

Asset Acquisitions and Disposals::Acquisition of 35% Equity Interest in a JV to Acquire Shanghai Plaza, The PRC

Issuer & Securities

Issuer/ Manager	METRO HOLDINGS LTD
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METRO HOLDINGS LIMITED

(Company Registration No. 197301792W)

METRO GROUP GROWS ITS PRESENCE FURTHER IN SHANGHAI – 35% EQUITY INTEREST IN A JV TO ACQUIRE SHANGHAI PLAZA, THE PRC

1. INTRODUCTION

The Board of Directors of Metro Holdings Limited ("Metro" or the "Company") wishes to announce that on 17 May 2018, Shanghai Xing Chu Business Consulting Co. Ltd ("Shanghai Xing Chu"), an indirect wholly-owned subsidiary of Metro China Holdings Pte Ltd ("Metro China Holdings"), has entered into a Shareholders' Agreement (the "SHA") with other individual investors being independent third parties, (together "Joint Venture" or "JV") for the acquisition of a 35% stake in Shanghai Yi Zhou Property Management Co., Ltd. ("Shanghai Yi Zhou") which will be utilised for the purpose of acquiring a mixed-used commercial building. Pursuant to the SHA, Shanghai Xing Chu will contribute an aggregate of Rmb 265 million (approximately S\$ 56 million), in proportion to its 35% equity interest, to the JV for acquiring and operating the mixed-used commercial building.

On the same day, Shanghai Yi Zhou, through its wholly-owned subsidiary, Shanghai Shang Min Business Consulting Co. Ltd. ("Shanghai Shang Min") entered into a Sale and Purchase Agreement (the "SPA") with Hangzhou Huan Bei Silk Clothing City Co., Ltd. ("Hangzhou Huan Bei"), an independent third party, to acquire a 90% stake in Shanghai Yong Ling Property Development Co. Ltd. ("Shanghai Yong Ling") which owns the Shanghai Plaza (the "Property"), located in Huai Hai Zhong Road, Huang Pu district in Shanghai, PRC. The SPA is subject to obtaining shareholder's approval from Hangzhou Huan Bei's ultimate shareholder, which is a listed company on the Shanghai Stock Exchange. It is intended for the JV to acquire the remaining 10% stake in Shanghai Yong Ling by 2020.

The investment is in the ordinary course of Metro and its group of companies' ("Metro Group's") property development business.

2. INFORMATION RELATING TO THE INVESTMENT AND THE PROPERTY

2.1 INFORMATION ON THE INVESTMENT

The total investment cost of the investment (comprising the acquisition price of the Property of Rmb 2,250 million (approximately S\$ 475 million) and the related renovation costs, financing costs, taxes and expenses of Rmb 657 million (approximately S\$ 139 million) is estimated to be Rmb 2,907 million (approximately

S\$ 613 million) (the “Investment”). The total cost for the Investment will be funded by shareholders’ equity, banks and/or independent financial institutions.

2.2 INFORMATION ON THE PROPERTY

Shanghai Plaza is located at Number 138 Huai Hai Zhong Road, Huang Pu district in Shanghai, the PRC. It is a landmark mixed-used commercial building in a prime location situated 500 metres from the Xintiandi Business District and 700 metres from People’s Square. It is also close to train lines and the main expressway.

The gross floor area of 40,693 square metres spans seven floors (one underground floor and six above ground floors) and there is a basement floor area of 12,422 square meters for car park lots.

2.3 INFORMATION ON SHANGHAI YI ZHOU, SHANGHAI SHANG MIN AND SHANGHAI YONG LING

Shanghai Xing Chu has acquired the following associated company :

<u>Name of Corporation</u>	<u>Country of Incorporation</u>	<u>Principal Activity</u>	<u>Shareholding Percentage</u>	<u>Registered Capital (RMB)</u>	<u>Paid Up Capital</u>
Shanghai Yi Zhou Property Management Co., Ltd.	The People’s Republic of China	Business information consulting and enterprise business consulting	35%	280,000,000	NIL

The balance 65% of the above corporation is owned by independent third parties.

