METRO HOLDINGS LIMITED



FY2015 RESULTS PRESENTATION

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Who 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) (Associate)



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
- Milliners Wharf, Middlewood Locks – mixed-use developments in Manchester, UK

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%)
GIE Tower, Guangzhou	100%	50 yr term from 1994	-	28,390	33	76.7	108 [1]
Metro City, Shanghai	60%	36 yr term from 1993	15,434	39,015	135	88.6	232 [1]
Metro Tower, Shanghai	60%	50 yr term from 1993	4,993	40,388	25	97.0	207 [1]
EC Mall, Beijing	50%	50 yr term from 2001	14,181	29,027	90	98.5	555 [2]
Frontier Koishikawa Building, Tokyo	100%	Freehold	1,319	5,082	7	100.0	55 [1]

[1] As at 31 March 2015
[2] As at 31 December 2014. Divested @ 1 April 2015

Portfolio Overview

Development Properties Under Development by an Associate / Joint Ventures:

	Location	% owned by Group [1]	Leasable/ Saleable Area [2]	Sale launch	Expected completion date
Nanchang Fashion Mark	Nanchang, Jiangxi Province, PRC	30%	788,648 sqm	N.A. (*)	March 2018
The Crest at Prince Charles Crescent	Singapore	40%	50,854 sqm	June 2014	Late 2016
Milliners Wharf	Manchester, UK	25%	112,400 sqft	Mid 2015	1Q 2016
Middlewood Locks	Manchester, UK	25%	N.A. (#)	N.A. (#)	N.A. (#)

* Nanchang Fashion Mark's residential and commercial properties are being sold and completed in phases. As at 31 March 2015, 266,517 sqm and 16,810 sqm of residential and retail area have been sold respectively. The first phase was completed in late 2014.

Middlewood Locks' residential properties will be developed in phases.

Development properties under development by Hong Kong listed associate, Top Spring International, are not listed above.

[1] As at 31 March 2015
[2] Estimated as at 31 March 2015

Property Investment

Property Valuation (100%) as at 31 March 2015 and 2014:

	FY2015 (Rmb'm)	FY2014 (Rmb'm)	(%)	FY2015 (S$'m)	FY2014 (S$'m)	(%)
GIE Tower, Guangzhou (1)	486	487	-0.2	108	99	+9.1
Metro City, Shanghai (1)	1,044	1,129	-7.5	232	229	+1.3
Metro Tower, Shanghai (1)	935	930	+0.5	207	189	+9.5
EC Mall, Beijing (2)	2,478	2,360	+5.0	555	484	+14.7
	FY2015 (JPY'm)	**FY2014 (JPY'm)**	**(%)**	**FY2015 (S$'m)**	**FY2014 (S$'m)**	**(%)**
Frontier Koishikawa Building, Tokyo (1)	4,790	4,600	+4.1	55	56	-1.8

(1) As at 31 March 2015
(2) As at 31 December 2014. Divested @ 1 April 2015

Exchange rates:
FY14: S$1: RMB 4.926 : JPY 0.01224
FY15: S$1: RMB 4.505 : JPY 0.01144

Occupancy Rate

	FY2015 (%)	FY2014 (%)
GIE Tower, Guangzhou	76.7	79.1
Metro City, Shanghai	88.6	90.1
Metro Tower, Shanghai	97.0	96.0
EC Mall, Beijing	98.5	96.3
Frontier Koishikawa Building, Tokyo	100.0	100.0

Property Investment – Expiry Profile

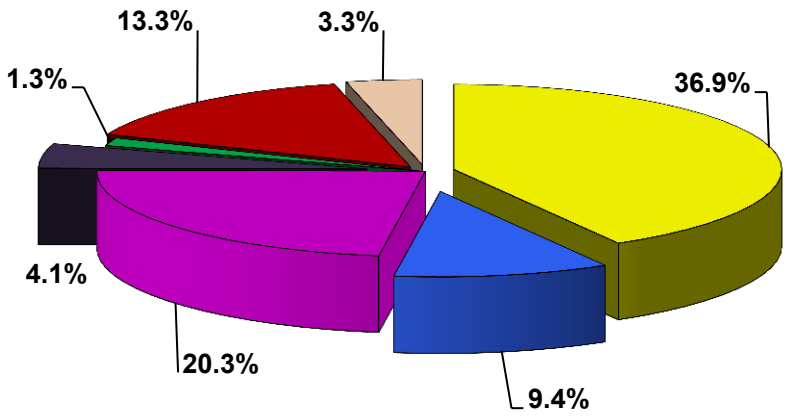
Expiry Profile by Gross Rental Income:

	1H2016 (%)	2H2016 (%)
GIE Tower, Guangzhou	6.4	22.6
Metro City, Shanghai	6.6	12.2
Metro Tower, Shanghai	10.7	7.2
Frontier Koishikawa Building, Tokyo	6.7	72.2

Metro City, Shanghai

Occupancy Rate: 88.6%

Retail Tenant Mix by Lettable Area (as at 31 March 2015)



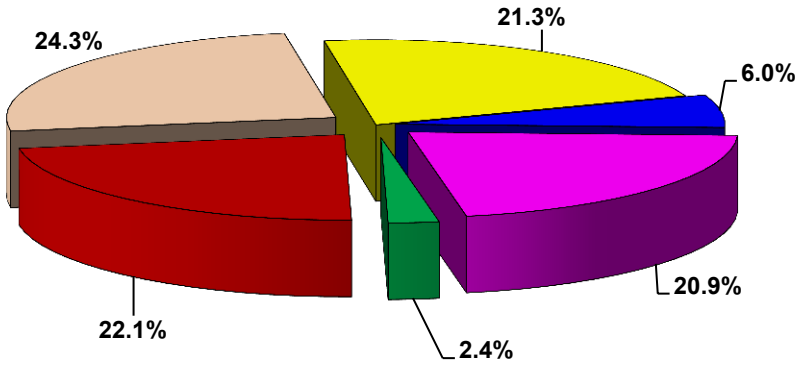
Top 10 Tenants:

