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NEWS RELEASE

METRO HOLDINGS REPORTS FY2023 PROFIT AFTER TAX OF S$25.3 MILLION

- ***Higher FY2023 Profit After Tax of S$25.3 million, an increase of 7.2% from FY2022 Profit After tax of S$23.7 million, mainly due to:***
  - ***Higher contributions from the investment properties of associates and joint ventures in China with lower rental rebates and waivers granted to tenants arising from China's COVID-19 lockdowns in FY2023***
  - ***An absence of a one-off impairment loss of S$36.3 million on amounts due from associates; partially offset by***
  - ***Share of associate and joint venture's fair value loss on investment properties in China and Australia in FY2023, as compared to a share of fair value gain in FY2022***
  - ***Higher net fair value loss on long and short term investments, lower dividend income and higher net finance cost***
- ***Prudent geographical and asset investments for diversification and resilience:***
  - ***Australia – Acquires its 17th property in Australia, a neighbourhood retail centre Shepparton Marketplace in Victoria***
  - ***United Kingdom ("UK") – Expands footprint in UK Purpose-Built Student Accommodation ("PBSA") portfolio with four PBSA acquisitions in Durham, Exeter, Glasgow and Kingston***
  - ***Singapore –***
    - ***Invests S$6.0 million for 10% stake in DocMed Technology Pte. Ltd.***
    - ***Acquires 26% of high-spec industrial property at 26 Tai Seng Street via the Boustead Industrial Fund, its 16th property***
- ***Maintains a strong balance sheet with Net Assets of S$1.5 billion and Total Assets of S$2.3 billion***
- ***Proposes final dividend of 2.0 and final special dividend of 0.25 Singapore cents per ordinary share, representing a payout ratio of 74.1%***

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Singapore, 26 May 2023 – 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, recorded a net profit after tax of S$25.3 million for the full year ended 31 March 2023 ("**FY2023**"), as compared to FY2022 net profit after tax of S$23.7 million in the same corresponding period a year ago ("**FY2022**"). In FY2023, there was a higher contribution by S$11.7 million from the investment properties of associates and joint ventures in China with lower rental rebates and waivers granted to tenants arising from China's COVID-19 lockdowns and an absence of a one-off impairment loss of S$36.3 million on the amounts due from associates. However, the Group's FY2023 results were affected by a share of associate and joint venture's fair value loss of S$9.7 million on investment properties in China and Australia in FY2023, as compared to a share of fair value gain of S$4.4 million in FY2022, a higher net fair value loss on long and short term investments and lower dividend income from long term investments. In addition, higher finance costs were incurred due to increased borrowings and rising interest rates, which was partially mitigated by higher interest income.

The Group posted a 16.7% increase in revenue to S$117.2 million in FY2023, as compared to S$100.5 million in FY2022, underpinned by higher contribution from the retail division driven by higher sales from Metro Paragon and Metro Causeway Point, the two department stores in Singapore. This was partially offset by lower revenue from the property division due to lower sale of property rights of the residential development properties in Bekasi and Bintaro, Jakarta.

Metro Chairman, Lt Gen (Rtd) Winston Choo ("朱维良"), said, "Metro will continue to position our quality real estate portfolio in resilient sectors, both in our key countries and together with our strategic partners. The proposed ordinary final dividend of 2.0 Singapore cents per share and special dividend of 0.25 Singapore cent per share, representing a payout ratio of 74.1%, demonstrates our appreciation to our loyal shareholders for their support."

Review of Financial Performance

Property Division

The Property Division recorded FY2023 revenue of S$13.2 million as compared to S$13.9 million in FY2022 mainly due to lower sale of property rights of the residential development properties in Bekasi and Bintaro, Jakarta. Rental income from GIE Tower, Guangzhou increased marginally to S$6.4 million for FY2023, from S$6.3 million in FY2022.

The average occupancy rate for Metro's five investment properties – GIE Tower in Guangzhou, China; Metro City and Metro Tower in Shanghai, China; the fully-leased freehold office property at 5 Chancery Lane in Central London[1], UK; and Asia Green, Singapore – stood at 89.8% as at 31 March 2023, as compared to 93.9% as at 31 March 2022.

Metro's property segment, excluding finance costs and associates and joint ventures, reported a profit of S$9.5 million in FY2023 as compared to S$24.2 million in FY2022, mainly due to higher net fair value loss by S$11.6 million from the long term and short term investments and lower dividend income by S$4.9 million from the long term investments, partially mitigated by higher interest income by S$3.4 million in FY2023. In FY2022, dividend income was received from the Group's investment in an European Logistics Fund which registered a divestment gain of S$7.6 million (EUR5.0 million) where it divested all the real estate assets.

