



Metropolis Mall update

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ARA Asset Management (Singapore) Limited

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Summary

- **Metropolis Mall occupancy reaches 85%**
- **Two new tenants at attractive rentals**
 - lifestyle concept store
 - property sales office and showflats
- **Shopper traffic to increase as a result**
 - also, nearby hotels completing soon
 - better leverage in attracting tenants for remaining 15%
- **Negotiating with an F&B outlet for 5% of space**
 - occupancy to reach 90%
- **Another step closer to exceeding rental guarantee**

The Metropolis Mall in brief

The Metropolis Mall

❖ Quality new mall; part of integrated project



Metropolis Mall in brief

Gross rentable area (sf)	332,168
Car parks	179
No. of tenants	87
Committed occupancy (%)	84.9
Shopper traffic (per month)	314,000
Valuation (Dec 03) (HK\$m)	1,593



The Metropolis Mall

❖ Strategically located in a transportation hub

- Situated in a transportation hub
 - Adjacent to Hung Hom KCRC terminal, bus terminal, Hung Hom Harbour Tunnel
- Strong catchment
 - part of The Metropolis integrated project (hotel, office, residential, retail), catchment of around 6,000
 - adjacent to HK Polytechnic, HK Coliseum
 - surrounding offices and residential estates



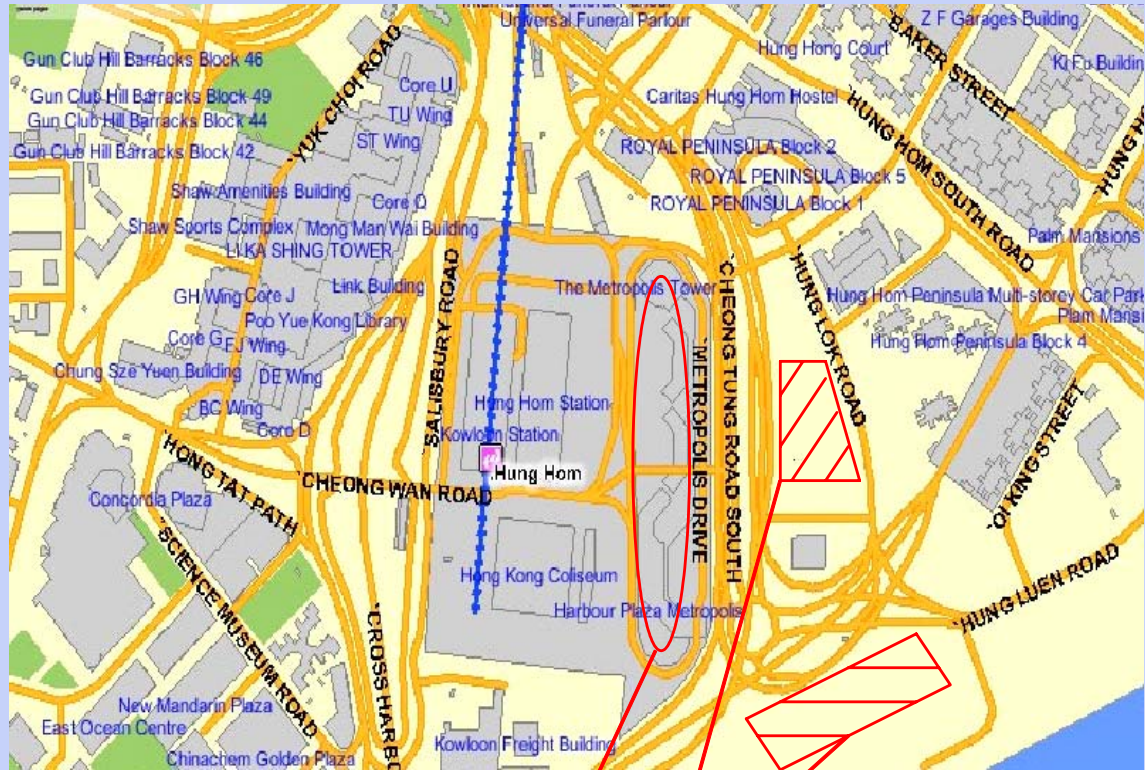
Metropolis Mall integrated project

	Status
Residential	Nearly fully occupied
Office	Fully occupied
Hotel	Avg. occ. > 85%