Name of Tenant	Trade Sector	% of total lettable area
Buynow Computer World	Electronics & IT	12.5%
Physical Fitness & Beauty Centre	Leisure & Entertainment/ Sport & Fitness	7.4%
Food Republic	F&B	6.4%
Kodak Cinema World	Leisure & Entertainment/ Sport & Fitness	6.1%
HAOLEDI KTV	Leisure & Entertainment/ Sport & Fitness	5.5%
Shanghai Xi Ti	F&B	4.4%
Popular Bookmall	Books/Gifts & Specialty/Hobbies/Toys/Jewelry	2.2%
Hershey's	F&B	1.9%
MUJI	Department Store	1.9%
Starbucks	F&B	1.8%

Metro Tower, Shanghai

Occupancy Rate: 97.0%

Office Tenant Mix by Lettable Area (as at 31 March 2015)



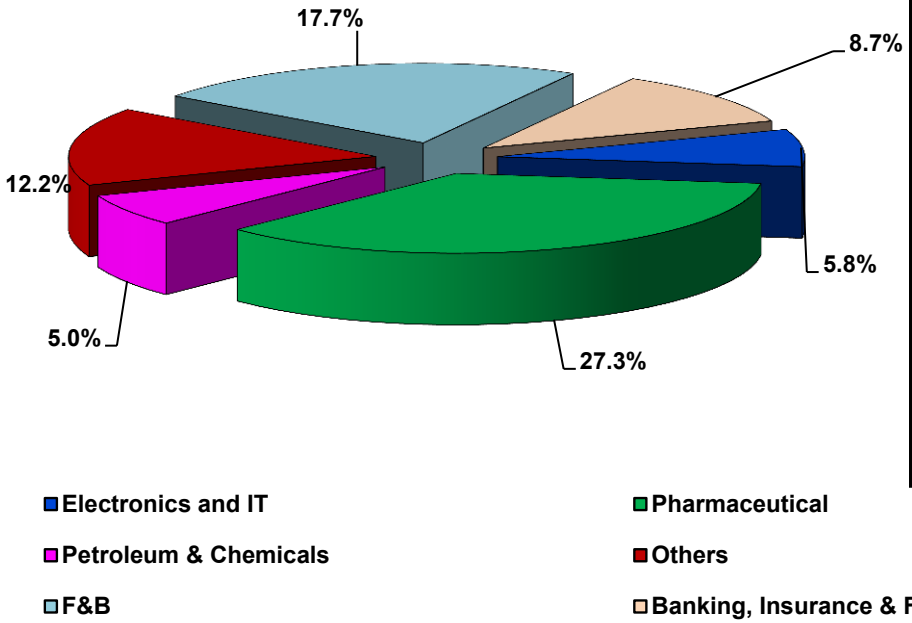
Top 10 Tenants:

Name of Tenant	Trade Sector	% of total lettable area
Exxon Mobil	Petroleum & Chemicals	18.6%
Swatch Group	Consumer Products	16.4%
Energy Source	Others	13.3%
KFC	F&B	8.4%
Pizza Hut	F&B	6.7%
Agricultural Bank of China	Banking, Insurance and Financial Services	6.0%
Cummins	Others	5.3%
Shanghai Xi Ti	F&B	4.2%
Tutuanna	Consumer Products	2.5%
Ann Taylor	Consumer Products	2.0%

GIE Tower, Guangzhou

Occupancy Rate: 76.7%

Office Tenant Mix by Lettable Area (as at 31 March 2015)



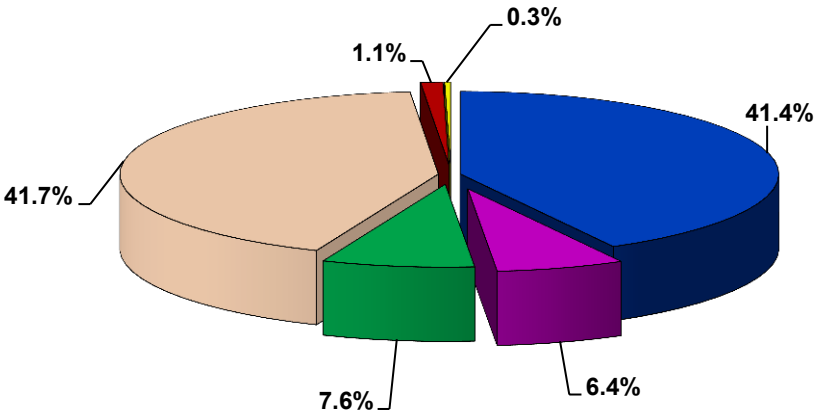
Top 10 Tenants:

Name of Tenant	Trade Sector	% of lettable area
Yu Cai Restaurant	F&B	14.2%
Abbott Laboratories	Pharmaceutical	11.7%
Sino-US United MetLife Insurance	Banking, Insurance & Financial Services	7.7%
Roche	Pharmaceutical	6.8%
Novo Nordisk	Pharmaceutical	4.2%
Toshiba	Electronics and IT	4.1%
Evergreen	Others	3.5%
Guangdong Carat Media Services	Others	2.9%
Koyama	F&B	2.5%
Total Petrochemicals Trading	Petroleum & Chemicals	1.8%

ECMall, Beijing

Occupancy Rate: 98.5%

Retail Tenant Mix by Lettable Area (as at 31 March 2015)



Top 10 Tenants:

