METRO HOLDINGS LIMITED
(Company Registration No. 197301792W)

METRO GROUP DEEPENS ITS PRESENCE IN SINGAPORE BY INVESTING INTO A QUALITY PORTFOLIO OF FOURTEEN INDUSTRIAL, BUSINESS PARK, HIGH-SPEC INDUSTRIAL AND LOGISTICS PROPERTIES

1. INTRODUCTION

The Board of Directors of Metro Holdings Limited ("**Metro**" or the "**Company**", together with its subsidiaries, the "**Metro Group**") wishes to announce that it has, through its indirect wholly-owned subsidiary incorporated in Singapore, Metrobilt Construction Pte Ltd ("**Metrobilt Construction**"), entered into subscription agreements to initially subscribe for 26% of the Units ("**Units**") and 7.0 per cent. Notes due 2031 ("**Notes**") to be issued by Perpetual (Asia) Limited (in its capacity as trustee of Boustead Industrial Fund ("**BIF**")), for an investment amount of up to S$76.6 million (the "**Investment**"). 25% of the Units and Notes in BIF will be held by Boustead Projects Limited ("**BPL**") or its wholly-owned subsidiary and 49% of the Units and Notes in BIF will be held by a special purpose vehicle for institutional real estate investors. The transaction is subject to certain conditions precedent under the various transaction documents being satisfied, including the obtaining of BPL's shareholders' approval during an Extraordinary General Meeting to be convened by BPL in due course[1].

BIF was established as a private trust in Singapore with an investment mandate to invest in, administer and manage certain investments in logistics, business parks and industrial properties. The fund manager of BIF is Boustead Industrial Fund Management Pte. Ltd. (the "**Manager**"), a wholly-owned subsidiary of BPL and the trustee of BIF is Perpetual (Asia) Limited (the "**Trustee**"). The sponsor of BIF is BPL.

The Trustee has entered into ten separate Call and Put Option Agreements with each of the relevant BPL's entities to acquire 100% interest in 11 industrial properties via an asset deal. In addition, the Trustee has also entered into: (i) a Share Sale and Purchase Agreement with BPL to acquire 49% interest in BP-TN Pte. Ltd. which owns the industrial property located at 10 Tukang Innovation Drive, Singapore 618302; and (ii) LLP Sale and Purchase Agreements with BPL and its subsidiary to acquire 49% interest in BP-SF Turbo LLP and BP-CA3 LLP which own the industrial properties located at 11 Seletar Aerospace Link, Singapore 797554 and the Continental Building - Phase 3 property respectively (Refer to Table A in Section 2.2 for the details of these 14 properties).

The total portfolio of 14 properties comprising six industrial properties, one business park, four high-spec industrial properties and three logistics properties (the "**Portfolio**") are located in various parts of Singapore and within proximity to transportation nodes.

The Investment is in the ordinary course of Metro Group's property investment and development business.

[1] *For BPL's related announcements and information, please refer to BPL's corporate website at* www.bousteadprojects.com.

2. INFORMATION RELATING TO THE INVESTMENT AND THE PORTFOLIO

2.1 Information on the Investment

The Investment consideration through the 26% subscription of the Units is up to S$15.2 million and 26% of the Notes is up to S$61.4 million, both to be issued by the Trustee. The Investment consideration was arrived at on a willing buyer willing seller basis after taking into account *inter alia* the expected net income to be derived from the Portfolio.

The total Investment consideration of up to S$76.6 million will be funded by a combination of internal cash resources and external borrowings.

2.2 Information on the Portfolio

The Portfolio comprises 14 properties spanning across key industrial segments: six industrial properties, one business park, four high-spec industrial properties and three logistics properties which are located in various parts of Singapore and are within proximity to transportation nodes. The Portfolio has a total net lettable area of 1,748,105 square feet, and at a high committed average occupancy rate of 99% with a weighted average lease expiry (**"WALE"**) of approximately 7.7 years. 12 out of the 14 properties of the Portfolio are fully leased and being anchored by tenants which are well-known in their respective industries. The Table A below sets out a summary of information on the Portfolio.

Table A

S/N	Property name and/or address	Sector	Net lettable area[1] (square feet)	Market value[1] (100% basis) (S$'million)	Percentage of equity interest held by BIF
1	Bombardier Aerospace (10 Seletar Aerospace Heights, Singapore 797546)	Industrial	66,155	22.2	100%
2	11 Seletar Aerospace Link, Singapore 797554	Industrial	38,391	11.6	49%[2]
3	26 Changi North Rise, Singapore 498756	Industrial	64,584	13.3	100%
4	16 Tampines Industrial Crescent, Singapore 528604	Industrial	215,493	38.3	100%
5	85 Tuas South Avenue 1, Singapore 637419	Industrial	112,299	19.6	100%
6	10 Tukang Innovation Drive, Singapore 618302	Industrial	266,947	52.5	49%[3]
7	GSK Asia House (23 Rochester Park, Singapore 139234)	Business Park	136,341	144.8	100%
8	Edward Boustead Centre (82 Ubi Avenue 4, Singapore 408832)	High-Spec Industrial	80,770	33.0	100%
9	Continental Building – Phase 1 (80 Boon Keng Road, Singapore 339780)	High-Spec Industrial	121,766	59.3	100%
10	Continental Building – Phase 2 (80 Boon Keng Road, Singapore 339780)	High-Spec Industrial	53,151		100%
11	Continental Building – Phase 3 (84 Boon Keng Road, Singapore 339781)	High-Spec Industrial	120,031	30.1	49%[4]
12	10 Changi North Way, Singapore 498740	Logistics	128,505	30.0	100%
13	12 Changi North Way, Singapore 498791	Logistics	221,822	38.2	100%
14	16 Changi North Way, Singapore 498772	Logistics	121,850	25.0	100%
Total			**1,748,105**	**517.9**	

