



METRO HOLDINGS LIMITED
(Company Registration No. 197301792W)

RESPONSES TO QUESTIONS FROM SHAREHOLDERS

The Board of Directors (the "**Board**") of Metro Holdings Limited ("**Metro**" or the "**Company**", together with its subsidiaries, the "**Metro Group**") refers to:

(a) the annual report of the Company for the financial year ended 31 March 2020 (the "**Annual Report**");

(b) the notice of annual general meeting ("**AGM**") issued on 27 August 2020 informing shareholders that the Company's AGM will be convened and held by way of electronic means on Friday, 11 September 2020 at 11.00 am; and

(c) the accompanying announcement issued by the Company on 27 August 2020 setting out, inter alia, the alternative arrangements relating to attendance at the AGM via electronic means.

The Company would like to thank shareholders for submitting their questions in advance of our AGM. Please refer to Annex A hereto for the list of questions received from shareholders, and the Management and the Board's responses to these questions.

By Order Of The Board
Tan Ching Chek and Eve Chan Bee Leng
Joint Company Secretaries
11 September 2020

ANNEX A

RESPONSES TO QUESTIONS FROM SHAREHOLDERS

A. Impact of COVID-19

- 1. Please provide updates on actions, if any, taken by the Company to cope with the ongoing COVID-19 crisis.**

The COVID-19 crisis has inflicted high human costs worldwide, plunging the global economy into an unprecedented crisis and an uncertain recovery. The Group has tapped on the various government support measures introduced to mitigate the impact during this period, while focusing on cost discipline across the Group.

Metro has granted rental rebates and waivers as well as extension of payment terms to tenants, across the Group's investment properties in Singapore, China and Australia, who are impacted by the closure of their business operations and faced cashflow difficulties due to COVID-19 mandatory control measures imposed by the local government. Overall, the occupancy of Metro's investment properties remains high.

Due to COVID-19 restriction measures imposed by the local authorities in our key markets, we have also adopted digital solutions to market our property development projects online through channels such as website listings, virtual tours, mortgage webinars, Facebook, Instagram, Zoom and YouTube, amongst others.

Meanwhile, our retail division continues to operate amidst difficult trading conditions. Metro continues to focus on cost discipline amidst this highly competitive environment to cope with margin pressures, while leveraging on our online platforms and multi-media strategy to capture the growing e-commerce market.

Amidst the evolving COVID-19 pandemic situation, Metro will continue to monitor the situation closely and take proactive measures to strengthen our financial position, including preserving cash, optimising cash flows and liquidity, and actively managing our existing investment portfolio, for optimal returns. With regards to our asset management strategy, we will prioritise critical asset enhancement, while deferring uncommitted capital expenditure and implementing cost savings, where possible.

B. Property Investment & Development

- 2. Given that Metro has more direct property investments, especially in China, is the Company planning to spin-off a real estate investment trust ("REIT") to unlock shareholder value?**

Over the years, in line with Metro's strategy to drive the diversification of its investment portfolio across the region and generate a stable and recurring income stream, besides China, the Group has also identified opportunities to invest in earnings accretive properties in Singapore, Indonesia, the United Kingdom (the "UK") and Australia.

In China, most of the investment properties which Metro owns, with the exception of the wholly-owned GIE Tower in Guangzhou, are through associates and joint ventures such as our 60%-stake in Metro City and Metro Tower and 30%-stake in Bay Valley in Shanghai. The 35%-owned Shanghai Plaza in Shanghai and 25%-owned The Atrium Mall in Chengdu are currently undergoing asset enhancement. Through these investments, we continued to strengthen our recurring income and portfolio diversification to achieve resilient growth.

The Group currently has no plans to spin-off a REIT, and as with any material developments, we will make announcements at the appropriate time.

3. What is the status of Metro City's lease renewal?

Metro City, Shanghai, remains our flagship property in China. The Board is aware of the short remaining lease tenure of this property and continues to explore ways to extend the lease with our joint venture partner, the municipal government.

4. Metro currently has investments in several countries. While this brings geographical diversification to the portfolio, it also raises concerns on possible diffusion of the Management's focus in strategy and operation as well as the lack of scale in any one market to realise cost savings and build business network. How does Metro address these issues?