New hotels nearby

❖ New hotels in the vicinity to add to shopper traffic

- Two hotels nearby completing soon
 - about 4,000 rooms
 - another 12 months to completion (est)



Metropolis Mall

Forthcoming hotels

Promotions

❖ Mall events also lined-up to increase shopper traffic

Metropolis Mall forthcoming events

	Date
HK-China Model Competition	Jun 6
Kindergarten Performance	Jun 19 (TBC)
Charity Events – Drawing Competition	Jul 11
Gymnastics Show – hosted by Mr Li Xiaoshuang (Olympic champion)	Jul (TBC)
Gymnastics Show – Part 2	Jul (TBC)
Redemption Program	Jul to Aug
Crazy Sale Program	Jul to Aug
Music Performance – Hong Kong Chinese Orchestra	Aug 1 & Sep 12
Fun Camping Event – hosted by Cookies (HK pop group)	Aug 22
China-HK Talent Show	TBC
Olympic Roadshow – hosted by TV station	TBC

HK-China Singing Competition, Apr – Jun 04



Turnover rent

❖ Higher shopper traffic to drive sales and turnover rent

Metropolis Mall rental structure

	No.	% of GRA
Mall tenants	87	84.9
- with turnover rent feature	9	15.0
- paying turnover rent	1	0.5

Top tenants on turnover rent structure

3 months to end Mar 2004	Tenant A	Tenant B	Tenant C
Base rent (HK\$psf/mth)	20.0	23.0	10.8
Sales threshold (HK\$m)	2.44	2.59	4.14
Actual sales (HK\$m)	4.33	1.94	2.40
Actual sales/Sales threshold (%)	178	75	58
Turnover rent (%) ¹	4	8	5
Turnover rent paid (HK\$'000) ²	75.7	0.0	0.0

- Currently, turnover rent receipt is low
- Expected to improve as
 - stronger sales materialise with the higher shopper traffic from these new leases

Notes:

1. Once the actual sales exceeds the sales threshold, rent payable is this percentage of the actual sales multiplied by the actual sales. Otherwise, only the fixed base rental is payable
2. Only the excess over the base rental

Lifestyle concept store

Lifestyle concept stores

❖ One-stop shop for classy lifestyle products

- **Concept**
 - one-stop shop for various classy lifestyle products
- **Rationale**
 - economic recovery and recovery in durable goods sales
 - strong rise in Mainland visitors’ average spending and range of buying

