



NEWS RELEASE

METRO HOLDINGS REGISTERS REVENUE OF S\$37.3 MILLION AND NET PROFIT OF S\$20.5 MILLION FOR 3QFY2017

- ***Net profit takes impact primarily from a S\$48.6 million decline in share of results of associates following lower recognition of property sales relating to Nanchang and Top Spring***
- ***Balance sheet remains healthy, with shareholders' equity of approximately S\$1.4 billion as at 31 December 2016***
- ***Net cash position of S\$398.2 million allows flexibility to quickly capitalise on highly accretive investment opportunities***

Singapore, 13 February 2017 – 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, recorded a net profit of S\$20.5 million for the three months ended 31 December 2016 (“3QFY2017”). In comparison, Metro registered a net profit of S\$55.9 million in the previous corresponding period (“3QFY2016”).

Metro’s core Property Division registered a decrease in profit before tax (“PBT”) to S\$20.4 million in 3QFY2017 from S\$58.8 million in 3QFY2016. This stemmed mainly from a S\$48.9 million decline in share of results of associates in 3QFY2017, largely due to lower sales recognition on handover of properties for the Nanchang project. It was also contributed by a S\$10.1 million dip in the share of Top Spring International Holdings Limited’s (“Top Spring”) results brought on by the significantly lower recognition of presales on the handing over of properties.

Metro's Chairman, Lt Gen (Rtd) Winston Choo (朱維良) said, "The progression of the Nanchang Fashion Mark project has continued smoothly, with the handing over and recognition of presales of office space commencing during the quarter. We continued to extend our successful partnerships and deployed capital in areas that we are highly familiar in, including a further capital allocation of S\$6.5 million into the InfraRed NF China Real Estate Fund II (A), L.P. ("InfraRed") as well as S\$40.5 million for a co-investment with InfraRed. Additionally, work is in full swing for the 571 freehold residential apartments to be built under Phase 1 of the Middlewood Locks development in Manchester and we have committed an additional S\$18.8 million for this project."

"We have also further strengthened our management bench recently. On behalf of the Board, I would like to take the opportunity to welcome our newly appointed Group Chief Operating Officer and Chief Executive Officer of Metro China Holdings Pte Ltd Group, Mr Yip Hoong Mun. Working closely with the Board and the rest of our senior management team led by our Group Chief Executive Officer, Mr Lawrence Chiang, together, we will continue to explore opportunities in China, Indonesia, the UK and beyond."

Review of Performance

Metro's topline declined 9.0% to S\$37.3 million during the quarter largely due to the lower revenue contribution from the closure of the Retail Division's Metro City Square department store in mid 3QFY2016.

On the Property Division front, its revenue was mainly affected by the 5.9% weakening of the Renminbi during the quarter. This led revenue to decrease by S\$0.3 million to S\$1.6 million in 3QFY2017. Segment results excluding associates and joint ventures however improved to S\$11.6 million during the quarter from a loss of S\$4.6 million in 3QFY2016. This was mainly due to the presence of unrealised exchange gains on bank balances of S\$9.3 million as compared to 3QFY2016, in which exchange losses and overhead costs were recorded. Overall, Metro's three investment properties' occupancy rate as at 31 December 2016 was 91.1%.

As for the Retail Division, the closure of Metro City Square resulted in a S\$3.4 million dip in this segment's revenue in 3QFY2017 to S\$35.7 million. However, a slight revenue improvement of existing department stores, coupled with costs containment initiatives, led to a turnaround in the Retail Division's Singapore operations, from a segment results loss of S\$0.3 million in 3QFY2016 to a profit of S\$0.1 million in 3QFY2017. Further helped by cost reduction measures, offset by weaker operations in Indonesia, the division registered higher overall profit of S\$1.3 million for the quarter, from S\$0.6 million in 3QFY2016.

In line with Metro's lower revenue and profit before tax, its bottomline was similarly impacted, leading to a S\$35.5 million decline to S\$20.5 million in Q3FY2017, while earnings per share dropped to 2.5 Singapore cents for the quarter from 6.7 Singapore cents in the previous corresponding period.

Strong Balance Sheet

The Group continued to possess a healthy balance sheet, with net cash of S\$398.2 million (after bank borrowings) as at 31 December 2016 as compared to S\$493.6 million as at 31 March 2016. Shareholders' equity stood at approximately S\$1.4 billion as at 31 December 2016. These provide Metro with ample capacity to pursue growth opportunities.

Outlook

For Property Division, Metro expects to continue receiving stable rental income streams from its GIE Tower investment property in Guangzhou, China, as well as from the Metro City and Metro Tower properties in Shanghai, China, held at the joint ventures' level.

As for the Nanchang project, future contributions will be primarily from the recognition of presales of office and retail space, of which the office space's gross margins will be significantly lower than what was achieved for the project's residential properties in the past. This comes after about two-thirds of the property inventory, including most of its residential segment, being completed and handed over.

Given the weak market sentiment of Singapore's residential property sector, sales of the Group's residential project – The Crest at Prince Charles Crescent – is expected to be sluggish.

Lt Gen (Rtd) Winston Choo added, "Against a backdrop of volatile macroeconomic conditions, our net cash holdings have served as a good cushion to diminish the effects of headwinds. Crucially, it will allow us to have the flexibility to quickly capitalise on highly accretive opportunities that will strengthen our investments and properties portfolio, ultimately benefiting our loyal shareholders.

"We remain highly focused on executing our strategy to recycle capital in an efficient manner and building sustained business profitability. Furthermore, we intend to continue leveraging on our strong track record and synergistic long-standing relationships with partners. These have led to fruitful investment returns through the years of our collaborations, and we strive towards continuing on this path going forward."

The Retail Division is expected to continue being beset by challenges including a competitive trading environment, slower domestic economy and high operating costs.

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. The Group has also expanded its geographical presence to 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 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 about 1.4 million square feet of downtown and suburban retail space in Singapore and Indonesia.

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