For more than six decades, Metro has expanded strategically from its home in Singapore to grow geographically into China, Indonesia, the UK and Australia. This was done in a sustainable manner and through working closely with our trusted local partners. For example, in Jakarta, Indonesia, Metro collaborated with our retail partner to leverage their expertise and expand into residential development in Trans Park Bekasi and Trans Park Bintaro. Similarly, we entered into residential development in Manchester and into the office segment in London and Sheffield in the UK. In Australia, we expanded into offices and defensive retail centres together with our trusted partners.

Moving forward, Metro will continue focusing on our core strategies together with our partners, leveraging on the strong foothold in our core markets and our rich retail experience to pursue opportunities globally. Metro works closely with its various partners, each having expertise in their respective geographies.

C. Retail

5. Will Metro consider closing down the retail business due to COVID-19 pandemic?

Metro started off as a textile retailer, with six decades of history as an established retail household brand name. That said, the retail business has faced various challenges in recent years, from rising rents to increasing numbers of shoppers going online to shop instead of visiting brick-and-mortar stores. Keeping up with the evolving trends, we have also established our e-commerce platform and have implemented a wide range of omni-channel marketing initiatives.

As part of the Group's strategy in rationalising our retail business, Metro Centrepoint was closed upon its lease expiry in October 2019 and the Group divested its Indonesian retail associate. PT Metropolitan Retailmart in December 2019 to our existing partner for a profit while retaining a trademark licensing fee. The Group is constantly evaluating the profitability and sustainability of its existing retail business.

D. Financials & Capital Management

6. Please explain the reason behind the decrease in Metro's operating profit in FY2020

The Group's FY2020 profit before tax was S\$39.7 million, as compared to S\$108.0 million in FY2019. This was mainly due to the fair value loss of the Group's investment properties held by our subsidiary, associates and joint ventures of S\$8.5 million in FY2020 versus a fair value gain of S\$49.1 million in FY2019.

In addition, arising from the COVID-19 pandemic, the Group recorded a fair value loss of S\$7.9 million on the short term and long term investments in FY2020 versus a fair value gain of S\$9.3 million in FY2019, and S\$13.1 million of rental rebates and waivers granted to tenants for properties held by our subsidiary, associates and joint ventures.

All these were partially mitigated by the divestment gain of S\$10.6 million from the disposal of the Group's 50% equity stake in its retail associate in Indonesia, PT Metropolitan Retailmart.

7. Metro recorded proceeds from disposal of an associate of S\$23.8 million (refer to the Consolidated Statement of Cash Flows on page 83 of Annual Report 2020). Which was the associate that was disposed?

This relates to the divestment of Metro's Indonesian retail associate, PT Metropolitan Retailmart in December 2019.

8. The Group recorded investment in associates of S\$93.4 million and investment in joint ventures of S\$40.8 million (refer to the Consolidated Statement of Cash Flows on page 83 of Annual Report 2020). Are these new investments or additional investments in existing associates and joint ventures?

During FY2020, Metro made three investments to strengthen our recurring income and portfolio diversification to achieve resilient growth.

In April 2019, the Group acquired a 50% stake in 7 and 9 Tampines Grande, two blocks of premium Grade-A office buildings strategically located in the Tampines Regional Centre. Ascend TGrande Pte. Ltd. and its subsidiaries, which hold this investment, are joint venture companies of Metro Group.

For China, Metro acquired a 25% stake in a commercial mall ("The Atrium Mall"), that is part of a landmark mixed-use development, The Atrium ("晶融汇") in May 2019. Xiamen CICC Qihang Equity Investment Partnership (Limited Partnership), which holds this investment, is a joint venture company of Metro Group.

In November 2019, Metro expanded its regional presence into Australia. Through our first collaboration and partnership with the Sim Lian Group, Metro acquired a 20% equity stake in a portfolio of 14 quality freehold properties comprising four office buildings and 10 retail centres. SLH Property Trust, Sim Lian Property Trust and Sim Lian Property Trust II and its respective subsidiaries, which hold this investment, are associated companies of Metro Group.

