NEWS RELEASE

METRO HOLDINGS REPORTS NET PROFIT OF S$113.3 MILLION FOR FY2016

- ***Significant profit contributions from disposal of EC Mall and associates Nanchang and Shama Century Park, Shanghai***
- ***Asset enhancement in the PRC well on track***
- ***Asset rebalancing continues, with acquisition of 50% effective interest in office development land site in Sheffield, UK***
    - ***Second entry into the UK after Manchester***
- ***Maintains healthy balance sheet with cash holdings of S$493.6 million and shareholders' equity of S$1.4 billion as at 31 March 2016***
- ***Declares final dividend of 2.0 Singapore cents and final special dividend of 5.0 Singapore cents per ordinary share***

Singapore, 26 May 2016 – 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 net profit of S$113.3 million for the full year ended 31 March 2016 ("FY2016"), as compared to S$142.4 million in the previous corresponding period ("FY2015").

Overall revenue increased by 6.0% to S$154.6 million, up from S$145.8 million in FY2015. The Retail Division's higher turnover was attributable to a full year recognition of revenue from Metro Centrepoint in FY2016 as compared to five months in FY2015.

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The Group's Property Division recorded a decrease in revenue largely due to the disposal of Frontier Koishikawa, Japan, in August 2015. As at 31 March 2016, the average occupancy rate of the Group's three investment properties remained high at 91.2%.

Metro's Chairman, Lt Gen (Rtd) Winston Choo (朱维良), said, "We have seen good performance from our associates, Nanchang and Shama Century Park, Shanghai; and a one-time gain from the divestment of EC Mall. Significant contributions were recognised from the Nanchang Fashion Mark project, with the completion and recognition of presales of 80.2% of the residential property component. Our investment in the Shanghai Shama Century Park serviced apartments has also generated good returns, buoyed by a fairly vibrant residential market in this Tier-1 city.

"As for the Retail Division, sales continue to be affected by a softer market and the closure of both Metro Sengkang and Metro City Square. We have 'right-sized' our retail stores in Singapore. We continue to focus on providing shoppers with a refreshed experience through a wide and good variety of quality merchandise and by offering innovative and new marketing platforms."

Elaborating on the continuity of key management's Property strategy, Metro's Chairman Winston Choo said, "Under the direction of Mr Lawrence Chiang, the management team will continue to invest in our core PRC market, through asset enhancements; and potential property investments and acquisitions in this country. At the same time, in line with our asset rebalancing strategy, we will look for opportunities to broaden our revenue stream beyond this region, through selective investments in property development with experienced partners.

“Recently we have made a second entry into the UK through another strategic partnership with the Scarborough Group International Limited, a highly experienced real estate player with deep expertise. Through a 50% interest in Scarborough DC Limited, we have invested in a office development land site in Sheffield, where the construction of two office buildings with net internal area of 80,300 sq ft and 50,900 sq ft respectively, are planned. The construction of the first office building has started, with completion targeted for Q3 2017.”

Gross profit for FY2016 rose 36.0% to S$11.4 million as compared to S$8.4 million in FY2015, in line with the increase in revenue.

Overall, profit before taxation declined 15.9% to S$122.3 million in FY2016 from S$145.5 million in FY2015.

Share of results of associates decreased to S$75.7 million from S$131.1 million over the same period. This was mainly due to the negative goodwill of S$57.4 million in relation to Top Spring, which was recognised in FY2015. In addition, the previous period’s results included a one-off gain of S$21.7 million from the disposal of the Group’s 10.7% interest in the associated companies owning six Tesco Lifespace developments in China. General and administrative expenses rose to S$42.9 million in FY2016 from S$29.9 million in FY2015 due to unrealised foreign exchange losses on bank balances of S$8.3 million. FY2016 included an impairment of S$9.5 million on amount due from a joint venture from an assessment of the carrying amount of the shareholder loan. An unrealised fair value loss of S$6.6 million was recorded on changes in fair value of short term investments in FY2016, as compared to an unrealised gain of S$2.6 million in FY2015.

The decline in profit before taxation was partially offset by a significant contribution of S$46.7 million by our associate for the Nanchang project, with the completion and recognition of sales of 80.2% of its residential property component. Share of joint ventures' results rose 138.7% to S$68.2 million, from S$28.6 million over the same period, with the increase mainly due to the divestment gain of S$38.1 million from the disposal of the Group's effective interest of 50% in the joint ventures owning EC Mall in 1QFY2016. In addition, there was a gain from fair value adjustment on investment properties, including those held by associates and joint ventures, which increased to S$23.0 million in FY2016, with the highest gain from the Group's associate holding the properties in Shama Century Park, Shanghai. Other income including interest income rose 22.7% to S$27.6 million due to interest income and a S$4.4 million divestment gain from the disposal of Frontier Koishikawa, Tokyo. There was an absence in FY2016 of impairment of available-for-sale investments in Shui On Land Ltd of S$10.3 million and impairment of plant and equipment of S$8.8 million from a write-down in relation to Metro Centrepoint.

In line with the lower profit before tax recorded, the Group's bottomline was correspondingly impacted and earnings per share declined from 17.3 Singapore cents in the previous corresponding period to 13.7 Singapore cents in the latest period.

Strong Balance Sheet

The Group's balance sheet continued to remain robust with cash holdings increasing from S$378.8 million as at 31 March 2015 to S$493.6 million, while shareholders' equity stood at approximately S$1.4 billion as at 31 March 2016.

Outlook

Within China, presales of commercial space in Nanchang Fashion Mark will form a majority of future contributions, with the presales of Metro's residential and ancillary retail properties almost fully recognised.

The presales of these commercial properties, comprising mainly of office and skirt retail space, have been encouraging, with almost half presold. However, prices of these properties indicate that gross margins are significantly below those achieved for Nanchang's residential properties. In Shanghai, the last two levels of asset enhancement of the mall remains on track. In Guangzhou, the Group's rental income from GIE Tower is anticipated to remain steady.

Metro's Chairman, Winston Choo added, "Given our in-depth knowledge of the Chinese property market, we will continue to seek out good investment opportunities in vibrant cities to prudently grow our quality asset portfolio. At the same time, for sustained profitability, we are firmly focused on new investments in property developments – commercial, mixed-use and residential developments – from a wider geographical reach, to enhance value for all shareholders."

In Singapore, the market sentiment of Singapore's residential property sector remains cautious and sales of the Group's residential project, The Crest at Prince Charles Crescent, continues to be weak.

For the Retail Division, the outlook remains challenging, especially with the competitiveness of the industry, discounted trading environment and high operating costs. The Group has ceased operations at Metro Sengkang and Metro City Square in 2015 upon the expiry of their leases and expect Metro Centrepoint's sales to remain affected as The Centrepoint has been undergoing a makeover since May 2015.

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 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, Singapore and the United Kingdom.

Retail

Metro's retail arm serves customers through a chain of three Metro department stores in Singapore, and another nine 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 1.4 million square feet of downtown and suburban retail space in Singapore and Indonesia.

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