak
- In 2019, Singapore saw growth in both visitor arrivals and tourism receipts for a fourth consecutive year. However, the Singapore Tourism Board expects visitor arrivals this year to fall by about 25% to 30% for 2020[3]

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*(1) Ministry of Trade and Industry Singapore, May 26, 2020 – "MTI Downgrades 2020 GDP Growth Forecast to "-7.0 to -4.0 Per Cent""*
*(2) Singstat, 5 May 2020 – "Retail sales index and food & beverage sales index"*
*(3) Singapore Tourism Board, February 11, 2020 – "STB rallies tourism sector to face biggest challenge since SARS"*

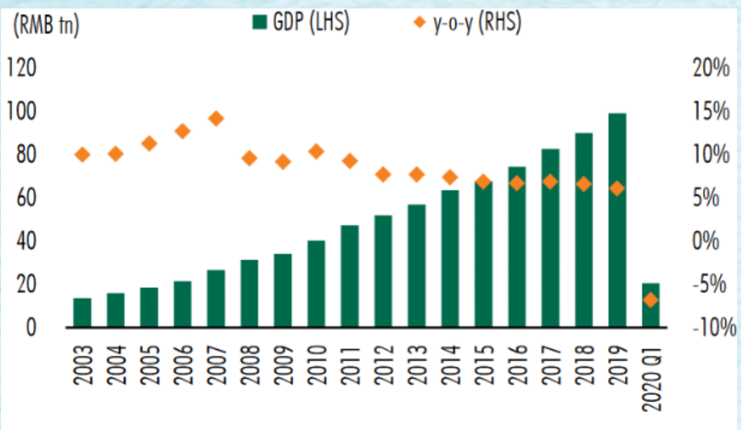
# Market Outlook: China, Office

## COVID-19 pandemic weighs on leasing and investment demand, but the market shows signs of recovery

**CBRE, China 1Q2020**

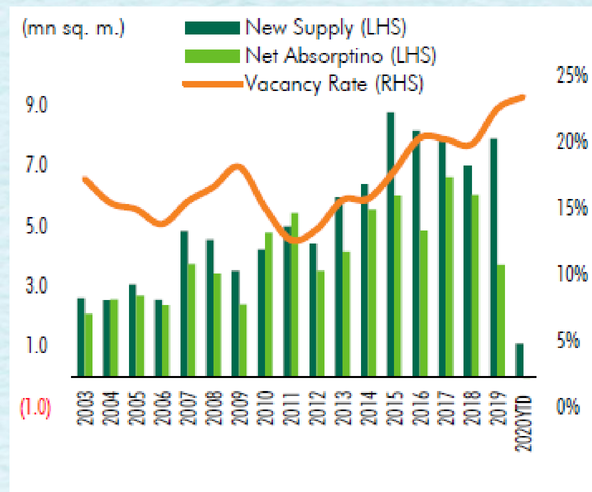
- The spread of COVID-19 exerted a severe impact on nationwide economic and business activity in 1Q2020 as the government applied travel and transportation restrictions. GDP fell by 6.8% YoY over the quarter, the first contraction since 1992
- CBRE expects GDP growth to rebound in 2Q2020, with annual GDP growth forecasted to reach 1.5%
- New supply in the 18 major China cities tracked by CBRE fell by 52.5 YoY to 1.1 million sqm in 1Q2020. Net absorption fell into negative territory at -43,000 sqm as business activity came to a near standstill and occupiers postponed leasing decisions
- Overall vacancy rose by 0.9 percentage points to 23.4% as several surrender leases were recorded among some non-traditional finance, co-working and entertainment-related companies

### China's Gross Domestic Product




Source: National Bureau of Statistics of China, Q1 2020

### China's Office Supply & Demand




Source: CBRE Research, Q1 2020

# Market Outlook: Shanghai, Office

## Online sectors to lead demand recovery

**Colliers, Shanghai Office 1Q2020**

- In 1Q2020, the COVID-19 epidemic caused a low net take-up. However, benefiting from legions of people staying at home, online sectors, including education and entertainment businesses are growing rapidly and seeking expansion
- For 2020, demand is expected to decrease by 400,000 sqm, while supply is expected to increase by 2.5 million sqm
- Rent for the year is forecast to fall by 6.1% and vacancy is forecast to increase by 9.7 percentage points to 28.9%

## Postponements mean no supply in 1Q2020

**Savills, Shanghai Office – April 2020**

- Grade A office rents fell 1.0% on an index basis in 1Q2020 to an average of RMB7.8 per sqm per day. Prime areas recorded the most significant decrease of 1.3% in 1Q2020 to RMB10.4 per sqm per day
- The city's Grade A office market is expected to receive about 1.2 million sqm of new supply in core and decentralised locations in 2020, down 35% compared to our previous forecast at the beginning of the year as many projects experience construction delays
- Demand will likely remain weak in 2Q2020 as tenants remain cautious until there is greater clarity on future economic prospects

