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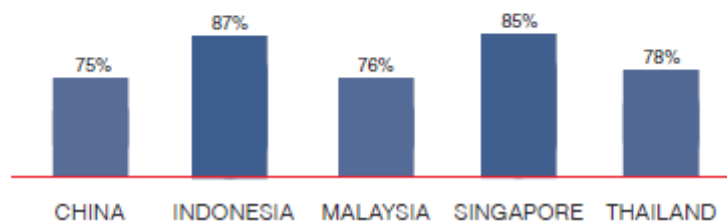
Asian business families focus on Asia for continued growth

Singaporean and Indonesian business family¹ performance tied most closely to Asian economic growth

Singapore, 9 May 2013 – A new report² by United Overseas Bank (UOB) and the Singapore Management University's (SMU) Business Families Institute has found that seven in ten Asian business families are dependent on Asia's continued economic growth for their own success.

The UOB-SMU report titled *Asian Business Families' Dependency on Asia – Balancing Opportunities and Risks* found that of the five markets surveyed it was Singaporean and Indonesian business families that saw their performance most closely linked to that of Asia's economic growth.

BREAKDOWN OF ASIAN BUSINESS FAMILIES THAT SELECTED ASIA AS HAVING THE MOST SIGNIFICANT IMPACT ON THEIR BUSINESSES



Eric Tham, Managing Director, Group Commercial Banking, UOB Group said, "To cater to the rise of Asia and its fast-growing affluence and changing domestic expectations, there is the opportunity to build new infrastructure to support the urbanisation occurring in many markets. Many of the family businesses we work with today are playing key roles in delivering large infrastructural projects or working to gain

¹ Business families are substantially owned by family members and/or managed by family members who are in senior management positions as Directors, CEOs etc.

² The report was developed based on interview Nielsen conducted with 345 key decision makers of business families from China, Indonesia, Malaysia, Singapore and Thailand. Interviews were conducted in November 2012.

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market share in new markets. These businesses are the backbone of many economies. Their future success is therefore very important to the region.”

Associate Professor Annie Koh, Academic Director of Business Families Institute @ SMU, said, “It is hardly surprising that Asia has the most significant impact on the businesses of Asian families as there is a natural affinity for Asian business families to invest in the growth of their region through partnerships with other business families. Given this paradigm, the Business Families Institute @ SMU was established as Southeast Asia’s first regional business family centric-institute focused on addressing the educational, engagement and research needs of Asian business families.”

New challenges facing Asian Business Families

While the majority of respondents rely on Asia’s domestic and export economies for their own business success, Asia’s economic growth³ is also posing challenges for Asian business families. The report found that the top three challenges encountered in the last 12 months were the rise in the prices of raw materials and other expenses (78 per cent), attracting and retaining talent (59 per cent) and economic uncertainty in Asia (59 per cent).

Similar to the rest of Asia, the top challenge for Singapore’s business families was the rise in the prices of raw materials and other expenses (80 per cent). However due to Singapore’s externally-driven economy, the other two key challenges were economic uncertainty in Asia (71 per cent) and currency fluctuation (62 per cent).

To counter these challenges, 63 per cent of Asian business families in the manufacturing trade industry and 52 per cent of those in wholesale and retail trade said they would focus on improving the quality of their products and services. Other strategies to manage current challenges include expanding into new markets and improving their pricing tactics.

³ Asia (excluding Japan) is expected to contribute a third of global GDP, up from 17% in 2010. Source: UOB Economic-Treasury Research

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Strong ownership mentality reflected in interest in Commercial Property

The report also revealed that there is a sizable demand among Asian business families to purchase their own commercial property. Of the Asian business families surveyed, almost six in ten of the respondents owned their own property. Of the 43 per cent who rented their premises, more than half (52 per cent) said they intended to purchase their own commercial property.

Mr Tham said, "Asian business families have a strong ownership mentality which sees them thinking long-term because they are very mindful that they need to hand over to the next generation a stronger business than the one they had built. With this in mind, it is natural for Asian business families to extend their ownership approach to property so that the next generation is able to achieve greater success with an asset-backed business."

Overall, 65 per cent of Asian business family respondents expect prices of commercial property in their respective countries to increase in 2013, with the highest responses coming from Indonesian and Thai business families, at 82 per cent and 81 per cent respectively. In contrast, only 39 per cent of Singaporean business families expected prices of commercial property to increase.

Professor Koh said, "One plausible reason could be that prices of commercial / industrial real estate in Singapore are generally perceived to have peaked whereas there is still substantial upside for real estate value in Indonesia and Thailand. Given this perception of potential capital gains in property investments, Indonesian and Thai business families are understandably confident that prices of commercial / industrial real estate in their domestic markets will rise even further."

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About United Overseas Bank

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Western Europe and North America. Since its incorporation in 1935, UOB has grown organically through a series of strategic acquisitions. Today it operates in Asia through its branches and representative offices as well as banking subsidiaries in China, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

UOB plays an active role in the community, focusing on the arts, education and children. For three decades UOB has organised the prestigious UOB Painting Of The Year Competition and Exhibition. In recognition of its contributions to the arts, UOB was conferred the National Arts Council's Distinguished Patron of the Arts Award for the eighth consecutive year in 2012. UOB also encourages its employees across the region to be involved in its regular volunteer activities. This includes the annual UOB Heartbeat Run which is held in Singapore, Malaysia, Indonesia, Thailand and mainland China.

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