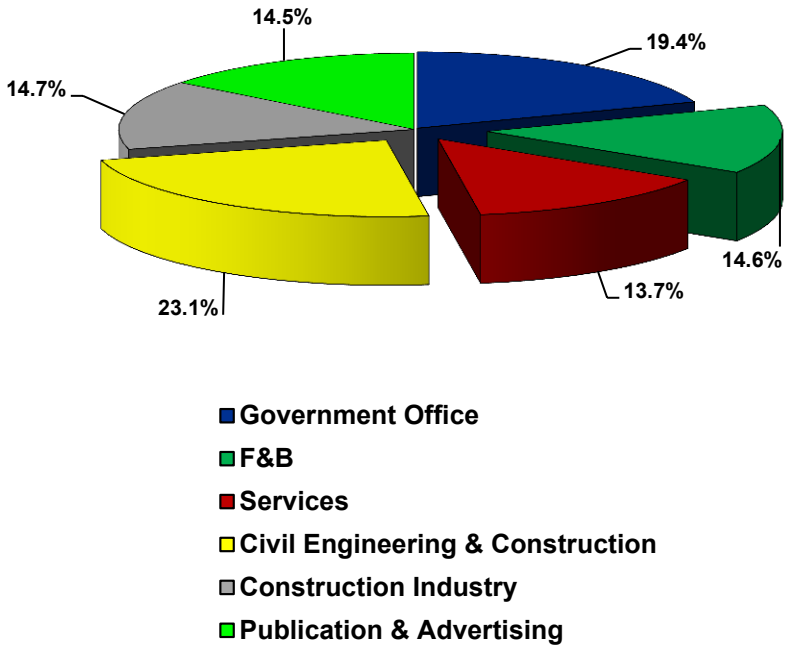
Name of Tenant	Trade Sector	% of lettable area
Golden Jaguar	F&B/Food Court	17.9%
C&A	Fashion & Shoes	5.3%
Only/Vero/Moda/ Jack&Jones/ Selected	Fashion & Shoes	4.4%
H&M	Fashion & Shoes	4.4%
Shi Mei Hui Food Court	F&B/Food Court	4.2%
ZMN Education	Services	3.6%
MJ Style	Fashion & Shoes	3.3%
Hola	Leisure & Entertainment/ Sport & Fitness	2.9%
UNIQLO	Fashion & Shoes	2.6%
Xibei Restaurant	F&B/Food Court	2.1%

* ECMall Beijing has been disposed off as at 1 April 2015

Frontier Koishikawa Building, Tokyo

Occupancy Rate: 100%

Office Tenant Mix by Lettable Area (as at 31 March 2015)



Top 10 Tenants:

Name of Tenant	Trade Sector	% of lettable area
Geostar Corporation	Civil Engineering & Construction	23.1%
NIPPO	Construction Industry	14.7%
Lion	F&B	14.6%
Qbist Inc	Publication & Advertising	14.5%
Wiley.japan	Services	13.7%
Ministry of Labour, Health and Welfare	Government Office	12.1%
Shisyutsuhutan-koi Tanto-kan Somu-sho Daijin-kanbo Kaikei-ka Kikaku-kan	Government Office	7.3%

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%	* 2,437
Interest attributable to us (%)	30%
Average occupancy rate (%)	89.6%

* As at 31 March 2015

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.

Nanchang Fashion Mark



- Joint-venture project with a Hong Kong-listed company Top Spring International Holdings Limited
- Location - Hong Gu Tan CBD, Nanchang City of the Jiangxi Province in the PRC, established about ten years ago
- Mixed-use development – residential, retail and office components for sale; retail shopping mall and serviced apartment to hold as investment property. Being developed in phases
- Many domestic financial institutions have already established a presence in the area
- Vast catchment area in the Central China region

Nanchang Fashion Mark

Key Statistics					
% owned by Group	30%				
Site Area (sq.m.)	269,455				
Construction start date	May 2013				
Expected completion date	August 2018				
Land cost (RMB million)	1,978				
Total GFA (sq.m.)	1,030,475				
Saleable/Leasable GFA (sq.m.)	**Total**	**Residential**	**Retail**	**Serviced apartments**	**Office**
	788,648	292,684	308,387	20,000	167,577

The Crest



Key Statistics	
% owned by Group	40%
Site Area (sq.m.)	23,785
Tenure	99 years from 2012
Expected completion date	Late 2016
Total saleable GFA (sq.m.)	50,854
Land cost (S$'m)	516.3

- 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, next to Crescent Girl's School and close proximity to commercial / shopping nodes including Tanglin Mall, Valley Point and Tiong Bahru Plaza
- The Crest was soft launched in mid 2014 with 66 options issued as at 31 March 2015

Manchester – Milliners Wharf



Key Statistics	
% owned by Group	25%
Site Area	1.06 acres
Tenure	Freehold
Expected sales launch	Mid 2015
Expected completion date	1Q 2016
Estimated total saleable GFA	112,400 sqft

- The second phase of Milliners Wharf is situated in New Islington at the Eastern gateway to the city centre and neighbours the very successful first phase of Milliners Wharf
- The development is ideally situated within a 5 minute walk of the City Centre and Piccadilly train station
- The Hat Box will house 144 apartments, featuring one, two, duplex and three bedroom apartments with a mix of 14 different types split across two buildings
- There are also 135 secure surface parking spaces within the demise of the site

Manchester – Middlewood Locks







- The 24 acre site at Middlewood Locks will provide a vibrant new neighbourhood of approximately 2,000 new homes and 750,000 sq ft of space for mixed commercial uses such as delis, restaurants, hotel, gym and nursery
- Middlewood Locks will offer modern apartments set within beautifully landscaped open spaces, water ways and promenades
- A percentage of the new homes will come with secure parking and access to a number of exciting ancillary uses

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 Centrepoint (New)
- Metro Paragon
- Metro Woodlands
- Metro Sengkang
- Metro City Square

Specialty Shops

- *Monsoon/Accessorize*
  - Bugis Junction
  - Raffles City
  - Ion Orchard
  - Tampines
  - Parkway Parade
  - Paragon
  - JEM
  - Bedok Mall
  - Centrepoint (New)
- *M.2*
  - Ngee Ann City
  - Seletar Mall (New)

Indonesia:-

- Metro Pondok Indah
- Metro Plaza Senayan
- Metro Bandung Supermal
- Metro Taman Anggrek
- Metro Pacific Place
- Metro Trans Makassar
- Metro Gandaria City
- Metro Ciputra World
- Metro Park Solo