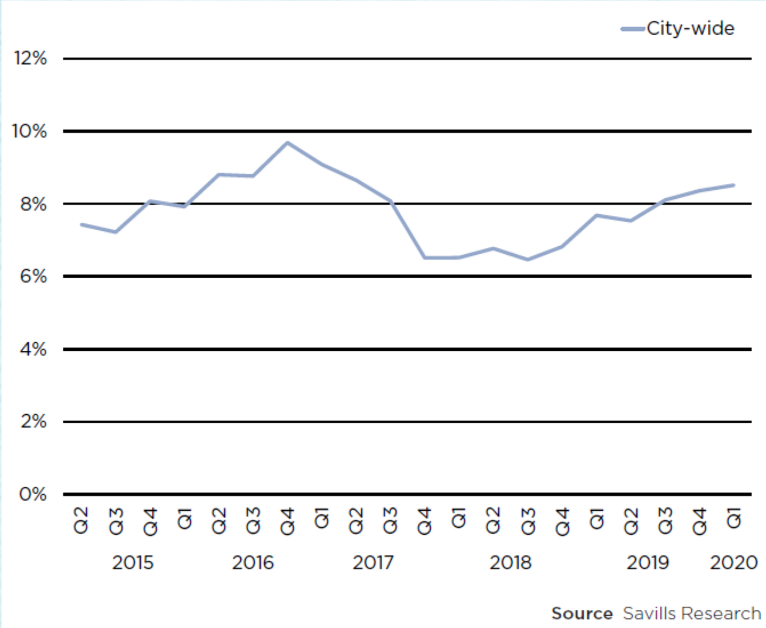
# Market Outlook: Shanghai, Retail

## On the road to recovery

***Savills, Shanghai Retail – April 2020***

- Retail sales fell 20.3% YoY in the first two months of 2020 on the back of the city lockdown and temporary store closures in response to COVID-19
- No new projects launched onto the market in 1Q2020 and future supply will undoubtedly be delayed, though the extent and duration remain uncertain
- In 1Q2020, vacancy rates in prime retail areas increased 1.4 percentage points QoQ to 7.4%, while vacancy rates in non-prime retail areas fell 0.2 of a percentage point QoQ to 8.7%
- The biggest downside risk for the retail market is a slower recovery of the domestic economy, resulting from a global economic contraction/recession
- While short term retail performance has been adversely affected by the virus, many international and leading domestic brands remain confident in Shanghai's market and are still actively considering new store locations

Shanghai Citywide Vacancy Rates



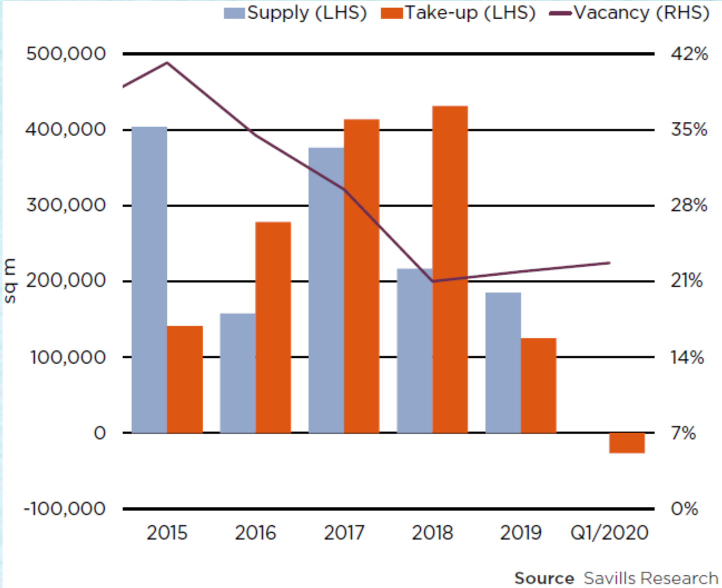
# Market Outlook: Chengdu, Office

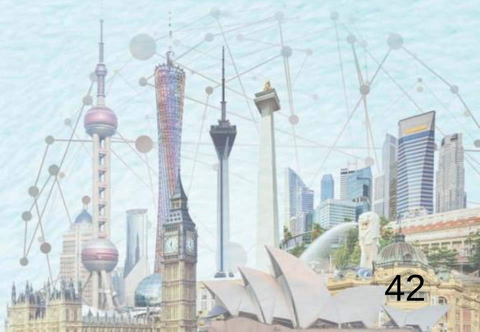
## Office transactions decrease

***Savills, Chengdu Office – April 2020***

- Chengdu's GDP reached RMB1.7 trillion in 2019, an increase of 7.8% YoY. The citywide total investment in fixed assets expanded by 10.0% YoY
- Due to the pandemic, new office supply of Chengdu's Grade A office market was delayed during 1Q2020, leaving office stock at approximately 3.3 million sqm
- Grade A office vacancy rate increased 0.8 of a percentage point QoQ to 22.7%
- New office supply of Chengdu's Grade A office is not predicted to exceed the supply volume from 2019, but several high-quality projects, including Fengde Chengda Centre, are expected to enter the market in 2H2020
- The situation is expected to improve with the central and provincial governments promoting work resumption since the end of 1Q2020
- As the outbreak comes under further control, Chengdu's office market is expected to be more active in 2H2020

