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Miscellaneous

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NEWS RELEASE

METRO HOLDINGS REPORTS NET PROFIT OF S$3.3 MILLION ON REVENUE OF S$44.2 MILLION FOR 1QFY2014

- ***Higher revenue from core Property Division offsets lower turnover from Retail Division***
- ***Net profit slides 78.2% to S$3.3 million mainly due to changes in fair value of short term investments***
- ***Maintains strong balance sheet with cash of S$373.8 million***
- ***Shareholders' equity of S$1.2 billion as at 30 June 2013***

Singapore, 12 August 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 revenue held steady at S$44.2 million for the three months ended 30 June 2013 ("1QFY2014"). Higher rental income from the Group's Property Division was offset by lower turnover from its Retail Division.

Refurbishment costs of S$2.8 million at Metro City Shanghai reduced the Group's gross profit to S$10.3 million in 1QFY2014, compared to the S$12.7 million achieved in the previous corresponding quarter. Net profit attributable to shareholders declined 78.3% to S$3.2 million in 1QFY2014 from S$14.8 million in the same corresponding period ("1QFY2013"), mainly due to fluctuations in the fair value of the Group's portfolio of short term quoted equity investments.

Metro's Chairman, Lt Gen (Rtd) Winston Choo (朱维良), said, "In view of continued market volatility, we have taken steps to reduce the size of our portfolio of short term quoted equity investments.

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"Our mature properties in Tier-1 cities in China continue to enjoy good rental income, with higher rental rates. Average occupancy at all our investment properties remains high although Metro City Shanghai's occupancy is lower because it is undergoing an asset enhancement and refurbishment exercise. We will continue to maintain an optimal tenant mix and efficient management of our existing properties to improve yield."

Review of Sectoral Performance

Revenue for the Group's core Property division rose 4.9% to S$15.5 million in 1QFY2014 from S$14.8 million in 1QFY2013 mainly due to higher rental rates of the Group's investment properties in China and a 2.5% strengthening of the renminbi ("RMB").

Notably, the Group's Property segment continued to see high occupancy from its five investment properties – Metro Tower Shanghai, GIE Tower, Guangzhou, EC Mall, Beijing in China; and Frontier Koishikawa Building, Tokyo in Japan – averaging 92.9% as at 30 June 2013. Occupancy of Metro City Shanghai was lower than usual at 91.8% due to major asset enhancement and refurbishment exercise on three of its nine levels of space.

Sales from the Group's Retail division declined 2.4% to S$28.7 million in 1QFY2014 from S$29.4 million in 1QFY2013 mainly due to lower sales from its Singapore operations. This was mitigated by higher sales from the Group's associated company in Indonesia.

Strong Balance Sheet

The Group's balance sheet remains strong with cash of S$373.8 million and shareholders' equity of approximately S$1.2 billion as at 30 June 2013.

Outlook

Lt Gen (Rtd) Winston Choo (朱维良), Metro's Chairman said, "We will continue to look at opportunities to unlock and recycle capital effectively as we've done for our Pasir Panjang warehouse property, which will record a disposal gain of S$29.6 million. At the same time, we are 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, we expect rental yield to improve following this enhancement exercise.

"We look forward to the planned residential sale launches for the Prince Charles Crescent project in Singapore in FY2014 and the progressive recognition of turnover."

Volatile market conditions dictate that the balance of the Group's portfolio of quoted equity investments in REITs will continue to see changes in their fair value as they are marked-to-market. 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 maintain its sales performance. Higher sales of the Retail division's associated company in Indonesia is likely to enhance profitability although it will be affected by start-up costs of both newly opened and pipeline stores.

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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