Metro Centrepoint, Singapore

Financial Highlights

FY2015 Results Highlights

- **Property division's improved performance mainly on recognition of Top Spring as associate company, net gain from asset disposal and maiden contribution from Nanchang project (residential)**
  - Property division's profit before taxation rose 51.5% to S$157.7 million
  - Top Spring an associate company since 1 July 2014 :
    - Negative goodwill of S$57.4 million - excess of fair value over purchase consideration on recognition of Top Spring as associate company
    - S$17.7 million from equity accounting the results of Top Spring
  - Net gain of S$21.7 million from disposal of interest in six Tesco Lifespace developments
  - S$12.9 million from maiden contribution from the residential component of the Nanchang project
- **Retail division records higher sales**
  - Sales rose with the commencement of operations of Metro Centrepoint in 3QFY2015, though profitability was affected by higher operating and overhead expenses, coupled with a write-down of its property, plant and equipment
  - Sales and profitability improved in Indonesia, buoyed by strong sales of the stores outside Jakarta
- **Balance sheet remains strong**
  - Healthy cash position - at S$378.8 million (as at 31 March 2015)
  - Total shareholders' equity up at S$1.4 billion (as at 31 March 2015)
  - Remains in net cash position





Financial Highlights

Profit & Loss Accounts:-

	4QFY15 (S$'000)	4QFY14 (restated) (S$'000)	Change	FY2015 (S$'000)	FY2014 (restated) (S$'000)	Change
Turnover	41,718	35,014	19.1%	145,826	139,179	4.8%
Profit Before Tax	**7,100**	**44,479**	**-84.0%**	**145,538**	**109,923**	**32.4%**
Comprising:-						
Operating etc	9,493	10,777	-11.9%	68,381	35,489	92.7%
Fair value adjustments on investment properties (net of tax for JVs & associates including Top Spring)	7,443	34,262	-78.3%	12,558	34,262	-63.3%
Negative goodwill on acquisition - Top Spring/ additional 18.35% of EC Mall	(1,949)	(122)	n.m.	57,430	18,975	202.7%
Write down fixed assets value of Metro Centrepoint	(8,789)	-	n.m.	(8,789)	-	n.m.
Net gain on disposal of 6 Tesco Lifespace in PRC/ Warehouse property in Singapore	-	-	n.m.	21,707	29,559	-26.6%
Short term investments - fair value adjustments and disposals	902	(438)	n.m.	4,537	(8,362)	n.m.
Impairment of available-for-sale investment	-	-	n.m.	(10,286)	-	n.m.

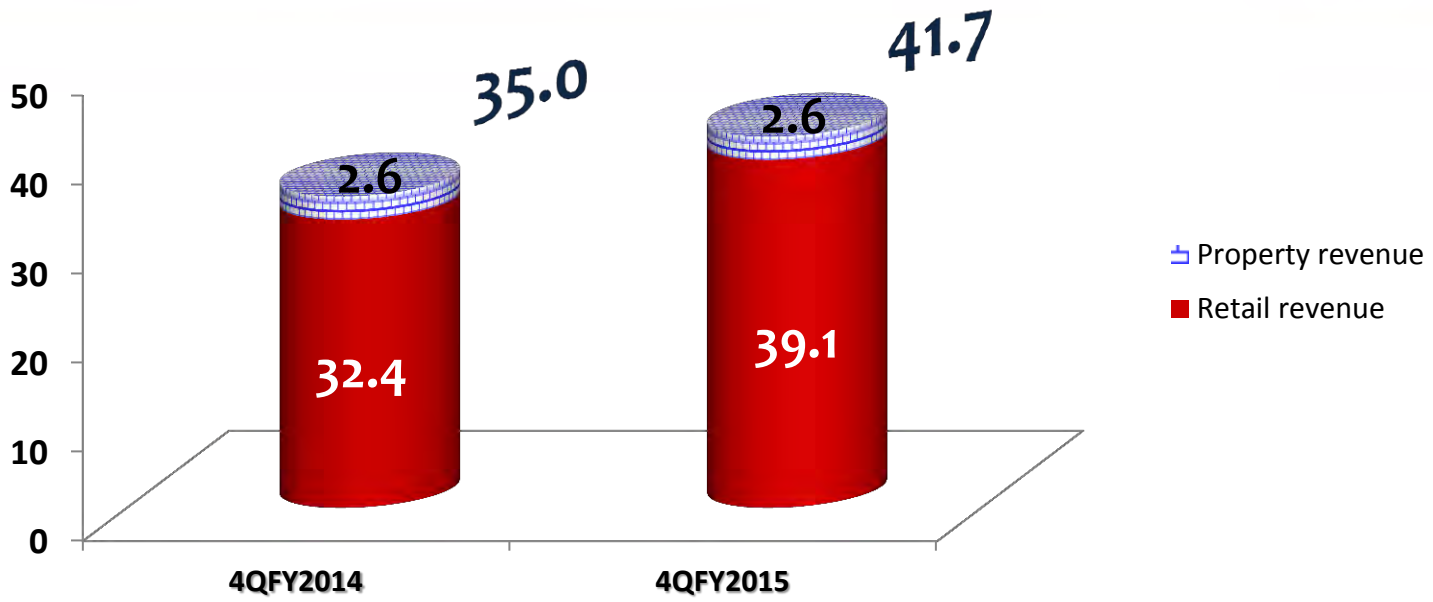
Full Year Financial Summary

Financial Ratios:

	FY2015	FY2014 (restated)
Earnings per share after tax and non-controlling interests (cents)	17.3	12.9
Return on shareholders' funds (%)	11.2	9.2
Return on total assets (%)	9.6	8.2
Number of issued shares (million)	828.0	828.0
Net asset value per share (S$)	1.66	1.43
Debt/Equity ratio (times)	0.04	0.05
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 #	4.0
Dividend cover (times)	2.88	2.15

