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Miscellaneous

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NEWS RELEASE

METRO ACHIEVES 54.4% GROWTH IN NET PROFIT TO S$30.6 MILLION

- ***Higher revenue from core Property Division with higher rental rates and strengthening of Renminbi ("RMB")***
- ***Retail Division held steady, notwithstanding constrained sales in Singapore***
- ***Maintains strong balance sheet with cash of S$389.4 million***
- ***Shareholders' equity of S$1.1 billion as at 30 September 2013***

Singapore, 11 November 2013 **–** Mainboard-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, today reported that it has achieved a 54.4% increase in net profit to S$30.6 million for the three months ended 30 September 2013 ("2QFY2014"), compared to S$19.8 million for the three months ended 30 September 2012 ("2QFY2013"). Revenue increased by 2.6% to S$45.9 million from S$44.7 million over the same period.

A gain on disposal of S$29.6 million for the Group's freehold warehouse property more than offset the decline in fair value of the Group's portfolio of short term equity investments as well as other income. Other income declined to S$2.8 million in 2QFY2014 from S$8.9 million in 2QFY2013 as the previous quarter included interest income from loan notes that were disposed by the Group's core Property Division in 4QFY2013. In addition, the Property Division registered a loss of S$1.8 million on disposal of part of its portfolio of short term investments. General and administrative expenses rose to S$9.9 million in 2QFY2014 mainly due to provision for management performance bonuses relating to the disposal of warehouse property.

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Metro's Chairman, Lt Gen (Rtd) Winston Choo (朱维良), said, "Our underlying fundamentals remain strong and we are focused on leveraging on our strategic partnerships to deepen our foothold in the PRC, where we have a strong base built on years of experience in this market. Where feasible, we will continue to embrace opportunities that enable us to recycle capital successfully and at the same time, look for further yield improvements through asset enhancement initiatives."

Review of Sectoral Performance

Revenue for the Group's core Property Division rose 8.4% to S$15.6 million in 2QFY2014 from S$14.4 million in 2QFY2013, mainly due to higher rental rates of most of the Group's investment properties in China and a 5.6% strengthening of the RMB.

Notably, the Group's Property segment continued to see high occupancy from its five investment properties – Metro Tower and Metro City Shanghai, EC Mall, Beijing, GIE Tower, Guangzhou; and Frontier Koishikawa Building, Tokyo in Japan – averaging 93.2% as at 30 September 2013. This is despite the fact that occupancy of Metro City Shanghai was lower than usual at 89.4% due to an ongoing major refurbishment and reconfiguration exercise involving part of its space.

Sales from the Group's Retail Division held steady at S$30.2 million in 2QFY2014 notwithstanding constrained sales from its Singapore operations. The Group's associated company in Indonesia reported higher sales for the newer stores, offset by lower sales for the older stores. The profitability of Indonesia's operations was negatively affected by higher operational costs.

Strong Balance Sheet

The Group's balance sheet remains strong with cash of S$389.4 million and shareholders' equity of approximately S$1.1 billion as at 30 September 2013.

Outlook

Lt Gen (Rtd) Winston Choo added, “Looking ahead, our intention is to build the Group’s presence and investment in the region through selective positioning, new investments in property development and strategic alliances with reputable partners, with a view to broadening our revenue stream and facilitating sustained profitability. In particular, we are focused on investments that will enable us to expand our property interests in the PRC which is a market that we are very familiar with and have made significant investments.

“Specifically in FY2014, we look forward to the planned residential sale launches for the Prince Charles Crescent project in Singapore which will allow us to book progressive recognition of turnover. In addition, the residential properties of the Nanchang project are being sold in phases and completion of the first phase for handover is currently scheduled for late 2014/early 2015. Sales for the Nanchang project will be recognised on a completion of contract basis.”

Volatile market conditions dictate that the balance of the Group’s portfolio of quoted equity investments in REITs will continue to see changes in their fair value as they are marked-to-market. In addition, the Group remains subject to significant currency translation adjustments on foreign operations due to foreign exchange volatilities, given that a large portion of its investment properties are located in the PRC and denominated in the RMB.

With keen competition and rising operational costs, in particular, staff and rental costs in the retail sector both in Singapore and Indonesia, the Retail Division continues to face trading pressure.

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 divisions – property development and investment, and retail – and is focused on key markets in the region such as China, Indonesia and Singapore.

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 Beijing, Shanghai and Guangzhou. It also holds significant investments in certain property businesses in China.

Retail

Metro's retail arm serves customers through a chain of four Metro department stores in Singapore, and another eight 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 almost 1,324,000 square feet of downtown and suburban retail space in Singapore and Indonesia.

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