Chengdu Grade A Office Supply, Take-Up And Vacancy Rate



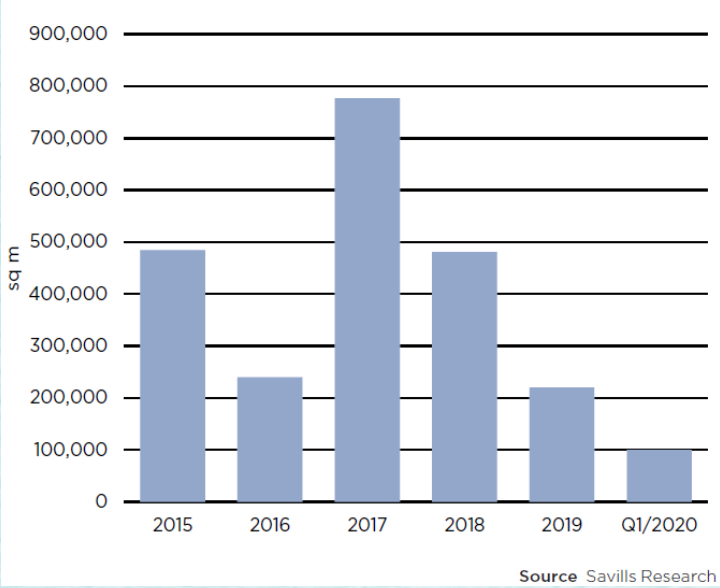
# Market Outlook: Chengdu, Retail

## Retail market demand weakens

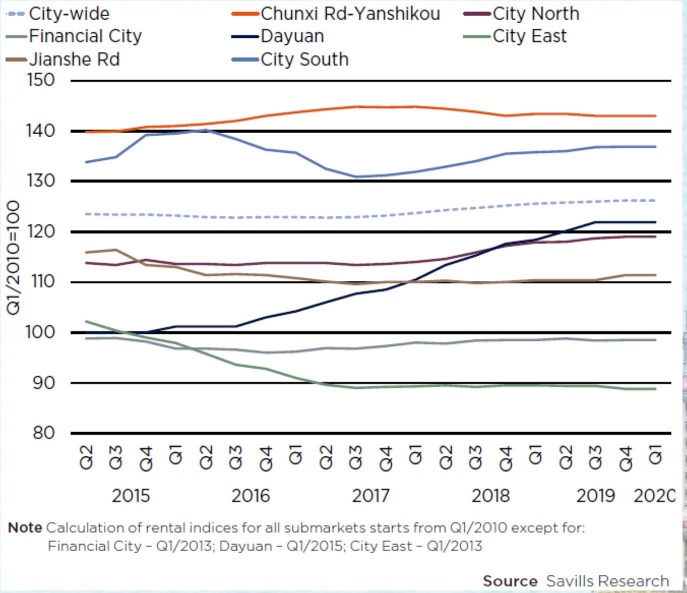
***Savills, Chengdu Retail – April 2020***

- Retail sales of consumer goods in Chengdu reached RMB105.77 billion from January 2020 to February 2020, down 16.9% YoY
- One new shopping mall, Chengdu Hongtang, located in the Dayuan submarket, entered the market in 1Q2020, pushing Chengdu's total shopping mall stock to 6.0 million sqm
- Due to COVID-19, Chengdu's retail market demand shrank over the quarter, and net absorption decreased to -139 sqm. The citywide average vacancy rate of shopping malls increased by 0.8 of a percentage point QoQ to 5.3%
- Some projects, which were expected to open this year, are very likely to postpone their opening date due to the virus. However, the total new supply volume of 2020 may still greatly outstrip that of last year

Chengdu Shopping Mall Supply




Chengdu Retail Submarket Rental Index



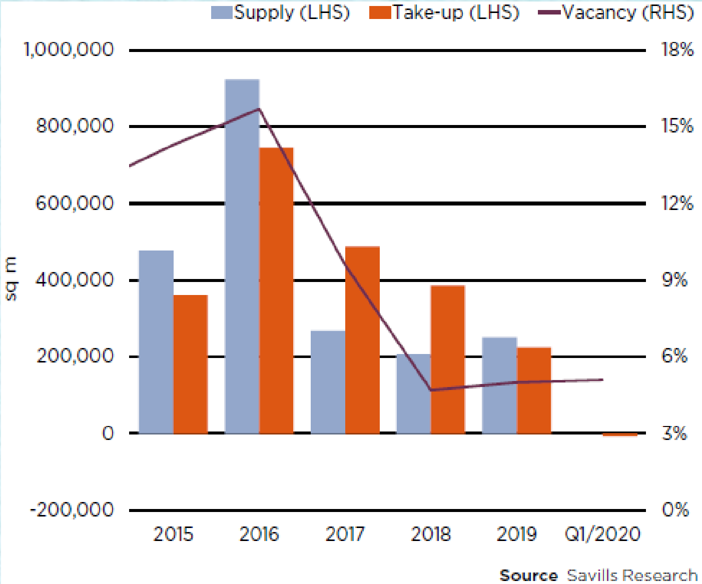
# Market Outlook: Guangzhou, Office

## Leasing market slows down

***Savills, Guangzhou April 2020***

- Due to the strict COVID-19 epidemic prevention and control measures imposed by the central and local governments, landlords of new projects had to postpone their project completion dates to 2Q2020 at the earliest. As a result, no new completions entered the market during the quarter and the total stock of the Guangzhou office market remained at 5.24 million sqm
- As a collective impact of the seasonality in January and the COVID-19 epidemic in February, the Guangzhou office leasing market transited from being sluggish to stalled during the two months
- The market gradually resumed and a pick-up in leasing enquiries in March, net absorption of the quarter declined to -6,851 sqm
- The citywide vacancy rate edged up by 0.1 of a percentage point QoQ to 5.1% by the end of 1Q2020
- The increasing economic challenges combined with the influx of new completions, over 82,000 sqm, should result in a spike in vacancy and a structural decrease in rents by the end of 2020

