NEWS RELEASE

METRO HOLDINGS REPORTS NET PROFIT OF S$55.9 MILLION FOR 3QFY2016

- ***Board, management and staff express deep sadness over passing of Group Managing Director, Mr Jopie Ong***
- ***Appointment of Mr Lawrence Chiang as Acting Group Chief Executive Officer to ensure operational continuity***
- ***Continues to recognise significant contributions from Nanchang project***
- ***Maintains strong balance sheet with cash holdings of S$518.3 million and shareholders' equity of S$1.4 billion as at 31 December 2015***

Singapore, 11 February 2016 – 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, registered a net profit of S$55.9 million for the three months ended 31 December 2015 ("3QFY2016"), as compared to S$63.9 million in the previous corresponding period ("3QFY2015").

Overall revenue declined by a marginal 1.3% to S$41.0 million, down from S$41.5 million in 3QFY2015. Notwithstanding a subdued retail environment, the Retail Division's sales increased marginally by S$0.2 million to S$39.1 million. Moving out sales of Metro City Square more than offset the impact from an absence of sales from the closed Metro Sengkang department store.

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The Group's Property Division recorded a decrease in revenue to S$1.9 million in 3QFY2016 from S$2.7 million in 3QFY2015, largely due to the disposal of Frontier Koishikawa, Japan, in August 2015. As at 31 December 2015, the average occupancy rate of the Group's three investment properties remained high at 92.9%.

Metro's Chairman, Lt Gen (Rtd) Winston Choo (朱维良), said, "It is with deep sadness that we announced the passing of our Group Managing Director, Mr Jopie Ong, earlier this month. Having been a Board member since 1973, it was with his dedicated and strategic leadership that Metro is today, a robust enterprise with property and retail interests around the region and the UK. His dedicated guidance will be dearly missed and we will continue to uphold his vision of a strong and sustainable Metro. On that note, the Board has appointed Mr Lawrence Chiang, who was the Group Chief Operating Officer, as Acting Group Chief Executive Officer. Having joined Metro since 1989 and as part of the management team that led the Group to its success today, we are confident that continuity in Metro's operations will be ensured."

On the Group's performance, Lt Gen (Rtd) Winston Choo said, "We continued to recognise significant contributions from our Nanchang project through our direct associate, although there were no one-off divestment gains registered during the period. While it has been a somewhat challenging quarter given the macro economic uncertainties and turbulence, with a diversified property and retail portfolio, we have remained fairly resilient. Looking ahead, with the net proceeds from our recent divestments of Frontier Koishikawa in Japan and our 50% effective interest in EC Mall, Beijing, we will be well-positioned to reinvest our capital and drive higher returns for our shareholders.

"For our Retail Division, losses from our Singapore operations have narrowed, while profitability has improved in our associated company in Indonesia with the containing of operating expenditure. High on our priority is to focus on cost efficiencies, product mix to meet changing consumer tastes and an improvement in productivity to navigate well in the current subdued environment."

Gross profit for 3QFY2016 rose to S$3.0 million as compared to S$0.2 million in 3QFY2015, in line with reduced operating expenses from the Retail Division.

Overall, profit before taxation declined 9.5% to S$59.4 million in 3QFY2016 from S$65.6 million in 3QFY2015. Share of results of associates decreased to S$57.6 million from S$66.9 million over the same period. This was mainly because the previous corresponding quarter's results included a gain of S$25.4 million from the disposal of the Group's 10.7% interest in the associated companies owning six Tesco Lifespace developments in China. In addition, share of results from Metro's associate, Top Spring International Holdings Limited, was lower by S$16.7 million. This was partially offset by an increased contribution of S$35.9 million from the recognition, on handover of presales, of properties of the Nanchang project. General and administrative expenses rose to S$11.9 million for 3QFY2016 from S$9.0 million in 3QFY2015 due to an absence of net foreign exchange gains during the quarter. On the other hand, an increase in share of results of joint ventures to S$6.0 million was registered in 3QFY2016 as there was a higher deficit from fair value adjustments on an investment property - Metro City, Shanghai - recorded in the previous corresponding quarter.

For its Tier-1 properties in China, Metro's focus will be on prudent asset enhancements as well as the further improvement of the tenant mix and occupancy rate.

In line with the lower profit before tax recorded, the Group's bottomline was correspondingly impacted and earnings per share declined from 7.7 Singapore cents in the previous corresponding period to 6.7 Singapore cents in the latest period.

Strong Balance Sheet

The Group's balance sheet continued to remain robust with cash holdings decreasing slightly from S$541.2 million as at 30 September 2015 to S$518.3 million, while shareholders' equity stood at approximately S$1.4 billion as at 31 December 2015.

Outlook

Within China, about 94.5% of presales of Metro's residential and ancillary retail properties in Nanchang under its direct associate, has been recognised. Presales of commercial space, of which office space will form a majority of future contributions, has commenced.

Metro's Chairman, Winston Choo added, "For our core Property Development and Investment Division, presales of the commercial properties in our Nanchang project have been encouraging. However, we expect gross margins from these properties to be significantly lower than those achieved for the project's residential properties. In Shanghai, we are progressing well with our reconfiguration work on Metro City to ensure the continued relevance of the mall. The last two levels of asset enhancement of the mall remains on track. In Guangzhou, our rental income from GIE Tower is anticipated to remain steady.

"With good headroom following recent divestment gains, we are well placed to prudently explore opportunities in China, where we are equipped with an early mover advantage and strong expertise, as well as other regions where we see opportunities for growth."

In Singapore, the market sentiment of Singapore's residential property sector remains cautious and sales of the Group's residential project, The Crest at Prince Charles Crescent, continues to be slow.

For the Retail Division, the outlook remains challenging, especially with the competitiveness of the industry, discounted trading environment and high operating costs. The Group has ceased operations at Metro City Square in late 2015 upon the expiry of its lease and expect Metro Centrepoint's sales to remain affected as The Centrepoint has been undergoing a makeover since May 2015.

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 four 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 1.4 million square feet of downtown and suburban retail space in Singapore and Indonesia.

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