NEWS RELEASE

METRO HOLDINGS ACHIEVES 93.8% GROWTH IN PROFIT AFTER TAX OF S$157.0 MILLION FOR FY2018

- ***Driven by higher divestment gain mainly from:-***
  - ***Share of substantial divestment gain of S$159.2 million from associate Top Spring's very substantial disposal of eight property projects***
  - ***Completed the divestment of the 30% equity interest in Nanchang Fashion Mark with a gain of S$9.8 million***
- ***Robust Balance Sheet with Net Assets at S$1.5 billion and a healthy Net Cash position of S$181.0 million***
- ***Property investments to broaden revenue stream:***
  - ***Grows presence in first-tier city of China, Shanghai –***
    - ***Invested 35% equity to acquire a 90% stake of a prime landmark mixed-use commercial building, Shanghai Plaza, in Huai Hai Zhong Road, Huang Pu district***
    - ***Commenced leasing of three office buildings in Yangpu district, Shanghai – China's innovation and technology district***
  - ***Strengthens JVs with Trans Corp and Lee Kim Tah Group in Jakarta, Indonesia :***
    - ***Trans Park Residences project in Bekasi commenced construction and pre-sales in late 2017***
    - ***Further investment in Bintaro project comprising of two residential towers scheduled to complete in mid-2021***
  - ***Enters central London UK to jointly acquire a freehold office property with Lee Kim Tah Group***
- ***Proposes final dividend of 2.0 Singapore cents and final special dividend of 3.0 Singapore cents per ordinary share***

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Singapore, 25 May 2018 – 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 robust 93.8% growth in net profit after tax ("PAT") to S$157.0 million for the full year ended 31 March 2018 ("FY2018"), from S$81.0 million for the same corresponding period a year ago ("FY2017"). Metro's balance sheet remains strong with net assets of S$1.5 billion and net cash of S$181.0 million (after bank borrowings) as of 31 March 2018, signifying headroom for further growth.

Metro's core Property Division registered a surge in profit before tax ("PBT") to S$170.2 million in FY2018 from S$81.2 million in FY2017. Overall, net profit was lifted by the Group's share of a divestment gain from Top Spring International Holdings Limited's ("Top Spring") very substantial disposal of eight property projects and a divestment gain from the disposal of the Group's 30% equity interest in its associate in Nanchang. This more than offset the lower share of results of joint ventures, which took impact from a one-off expense of S$27.7 million from the Additional Buyer's Stamp Duty (ABSD) for The Crest at Prince Charles Crescent in Singapore, partially mitigated by the reversal of a S$9.5 million write down of amount due from this joint venture.

Active Property Investments in Key Growth Markets for Sustained Profitability

Commenting on the Group's recent corporate developments, Lt Gen (Rtd) Winston Choo ("朱维良") said, "We have actively grown our presence in our key markets of China, Indonesia and the UK over the year. This is in line with our overriding investment strategy of broadening Metro Group's revenue streams and facilitating sustained profitability through selective positioning, new investments in property development and strategic alliances with experienced and local partners.

"China continues to be a core market to Metro and it is our intention to further grow our presence in a high-growth city like Shanghai, a gateway city for most financial institutions and technology companies and where we have established a strong foothold."

In Shanghai, China, on 17 May 2018, the Group invested 35% equity interest in a joint venture to acquire a 90% stake of a mixed-use commercial building, Shanghai Plaza ("上海广场"), for a total investment value of Rmb 2,907 million (approximately S$613 million), together with other joint venture partners. Shanghai Plaza, a landmark 7-storey mixed-used commercial building, is located at the prime Huai Hai Zhong Road, Huang Pu district, Shanghai, which is the most central district in Shanghai and one of the most densely populated urban districts in China. The property is also close to the popular shopping district area nearby Xintiandi District and People's Square, with connectivity to major train lines and expressways. This prime property will undergo asset enhancement and the Group will look for opportunities in the property investment arena, where re-development, conversion and upgrading projects in the first-tier cities of China are growing popular and increasing in demand.

The Group has also commenced leasing activities for its three acquired office buildings in Bay Valley, Yangpu district, which is a new district earmarked by the Chinese government for development into a global innovation and technology hub. A 30:70 partnership between the Group and Top Spring, these properties are positioned to attract enterprises from high-tech, communication, education, IT research, bio-technology and information sectors.

"In Indonesia, we have strengthened our partnerships with Trans Corp and Lee Kim Tah Group with the development of the Bintaro project, shortly after the Bekasi residential development, in Jakarta. We intend to look for opportunities to increase our presence in this growth market, which is underpinned by strong fundamentals such as steady economic growth, rapid urbanisation, a rising affluent middle class and increasing domestic consumption."

The development of the Bintaro project comprises two residential towers with approximately 1,400 apartment units and 170 Small Office Home Office “SoHo” units, with the residential units positioned for the middle to middle upper level market. A wide range of integrated facilities will be made available including Trans Studio, a retail mall with gross floor area of approximately 22,361 square metres with Transmart, cinemas, F&B and a theme park, Kidcity. The ground-breaking ceremony of the Bintaro project was held on 23 March 2018, with pre-sales commencing on the same day, and the construction of the development targeted to be completed by mid-2021.