The Group recorded a fair value gain on investment property of S$0.8 million in FY2023 as compared to a fair value loss of S$0.3 million in FY2022 from GIE Tower, Guangzhou.

The Group's share of profit of associates decreased by S$7.7 million from S$11.8 million in FY2022 to S$4.1 million in FY2023. This was mainly due to (1) its share of

[1] Metro's tenant at its office property at 5 Chancery Lane will move out upon lease expiry in May 2023, and immediately after that, Metro, together with the Group's joint venture partner, will carry out the planned asset enhancement works which is expected to be completed by end 2025

fair value loss (net of tax) on investment properties owned by associates of S$1.4 million in FY2023 as compared to a fair value gain (net of tax) on investment properties of S$12.4 million in FY2022, resulting in a fair value loss adjustment by S$13.8 million mainly attributed to China properties held under Top Spring and the three office buildings in Bay Valley by S$8.2 million and the 30% stake in the portfolio of properties in Australia by S$4.8 million; and (2) lower share of associate's operating profit by S$3.8 million from Top Spring, its 30% stake in Australia properties and Boustead Industrial Fund due to rising interest costs. These were partially mitigated by lower share of operating loss from Shanghai Plaza by S$9.4 million where the mall was opened in September 2020 and started to ramp up its operations.

In FY2022, the Group made an impairment loss of S$36.3 million on the amounts due from associates from the co-investments with BentallGreenOak ("**BGO**") due to the ongoing China property sector headwinds.

Share of profit of joint ventures decreased by S$12.0 million to S$35.3 million in FY2023 from S$47.3 million in FY2022 mainly due to (1) its share of fair value loss (net of tax) on investment properties of S$4.4 million in FY2023 as compared to a fair value gain (net of tax) on investment properties of S$3.5 million in FY2022, resulting in a fair value loss adjustment by S$7.9 million attributed to its lower fair value gain adjustment by S$4.4 million from Asia Green, Singapore and higher fair value loss adjustment from The Atrium Mall, Chengdu by S$1.7 million and 5 Chancery Lane in the UK by S$1.9 million in FY2023; and (2) lower share of joint ventures' operating profits (net of tax) by S$4.1 million mainly attributed to lower share of operating profit from Asia Green by S$2.4 million due to the rising interest costs and The Crest by S$4.0 million where all the residential units were fully sold and recognised in 1HFY2023, netted off with higher share of operating profit from the China investment properties by S$2.6 million in FY2023 due to lower rental rebates and waivers granted to tenants during China's COVID-19 lockdowns.

Finance costs increased by S$7.7 million to S$26.9 million in FY2023 from S$19.2 million in FY2022 mainly due to higher bank borrowings and interest rates. After netting off higher interest income generated from financial instruments and fixed deposits, it gives rise to a net increase in finance cost by S$4.3 million.

Retail Division

Contribution from Metro's retail revenue increased to S$104.0 million in FY2023 from S$86.6 million in FY2022 mainly due to higher sales from Metro Paragon and Metro Causeway Point, the two department stores in Singapore.

Segment results, excluding finance costs, reported a profit of S$8.8 million in FY2023 as compared to S$4.2 million in FY2022, in line with higher retail revenue and higher gross profit margin due to better merchandise mix and tighter discount given to customers as well as cost rationalising measures such as better inventory management.

Key Investments and Strategic Moves in FY2023

For the year under review, Metro continued to diversify for resilience across its key markets of Australia, the UK and Singapore.

In September 2022, Metro, together with its Joint Venture partner, the Sim Lian Group of Companies acquired freehold neighbourhood retail centre Shepparton Marketplace ("**Shepparton**") in Victoria for a purchase consideration of approximately A$92.0 million (approximately S$85.7 million). The Australian portfolio, of which Metro owns 30%, holds a total of 17 quality freehold properties comprising 4 office buildings and 13 retail centres spanning across 4 key states, namely New South Wales, Victoria, Queensland and Western Australia, with a total appraised value of approximately A$1.2 billion (approximately S$1.1 billion) and has a high average occupancy of 96.5% and a weighted average lease expiry ("**WALE**") of approximately 5.7 years by income.

In May 2022, Metro, together with its Joint Venture partners, Lee Kim Tah Holdings Limited and Woh Hup Holdings Pte Ltd grows its PBSA fund, Paideia Capital UK Trust ("**Paideia**") in the UK with four acquisitions in Durham, Exeter, Glasgow and Kingston for a total purchase consideration of approximately £74.4 million (approximately S$119.0 million). Together with the two existing properties of Red Queen, Warwick, and Dean Street Works, Bristol, the total portfolio of six freehold PBSA properties achieved a committed average occupancy rate of 83.7% as at 31 March 2023.