Guangzhou Grade A Office Supply, Net Take-Up And Vacancy Rate



# Market Outlook: Indonesia, Residential

## Smaller, cheaper units remain the most desirable unit types

***JLL, Jakarta Property Market Review 4Q2019***

- 2019 was another year of relatively slow sales although there were several bright spots. Developers attempted to make unit prices more affordable by compressing unit sizes and, in general, smaller, cheaper units continued to attract more interest

## The impact of COVID-19 on the Indonesia property market

***JLL, Indonesia April 2020***

- Unlike in some other markets around Asia Pacific, foreign ownership regulations make it difficult for non-Indonesians to own property. This means that fluctuating demand from international investor buyers does not have a serious impact on the market
- However, local investors are likely to take a step back in the current situation meaning that short-term demand for condominiums may temporarily weaken. Once restrictions are relaxed and economic activity picks up again, buyers should quickly return to the market
- Some residential developers postponed their launch events due to social restrictions and instead opted to test the market by allowing buyers to pay a deposit and pre-book units online. This move could pave the way for the adoption of technology in residential sales and developers may leverage social media or explore other ways to promote projects online

# Market Outlook: Indonesia, Retail

## COVID-19 disrupts operations

***JLL, The Retail Index: 1Q2020***

- COVID-19 related issues appeared to take hold in Indonesia later than in other markets, nonetheless, footfall in several malls noticeably weakened during the quarter; even before many of Jakarta's shopping malls were temporarily closed. There was limited expansion activity from tenants as they took a wait-and-see approach

## The impact of COVID-19 on the Indonesia property market

***JLL, Indonesia April 2020***

- Many shopping malls are partially or fully closed meaning that business has come to a temporary near-standstill. In the current situation we are unlikely to see many new leases signed in 2Q2020 but those with expansion plans have deferred new openings until later in the year

## F&B, entertainment and fast fashion tenants driving demand

***JLL, Jakarta Property Market Review 4Q2019***

- An unofficial moratorium on new shopping mall development (in place since around 2011) has successfully stemmed the flow of retail development in core areas of the city and no new projects have been completed since mid 2017 (Aeon Mall at Jakarta Garden City). No malls were completed in 4Q19 although a couple of new projects are expected to be delivered in 2020

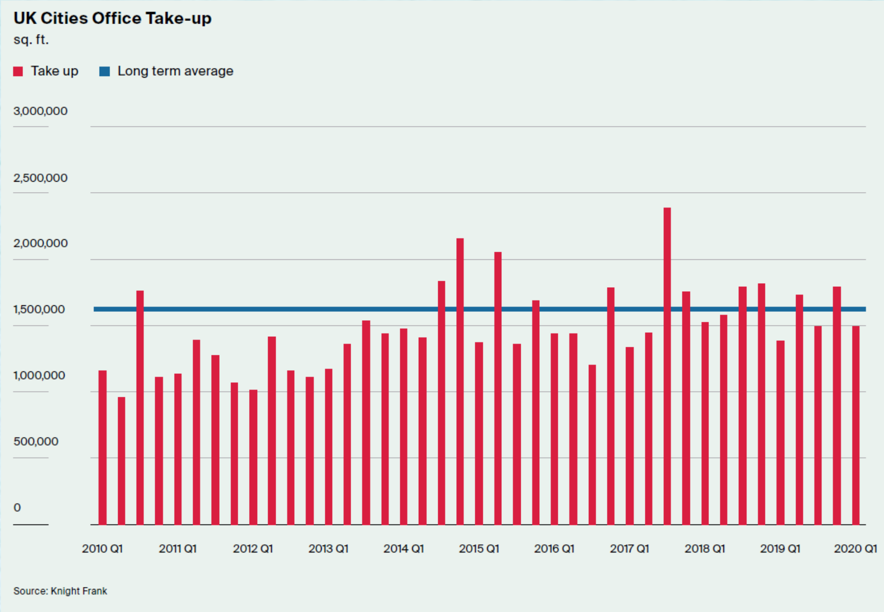
# Market Outlook: UK, Office

## UK Offices: Adapting to a new normal

***Knight Frank, COVID-19 Commercial Research - May 2020***

- In the major UK cities outside of London, office take-up in the first quarter was 10% below the long-term average at 1.5 million sqft
- Encouragingly, the amount of space under offer has not dipped markedly. Alterations to lease commencement is being preferred as opposed to complete withdrawal
- In the short term, headline rents are unlikely to be subjected to discount in most markets given the tight supply environment. Greater focus therefore will likely reside with securing lease flexibility, extensions to rent free periods and capital expenditure requests
- Whilst many businesses take stock of the increasingly challenging environment, the demand pool will of course, be greatly reduced. Nonetheless, many markets outside of London now demonstrate a broader array of business groups than even just 10 years ago. Therefore risk, through any downturn in demand, is reduced

