



NEWS RELEASE

METRO HOLDINGS RECORDS REVENUE OF S\$72.8 MILLION AND PROFIT AFTER TAX OF S\$10.6 MILLION FOR 2QFY2020

- ***Revenue increases 57.1% mainly from sale of property rights of S\$36.4 million from the residential development properties in Bekasi and Bintaro, Jakarta***
- ***Maintains strong balance sheet with Net Assets at S\$1.5 billion***
- ***Lower profits resulted from absence of contribution from the Middlewood Locks Phase 2 development in the United Kingdom (“UK”) and lower contribution from The Crest, Singapore***

Singapore, 12 November 2019 – Main Board-listed Metro Holdings Limited (“**Metro**” or the “**Group**”) (“美罗控股有限公司”), a property investment and development group backed by established retail operations, registered revenue of S\$72.8 million for the second financial quarter ended 30 September 2019 (“**2QFY2020**”), an improvement of S\$26.5 million or 57.1% as compared to the same corresponding period a year ago (“**2QFY2019**”), largely due to the sale of property rights of the residential development projects in Bekasi and Bintaro, Jakarta.

The Group’s 2QFY2020 Profit After Tax (“**PAT**”) was S\$10.6 million, as compared to S\$13.4 million in 2QFY2019. This was mainly due to a lower share of results of associates in the absence of a S\$2.1 million share of profit for the Middlewood Locks Phase 2 development recognised in 2QFY2019, a decrease in share of results of joint ventures by S\$1.3 million mainly due to lower contribution from The Crest, Singapore, as well as a S\$2.1 million net increase in finance costs (net of interest income). These were partially offset by increased contribution of S\$1.8 million from sale of property

rights of the residential units in the development in Bekasi and Bintaro, Jakarta, and improved contribution from the Retail division.

Group Chief Executive Officer, Yip Hoong Mun (“叶康文”), said, “Our strategy remains focused on building stable income streams in our key markets in Singapore, China, Indonesia and the UK. To this end, we continue to focus on property investment and development in existing markets whilst seeking attractive opportunities in new segments.”

Review of Financial Performance

Property Division

The Property Division’s revenue increased by S\$22.5 million to S\$38.1 million in 2QFY2020, up from S\$15.6 million in 2QFY2019 mainly from the sale of property rights of the residential development properties in Bekasi and Bintaro, Jakarta.

Average occupancy rate for Metro’s five investment properties – GIE Tower in Guangzhou; Metro City and Metro Tower in Shanghai, China; the fully-leased freehold office property at 5 Chancery Lane in Central London, the UK; and the recently acquired 7 & 9 Tampines Grande, Singapore – was 95.5% as at 30 September 2019.

Property segment results, excluding associates and joint ventures, rose to S\$7.7 million in 2QFY2020 as compared to S\$2.7 million in 2QFY2019, mainly due to higher contribution by S\$1.8 million from sale of property rights of the residential units in the development in Bekasi and Bintaro, Jakarta, further lifted by higher interest income of S\$1.8 million.

Share of results of associates registered S\$0.5 million in 2QFY2020 as compared to S\$5.2 million in the previous corresponding period, mainly due to the absence of the Group’s recognition of its share of profit from the Middlewood Locks Phase 2 development in the UK amounting to S\$2.1 million in 2QFY2019 and lower contributions from the other associates.

Share of results of joint ventures decreased to S\$8.9 million in 2QFY2020 as compared to S\$10.2 million in 2QFY2019 mainly due to lower contribution from the Group's residential development in Singapore, The Crest, resulting from lower profit recognition from the residential units sold.

Retail Division

Metro's retail revenue registered an increase of 13.0% to S\$34.7 million in 2QFY2020, mainly due to promotional events arising from the closure of Metro Centrepoint in October 2019 upon lease expiry. As a result of the higher revenue, the Group recorded an operating profit of S\$1.2 million, after factoring in closure costs of approximately S\$1.0 million, in contrast to an operating loss of S\$2.5 million in 2QFY2019.

The retail division's associate company in Indonesia continues to face strong competition and registered a loss of S\$0.2 million for 2QFY2020.

Strong Balance Sheet

Metro's balance sheet remained strong with net assets of S\$1.5 billion as of 30 September 2019.

Outlook

Moving forward, the average occupancy rate of Metro's five investment properties remains high at 95.5% as at 30 September 2019 and these properties will continue to contribute stable and recurring income.

The Group's properties in China, GIE Tower in Guangzhou, as well as Metro City and Metro Tower in Shanghai, continue to maintain a high average occupancy rate. Meanwhile, leasing activities for the three office buildings in Bay Valley and Shanghai Plaza in Shanghai, are underway, while asset enhancement works for Shanghai Plaza and the recently acquired prime commercial mall in Chengdu are in progress.

In Singapore, sales of the residential project, The Crest at Prince Charles Crescent, is subject to the impact of cooling measures announced in July 2018 in the Singapore property market, while the Group's recently acquired premium Grade-A office towers at Tampines Regional Centre's average occupancy rate remains high.

In Indonesia, construction work and presales of the residential projects in Bekasi and Bintaro, Jakarta, Indonesia, which commenced in late 2017 and March 2018 respectively, are ongoing.

In the UK, the Central London office sector continues to be subdued in the midst of the Brexit uncertainty¹ and the UK general election on 12 December 2019. Nonetheless, the Group's office property at 5 Chancery Lane continues to be fully leased through 2023. Meanwhile, residential prices in Manchester are expected to grow around 3% over the next five years², providing positive tailwinds for the Group's ongoing Middlewood Locks development project. Units sold for the Phase 1 completed apartment units are being handed over in stages. Construction work for 546 apartment units under Phase 2 is ongoing.

¹ Knight Frank, *The London Office Market*, Q2 2019

² JLL, *Northern England Residential Forecasts 2019*, February 2019

Metro's retail division continues to operate amidst challenging market conditions. Metro Chairman, Lt Gen (Rtd) Winston Choo (“朱维良”), added, “Metro Centrepoint ceased operations in October 2019 upon lease expiry. Going forward, the Group will take appropriate measures to rationalise the retail division as a whole.”

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 investments and operations in the region.

Today, the Group operates two core business segments – property investment and development, and retail – and focuses on key markets in Singapore, China, Indonesia and the UK.

Property Investment and Development

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, and up-and-coming high growth cities like Chengdu. Through strategic partnerships and joint ventures, the Group has expanded its portfolio to cover a fuller spectrum of properties in Singapore, China, Indonesia and the UK.

Retail

Metro's retail arm serves customers through two Metro department stores in Singapore, and another 11 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 over 1.3 million square feet of downtown and suburban retail space in Singapore and Indonesia.

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