Meanwhile, sales for two of the five 32-storey residential towers for Trans Park Residences have been launched. Trans Park Residences is part of the landmark mixed development project, Trans Park @ Juanda Bekasi in Jakarta. Construction of the development is on track and targeted to complete by end-2020.

“In the UK, we have broadened our footprint, this time, in Central London, with the recent acquisition of the freehold office property located at 5 Chancery Lane, together with the Lee Kim Tah Group. Fully leased to 2023, this presents us with another excellent opportunity to enhance returns from a quality asset, through multiple active management strategies.”

This freehold office building has 84,836 square feet of office and ancillary facilities and is located in close proximity to a few underground stations, namely Chancery Lane station, Temple station and the new Farringdon station hub of the upcoming Crossrail. It is also strategically located in the heart of the traditional legal area and has benefitted from a significant change in occupational demand with diverse tenant demand also coming from other sectors including the technology, media and telecom segments.

“We will continue to actively reinvest proceeds from our divestments as part of our capital recycling strategy to enhance shareholder value. With a strong net asset and net cash position, we continue to see good headroom for further growth.”

Review of Financial Performance

Overall, the Group achieved a 3.9% increase in revenue to S$136.3 million for FY2018, as compared to S$131.2 million in FY2017. For the fourth quarter ended 31 March 2018 (“4QFY2018”), revenue rose 1.8% to S$34.3 million as compared to S$33.7 million in the previous corresponding period (“4QFY2017”).

Property Division

On the Property Division front, average occupancy rate for Metro’s four investment properties – one in Guangzhou and two in Shanghai, China; and the newly acquired freehold and fully-leased office property in Central London, the UK, stood at 96.1% as at 31 March 2018.

Segment results, excluding associates and joint ventures, reported a gain of S$38.9 million in FY2018, up from a gain of S$20.2 million in FY2017 mainly due to the divestment gain of S$15.8 million from the Group’s 30% equity interest in its associate in Nanchang. With the completion of the divestment of the Group’s 30% equity stake in the Nanchang project, contributions from this associate in Nanchang has ceased.

Share of results of associates rose sharply to S$123.2 million in FY2018 from S$39.2 million in FY2017. Metro Group’s share of divestment gain amounted to S$159.2 million (net of tax) from Top Spring’s very substantial disposal of eight property projects for approximately HK$15.57 billion (approximately S$2.6 billion).

Share of results of joint ventures took impact from a one-off expense of S$27.7 million from the Additional Buyer’s Stamp Duty (ABSD) for The Crest at Prince Charles Crescent in Singapore, partially mitigated by the reversal of a S$9.5 million write down of amount due from a joint venture arising from an assessment of the carrying amount of a shareholder loan due from this joint venture.

Retail Division

Metro’s retail topline improved by 4.0% to S$129.7 million in FY2018 due to higher sales from Singapore. However, pressure on margins continues amidst higher operating costs within a highly competitive trading environment, thereby adversely impacting profitability.

During the year, Indonesia opened two new stores – Metro Puri Mall and Metro Grand Kawanua Manado - in Q1 and Q3 FY2018 respectively and the start-up costs of these new stores impacted profitability.

Strong Balance Sheet

Metro’s balance sheet remained strong with net cash of S$181.0 million (after bank borrowings), signifying headroom for further growth. The Group’s shareholders’ equity stood at S$1.5 billion as at 31 March 2018.

Proposed Dividend

To reward loyal shareholders, the Board has recommended dividends totaling 5.0 Singapore cents comprising an ordinary final dividend of 2.0 Singapore cents and a special dividend of 3.0 Singapore cents respectively per share. This translates to a total payout ratio of 26.5% of the Group’s net profit attributable to shareholders for FY2018.

Outlook

Looking ahead, for the Group's Property Division in the PRC, Metro expects the rental income of its GIE Tower investment property in Guangzhou to remain steady. In Shanghai, rental stability is also expected at the joint venture level for Metro City and Metro Tower, whilst initial leasing for the office buildings in Bay Valley, New Jiangwan City, Yangpu District in Shanghai, are underway.

In view of the very significant disposal of eight property projects by Top Spring, its land bank has declined significantly, thereby requiring some time to seek suitable sites for development and bring the projects to fruition.

Concurrently, in Singapore, sales of the residential project, The Crest at Prince Charles Crescent in Singapore, is showing gradual improvement in line with recent trends in the Singapore property market.

In the United Kingdom, Phase 1 construction work for the 571 apartment units of the Middlewood Locks development project has been completed and is being handed over in stages over summer 2018. This mixed development will eventually provide 2,215 new homes and 750,000 square feet of commercial space including offices, hotel, shops, restaurants, a convenience store and gym.

In Indonesia, construction and pre-sales of the Trans Park Residences project in Bekasi, Jakarta, Indonesia, commenced in late 2017.

Metro's Chairman, Winston Choo further commented, "Metro will continue to tap on our strategic partnerships with strong partners to seek out potential investment opportunities in the region to further enhance shareholder value."

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 segments – 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 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. 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, Indonesia, Singapore and the United Kingdom.

Retail

Metro's retail arm serves customers through a chain of three Metro department stores in Singapore, and another 10 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 over 1.5 million square feet of downtown and suburban retail space in Singapore and Indonesia.

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25 May 2018