In May 2022, Metro entered the integrated healthcare space by investing S$6.0 million for a 10% stake in DocMed Technology Pte. Ltd. ("**DocMed**") in its Series A fund raising in Singapore. DocMed is involved in the development of integrated healthcare platform solutions for the healthcare industry and will directly hold Pan-Malayan Pharmaceuticals Pte Ltd, which is in the business of wholesaling pharmaceuticals, medical supplies and medical disposables in Singapore. DocMed's growth plans include developing more digital capabilities in healthcare in the areas of supply chain management and creating new digital tools for end patient disease management, as well as expand its B2B platform in the region.

In January 2023, Metro announced the acquisition of J'Forte Building, an eight-storey high-spec industrial property at 26 Tai Seng Street, Singapore 534057, via the Boustead Industrial Fund ("**BIF**") at a purchase consideration of S$98.8 million, excluding any upfront land premium payable to JTC Corporation. Metro subscribed to 26% in both the units in BIF and 7.0% notes. This acquisition builds upon BIF's entry into the highly sought-after industrial real estate market in Singapore on 31 December 2020, with an initial acquisition of interests in a quality portfolio of 14 assets via BIF. Subsequently on 22 October 2021, BIF acquired a high-spec industrial property at 351 Braddell Road, Singapore 579713. The completion of this latest acquisition in April 2023 deepens BIF's presence in Singapore, bringing the total number of properties to 16, comprising six industrial properties, one business park, six high-spec industrial properties and three logistics properties located across Singapore and within proximity to transportation nodes. This brings the total assets under management to approximately S$747.9 million, with a high committed average occupancy rate of 98.4% and a long WALE of approximately 5.9 years.

Group Chief Executive Officer, Yip Hoong Mun (**"叶康文"**), said, "Through the continued execution of Metro's strategy, we are well positioned for resilience across defensive retail centres in Australia, PBSAs in the UK, industrial properties and healthtech segments in Singapore."

Strong Balance Sheet

Metro's balance sheet remained strong with net assets of S$1.5 billion and total assets of S$2.3 billion as of 31 March 2023.

Proposed Dividend

To reward loyal shareholders, the Board has recommended a final dividend of 2.0 Singapore cents per ordinary share and a special dividend of 0.25 Singapore cent per ordinary share, totalling 2.25 Singapore cents. This translates to a payout ratio of 74.1% of the Group's net profit attributable to shareholders for FY2023. The Group remains committed to delivering sustainable returns to its shareholders.

Outlook

Metro Chairman, Lt Gen (Rtd) Winston Choo ("朱维良"), added, "Amidst macro uncertainties, it is imperative that we maintain a diversified quality portfolio in resilient sectors and in markets where we have strong familiarity and network, with experienced and reputable partners. With a 66 year track record, Metro continues to position ourselves for resilience."

Post pandemic, the world is facing many challenges characterised by geopolitical tensions, changing macro-economic fundamentals and an inflationary environment. On the geopolitical front, challenges include the Russia-Ukraine war and United States of America ("U.S.")-China tensions, the erosion of multilateral trading systems, including disputes, imposition of tariffs and sanctions and other potential flashpoints. Macroeconomic challenges include uncoordinated global monetary and fiscal policies, high levels and rising government debt, banking turmoil, rapid technological changes and political changes (elections). Finally, an inflationary environment with rising interest rates to curb inflation may dampen investment appetite and increase operating/energy/food costs. The past few months have seen the collapse of giant banks globally and general weakened fundamentals across major economies. The International Monetary Fund ("**IMF**") projects global growth will bottom out at 2.8% in 2023 before rising modestly to 3.0% in 2024. Global inflation will decrease, although more slowly than anticipated, from 8.7% in 2022 to 7.0% in 2023 and 4.9% in 2024[2]. The Group operates in five countries mainly Singapore, China, Indonesia, the UK and Australia are subject to the heightened volatile economy and their underlying currencies movement against the Singapore dollar.

