美羅 METRO

NEWS RELEASE

METRO HOLDINGS ACHIEVES 33.2% INCREASE IN NET PROFIT TO S$142.4 MILLION FOR FY2015

- ***Increase in profit before taxation to S$145.5 million mainly attributable to:***
  - ***S$57.4 million negative goodwill being excess of fair value over purchase consideration on recognition of Top Spring as associated company***
  - ***S$17.7 million from equity accounting of Top Spring's results***
  - ***Net gain of S$21.7 million from the disposal of interest in six Tesco Lifespace developments***
  - ***S$12.9 million from the maiden contribution from the residential component of the Nanchang project***
- ***Maintains strong balance sheet with cash holdings of S$378.8 million***
- ***Shareholders' equity of approximately S$1.4 billion as at 31 March 2015***
- ***Declares final dividend of 2.0 Singapore cents and final special dividend of 4.0 Singapore cents per ordinary share***

Singapore, 28 May 2015 – 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 33.2% rise in net profit to S$142.4 million for the full year ended 31 March 2015 ("FY2015") from S$106.9 million in the previous corresponding period ("FY2014").

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This was achieved on the back of a 4.8% increase in revenue to S$145.8 million, up from S$139.2 million over the same period. The rise was mainly due to the higher turnover driven by the Retail Division's new Metro Centrepoint store in Singapore which commenced operations in the third quarter of FY2015 ("3QFY2015"); as well as the strengthening of the Renminbi against the Singapore dollar.

The Group's Property Division's rental income from the five core investment properties, including those held by joint ventures, increased due to the higher revenue contribution from EC Mall, Beijing and Metro City, Shanghai. As at 31 March 2015, the average occupancy rate of the Group's five investment properties remained high at 92.2%.

With the commencement of Metro Centrepoint's operations in 3QFY2015, the Retail Division's revenue rose to S$135.7 million in FY2015 as compared to S$128.2 million in FY2014. However, higher operating and overhead expenses, coupled with a write down of its property, plant and equipment of S$8.8 million, affected the division's overall performance. The Group's retail operations in Indonesia, however, reported an improvement in both revenue and profitability.

Metro's Chairman, Lt Gen (Rtd) Winston Choo (朱维良), said, "During the year, our partner, Hong-Kong-listed Top Spring International Holdings Limited became an associated company of Metro, with our Group Chief Operating Officer nominated as a board member. We are confident that this will pave the way for us to further deepen our penetration in the property segment in the PRC, following the collaboration on the Nanchang Fashion Mark project.

"In addition, we have broadened Metro's geographical reach beyond China, Singapore and Indonesia, into the UK, premised on our strong retail heritage, coupled with strategic partnerships with reputable industry players.

“Through a 25% interest in Fairbriar Real Estate Limited, we have invested in two land plots in Manchester, UK, zoned predominantly for mixed-use development (Middlewood Locks and Milliners Wharf Phase Two) for GBP5.7 million (approximately S$12.0 million). This equity investment is in tandem with our strategy to leverage on the strength and experience of our local strategic partners, in this case, Scarborough Group International Limited – a highly experienced UK real estate player with deep expertise, to broaden our asset portfolio. This also extends our working relationship and partnership with Top Spring which is similarly taking a 25% stake in the project.

“We have also recently unlocked value from our 10.7% indirect stakes in six Tesco Lifespace developments in China, thereby allowing us to recycle our capital with the objective of increasing the Group’s investment within the region.

“Apart from broadening our geographical reach, we are looking beyond commercial properties to include mixed-use developments, residential developments as well as serviced apartments to cover a fuller spectrum of properties in these markets. We will continue to look for new investments in the PRC’s property sector. At the same time, we seek to add value to our existing portfolio of commercial properties, through asset enhancements, to improve returns to shareholders.”

Overall, the Group’s profit before tax (“PBT”) climbed 32.4% to S$145.5 million in FY2015, from S$109.9 million in FY2014. The robust increase was contributed by a negative goodwill of S$57.4 million on recognition of Top Spring as an associated company, coupled with its results of S$17.7 million which was equity accounted for in FY2015.

Metro also recorded a net gain of S$21.7 million from the divestment of its 10.7% interest in the associated companies owning six Tesco Lifespace developments in China. In addition, share of profit of associates rose with a maiden contribution of S$12.9 million from the residential component of the Nanchang project. A gain in short term investments of S$4.5 million in FY2015, which included unrealised fair value gains, as compared to a loss of S$8.4 million in FY2014, contributed to the growth of PBT as well.

Strong Balance Sheet

Metro's balance sheet remains strong with cash holdings of S$378.8 million and shareholders' equity of approximately S$1.4 billion as at 31 March 2015.

Dividend

Buoyed by the Group's performance, the Board has recommended dividends totaling 6.0 Singapore cents comprising an ordinary final dividend of 2.0 Singapore cents and a special dividend of 4.0 Singapore cents respectively per share. This translates to a total payout ratio of 34.8% of the Group's net profit attributable to shareholders for FY2015. The Group had previously paid total dividends of 6.0 Singapore cents comprising a special final dividend of 4.0 Singapore cents and an ordinary final dividend of 2.0 Singapore cents respectively in FY2014.

Outlook

Overall, Metro expects the rental income of its Property Division, excluding rental contribution from EC Mall, Bejing, to remain stable while work on the current phase of Metro City, Shanghai's reconfiguration exercise continues. Notably, in China, the Group's Nanchang project will continue to recognise profits on sales of properties, as each phase is completed and handed over. The next major phase is scheduled for completion in autumn 2015. The Nanchang project presold about 10,655 square metres gross floor area in 4QFY2015 for HK$167.9 million (approximately S$29.7 million), bringing total sales of this associate to HK$4.9 billion as at 31 March 2015. With the Group's successful divestment of its 50% effective interest in the joint ventures owning EC Mall, Beijing, in April 2015, this is expected to further contribute positively to its financial performance in FY2016.

In Singapore, with the sentiment of the residential property sector being subdued due to the property cooling measures introduced, sales of the Group's residential project, The Crest at Prince Charles Crescent, was invariably impacted.

Metro's Chairman, Winston Choo added, "As part of our ongoing asset re-balancing strategy, we have divested EC Mall, Beijing, a matured property which has effectively attained full occupancy, with stable rental income. With the proceeds, we will build on our presence and investment in the region through a selective positioning, working closely with reputable partners. Our strategy for the long run remains firmly focused on broadening Metro's revenue stream and in increasing sustainable profits that deliver value to our shareholders."

With the divestment of EC Mall, Beijing, the Group is expected to recognise an estimated divestment gain on disposal of approximately S$36.8 million in the first quarter of FY2016.

The challenges of a keenly competitive and highly discounted trading environment coupled with lower visitor arrivals as well as rising operating costs will continue to impact the Group's Retail Division. The division will also be affected by the ceasing of Metro Sengkang's operations in the second quarter of FY2016 upon the expiry of the lease, which has no further renewal option. In addition, with the scheduled makeover of The Centrepoint – where Metro Centrepoint is located, from May 2015, Metro Centrepoint is expected to experience an impact on its sales.

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, Singapore and 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 more recently, the United Kingdom.

RETAIL

Metro's retail arm serves customers through a chain of five 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 over 1.5 million square feet of downtown and suburban retail space in Singapore and Indonesia.

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