## UK Cities Office Take-up



# Market Outlook: UK, Residential

## JLL forecasts UK house prices to fall by 8% in 2020

***JLL, Residential Market Forecasts May 2020***

- The housing market has re-opened for business and there may be a small bounce in sales due to pent-up demand. But there remains continued uncertainty as well and this is expected to leave buyer sentiment subdued for much of the remainder of 2020 and running into early 2021
- Due to the extent of the recent full market closure and the continued social distancing measures JLL expects annual transactions to drop to around 650,000 in 2020 from 1.2 million in 2019.
- Annual transaction volumes would be expected to start growing again from the second half of 2021 as confidence gradually starts to return, getting back to around pre-COVID levels of just below 1.2 million by around 2023
- The Government's job protection schemes should limit the number of forced sellers. As a result, JLL forecasts that this will lead to price falls of circa 8% in 2020, around half the level of falls witnessed in the global financial crisis

| Sales price growth (% pa) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| UK | 1.2 | -8.0 | -1.0 | 3.0 | 5.0 | 5.0 |
| Greater London | 1.3 | -8.0 | 3.0 | 6.0 | 5.0 | 4.0 |
| Prime Central London | -2.4 | -4.0 | 4.0 | 7.0 | 4.0 | 3.0 |

*Source: JLL*

# Market Outlook: Central London, Office

## London: Activity starting to slow

***Knight Frank, COVID-19 Commercial Research - May 2020***

- The depth of market activity sustained throughout 2019 persisted well into 1Q2020, however the unravelling of global growth due to COVID-19 began to erode market sentiment in early March
- This, in tandem with restrictions being introduced on building access and a full lock-down eventually inhibiting the ability to view space, led to total office take-up ultimately dipping to around 2 million sqft in 1Q2020, down on 4Q2019 (3.4 million sqft). The long-term quarterly take-up average is 3.3 million sqft
- Knight Frank expects London real estate to ultimately re-emerge as the global safehaven, as has been the case historically, particularly for investors focused on wealth preservation and income generation in markets away from their own ailing home economies
- Six weeks into the lockdown and after a period of battening down the hatches, some occupiers are re-emerging, undertaking due-diligence and planning for a return to the office. With that in mind, Knight Frank is of the view that prime rents will likely end the year at more or less the same level at 1Q2020

# Market Outlook: Sheffield, Office

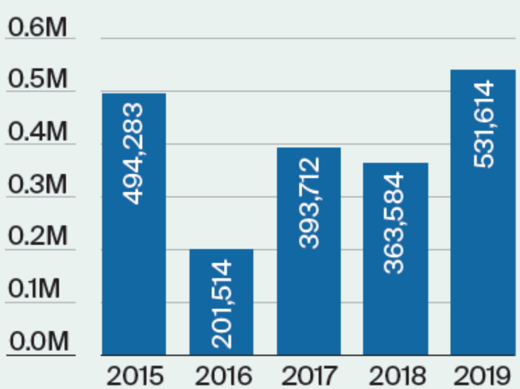
## Occupier Headlines

***Knight Frank, Sheffield Office Market 2019 Review***

- Despite political headwinds, office take-up in 2019 was almost twice the 5 year average. The market for 2020 is looking equally promising.
- The biggest challenge will be placement of demand. Grade A supply remains at an all-time low with just over 60,000 sq ft spread over a number of buildings. As such, any new large occupier may need to consider D&B although developers are active in the city.
- The Heart of the City II offers some availability, with work on the Pepperpot Building (37,000 sq ft) underway and the final building at the Digital Campus, Vidrio (60,000 sq ft) yet to start.
- The opportunity of existing office space at Pennine Five delivers up to 235.000 sq ft over 5 buildings and will be an exciting prospect for the market.