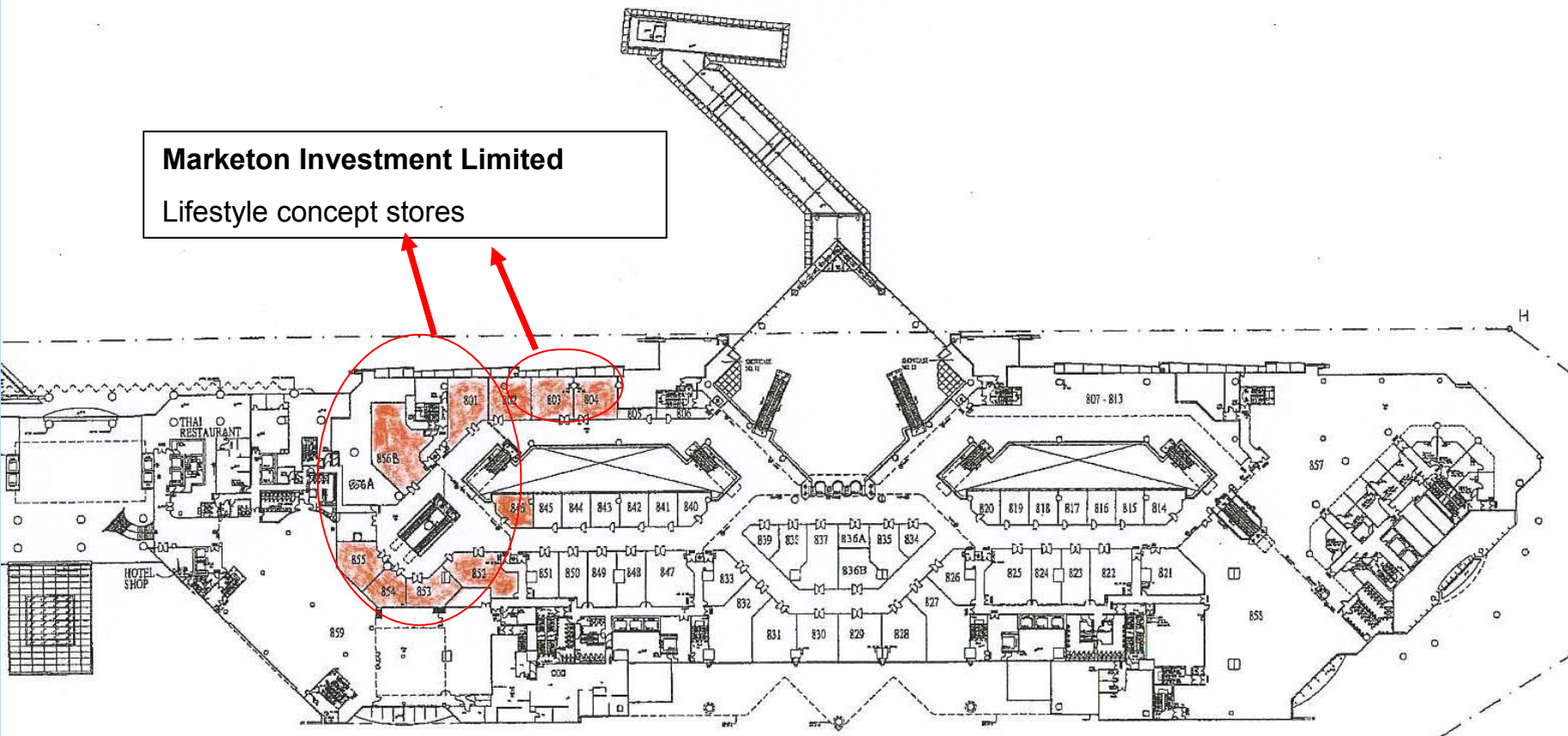
Lifestyle concept store in brief

Size (sf)	36,068
Location	Levels 8 and 9
Rental	HK\$26.15 psf per month
Concept	One-stop shop for lifestyle products with chic open layout
Tenant	Marketon Investment Limited as head tenant, with multiple sub-tenancies
Products	Furniture, lighting, interior design, state-of-the-art audio-visual equipment, telecoms equipment, video phones, coffee corners
Target shoppers	Local families and Mainland visitors