9. Please provide more details on:

- (i) Associates of S\$795.6 million**
(refer to the Balance Sheets on page 79 of Annual Report 2020)
- (ii) Current amounts due from associates of S\$8.3 million**
(refer to the Balance Sheets on page 79 of Annual Report 2020)
- (iii) Increase in amounts due from associates of S\$16.4 million**
(refer to the Consolidated Statement of Cash Flows on page 83 of Annual Report 2020)
- (iv) Dividends received from associates of S\$16.9 million**
(refer to the Consolidated Statement of Cash Flows on page 83 of Annual Report 2020)

For (i) to (iv), where details can be made publicly available, are being presented in Notes to the Financial Statements on pages 114 to 118 and 160 to 163 of Annual Report 2020.

(ii) The current amounts due from associates of S\$8.3 million are interest-free, unsecured and repayable on demand (refer to the Notes to the Financial Statements on pages 114 and 115 of Annual Report 2020).

(iii) Amounts due from associates increased by S\$16.4 million in FY2020 mainly due to a shareholder loan of S\$27.0 million extended to the newly acquired associate, Starry New Limited, partially offset by the net repayment of shareholder loan of S\$10.6 million from the associated companies.

(iv) The dividends received from associates of S\$16.9 million were contributed mainly by the Group's associates in the PRC.

10. Please provide more details on:

- (i) Joint ventures of S\$337.3 million**
(refer to the Balance Sheets on page 79 of Annual Report 2020)
- (ii) Current amounts due from joint ventures of S\$188.3 million**
(refer to the Balance Sheets on page 79 of Annual Report 2020)
- (iii) Increase in amounts due from joint ventures of S\$11.8 million**
(refer to the Consolidated Statement of Cash Flows on page 83 of Annual Report 2020)

For (i) to (iii), where details can be made publicly available, are being presented in Notes to the Financial Statements on pages 118 to 121 and 163 of Annual Report 2020.

(ii) The Group's current amounts due from joint ventures of S\$188.3 million are interest-free, except for S\$133.8 million which bear interest ranging from 3.0% to 4.1% per annum, unsecured and expected to be repaid within the next financial year (refer

to the Notes to the Financial Statements on pages 118 and 119 of Annual Report 2020).

(iii) Amounts due from joint ventures increased by S\$11.8 million in FY2020 mainly due to S\$51.0 million extended to the newly incorporated joint venture, Ascend TGrande Pte Ltd, for the acquisition of Tampines Grande, two blocks of premium Grade-A office properties in Singapore. This was partially offset by repayment of shareholder loan of S\$39.2 million from a joint venture in Singapore.

11. Please advise the carrying amount of the Group's investments in InfraRed NF China Real Estate Fund II (A), L.P. ("InfraRed Fund II"), InfraRed Fund III and Mapletree Global Student Accommodation ("MGSA") Private Trust. How are these investments reflected in the Group's Balance Sheets? Does the company receive yearly dividend from these investment funds?

The Group invests 23.7% in Infrared Fund II (refer to the Corporate Structure on page 26 of Annual Report 2020) and the carrying amount is reflected as part of the Group's investment in associates. As at 31 March 2020, Metro's investment in associates amounted to S\$376.1 million (refer to the Notes to the Financial Statements on page 114 of Annual Report 2020).

The Group invests 4.9% in Infrared Fund III and 7.4% in MGSA (refer to page 26 and page 3 of Annual Report 2020 respectively). The carrying amount are reflected as part of the Group's long term investments. As at 31 March 2020, Metro's long term investments amounted to S\$99.9 million (refer to the Notes to the Financial Statements on page 122 of Annual Report 2020).

Metro receives dividends from its investment in associates and long term investment as presented in Annual Report 2020. For FY2020, Metro received dividends from associates of S\$16.9 million and dividends from long term investments of S\$4.3 million (refer to the Consolidated Statement of Cash Flows on page 83 of Annual Report 2020).

E. Others

12. Hardcopy annual reports are sent to shareholder annually. Would the Company decide to move this task to digital instead?

For FY2020, under the COVID-19 (Temporary Measures) Act 2020, companies are not required to send hard copies of the Annual Reports to shareholders. Going forward, should Metro decide to go digital, shareholders would be given the option to elect to receive printed copies of the Annual Report.