**Take-up**

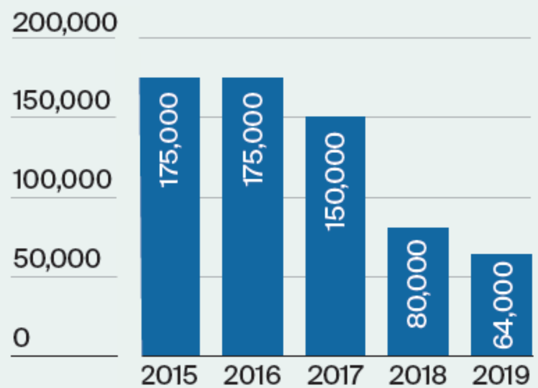
Last five years, sq ft




Source: Knight Frank Research

**Grade A Availability**

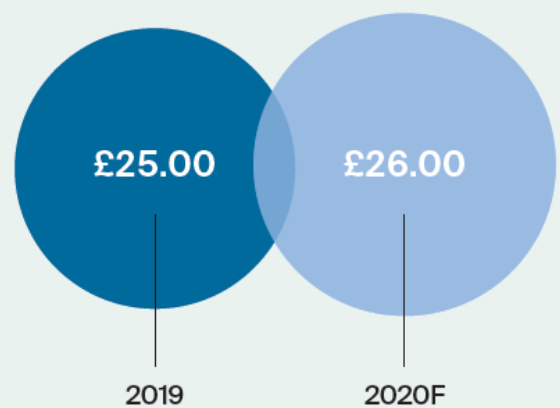
Last five years, sq ft




Source: Knight Frank Research

**Prime Rent**

£ per sq ft




Source: Knight Frank Research

# Market Outlook: Manchester, Office

## Occupier Headlines

***JLL, Living with 2020 Vision, March 2020***

- The appeal of living in Manchester's city centre continues to increase strongly as the local economy and population grows
- This has led to an exciting pipeline of residential development both for sale and rent, further enhancing the appeal for residents
- The five-year sales price forecast is notably higher than the UK average and the highest forecast of any UK city. The forecast would be higher but for the strong supply side story
- Price growth was subdued in 2019, mainly the result of several schemes completing
- The delivery of private for sale units will slow over the next three years, providing support for higher sales prices
- Several multifamily (build to rent) developments will complete over the next two years, providing an exciting array of rental units
- We expect rents to rise strongly over the next five years, reflecting both heightened demand and better-quality stock

| **Average sales price** (2019 % change) 2 bedroom flat | **Average multifamily net yield** (typical yield range) | **Average rent £pcm** (2019 % change) 2 bedroom flat | **Sales price growth forecast** (cumulative, next 5 years) | **Rental growth forecast** (cumulative, next 5 years) |
|---|---|---|---|---|
| £257k | 4.25% | £1,145 | 17.1% | 16.5% |
| (0.8%) | (4.25-4.50%) | (0.9%) | | |

***Source: JLL***

# Market Outlook: Sydney, Office

## Growing tech sector drives new demand

***Knight Frank, Sydney CBD Office Market Overview March 2020***

- Coming into 2020, investment volumes in Sydney have been at record highs, reflecting the strength and breadth of investor appetite. This led to further yield compression in 2H2019, as the market adjusts to a lower interest rate environment
- Off the back of record transactional volumes and behind the scenes trading, average prime yields have compressed to a new record low, reaching 4.38% in January 2020, reflecting a compression of 23 bps on January 2019
- Lower interest rates have increased the relative value of commercial property assets and helped fuel investor appetite to increase exposure to Sydney office
- Knight Frank anticipates that office property yields will tighten further, although the spread of COVID-19 brings greater uncertainty to the outlook
- While COVID-19 clearly presents risks in the near term, Sydney’s tight occupier market, long-term growth potential and status as a leading global gateway city will ensure demand remains resilient

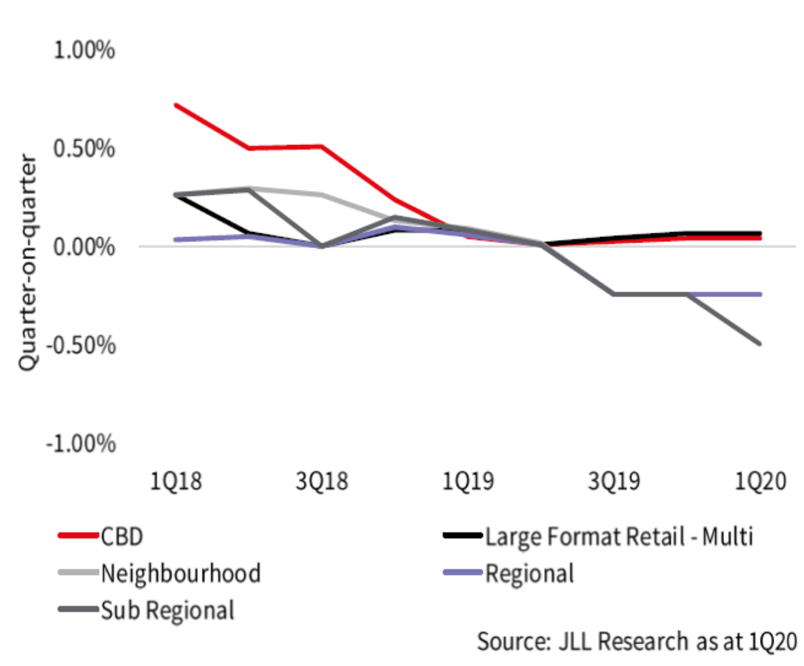
# Market Outlook: Sydney, Retail

## Considerable uncertainty towards the outlook for income and vacancy

***JLL, Australia National Retail Market Overview 1Q20***

- Enclosed centres has been recording mild rental declines prior to COVID-19. This was reflected by A-REITs, with most major retail landlords recording negative re-leasing spreads for both renewals and new leases in the latest reporting period (December 2019)
- JLL expects the previously fixed annual rental increases to be structurally reset during the recovery period of COVID-19
- The supply outlook for 2020 includes a further 199,800 sqm of space under construction and due to complete by year-end
- Looking beyond this (2021-2024), there is a further 210,600 sqm of projects with plans approved or submitted. Many of these projects are likely to see significant revisions or delays to commencement due to the significant challenges in leasing, including store closures and rental abatements