Shanghai Yi Zhou owns the following wholly-owned subsidiary:

Name of subsidiary	:	Shanghai Shang Min Business Consulting Co. Ltd.
Country of incorporation	:	The People’s Republic of China
Registered Capital	:	RMB10,000,000
Paid Up Capital	:	Nil
Shareholder	:	Shanghai Yi Zhou

Shanghai Shang Min acquired 90% of the following subsidiary:

Name of subsidiary	:	Shanghai Yong Ling Property Development Co. Ltd.
Country of incorporation	:	The People's Republic of China
Registered Capital	:	RMB 500,000,000
Paid Up Capital	:	RMB 500,000,000
Shareholder	:	90% - Shanghai Shang Min 10% - Hangzhou Huan Bei

Shanghai Yong Ling owns the Property, located in Huai Hai Zhong Road, Huang Pu district in Shanghai, PRC.

3. RATIONALE FOR THE PROPOSED INVESTMENT

The Investment represents an excellent proposition to acquire a landmark mixed-used commercial building in a prime location with the ability to enhance returns via multiple active asset management strategies through a re-development and upgrading plan for both office and retail usage in the coming years. This will present the opportunity for lease re-structuring which will then generate higher stable returns after the re-development and upgrading plan. This investment will further grow Metro's presence in the prime districts of Shanghai, the first-tier city of PRC.

Currently Metro owns 60% of Metro City and Metro Tower, strategically located at Xujiahui, Shanghai, PRC. Metro City, is a retail mall positioned as a lifestyle entertainment centre with nine levels of space, spanning across a lettable area of approximately 40,000 square meters, while Metro Tower is a 26 floors Grade A office building offering over 40,000 square meters of lettable area. Both buildings are located in a prime regional district center directly linked to an underground MRT.

The Investment is in line with Metro Group's stated intention to build its presence and investment in the region through a selective positioning, new investments in property development and strategic alliances with a view to broadening the revenue stream of the Metro Group and facilitating sustained profitability for the Metro Group moving forward.

4. CONSIDERATION

The Metro Group's 35% equity commitment for the Investment is approximately Rmb 265 million (approximately S\$ 56 million), and was arrived at based on arm's length negotiations.

The Metro Group's commitment and expenses relating to the transaction will be funded from internal cash sources and debt.

5. NTA/FINANCIAL EFFECTS

The above Investment is not expected to have any significant effect on the consolidated net tangible asset per share and the consolidated earnings per share of the Metro Group for the current financial year ending 31 March 2019.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company (to the best of the knowledge of the Company) has any interest, direct or indirect, in the above matter other than through their shareholding interests in the Company.

7. COMPLIANCE WITH RULE 704(17)(C) OF THE LISTING MANUAL

As the proposed Investment will, upon completion, result in Shanghai Yi Zhou and its subsidiaries becoming associated companies of Metro, this announcement is made pursuant to and for the purposes of compliance to Rule 704(17)(c) of the Listing Manual.