The sporadic COVID-19 related lockdowns in Shanghai, Guangzhou and Chengdu during the Year 2022 has affected Metro's properties in these cities, which eased in December 2022 with the relaxation of its stringent zero-COVID-19 policy[3], and concluded with the March 2023 opening of China's borders[4]. China's economy grew 3.0% in Year 2022, and is forecasted to grow 5.2% in Year 2023 and 4.5% in Year 2024[5]. Metro's China investment properties, mainly Metro City and Metro Tower in Shanghai, and GIE Tower in Guangzhou reported an average occupancy of 85.0%[6] (92.4%[7]). The Atrium Mall in Chengdu, and Shanghai Plaza in Shanghai has achieved occupancy of 90.6%[6] (86.9%[7]) and 97.9%[6] (91.1%[7]) respectively. Leasing continues to be challenging for the three office buildings in Bay Valley which are 65.7%[6] (69.0%[7]) occupied. Current difficulties in the office leasing market, particularly in Shanghai, will affect the occupancy of our China investment properties. Metro's associate, Top Spring International Holdings Limited, co-investments with BGO and our other China investment properties continue to be subject to increasing market headwinds in China and Hong Kong.

Singapore's GDP grew by 3.6% in 2022, less than the 8.9% growth registered in 2021. For the Year 2023, the Ministry of Trade and Industry maintained the GDP growth forecast at "0.5%-2.5%", with a 2.1% growth in 4Q2022[8]. Notwithstanding recent turmoil in the global banking sector, demand from finance and professional services, a key driver of office demand, is still expected to grow, amidst China's re-opening and

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[2] *IMF, World Economic Outlook – A Rocky Recovery, 11 April 2023*
[3] *CNBC, China Eases COVID Restrictions On Travel And Production, 7 December 2022*
[4] *NBC News, China To Fully Reopen Borders To Foreigners, But Near-Term Hurdles Remain, 14 March 2023*
[5] *IMF, World Economic Outlook – A Rocky Recovery, 11 April 2023*
[6] *As at 31 March 2023*
[7] *As at 31 March 2022*
[8] *MTI Singapore, MTI Maintains 2023 GDP Growth Forecast at "0.5 to 2.5 Per Cent", 13 February 2023*

continued setting up of regional headquarters in Singapore[9]. These developments will continue to benefit the Group's premium Grade-A office towers at the Tampines Regional Centre which has achieved an occupancy rate of 94.0%[6] (92.2%[7]).

In the logistics sector, prime logistics properties and conventional warehouses outperformed in 1Q2023, with rents rising by 7.5% and 3.1% respectively QoQ, driven by sustained demand from third-party logistics ("**3PL**") players amidst very tight supply[10]. Metro is well positioned given its investment in 26% of both the Units and 7.0 per cent notes due 2031 in the Boustead Industrial Fund in December 2020, with a quality portfolio of 16 industrial, business park, high-spec industrial and logistics properties in Singapore that includes the recent acquisition of eight-storey high-spec industrial property J'Forte Building, with completion in April 2023. The entire BIF portfolio of 16 properties enjoys a high committed average occupancy of 98.4% and a long WALE by income of approximately 5.9 years.

According to the IMF, Indonesia recorded annual GDP growth of 5.3% in Year 2022, and is forecast to grow 5.0% in Year 2023 and 5.1% in Year 2024, based on maintaining a neutral fiscal stance, accompanied by moderate tax policy and administration reforms, some expenditure realisation, and a gradual increase in capital spending over the medium term[11]. Currently, some significant industry players, namely developers, have expressed a prudent outlook by providing guidance for flat-to-slight sales growth targets. The prudent stance is indicative of the potential headwinds that lie ahead, as the apartment market prepares to withstand the impact of rising interest rates. Additionally, the market is expected to feel the impact of the February 2024 presidential election. Historically, developers have slowed the pace of new launches ahead of elections, in anticipation of decreased demand for property purchases[12] and this would affect its residential projects in Bekasi and Bintaro, Jakarta. All five Bekasi towers and both Bintaro towers have topped off, fully-paid units are gradually being handed over and sales continue to be underway.

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[9] *Cushman & Wakefield, Marketbeat Singapore Office Q1 2023, 11 April 2023*
[10] *Cushman & Wakefield, Marketbeat Singapore Industrial Q1 2023, 11 April 2023*
[11] *IMF, World Economic Outlook – A Rocky Recovery, 11 April 2023*
[12] *Colliers, Colliers Quarterly Jakarta Apartment Report, 5 April 2023*

According to the IMF, UK GDP grew 4.0% in Year 2022 and is forecast to shrink 0.3% in Year 2023 and grow 1.0% in Year 2024[13]. On 11 May 2023, the Bank of England raised interest rates to 4.5% from 4.25% and Governor Andrew Bailey said the British central bank would “stay the course” as it seeks to curb the highest inflation of any major economy[14].

