

NEWS RELEASE

METRO HOLDINGS ACHIEVES PROFIT AFTER TAX OF S\$146.7 MILLION FOR 3QFY2018

- **Strong partnership with Top Spring continues to bear fruits:**
 - **Reaps share of substantial divestment gain of S\$148.8 million¹ from associate Top Spring's² very substantial disposal of eight property projects**
 - **Expects to recognise on completion a divestment gain of approximately S\$8.6 million¹ from the recent sale of Metro Group's 30% interest in Nanchang Fashion Mark**
 - **Commenced preleasing of three recently acquired office buildings in Yangpu district, Shanghai, PRC – China's innovation and technology district**
- **Makes good progress in the UK:**
 - **JV with Lim Kim Tah Group – to jointly acquire a freehold office property in the heart of Midtown Central London**
 - **Construction work on Phase 1 comprising 571 apartment units of the Middlewood Locks development expected to be completed over spring and summer 2018**
- **Trans Park Residences project in Indonesia commences construction work**
- **Maintains net cash position of S\$241.1 million and healthy balance sheet with shareholders' equity of approximately S\$1.5 billion as at 31 December 2017**

¹ Estimated and unaudited net gain before taxation

² As at 31 December 2017, the Group has an effective indirect equity stake of approximately 16.5% voting rights and 15.0% ownership interest in Top Spring

Singapore, 12 February 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, registered a robust growth in net profit after tax (“PAT”) to S\$146.7 million for the three months ended 31 December 2017 (“3QFY2018”), from S\$20.5 million for the same corresponding period (“3QFY2017”). PAT increased to S\$158.6 million for the nine months ended 31 December 2017 (“9MFY2018”).

Metro’s core Property Division registered a surge in profit before tax (“PBT”) to S\$146.0 million in 3QFY2018 from S\$20.4 million in 3QFY2017. Overall, net profit was lifted by the Group’s share of a divestment gain from Top Spring International Holdings Limited’s (“Top Spring”) very substantial disposal of eight property projects. There was also an improvement in fair value of short term investment to an unrealised fair value gain in 3QFY2018, a turnaround from an unrealised fair value loss in 3QFY2017.

Lt Gen (Rtd) Winston Choo (朱维良) said, “We are pleased with the strong set of financial performance. Notably, our present and past partnerships with Top Spring have continued to yield a good harvest. With the share of divestment gains of approximately S\$148.8 million from Top Spring’s disposal of property projects and Metro Group’s recent sale of its 30% interest in Nanchang Fashion Mark for an approximate S\$8.6 million divestment gain, we will continue to actively manage our capital recycling strategy for enhancement of shareholder value.”

Nanchang Fashion Mark is a 30:70 partnership between the Metro Group and the Top Spring Group. Following Top Spring Group’s disposal of its effective 70% interest in Nanchang Top Spring in December 2017, the Metro Group considers the transaction a good opportunity to realise its investment in Nanchang Fashion Mark and unlock its value.

Review of Financial Performance

Overall, the Group achieved a 5.4% increase in revenue to S\$39.3 million for 3QFY2018, as compared to S\$37.3 million in 3QFY2017. For 9MFY2018, revenue rose 4.6% to S\$102.0 million as compared to S\$97.5 million in the previous corresponding period (“9MFY2017”).

Property Division

On the Property Division front, average occupancy rate for Metro’s three investment properties in Guangzhou and Shanghai as at 31 December 2017 was steady at 92.7%. Metro City, Shanghai, reported improved results with higher rental income with the completion of certain phases of asset enhancement.

Segment results, excluding associates and joint ventures, reported a gain of S\$5.9 million in 3QFY2018 from a gain of S\$11.6 million in 3QFY2017 mainly due to foreign exchange fluctuations and higher overheads.

Share of results of associates rose sharply to S\$137.5 million in 3QFY2018 from S\$9.0 million in 3QFY2017. Metro Group’s share of divestment gain amounted to S\$148.8 million from Top Spring’s very substantial disposal of eight property projects for approximately HK\$14.91 billion (approximately S\$2.5 billion).

The improvement in changes in fair value of short term investment was mainly due to an unrealised fair value gain of S\$1.3 million in 3QFY2018, a turnaround from an unrealised fair value loss of S\$4.0 million in 3QFY2017. This relates to the Group’s portfolio of short term equity investments in REITs held by the property division.

Retail Division

Metro's retail topline improved by 5.5% to S\$37.7 million in 3QFY2018 due to the festive season. A small positive contribution was recorded by the Singapore operations in 3QFY2018 with control of operating and overhead costs. However, pressure on margins continues amidst a highly competitive trading environment.

Strong Balance Sheet

Metro's balance sheet remained strong with net cash of S\$241.1 million (after bank borrowings), signifying headroom for further growth. The Group's shareholders' equity stood at S\$1.5 billion as at 31 December 2017.

Outlook

Looking ahead, for the Group's Property Division in the PRC, Metro expects the rental income of its GIE Tower investment property in Guangzhou to remain steady. Rental stability is also expected at the joint ventures level for Metro City and Metro Tower in Shanghai. Concurrently, the sales of the residential project, The Crest at Prince Charles Crescent in Singapore, continues to progress at a slow pace. Additionally, on the completion of the divestment of the Group's 30% equity stake in the Nanchang project, contributions from our associate in Nanchang will cease.

In the United Kingdom, construction work continues on the 571 apartment units of the Middlewood Locks development project and is expected to be completed in stages over spring and summer 2018. This mixed development will provide 2,215 new homes and 750,000 square feet of commercial space including offices, hotel, shops, restaurants, a convenience store and gym.

Metro's Chairman, Winston Choo further commented on recent developments in China and the UK, "Following our recent tie-up with the Trans Corpora Group and the Lee Kim Tah Group, for the Bekasi, Jakarta project, Trans Park Residences, which has commenced construction and pre-sales, we have entered into a second joint venture with the Lee Kim Tah Group in the UK. Together, we will jointly acquire a freehold office property, strategically located at 5 Chancery Lane, in the heart of Midtown Central London. To us, this represents an excellent opportunity to acquire a quality asset in one of London's leading occupational sub-markets with the future ability to enhance returns through multiple active management strategies. London remains an attractive market given its standing as one of the world's leading global financial hub and business centers."

The freehold office building, acquired for a total purchase consideration of £80.75 million (approximately S\$148.2 million), has 84,836 square feet of office and ancillary facilities. Fully leased to 2023, it is located in close proximity to a few underground stations namely Chancery Lane station, Temple station and the new Farringdon station hub of the upcoming Crossrail. It is also strategically located in the heart of the traditional legal area and has benefitted from a significant change in occupational demand with diverse tenant demand also coming from other sectors including the technology, media and telecom segments.

"In China, we have commenced preleasing activities for our three recently acquired office buildings in Bay Valley. With the China government's plan to develop the Yangpu district into a global innovation and technology hub, these properties are positioned to attract enterprises from high-tech, communication, education, IT research, bio-technology and information sectors.

"Metro will continue to leverage on our strong partnerships and remain proactive in prudently seeking out potential investment opportunities in the region to generate higher returns for our shareholders," commented Chairman Choo.

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, Singapore and 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, residential and commercial developments in China, Singapore, Indonesia 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 spread over 1.5 million square feet of downtown and suburban retail space in Singapore and Indonesia.

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