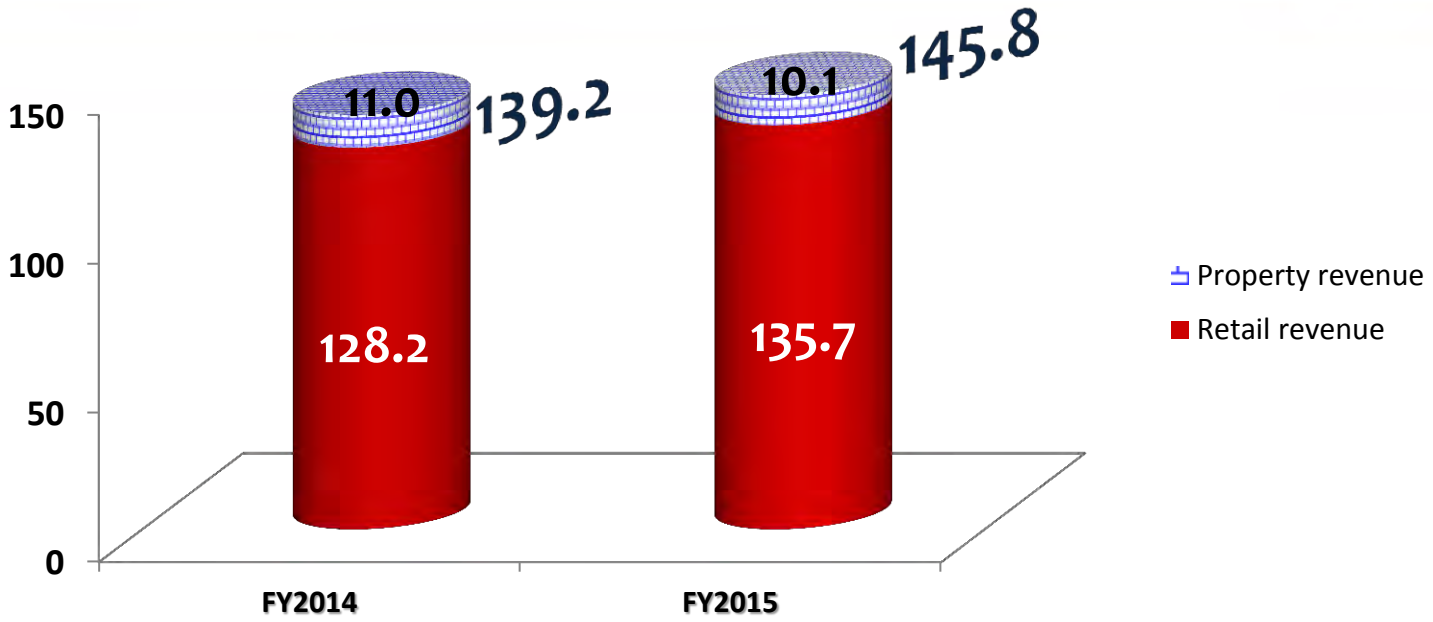
Dividend for FY2015 proposed by the Board of Directors, subject to Shareholders' approval at the AGM in July 2015

4Q Revenue Breakdown (S$'m)



- **Group revenue up by 19.1% Q-o-Q in 4QFY2015**
  - Higher turnover mainly contributed by new department store, Metro Centrepoint which commenced operations in 3QFY2015
  - Property rental income held steady at S$2.6m
  - Impact of lower occupancy at GIE Tower offset by a 5.3% increase in the value of Renminbi

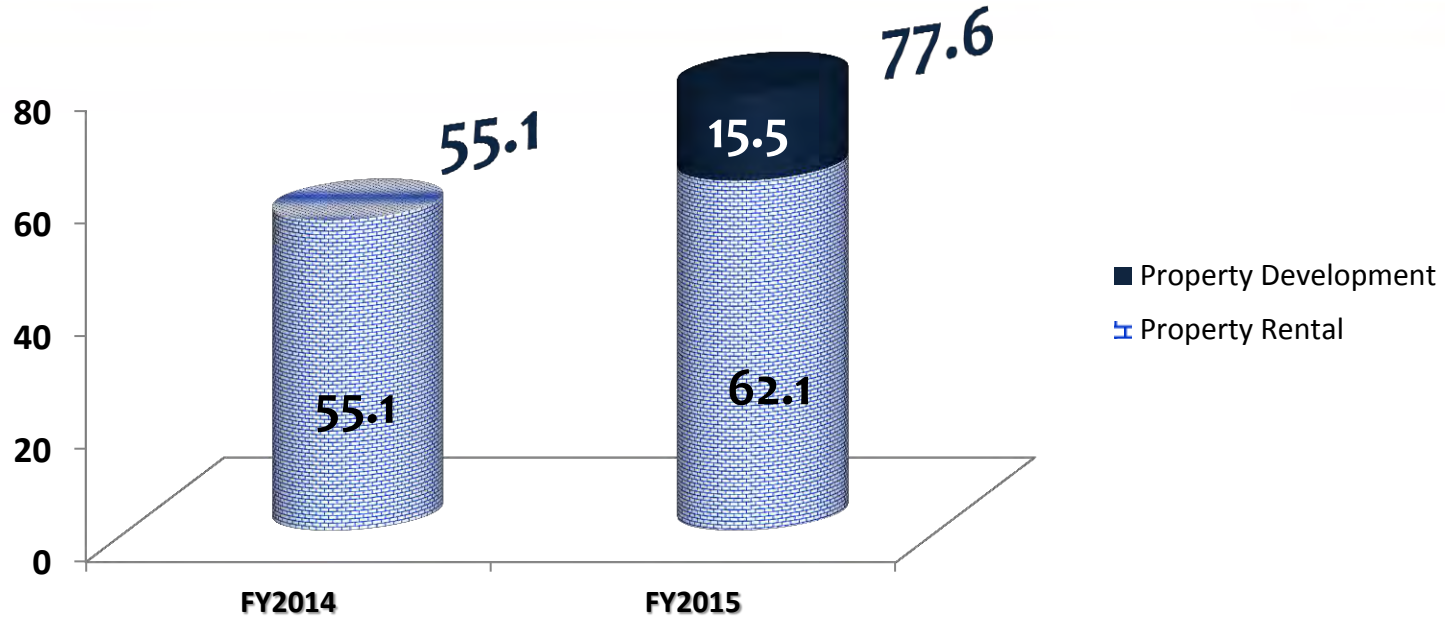
Full Year Revenue Breakdown (S$'m)



- **Retail revenue increased by 5.8% y-o-y**
  - Retail sales was higher as the new Metro department store at The Centrepoint commenced operations in 3QFY2015

