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NEWS RELEASE

METRO POSTS STEADY REVENUE OF S$187.1 MILLION IN FY2013

- ***Higher revenue from Retail division substantially offsets decline in rental from Property division***
- ***Net profit slides 29.3% to S$65.0 million mainly due to a one-off divestment gain from Metro City Beijing recorded in FY2012***
- ***Balance sheet remains strong; cash position of S$386.6 million in FY2013***
- ***Final dividend of 2.0 cents and Special final dividend of 2.0 cents per ordinary share***

Singapore, 29 May 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 its revenue held steady at S$187.1 million for the full year ended 31 March 2013 ("FY2013"), notwithstanding a decline in rental from its core Property division following the disposal of Metro City Beijing last year. Turnover was bolstered by higher sales from the Group's Retail division, particularly in Singapore and Indonesia, with improving consumer sentiments.

Revenue for the Group's core Property division contracted 12.9% to S$58.3 million in FY2013 from S$67.0 million in FY2012 mainly due to the impact from the disposal of Metro City Beijing. Notwithstanding this, higher rental income from Metro City Shanghai, Metro Tower Shanghai and EC Mall compensated for a 0.9% decline in turnover from the decrease in value of the renminbi against the Singapore dollar as well as lower rental for Frontier Koishikawa due to lower occupancy.

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Notably, the Group's Property segment continued to see high occupancy from its five investment properties – Metro Tower, Shanghai, GIE Tower, Guangzhou, Metro City, Shanghai and EC Mall, Beijing in China; and Frontier Koishikawa Building, Tokyo in Japan – averaging 92.3% as at 31 March 2013. In Japan, occupancy at Frontier Koishikawa subsequently improved in 4QFY2013, as new tenants commenced their leases. Occupancy of Metro City Shanghai was lower at 31 March 2013 due to the commencement of a major refurbishment and reconfiguration exercise on three of its nine levels of space.

Higher sales from the Group's Retail division, which rose 7.3% to S$128.8 million in FY2013 from S$120.0 million in FY2012 were mainly contributed by the recently refurbished Metro Woodlands and downtown Metro Paragon stores. In Indonesia, the impact of higher sales was reduced by increased costs. The Retail division's profit before tax for FY2013 increased by 29.2% to S$7.8 million, as compared to S$6.1 million in FY2012.

Net profit was down 29.3% from S$91.9 million in FY2012 to S$65.0 million in FY2013, mainly due to the one-off divestment gain from the sale of Metro City Beijing in FY2012.

This decline in net profit attributable to shareholders in FY2013 was offset by higher fair value gains of S$29.6 million from the Group's short term investments in property REITs, from a loss of S$3.2 million in FY2012; and an impairment charge on available-for-sale investments of S$17.8 million recorded in FY2012 which was not repeated in this financial year; as well as lower general and administrative expenses. Some impact on bottom-line was experienced with a deficit from fair value adjustments on investment properties, including those held by associates, of S$7.5 million in FY2013 as against a gain of S$7.1 million in FY2012, cushioned by higher interest income of S$12.4 million as compared to S$2.6 million over the same period.

Lt Gen (Rtd) Winston Choo (朱维良), Metro's Chairman commented: "Operationally, our underlying fundamentals remain strong, notwithstanding some impact from the absence of one-off gains from the divestment of our joint venture development, Metro City Beijing last year and the expected, resultant impact on property rental income.

We remain focused on prudently growing our footprint mainly in China where we have a strong base built on years of experience in this region. A case in point is our first-of-its-kind upscale urban community development project in Nanchang with our partner, Top Spring. We are making good progress here and have injected S$48.0 million equity into this project. In addition to leveraging on our strategic partnerships to deepen our foothold in key markets, we continue to strive for optimal tenant mix and efficient management of our existing property portfolio to improve profitability of our business."

Review of Financial Performance

For 4QFY2013, turnover for the Group declined marginally to S$47.6 million from S$48.1 million in 4QFY2012.

Metro's core Property Division reported a 13.2% decline in revenue to S$15.1 million in 4QFY2013, from S$17.4 million in 4QFY2012. This was due to the disposal of Metro City Beijing. Average occupancy for the Group's five investment properties remained high at 92.3% as at 31 March 2013.

Sales for the Group's Retail division climbed 5.8% from S$30.7 million in 4QFY2012 to S$32.5 million in 4QFY2013. Improved profitability in the quarter was led by revenue growth, higher margins and lower operating expenses. The division's associated company in Indonesia also reported higher sales in 4QFY2013.

The Group achieved a 19.7% increase in gross profit from S$16.6 million in 4QFY2012 to S$19.9 million in 4QFY2013, on improved profitability of the Retail division and lower operational costs of the Group's core Property Division.

Profit before taxation declined 78.5% to S$20.5 million in 4QFY2013, mainly due to the absence of the S$98.7 million gain recorded from the disposal of Metro City Beijing in FY2012, offset by a S$17.8 million impairment of the investment in Top Spring International Holdings Ltd in 4QFY2012. At the same time, the Group recorded higher fair value gains of S$8.5 million from its short term investments in property REITs in 4QFY2013, compared to S$5.2 million in 4QFY2012 as well as lower general and administrative expenses and interest on borrowings.

A deficit from fair value adjustments on investment properties, excluding associates, of S$3.9 million in 4QFY2013 and share of associates' results, which was a loss of S$2.0 million over the same period, negatively impacted bottomline. The share of associates' loss arose mainly from additional costs arising from construction, fit out and reconfiguration of some of the Tesco Lifespace retail malls in China.

Strong Balance Sheet

The Group continued to maintain a strong balance sheet, with a healthy cash position of S$386.6 million as at 31 March 2013. Shareholders' equity remained at a healthy level of S$1.1 billion for the same period.

Dividend

Buoyed by the Group's healthy balance sheet, the Board has recommended dividends totalling 4.0 Singapore cents comprising a special final dividend of 2.0 cents and an ordinary final dividend of 2.0 cents respectively per share. This translates to a total payout ratio of 51.1% of the Group's net profit attributable to shareholders for FY2013. The Group had previously paid total dividends of 6.0 cents comprising a special final dividend of 4.0 cents and an ordinary final dividend of 2.0 cents respectively in FY2012.

Outlook

Lt Gen (Rtd) Winston Choo (朱维良), Metro's Chairman said, "Looking ahead, FY2014 is shaping up to be an eventful and exciting year for Metro, with several of our property developments coming on-stream. Residential sale launches will be commencing for the Prince Charles Crescent project in Singapore and the Nanchang project in China."

Concurrent to its ongoing projects, where feasible, the Group continues to embrace opportunities that enable it to recycle capital successfully. As announced on 4 April 2013, Metro expects to record a gain of approximately S$29.6 million following the disposal of its warehouse property at Pasir Panjang in Singapore. The sale is expected to be completed in FY2014.

At the same time, the Group is looking for further yield improvements through asset enhancement initiatives. While costs of the Property division are expected to be affected by the refurbishment of Metro City Shanghai in FY2014, rental yield is expected to improve following this enhancement exercise.

Volatile market conditions dictate that the Group's portfolio of quoted equity investments in property REITs will continue to see changes in their fair value. 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 China and denominated in the RMB.

Notwithstanding keen competition and rising operational costs – in particular, staff and rental costs – in the retail sector both in Singapore and Indonesia, the Retail division seeks to further maintain its sales performance. Profitability of the Retail division's associated company in Indonesia is likely to be affected by start-up costs of stores, both newly opened and under planning.

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 over 1,324,000 square feet of downtown and suburban retail space in Singapore and Indonesia.

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