METRO HOLDINGS LIMITED
(Company Registration No. 197301792W)

DIVESTMENT IN THE ORDINARY COURSE OF BUSINESS BY METRO HOLDINGS LTD'S WHOLLY-OWNED SUBSIDIARY, ZENSEI TOKUTEI MOKUTEKI KAISHA OF FRONTIER KOISHIKAWA BUILDING, TOKYO

1. INTRODUCTION

Metro Holdings Limited ("Metro" or the "Company") wishes to announce that Zensei Tokutei Mokuteki Kaisha ("ZTMK"), its indirect wholly-owned subsidiary, has entered into a Sale and Purchase Agreement ("SPA") to sell its interest in the office building, Frontier Koishikawa building in Tokyo, Japan (the "Property") to an independent and unrelated party (the "Divestment"). ZTMK is wholly-owned by Kowa Property Pte Ltd and Bunkyo Property Pte Ltd, both wholly-owned subsidiaries of Metro Prop Japan Pte Ltd ("Metro Prop Japan"). Metro Prop Japan is a wholly-owned subsidiary of Metro Holdings (Japan) Pte Ltd, who in turn is a wholly-owned subsidiary of the Company.

2. INFORMATION RELATING TO THE PROPOSED DIVESTMENT

2.1 Salient Terms of the SPA

The SPA provides for the sale of the Property for JPY5.22 billion (equivalent to approximately S$57.7 million).

2.2 Information on the Property

Frontier Koishikawa comprises a 9-storey office building located along the main street Hakusan Dori Street, in the Bunkyo District of Tokyo, Japan. It has about 5,082 square meters of net lettable area. As at 31 March 2015, the Property was fully occupied.

3. RATIONALE FOR THE PROPOSED DIVESTMENT

Frontier Koshikawa Building represents the Metro Group's only property in the Group's property portfolio which is situated in Japan. As the Group does not intend to add further properties in Japan to the Group's property portfolio, the Divestment will rationalize the geographical spread of the Group's property portfolio.

The Divestment of the Property, is in the Metro Group's ordinary course of business in property investment and development and net proceeds of the Divestment after repayment of bank loans totalling JPY5.20 billion (equivalent to approximately S$59.4 million) as at 31 March 2015 will be added to the working capital of the Group and used to build on the Metro Group's presence and investment in the region through a selective positioning, new investments in property development and strategic alliances with a view to broadening the revenue stream of the Metro Group and facilitating sustained profitability for the Metro Group moving forward.

4. CONSIDERATION

The consideration for the sale of the Property of JPY5.22 billion (equivalent to approximately S$57.7 million) was arrived at by negotiations on a willing seller, willing buyer basis and is to be wholly satisfied in cash.

5. NTA / FINANCIAL EFFECTS

The Metro Holdings (Japan) Pte Ltd Group's net profit after tax for the year ended 31 March 2015, was about S$3.2 million of which S$2.2 million comprised a gain on fair value adjustments on investment property. As at 31 March 2015, the Property was carried in the balance sheet of ZTMK at its valuation of JPY4.79 billion (equivalent to approximately S$54.8 million).

The Divestment of the Property by ZTMK is expected to result in a gain on disposal of investment property estimated at S$4.0 million (net of charges) which will be recognized on completion of the SPA. Other than the foregoing, the Divestment, is not expected to have any significant impact on the consolidated net tangible asset per share and the consolidated earnings per share of the Metro Group for the year ending 31 March 2016.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Divestment other than through their shareholding interests (if any) in the Company.

By Order Of The Board

Tan Ching Chek and Lee Chin Yin
Joint Company Secretaries
13 July 2015