



NEWS RELEASE

METRO HOLDINGS ACHIEVES PROFIT AFTER TAX OF S\$20.3 MILLION FOR 1QFY2019

- ***Higher share of results of joint ventures by S\$8.2 million attributed to the contributions from The Crest, Singapore, and sale of Acero Works, an office building in Sheffield, UK***
- ***Other net income lifted by a positive net change in investments at fair value***
- ***Bottom line impacted mainly by lower share of results of associates and absence of a one-off significant gain of S\$8.3 million on disposal of certain interests in a subsidiary and joint venture by associate, Top Spring***
- ***Maintains healthy balance sheet with Net Assets at S\$1.5 billion and a Net Cash position of S\$291.3 million, with good opportunity for more property investments and developments***

Singapore, 14 August 2018 – Main Board-listed Metro Holdings Limited (“Metro” or the “Group”) (“美罗控股有限公司”), a property investment and development group backed by established retail operations in the region, registered a net profit after tax (“PAT”) of S\$20.3 million for the first financial quarter ended 30 June 2018 (“1QFY2019”). This compares with a net profit of S\$25.0 million for the same corresponding period a year ago (“1QFY2018”). Metro’s balance sheet remains strong with net assets of S\$1.5 billion and net cash of S\$291.3 million (after bank borrowings) as of 30 June 2018, with good opportunity for more property investments and developments.

The Group registered a profit before tax of S\$21.7 million in 1QFY2019, a 15.1% decline from S\$25.6 million in 1QFY2018, mainly due to the absence of a significant S\$8.3 million gain on disposal of certain interests in a subsidiary and joint venture by associate, Top Spring, and absence of contribution from an associate in Nanchang due to an earlier disposal by the Group of its 30% equity interest. Share of results of joint ventures, on the other hand, was lifted by S\$8.2 million mainly due to contributions from The Crest, Singapore, and recognition from the sale of Acero Works, Sheffield, UK. Other net income also rose over the same period mainly due to higher unrealised fair value gains on investments.

With the sale of Acero Works, Sheffield, UK, the Group has demonstrated its capability to implement value-added strategies to enhance the asset value and monetize the asset effectively at the appropriate time. In this quarter, the Group has extended further partnership with InfraRed NF China Real Estate Fund III, for the co-investment in debt instruments in China.

Over the years, the Group has an established track record of realising opportune exits for its investments which allows it to redeploy divestment proceeds to pursue other growth opportunities.

Group Chief Executive Officer, Lawrence Chiang Kok Sung (“郑国杉”), said, “The Group will remain disciplined and focused in our investment approach to seek out potential investment opportunities in the region to drive sustainable growth and further enhance shareholder value.”

Review of Financial Performance

Property Division

On the Property Division front, average occupancy rate for Metro's four investment properties – one in Guangzhou and two in Shanghai, China; and the newly acquired freehold and fully-leased office property in Central London, the UK, stood at 96.1% as at 30 June 2018.

Segment results, excluding associates and joint ventures, was up 47.4% to S\$9.6 million in 1QFY2019, from S\$6.5 million in 1QFY2018, in line with higher unrealised fair value gains on investments, which more than offset the absence of disposal gain of an investment property in Shanghai and distributions from investments.

Share of results of associates declined from a gain of S\$12.4 million in 1QFY2018 to a loss of S\$1.5 million in 1QFY2019 mainly due to the absence of a significant S\$8.3 million gain recognised in 1QFY2018 from the disposal of certain interests in a subsidiary and joint venture by Top Spring. With the completion of the divestment of the Group's 30% equity stake in the Nanchang project in 4QFY2018, contributions from the Group's associate in Nanchang has ceased.

On the other hand, share of results of joint ventures improved to S\$16.3 million from S\$8.1 million over the same period, mainly lifted by contributions from The Crest, Singapore, and recognition of S\$2.3 million from the sale of Acero Works, Sheffield, UK.

Other net income also rose 30.4% to S\$11.3 million from S\$8.7 million over the same period mainly due to higher unrealised fair value gains on investments of S\$6.7 million in 1QFY2019 as compared to S\$1.9 million in 1QFY2018.

Retail Division

Amidst difficult trading conditions, Metro's retail topline dipped by 7.6% to S\$28.5 million in 1QFY2019 due to lower sales from Singapore, thereby impacting profitability.

Sales of the retail division's associated company in Indonesia showed marginal growth. Overall, profitability declined marginally.

Strong Balance Sheet

Metro's balance sheet remained strong with net cash of S\$291.3 million (after bank borrowings), with good opportunity for more property investments and developments. The Group's shareholders' equity stood at S\$1.5 billion as at 30 June 2018.

Outlook

Looking ahead, for the Group's Property Division in the PRC, Metro expects the rental income of its GIE Tower investment property in Guangzhou to remain steady. In Shanghai, rental stability is also expected at the joint venture level for Metro City and Metro Tower, whilst initial leasing for the office buildings in Bay Valley, New Jiangwan City, Yangpu District in Shanghai, are underway. In Shanghai, China, the Group's prime property, Shanghai Plaza, asset enhancement is in progress.

In the United Kingdom, Phase 1 construction work for the 571 apartment units of the Middlewood Locks development project has been completed and is being handed over in stages over summer 2018. This mixed development will eventually provide 2,215 new homes and about 750,000 square feet of commercial space including offices, hotel, shops, restaurants, a convenience store and gym.

In Indonesia, construction and presales of the residential projects in Bekasi and Bintaro, Jakarta, Indonesia, which commenced in late 2017 and March 2018 respectively, are ongoing.

Concurrently, in Singapore, sales of the residential project, The Crest at Prince Charles Crescent, will be subject to the impact of recent cooling measures announced on 5 July 2018 in the property market.

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 investments and operations in the region.

Today, the Group operates two core business segments – property investment and development, and retail – and is focused on key markets in the region such as China, Indonesia, Singapore and the United Kingdom.

Property Investment and Development

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 in China, Indonesia, Singapore and the United Kingdom.

Retail

Metro's retail arm serves customers through a chain of three Metro department stores in Singapore, and another 10 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 in over 1.5 million square feet of downtown and suburban retail space in Singapore and Indonesia.

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14 August 2018