Lifestyle concept stores

❖ Pleasant open plan on two levels

Level 8 - layout

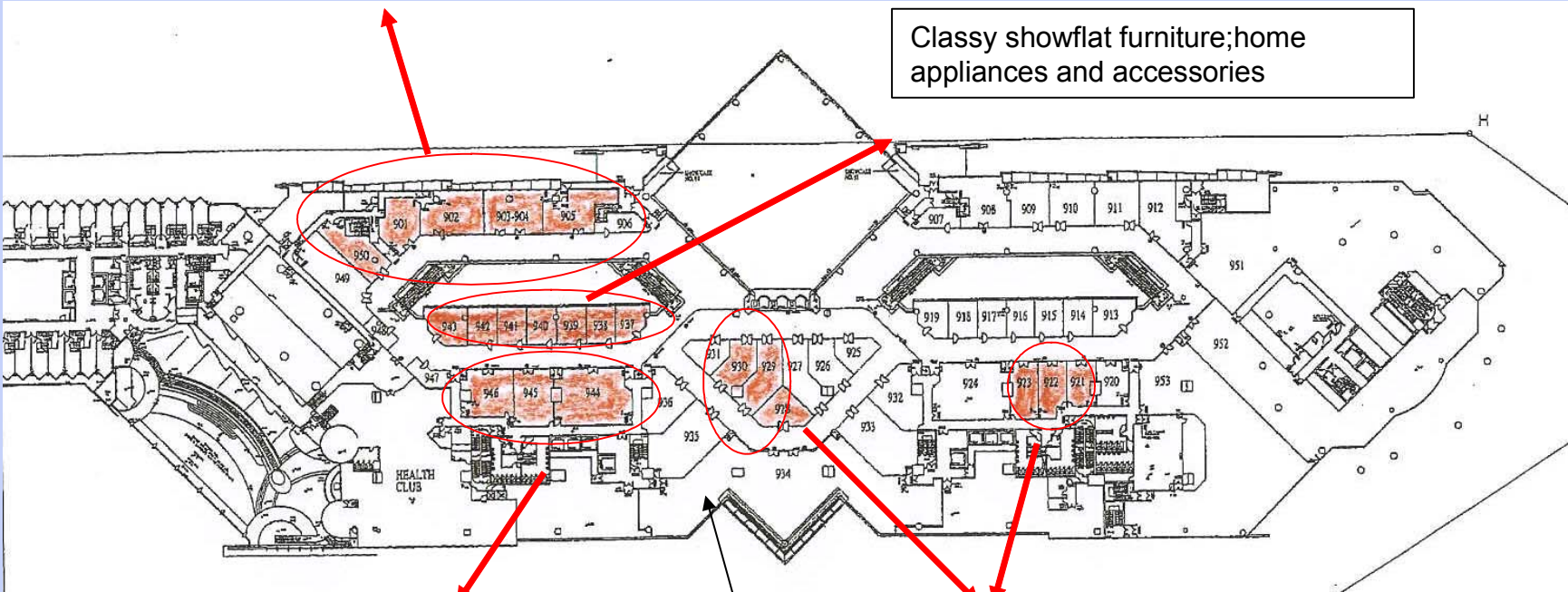


Lifestyle concept stores

Level 9 – layout

Marketon Investment Limited
Lifestyle concept stores

Classy showflat furniture; home appliances and accessories



State-of-the-art audio-visual equipment, telecommunications equipment, video phones

Furniture (tenants to be suppliers from southern China)

New F&B outlet expected – another 5% of space

Lifestyle concept stores

Example of lifestyle concept store¹



Notes:

1. Actual lifestyle concept store at The Metropolis Mall may vary from these

Property showflat and sales office

Property sales office and showflats

- ❖ **Common practice in Hong Kong**
 - **Concept**
 - use of retail mall space to display and sell property
 - common practice in Hong Kong
 - **Rationale**
 - overall property market recovery
 - rise in number of Mainland investors