[1] Based on valuation report as at 30 November 2020
[2] Held by BP-SF Turbo LLP
[3] Held by BP-TN Pte. Ltd.
[4] Held by BP-CA3 LLP

2.3 Information on Boustead Projects Limited

SGX Mainboard-listed BPL, the Portfolio's sponsor was established in 1996 and is a leading real estate solutions provider in Singapore, with core engineering expertise in the design-and-build and development of smart eco-sustainable business park and industrial developments for clients including Fortune 500, S&P 500 and Euronext 100 corporations. BPL has constructed and developed more than 3 million square metres of real estate regionally in Singapore, China, Malaysia and Vietnam.

BPL is a 53%-owned[2] subsidiary of Boustead Singapore Limited (SGX:F9D), a progressive global infrastructure-related engineering and technology group which is separately listed on the SGX Mainboard.

3. RATIONALE FOR THE INVESTMENT

3.1 Deepens Presence in Singapore and Drives the Diversification of the Investment Portfolio

The Investment marks Metro's foray into a highly sought-after industrial real estate market in Singapore. It will deepen Metro's presence in our home market and further diversify from Metro Group's existing investment portfolio. The overall outlook for Singapore industrial real estate market, which mainly consists of industrial, business park and logistics properties, remains positive amid the COVID-19 pandemic given the nation's stability.

In addition, as more office users restrategise their space requirements with the rising trend of working from home, business parks stand as one of the alternative options for cost-conscious qualifying occupiers[3]. The outlook of the overall industrial real estate market in Singapore remains positive as the country will continue to be a favourable destination as a hub for companies worldwide and the industrial sector is poised for sustainable growth in the long term.

Underpinned by the demand in the industrial sector, the average monthly rental rates for industrial, business park and logistics properties are expected to remain stable at S$1.65 psf, S$4.35 psf and S$1.23 psf respectively[4], and the occupancy rates for industrial, business park and logistics properties remain high at 87.8%, 85.4% and 89.1% respectively in 3Q2020[5] amid the COVID-19 pandemic.

The Portfolio of 14 properties will enable the Metro Group to achieve an immediate scale in a new market and establish a strategic presence in the industrial sector.

3.2 Strengthen the Metro Group's Investment Portfolio with Quality Properties to Generate Stable Income Stream

The Portfolio is strategically located in various parts of Singapore as the properties are within proximity to the main transportation nodes. It enjoys a high committed average occupancy rate of 99% way above the market occupancy rates, and a defensive long WALE of approximately 7.7 years. 12 out of the 14 properties of the Portfolio are fully leased and being anchored by tenants which are well-known in their respective industries.

These properties will generate immediate stable and recurring income stream to the Metro Group. The Investment augurs well with the Metro Group's overall long term investment strategy of building a resilient real estate portfolio for sustainable recurring income.

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[2] As at 31 December 2020
[3] Source: Knight Frank Singapore 3Q2020 industrial research report
[4] Source: Colliers Singapore 1H2020 industrial research report
[5] Source: JTC 3Q2020 quarterly industrial properties market report

3.3 Strategic Partnership

BPL or its wholly-owned subsidiary will hold 25% of the Units and 25% of the Notes issued by the Trustee. It is the Portfolio's sponsor as well as the fund manager of BIF. BPL is an experienced industrial developer and operator in Singapore industrial real estate market. BIF is the first fund established by BPL with an overall long term investment strategy to further expand its pipeline projects and portfolio in the future.

The Investment will serve as a first collaboration and strategic partnership between BPL and Metro Group, particularly in the Singapore industrial real estate sector for long term potential investment growth.

3.4 In line with Metro's Investment and Growth Strategy

The Investment represents an excellent proposition for Metro to establish a strategic presence in the Singapore industrial market with an immediate scale. Given the high committed occupancy rate and long WALE of the Portfolio, it will further enhance the quality, diversity and income profile of Metro's investment portfolio and at the same time, generate stable and recurring income stream to the Metro Group immediately.

The Investment is in the ordinary course of the property investment and development business of the Metro Group and is in line with the Company's stated intention to continue to broaden the Metro Group's revenue streams and facilitate sustained profitability through selective positioning, new investments in property development and strategic alliances with experienced and local partners. The Investment, while not significant to the Metro Group as a whole, will nonetheless enable the Metro Group to extend its footprint in the industrial real estate market.

4. CONSIDERATION

The Metro Group's Investment consideration is up to S$76.6 million and was arrived at based on arm's length negotiations.

The Metro Group's Investment consideration will be funded from internal cash sources and external borrowings.

5. NTA/FINANCIAL EFFECTS

Upon the fulfilment of conditions precedent under the various transaction documents, including the obtaining of BPL's shareholders' approval during the Extraordinary General Meeting of BPL and consideration paid by the Metro Group, the above Investment will result in BIF becoming an associate of the Metro Group and is not expected to have any significant effect on the consolidated net tangible asset per share and the consolidated earnings per share of the Metro Group for the current financial year ending 31 March 2021.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

To the best of the knowledge of the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the above matter other than through their shareholding interests in the Company.

By Order Of The Board

Tan Ching Chek and Eve Chan Bee Leng
Joint Company Secretaries
31 December 2020