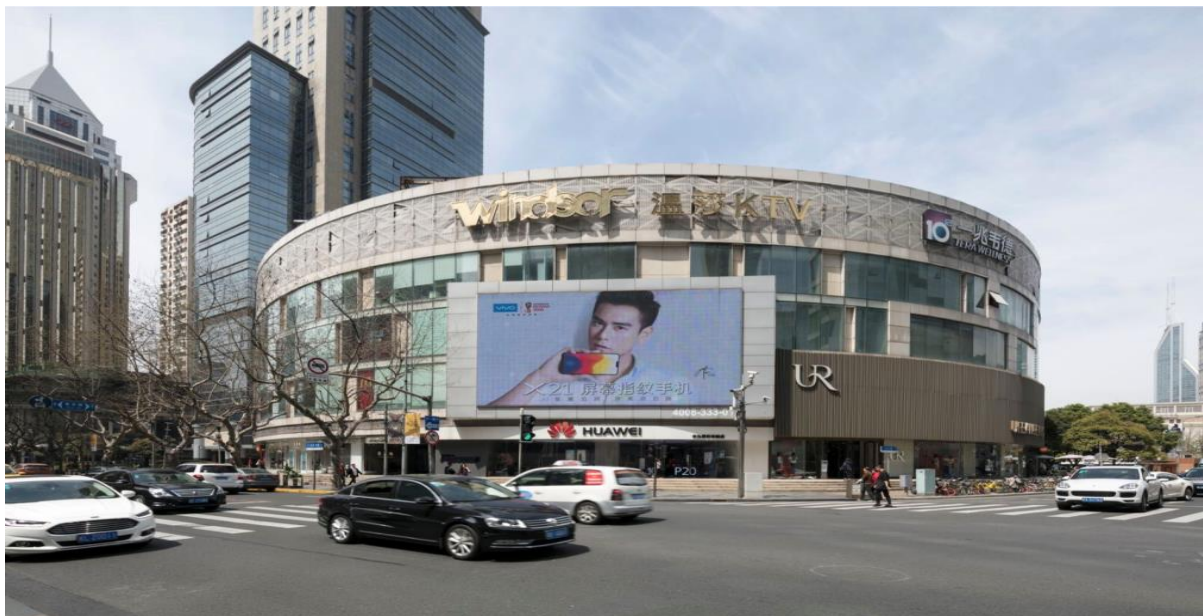
By Order Of The Board

Tan Ching Chek and Lee Chin Yin
Joint Company Secretaries
17 May 2018

NEWS RELEASE

METRO HOLDINGS GROWS ITS PRESENCE IN CHINA BY ACQUIRING A MIXED-USED DEVELOPMENT IN SHANGHAI

- *Grows its presence in Shanghai by investing 35% equity to acquire 90% stake of a landmark mixed-use commercial building, Shanghai Plaza, for a total investment value of Rmb 2,907 million (S\$613 million)*



Shanghai Plaza, a landmark mixed-used commercial building located at the prime Huai Hai Zhong Road, Huang Pu district, Shanghai. It is located in close proximity to Xintiandi District, People's Square and the Lujiazui CBD with connectivity to major train lines and expressways.

This prime property has a gross floor area of 40,693 square meters spanning across seven floors.

Singapore, 17 May 2018 – Main Board-listed Metro Holdings Limited (“Metro” or the “Group”) (“美罗控股有限公司”), a property development and investment group backed by established retail operations in the region, has grown its presence in Shanghai, the PRC by investing 35% equity to acquire a 90% stake of a mixed-use commercial building, Shanghai Plaza (“上海广场”), for a total investment value of Rmb 2,907 million (S\$613 million), together with other joint venture partners. It is the intention of the JV to acquire the remaining 10% by 2020.

Shanghai Plaza, a landmark mixed-used commercial building, has a gross floor area of 40,693 square meters spanning across seven floors. It is located at the prime Huai Hai Zhong Road, Huang Pu district, Shanghai, which is the most central district in Shanghai and one of the most densely populated urban districts in China. The property is also close to the popular shopping district area nearby Xintiandi District, People’s Square and the Lujiazui CBD, with connectivity to major train lines and expressways. This investment is in line with the Group’s strategy to further grow its presence in China, particularly in high-growth cities such as Shanghai, where it has established a firm foothold.

Shanghai, underpinned by steady 6.9% GDP growth in 2017, remains as the gateway city for most financial institutions and technology companies. It is expected that there will be strong office demand from these financial and technology companies and expanding flexible workspace operators in the next three to five years. In addition, it has robust growth of consumer demand where its total retail sales of consumer goods has shown a 10.2% growth in 2017, where it will support the retail businesses, which in turn brought expansion opportunities in retail properties.

To capitalise on the strong demand for Grade A offices as well as quality retail properties in Shanghai, Shanghai Plaza, currently a mixed-used commercial building, will undergo re-development and upgrading for both office and retail usage and will thus present the opportunity for lease restructuring which will then generate higher stable returns upon completion in the coming years.

Metro currently owns 60% of Metro City and Metro Tower in Shanghai since 1993. Metro City is a nine-level retail mall, positioned as a lifestyle entertainment centre spanning nearly 40,000 square meters, whilst Metro Tower is a 26-floor Grade A office building spanning more than 40,000 square meters. Both buildings are located in the prime district in Xujiahui, Shanghai, directly linked to an underground MRT and offering convenient access to public transportation.

In its recent acquisition in September 2017, Metro acquired a 30% stake in three office buildings in Bay Valley, spanning across 98,000 square meters, located in Yangpu district of Shanghai which is to be developed into a global innovation and technology hub.

Commenting on the Group's expansion in China, Chairman Winston Choo said, "China continues to be a core market to Metro. Shanghai, being the key gateway city, the financial and commercial hub of China, is set to overtake Hong Kong as Greater China's largest office market by 2020. This acquisition will further augment Metro's commercial portfolio and further our presence in China, particularly in Shanghai, a high-growth city driven by sustainable urbanisation trends, where Metro has established a strong foothold.