- **Property revenue**
  - Property rental income slightly below last year
  - Lower occupancy of GIE Tower, partially offset by stronger value of the Renminbi by an average of 1.5% over the 12 months period

Full Year Revenue Breakdown for Joint Ventures (S$'m)



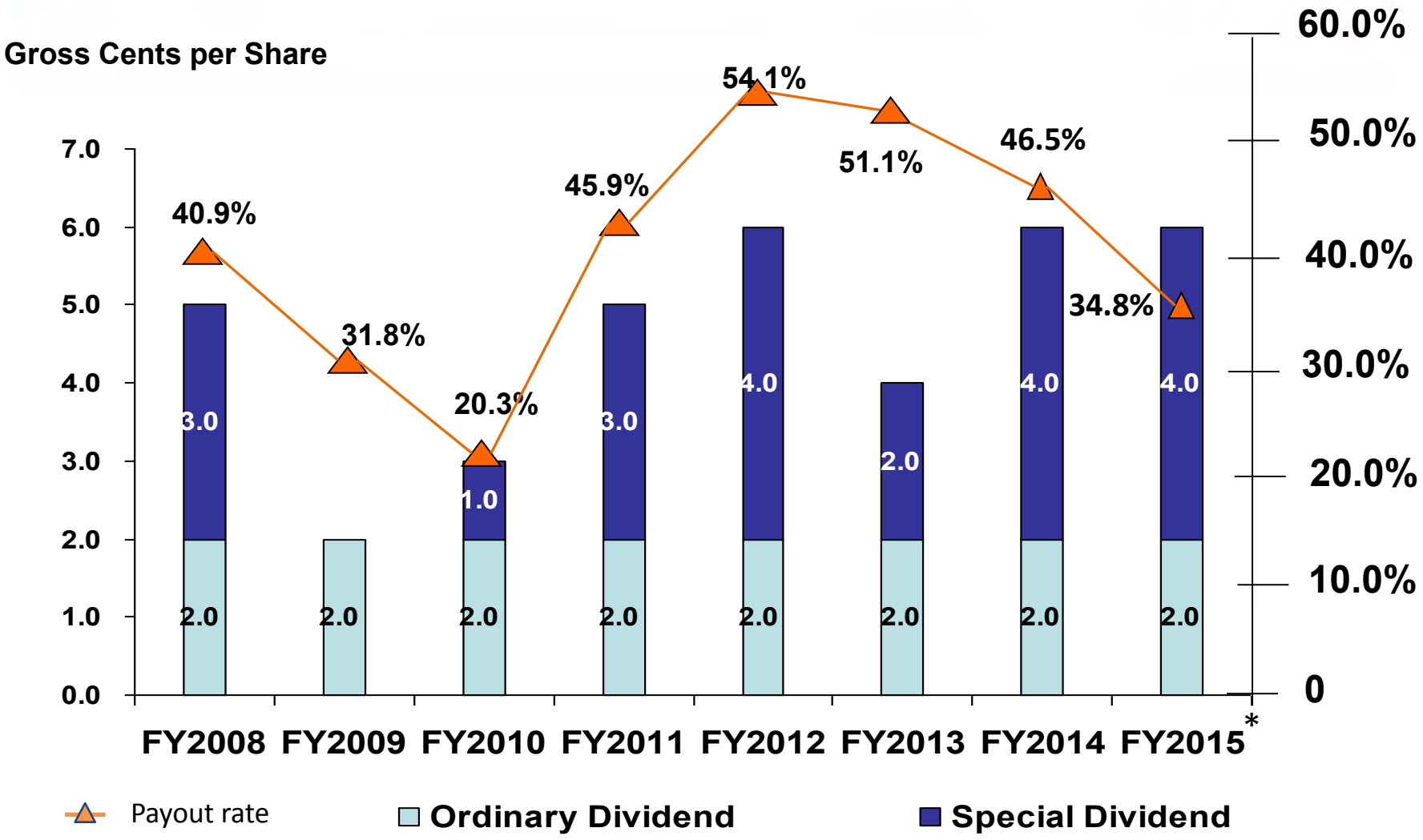
- **Property rental increased 12.7% y-o-y**
  - The Group accounted for an additional 18.4% share of EC Mall's revenue from 3QFY2014 onwards
  - Metro City Shanghai reported improved revenue from earlier asset enhancement exercises and in spite of disruptions arising from the current reconfiguration exercise
  - Value of the Renminbi strengthened against the Singapore dollar by 1.5%

- **Property development**
  - Progressive recognition of development revenue of The Crest

Balance Sheet Highlights

As at 31 March	2015 (S$'000)	2014 (restated) (S$'000)	Change (%)
Property, Plant and Equipment	6,083	4,190	45.2%
Investment Properties	168,948	160,797	5.1%
Associates	411,414	199,084	106.7%
Joint Ventures	450,526	488,991	-7.9%
Other Non-current Assets	48,403	143,494	-66.3%
Current Assets	556,149	329,129	69.0%
Total Assets	**1,641,523**	**1,325,685**	**23.8%**
Current Liabilities	199,401	73,633	170.8%
Long term and Deferred Liabilities	64,805	66,341	-2.3%
Total Net Assets	**1,377,317**	**1,185,711**	**16.2%**
Shareholders' Funds	1,373,967	1,182,628	16.2%
Non-controlling Interests	3,350	3,083	8.7%

Dividend Payout



* FY2015's proposed dividend subject to shareholders' approval at the AGM in July 2015

Market Outlook

Market Outlook: China

China's overall growth sees slowdown

- CBRE, Asia Pacific Real Estate Markets Outlook 2015

- In China, economic growth is expected to slow to a more sustainable level of 7.0%. Its slowdown was mainly due to a decline in fixed asset and property investment as well as the ongoing anti-corruption campaign, which is helping to rein in private consumption;
- Overall, a sluggish residential real estate market, high levels of local government debt in some cities and industrial overcapacity remain major risks for China's economy.