Investment volumes in the UK PBSA sector reached a record-high of £6.2 billion in 2022[15]. In May 2022, Metro together with its partners, also grew its 30% owned PBSA fund, Paideia Capital UK Trust (“**Paideia**”), by acquiring four freehold quality PBSA properties in Durham, Exeter, Glasgow and Kingston for a total purchase consideration of approximately £74.4 million (approximately S$119.0 million). Together with the two existing properties of Red Queen, Warwick, and Dean Street Works, Bristol, Paideia owned a total portfolio of six freehold quality PBSA properties valued at £135.5 million and it has achieved a committed average occupancy rate of 83.7% as at 31 March 2023.

In Manchester, Jones Lang LaSalle forecasts that Manchester home prices will grow by 16.4% from 2022-2026, which is the fastest growth registered among all of the major UK cities[16]. This benefits the Group’s 2,215 unit development at Middlewood Locks, where Phase 1 and Phase 2 development have been fully sold and handed over. Phase 3 has commenced construction in 2Q2022 with completion expected in late 2024. Sales and marketing activities are in progress.

As for Central London office, leasing activity slowed down for the second consecutive quarter in 4Q2022 as the challenging economy started to impact on the office business sentiment. Quarterly take up for office spaces reached just over 2.1 million sqft, which is 20% below the previous quarter and half a million sqft below the ten-year average of 2.6 million sqft[17]. Metro’s tenant at its office property at 5 Chancery Lane will move out upon lease expiry in May 2023, and immediately after that, Metro, together with

[13] *IMF, World Economic Outlook – A Rocky Recovery, 11 April 2023*
[14] *Reuters, Bank Of England Raises Rates And Bailey Promises To ‘Stay The Course’, 11 May 2023*
[15] *Colliers, United Kingdom Property Snapshot, 23 April 2023*
[16] *JLL, UK Residential Forecasts, 2 November 2021*
[17] *JLL, Q4 2022 Central London Office Market Report, 19 January 2023*

the Group's joint venture partner, will carry out the planned asset enhancement works which is expected to be completed by end 2025.

On 4 April 2023, the Reserve Bank of Australia ("**RBA**") left the cash rate unchanged at 3.60%, following a cumulative increase in interest rates of 3.50% since May 2022. The RBA recognises that monetary policy operates with a lag and that the full effect of the substantial increase in interest rates is yet to be felt[18]. Nonetheless, the rising interest rates have increased property operating costs as well as the cap rate, leading to a general decrease in most of the property valuations. Australia's registered GDP growth of 3.7% in Year 2022 and the IMF outlook for economic growth in Australia is for growth of 1.6% in Year 2023 and 1.7% in Year 2024[19]. The Group's 30% stake in the Australian portfolio of 17 quality freehold properties achieved a high average occupancy of 96.5%[6] (95.5%[7]) and a WALE of approximately 5.7 years by income[6] (6.4 years[7]). Metro further expands its existing Australian portfolio with the acquisition of Shepparton Marketplace, allowing more synergies in asset and leasing management in Victoria, with a more balanced retail exposure across New South Wales and Queensland.

According to the Ministry of Trade and Industry, Singapore retail trade sector grew by 8.4% YoY in Year 2022, a decrease from the 12.0% growth in Year 2021[20]. Overall Singapore total retail sales dropped by 8.2% MoM in January 2023, as consumer spending slows post-holiday season and the "front-loading" of purchases due to GST hike eases. Essential trades such as supermarkets and food & beverage services would see firmer sales performance given the muted economic climate and potential cost-of-living impact. While China's reopening could offer a boost to retail sales through the influx of Chinese tourists, this may be more apparent in 2Q2023 onwards when more international flights resume[21]. This will continue to weigh on our two department stores at Paragon and Causeway Point, and online. The Group's retail business continues to be impacted by the higher inflation-driven costs in raw material, labour and energy amidst a highly competitive trading environment.

[18] Reserve Bank of Australia, Statement By Philip Lowe, Governor: Monetary Policy Decision, 4 April 2023
[19] IMF, World Economic Outlook – A Rocky Recovery, 11 April 2023
[20] MTI Singapore, MTI Maintains 2023 GDP Growth Forecast at "0.5 to 2.5 Per Cent", 13 February 2023
[21] Cushman & Wakefield, Marketbeat Singapore, Retail Q1 2023, 11 April 2023

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 Group has grown to become a property and retail group with investments and operations in the region.

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

Property Investment and Development

The Metro 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 Metro Group has expanded its portfolio to cover a fuller spectrum of properties in Singapore, China, Indonesia, the UK and Australia.

Retail

Metro Group's retail arm serves customers through two Metro department stores in Singapore. The Metro shopping brand is an established household name in the retail industry and offers a wide range of quality merchandise.

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