Average Gross Rents by Sub-sector



# Market Outlook: Melbourne, Office

## Melbourne CBD now the tightest office market nationally

***Knight Frank, Melbourne CBD Office Market Overview March 2020***

- The Melbourne CBD office market has virtually run out of office space. In the second half of 2019 calendar year vacancy declined again to now reach 3.2%. This is the equal lowest level of vacancy recorded for over 10 years
- Melbourne CBD's extraordinary run of low office vacancy continues with vacancy dropping again from 3.4% in July 2019 down to 3.2% at January 2020. Vacancy has hovered between 3.2% to 3.6% for two years now, with the current run of low vacancy not matched in the last 30 years
- The pipeline of new office development that is expected to land in Melbourne's CBD over the next 2 years will result in backfill vacancy as CBD based tenants relocate to new office space within the CBD. Between 2020-2021 in excess of 310,000 sqm of backfill space is expected to hit the CBD market. Approaching 190,000 sqm of backfill is due to arrive in 2020 and a further 120,000 sqm is likely to surface in 2021
- While growth will inevitably slow in 2020, Melbourne will remain a key driver of the national economy and continue to experience faster rates of growth underpinned by population growth, urbanisation and the clustering of key service industries. Coupled with a tight occupier market, this long-term growth trajectory will ensure demand from investors and developers remains resilient

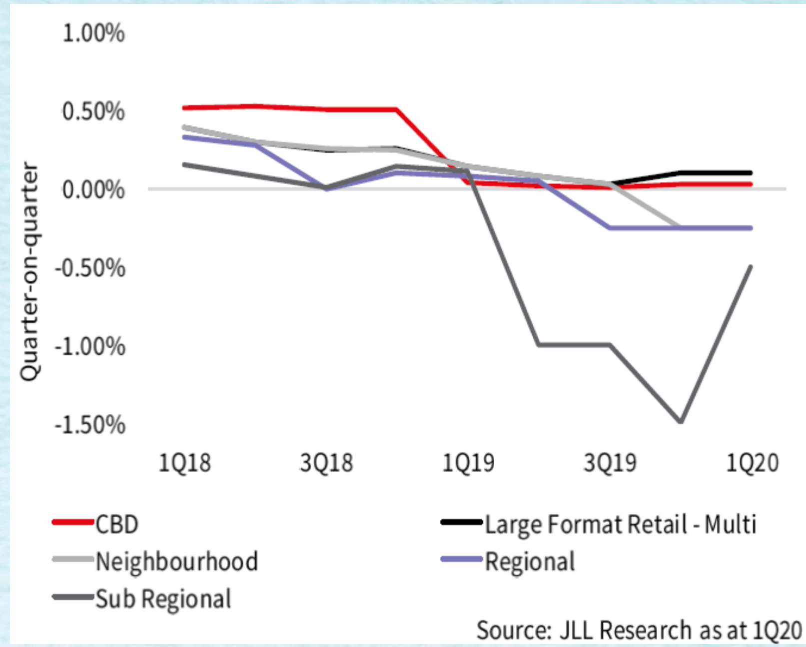
# Market Outlook: Melbourne, Retail

## Considerable uncertainty towards the outlook for income and vacancy

***JLL, Australia National Retail Market Overview 1Q20***

- Enclosed centre gross rents declined in 1Q20, reflective of challenging leasing conditions prior to the crisis period
- Anecdotal feedback for most of 1Q20 suggested that enclosed centre rents were continuing to decline at a similar pace to late 2019. However, the rapid changes that occurred in late March in relation to store closures, social distancing and travel restrictions have significantly deteriorated retail leasing demand
- Vacancy is likely to rise as retailers burdened by the COVID-19 crisis period look to eventually exit leases (short-term expiries and holdover) where possible
- There is currently 110,800 sqm of retail space currently under construction in Melbourne
- New retail supply is set to decline over the next few years. Supply was previously projected to decline prior to the crisis period, however it is likely that landlords will abandon or delay more projects as they focus on maintaining occupancy and cashflow

Average Gross Rents by Sub-sector



# Market Outlook: Queensland, Office

## National CBD market office vacancy remained relatively stable at 8.4% with limited supply-side activity

***JLL, Australia National Office Market Overview 1Q20***

- The Brisbane CBD continued to recover and gain positive momentum. Gross take up from major occupier moves totaled 23,499 sqm in 1Q20
- The Brisbane CBD vacancy rate has decreased by 0.2% in 1Q20. Despite this being the lowest recorded vacancy for the CBD since 4Q12, vacancy in the Brisbane CBD remains higher than the national CBD average of 8.1%
- Leasing demand is expected to be subdued in the near term. Off the back of COVID-19, we anticipate that there may be some short-term downside to demand and rental growth, given economic weakening. This will have a negative impact on net absorption and vacancy