Population of consumers to grow in the long-run, which bodes well for the retail sector

- Jones Lang LaSalle, China60: From Fast Growth to Smart Growth, 2015

- Consumer class population has nearly doubled since 2011 to 130 million people and is expected to increase by a further 70% to reach 220 million by 2020.

Retail market remains buoyant

Jones Lang LaSalle, China's Retail Market: Within Reach, March 2015

- China, as the world's second-largest retail market remains a compelling market for global retailers and represents a plethora of untapped opportunities, even as economic growth is moderating;
- Even with rise of online shopping, brick and mortar stores set to retain value as both new and old brands will continue to require access to key commercial properties.

Market Outlook: Shanghai, Office

Tighter Grade A vacancy rate in 1Q 2015

- Cushman & Wakefield, Marketbeat Office Snapshot - Shanghai, Q1 2015

- Two new office buildings were completed in 1Q2015, adding a total of 82,102 sq m of Grade A office supply to Shanghai's CBD;
- Overall Grade A vacancy rate tightened 2.4 percentage points over the previous quarter to 5.0% despite an influx of new supply;
- Average CBD Grade A effective rent rose by 6.6% quarter-on-quarter to RMB10.63/sq m/day due to continuous rental growth in Lujiazui and rental recovery in core Puxi areas.

Pipeline of new supply for 2015

- CBRE, China View Point – Shanghai Property Market, Q1 2015

- Supply pipeline for 2015 is significant at over 1 million sq m;
- Office supply glut likely to limit potential for rental growth, place downward pressure on rents.

Market Outlook: Shanghai, Retail

Rental growth expected in prime shopping malls

- CBRE, Marketbeat Retail Snapshot, Shanghai China, Q1 2015

- In 2014, Shanghai posted annual retail sales growth of 8.7% to RMB 871.87 billion;
- Completion of Shanghai New World Daimaru Department Store (located at Nanjing East Road) in 1Q 2015 added about 116,000 sq m of high-quality retail space to the market;
- Prime malls in core markets experienced relatively tight vacancy, averaging 4.4%, in 1Q 2015;
- Average rents of prime shopping malls in core areas will likely continue to rise.

Supply ramp-up anticipated outside core regions

- CBRE, China View Point – Shanghai Property Market, Q1 2015

- The retail market will experience a supply peak in 2015 with 18 new projects with more than 1.2 million sq m of new retail space scheduled to be completed;
- However, around 75% of the space is located outside core areas.

Market Outlook: Guangzhou, Office

Upward rental trend on limited supply of Grade A offices

- ***Cushman & Wakefield, Marketbeat Office Snapshot - Guangzhou, Q1 2015***

- Grade A office stock in Guangzhou remained at 3.3 million sq m in Q1 2015, similar to same period last year;
- Overall average effective rent grew 0.63% q-o-q, reaching RMB156.8/sq m/month;
- Many buildings reportedly reached 100% occupancy, giving landlords more leverage to raise rents and reduce rent-free periods;
- Rental rates increased 2.5% q-o-q to RMB 161.4/sq m/month;
- With no new supply, the vacancy rate settled at 7.8% for the city overall, or 0.1 percentage point lower than the previous quarter;
- New Grade A supply is forecast to start entering the market in Q2 2015, with new launches accelerating in 2H 2015 and into 2016.

Market Outlook: Nanchang, Mixed-use

Nanchang: A tier-3 growth city

- ***Jones Lang LaSalle, China60: From Fast Growth to Smart Growth, 2015***
- ***PWC, Emerging Trends in Real Estate, Asia Pacific 2015***
- ***PWC, 2015-16 Outlook for the Retail and Consumer Products Sector in Asia, February 2015***
- ***Dezan Shira, Changing Consumer Market – An Overview of China's Retail Industry, 2014***

- Nanchang classified by Jones Lang Lasalle as a tier-3 growth city poised to move more decisively to 'lift-off';
- Third-tier cities have successfully built up their local economies but real estate oversupply have added pressure to prospects;
- Development of retail flagship stores moving further inland towards tier 3 cities, with retail brands hoping to use stores to generate buzz among consumers;
- Urbanisation and rapid growth of third tier cities expected to see a take-off in the discretionary spend of an increasing urban workforce;
- 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;

Market Outlook: Manchester, Residential

Cautious mood as growth moderates

- ***JLL, UK Research, January 2015***
- ***JLL, UK Research, November 2014***
- ***JLL, Where Next in the UK ?***

- Overall, the UK economy will be in far better shape over the next five years than it has been in recent years;
- Regional outperformers with prosperous urban centres include Manchester, Leeds and Bristol;
- Transaction activity in the North West suburban land market is at its highest level since 2007;
- House price growth p.a. in North West is expected to rise from 3.5% in 2015 to 5.0% in 2017;
- Manchester city region's attractiveness stems mainly from :
  - Several new schemes including its first Private Rented Community development;
  - Having one of the highest employment rates in the country;
  - Strategic location;
  - Accessibility and strong labour pool.

Market Outlook: Singapore, Residential

Cautious mood as sales volume and prices slip

- ***CBRE, Singapore MarketView, Q1 2015***
- ***Jones Lang Lasalle, Singapore Property Market Monitor, April 2015***

- Both sales volume and prices have fallen since the introduction of Total Debt Servicing Ratio ("TDSR") in June 2013;
- Lukewarm responses to property launches in Q1 2015;
- Sales volume of private residential properties in Q1 2015 fell 27% q-o-q;
- Private residential price index declined by 1% q-o-q;
- As at end 2014, there were 16,587 unsold units with another 10,155 planned units;
- For Q2 2015, the much anticipated launches of North Park Residences and Botanique At Bartley are expected to boost the lacklustre sales volume;
- Capital values remain soft due to TDSR.