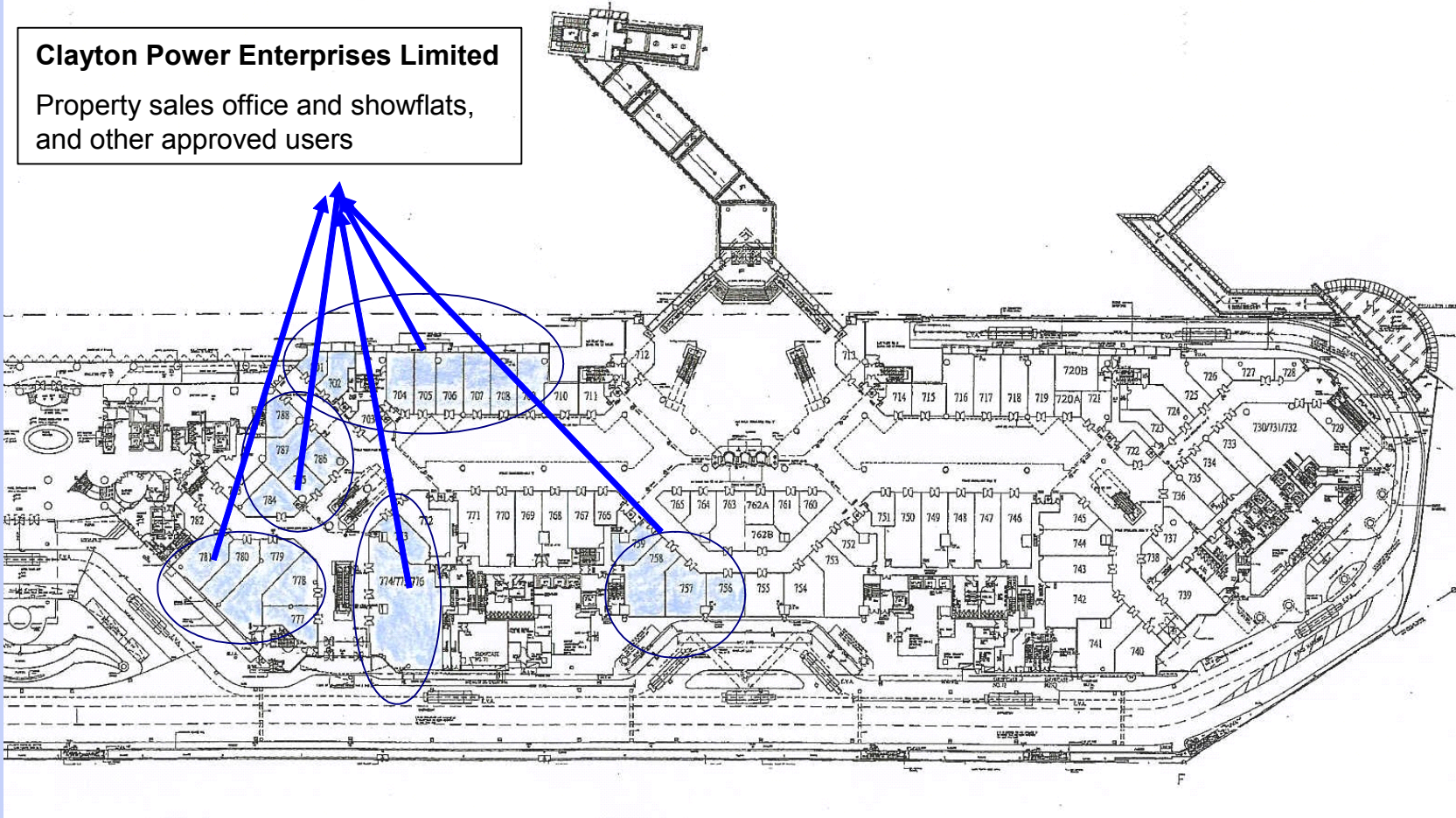
Property sales office and showflats in brief

Size (sf)	37,054
Location	Level 7
Rental	HK\$31.04 psf per month
Concept	Common Hong Kong practice of selling property in retail malls
Tenant	Clayton Power Enterprises Limited
Target shoppers	Local families and some Mainland visitors

Property sales office and showflats

Level 7 - layout

Clayton Power Enterprises Limited
Property sales office and showflats,
and other approved users



Property sales office and showflats

Example of property sales office and showflats at retail malls¹



Notes:
1. Actual property sales office and showflats at The Metropolis Mall may vary from these

Mall impact

Mall rental and trade mix

❖ Mall rental to rise

Metropolis Mall rental

	Before	After
Avg. passing rental (HK\$psf/mth)	19.15	21.60

- **Average passing rental rises 13%**
- **Occupancy rises to 85%**
 - **Shopper traffic expected to rise**

Trade mix (gross rentable area)

	Before (%)	After (%)
Banking & Real Estate Services	12.7	23.9
Food & Beverage, Food Court	22.0	22.0
Homeware & Furnishings, Electronics, IT	5.7	15.4
Leisure & Entertainment, Sports & Fitness	5.5	5.5
Fashion & Shoes	3.9	4.6
Gifts & Specialty, Jewellery, etc	3.7	4.1
Others	5.2	4.1
Services, Education, Community Services	3.8	3.5
Supermarket	1.9	1.9
Total committed occupancy	64.5	84.9
Vacant	35.5	15.1
Total	100.0	100.0

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