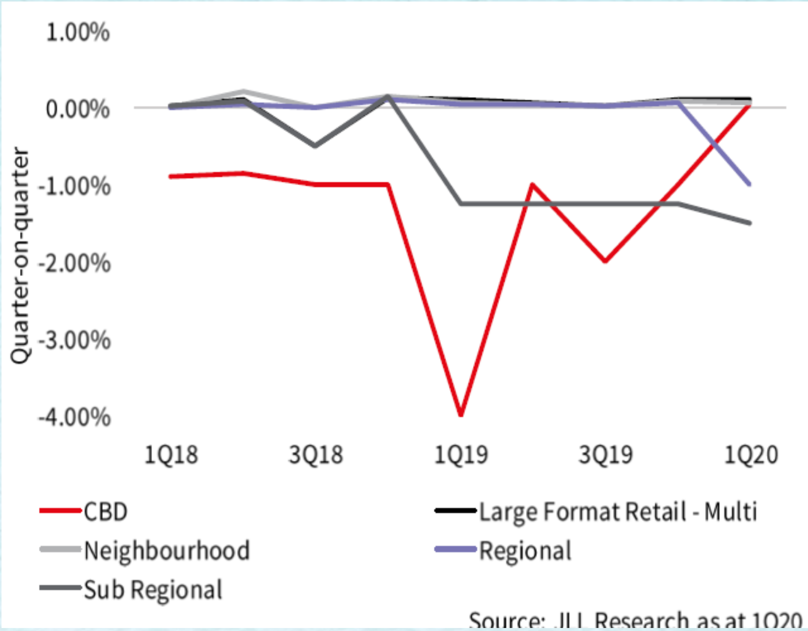
# Market Outlook: Queensland, Retail

## Considerable uncertainty towards the outlook for income and vacancy

***JLL, Australia National Retail Market Overview 1Q20***

- While Queensland's retail turnover growth is strong, consumer sentiment remains subdued nationally
- Rents continued to decline among regional and sub-regional centres. Their discretionary nature has made them even more vulnerable to store closures, and more recently, social distancing restrictions imposed by the COVID-19 pandemic
- There is 157,400 sqm currently under construction across S.E Queensland, with 54,100 sqm of projects expected to complete over 2020. However, these projects are likely to be delayed or scaled back in the current environment without and significant pre-commitments

Average Gross Rents by Sub-sector



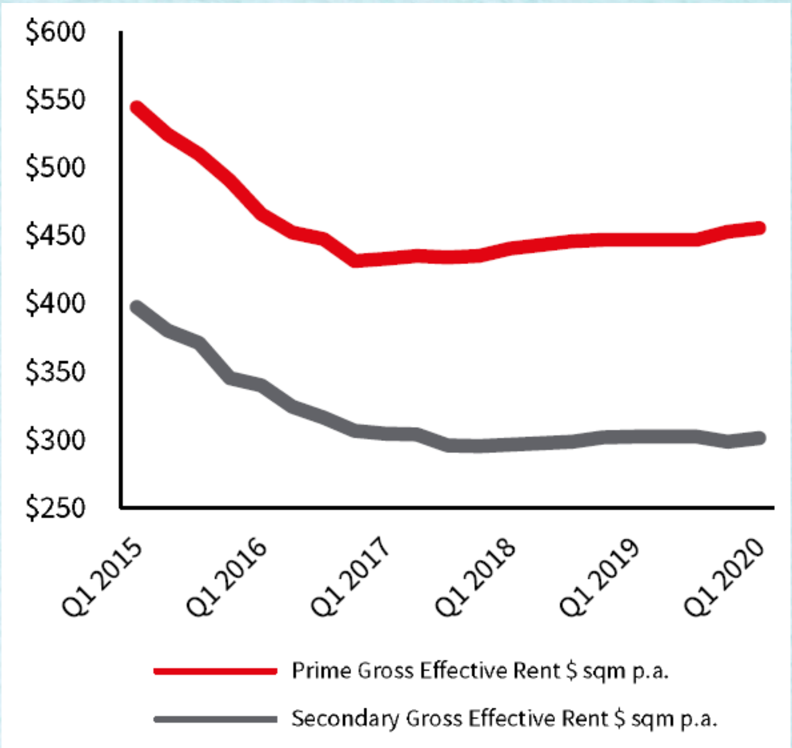
# Market Outlook: Western Australia, Office

**National CBD market office vacancy remained relatively stable at 8.4% with limited supply-side activity**

***JLL, Australia National Office Market Overview 1Q20***

- The supply pipeline for the Perth CBD is minimal. No new supply has been added in the last 12 months. One office project (54,000 sqm) is currently under construction and expected to complete by the end of 2023
- The outlook on the Perth CBD vacancy rate has been adjusted in light of the COVID-19 outbreak. Demand is expected to soften over the next 12-months as tenants begin to review their requirements for office space in response to the outbreak

Perth CBD Gross Office Rents



# Market Outlook: Western Australia, Retail

## Considerable uncertainty towards the outlook for income and vacancy

***JLL, Australia National Retail Market Overview 1Q20***

- Retail leasing demand is expected to remain slow given the impacts of COVID-19, which include social distancing and the opening of essential services businesses only
- Average retail rents declined by -0.3% across most sub-sectors in 1Q20, while the large-format retail sub-sector was effectively unchanged
- There is s strong supply pipeline for the Perth retail market, with approximately 88,700 sqm of retail space currently under construction across six developments. A further four projects have DA approval, totaling 61,700 sqm

Average Gross Rents by Sub-sector