Market Outlook: Singapore, Retail

Singapore: Cautiously positive

- For 2015, the Ministry of Trade and Industry (MTI) maintains GDP growth forecast at 2.0 to 4.0 per cent(1);
- The wholesale & retail trade sector grew by 0.6 per cent year-on-year, moderating from the 2.1 per cent growth in the preceding quarter(1);
- According to the Department of Statistics, retail sales (seasonally adjusted) increased 4.8% in January 2015 over the previous month; excluding motor vehicles, retail sales rose 2.4%(2);
- Retail sales of watches & jewellery as well as optical goods & books rose between 0.4% and 2.7% in Jaunary 2015 over January 2014 whilst furniture & household equipment held steady over the same period(2);
- Wearing apparel & footwear and recreational goods, on the other hand, declined between 14.6% and 15.6% in Jaunary 2015 over January 2014(2);
- For 2014, visitor arrivals dipped 3.1% to 15.1 million, as compared to 2013(3);
- Preliminary 2014 estimates from the Singapore Tourism Board indicated that visitor arrivals this year is forecast to grow between zero and 3% and the long-established 2015 target of 17 million visitor arrivals and S$30 billion in tourism receipts will not be met(3);
- Nonetheless, the Singapore hospitality sector's outlook remains fairly optimistic with several government initiatives to boost tourist numbers, such as the S$20 million campaign by the Singapore Tourism Board expected to launch this month(4).

Sources:

(1) MTI Maintains 2014 GDP Growth Forecast at 2.0 to 4.0 Per Cent, Ministry of Trade and Industry, Feb 20, 2014
(2) Department of Statistics Singapore, Jan 2015
(3) $20m move to claw back dwindling tourist numbers, The Straits Times, Apr 20, 2015
(4) Dip in arrivals last year, The Straits Times, Apr 8, 2015

Market Outlook: Indonesia, Retail

Indonesia: Remains resilient

- Indonesia is the largest economy in the Association of Southeast Asian Nations (ASEAN), and the 16th largest worldwide. The country has recorded strong economic growth over the past 6 years, and has made significant strides in reducing the incidence of poverty(1)
- After 4 years of decelerating growth in Indonesia, policy reform to improve the investment climate is expected to spur economic recovery in 2015 and 2016, with GDP forecasted at 5.5% and 6.0% respectively, after hitting a low of 5.0% in 2014(1);
- According to Bank Indonesia, Indonesia's retail sales increased 16.5% in February 2015 as compared to February 2014(2);
- In 2014, the consumer goods price index grew by 22.2 percent, the third highest in the Indonesia Stock Exchange after the property and real estate index as well as the infrastructure, utilities and transportation index(3);
- Indonesia's consumer confidence index (CCI) stood at 120.2, near its highest level of 120.6 in October 2014. The CCI is predicted to grow moderately in 2015(3);
- According to AC Nielsen, 48 percent of total spending on fast moving consumer goods comes from the middle class. The proportion of the middle class itself is expected to rise, from 56.5 percent of Indonesia's total population in 2010 to 68.4 percent in 2015, and as much as 76.1 percent of the total population in 2020(3).

Sources:

(1) Asian Development Bank, Dec, 2014

(2) Bank of Indonesia, Retail Sales Survey - 2015

(3) Analysis: Indonesia's consumer sector overview, The Jakarta Post, Feb 11, 15

Growth Strategies

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
- Strategic Partnerships to enter new markets such as the UK
- Strong Balance Sheet of Metro Group



Retail Operations

Emphasis on:

- Addition of new retail outlets in Indonesia
- Improve trading performance
- Enhancing Merchandise Offering
- Enhancing Customer Service
- Propagation of new marketing platform

Growth Strategies

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 asset enhancement of lettable space
  - Improve efficiency of mall management

- **Capitalise on Strong Foothold in the Asia-Pacific region**
  - Opportunistic search for new property and retail projects
  - To extend property footprint and focus in regions such as China and the United Kingdom
  - Together with associate company Top Spring, 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 mixed-use and 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

Growth Strategies

Retail Operations

- **Addition of new retail outlets**
  - Seek opportunities to expand footprint where suitable real estate opportunities presents themselves
  - Continue to improve and expand the e-commerce and mobile channel

- **Improve trading performance**
  - Intensify sales performance
  - Improve gross margins
  - Leverage on new technologies such as mobile point-of-sale (POS) system and HR Scheduler to improve productivity

- **Enhance Merchandise Offering**
  - Expand in-house development and exclusive products
  - Focus on optimizing the product assortments

Growth Strategies

Retail Operations

❖ Enhancing Customer Service

- Cross-store merchandising and selling; customers can buy, collect, exchange and return merchandise from any Metro store
- Provide Online and Offline Omni-channel shopping for customer convenient
- Implement Customer Relationships Management (CRM) system



❖ Adopt New Marketing Platform

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



Outlook

Outlook

Property Segment:

- **Strategic alliances with partners to continue**
  - More China property projects expected with associate company Top Spring
  - Maiden entry into the Manchester residential market in the UK with 25% interest in Fairbriar Real Estate Limited
  - Broaden revenue stream and increase sustainable profits

- **Asset rebalancing to continue**
  - Divestment of matured properties – EC Mall
  - Other divestment – six Tesco Lifespace developments in China

Commercial

- **Asset reconfiguration for Metro City, Shanghai**
  - Work continues on current phase of reconfiguration exercise

Residential

- **Residential sale launches in FY2015**
  - Nanchang Fashion Mark in the PRC
    - After the successful launches, the next major phase is scheduled for completion in autumn 2015
    - Presold about 283,327 sq m gross floor area to date as at 31 March 2015 for HK$4.9 billion (S$844.9 million)
    - To continue to recognise sales of properties
  - The Crest in Singapore
    - Subdued sales given cautious market sentiments

Outlook

Retail Segment:

- **Seek to improve sales performance amidst challenging retail market conditions through more aggressive marketing and omni-channel selling.**
  - Continue to adopt fresh concepts to entice consumers

- **Prudently identify new sites for store expansion, both departmental stores and specialty shops in Indonesia**

- **Developments to impact sales**
  - Scheduled makeover of The Centrepoint from May 2015 likely to affect Metro Centrepoint's sales
  - Metro Sengkang to cease operations in 2QFY2016 upon expiry of the lease, which has no further renewal option
  - With the competitive trading environment and escalating operating costs in Singapore and Indonesia, the Retail outlook is expected to remain challenging
  - Impact of lower visitor arrivals

Thank You