"In addition, this strategic investment through the joint venture will provide us an opportunity to leverage our retail expertise and network, so as to enhance the value offerings to this prime property as well as in this new property investment arena, where such re-development, conversion and upgrading projects in the first-tier cities of China are growing popular and increasing in demand.

“The Group is constantly reviewing our portfolio to build our presence and investment in the region to broaden our revenue stream. Through our in-depth knowledge, business network and strategic partnerships, we will create synergies that will contribute to the value enhancement of our portfolio of properties and investments. With a strong balance sheet, we remain proactive in strengthening our portfolio of quality assets to optimise shareholders’ returns.”

(Please see Appendix A for information on the property)

ABOUT METRO HOLDINGS LIMITED

Listed on the Main Board of the SGX-ST in 1973, Metro Holdings started out in 1957 as a textile store on 72 High Street. Over the years, Metro has grown to become a property and retail group with operations and investments in the region.

Today, the Group operates two core business segments – property development and investment, and retail – and is focused on key markets in the region such as China, Indonesia and Singapore. The Group has also expanded its geographical presence to the United Kingdom.

Property Development and Investment

The Group’s property arm owns and manages several prime retail and office properties in first-tier cities in China, such as Shanghai and Guangzhou. It has expanded its portfolio to cover a fuller spectrum of properties and also holds significant investments in certain property businesses. This includes mixed-use and residential developments in China, Indonesia, Singapore and the United Kingdom.

Retail

Metro's retail arm serves customers through a chain of three Metro department stores in Singapore, and another 10 department stores in Indonesia. The Metro shopping brand is an established household name in the retail industry, and offers a wide range of quality merchandise in over 1.5 million square feet of downtown and suburban retail space in Singapore and Indonesia.

ISSUED ON BEHALF OF : Metro Holdings Limited
BY : Citigate Dewe Rogerson Singapore Pte Ltd
55 Market Street
#02-01
SINGAPORE 048941
CONTACT : Ms Dolores Phua / Ms Amelia Lee
at telephone
DURING OFFICE HOURS : 6534-5122
EMAIL : dolores.phua@citigatedewerogerson.com /
amelia.lee@citigatedewerogerson.com

17 May 2018

Appendix A

Type of Project:	Joint Venture – Mixed-used Commercial Building in Shanghai
Information on the Joint Venture:	<p>Metro Group, through an indirect wholly-owned subsidiary of Metro China Holdings Pte Ltd, Shanghai Xing Chu Business Consulting Co. Ltd (“Shanghai Xing Chu”), will make a 35% equity investment to acquire a 90% stake of Shanghai Plaza (the “Property”), a mixed-used commercial building of a total investment value of Rmb 2,907 million (approximately S\$613 million), through Shanghai Xing Chu’s 35% associated company, Shanghai Yi Zhou Property Management Co., Ltd. (“Shanghai Yi Zhou”).</p> <p>Shanghai Yi Zhou, through its wholly-owned subsidiary, Shanghai Shang Min Business Consulting Co. Ltd. (“Shanghai Shang Min”) entered into a Sale and Purchase Agreement (the “SPA”) with the vendor Hangzhou Huan Bei Silk Clothing City Co., Ltd. (“Hangzhou Huan Bei”), an independent third party, to acquire a 90% stake in Shanghai Yong Ling Property Development Co. Ltd. (“Shanghai Yong Ling”) which owns Shanghai Plaza.</p> <p>The total investment cost comprising the acquisition price of the Property of Rmb 2,250 million (approximately S\$475 million) and the related renovation costs, financing costs, taxes and expenses of Rmb 657 million (approximately S\$139 million) is estimated to be Rmb 2,907 million (approximately S\$613 million). The total investment cost will be funded by shareholders’ equity, banks and/or independent financial institutions.</p>

Type of Project:	Joint Venture – Mixed-used Commercial Building in Shanghai
Location of the Property:	Shanghai Plaza is located at Number 138 Huai Hai Zhong Road, Huang Pu district in Shanghai, the PRC.
Description of the Property:	<p>Shanghai Plaza is a landmark mixed-used commercial building in a prime location situated 500 metres from the Xintiandi Business District and 700 metres from People’s Square. It is also conveniently located, with close access to train lines and the main expressways.</p> <p>Shanghai Plaza’s gross floor area of 40,693 square metres spans seven floors (one underground floor and six above ground floors) with 138 car park lots.</p>