



METRO HOLDINGS LIMITED
(Company Registration No. 197301792W)

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- **METRO GROUP FORMS STRATEGIC PARTNERSHIP TO ESTABLISH STUDENT ACCOMMODATION FUND TO ACQUIRE PURPOSE-BUILT STUDENT ACCOMMODATION PROPERTIES IN THE UNITED KINGDOM**
 - **THE FUND MADE ITS FIRST SEED PROPERTY ACQUISITION**
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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 its wholly-owned subsidiary, Sun Capital Assets Pte. Ltd. (“**Sun Capital**”), together with its strategic partners namely Lee Kim Tah Holdings Limited (“**LKT**”) and Aurum Investments (Private) Limited (“**Aurum**”) (collectively, the “**Joint Venture Partners**”), have successfully established its student accommodation fund, Paideia Capital UK Trust (“**Trust**”), pursuant to a trust deed, with an initial aggregate committed capital of £60 million (approximately S\$108 million) (the “**First Closing**”). The Trust will acquire purpose-built student accommodation (“**PBSA**”) properties in the United Kingdom (“**UK**”), potentially yielding an asset portfolio size of £150 million (approximately S\$270 million).

The Joint Venture Partners have also incorporated Paideia Partners Pte. Ltd. (“**Paideia Partners**”) and Paideia Trustee Pte. Ltd. (“**Paideia Trustee**”). Sun Capital will own 33.33% each of Paideia Partners and Paideia Trustee, while the balance 66.67% of Paideia Partners and Paideia Trustee will be owned by LKT and Aurum. Aurum is a direct wholly-owned subsidiary of Woh Hup Holdings Pte Ltd (“**WH**”).

Paideia Partners is the fund manager to the Trust in Singapore while Paideia Trustee will act as trustee for the Trust. The Trust, acting through Paideia Trustee as the trustee, in turn incorporated Paideia Capital Pte. Ltd. (“**Paideia Capital**”), which will acquire PBSA properties in the UK via special purpose vehicles to be set up in the UK (the “**Investment**”).

Aristotle (RQ) Limited (“**Aristotle**”), a newly incorporated indirect subsidiary wholly-owned by the Trust (acting through Paideia Trustee as the trustee), has entered into a Sales and Purchase Agreement with an independent third party to acquire the whole of registered title in a student accommodation property known as Red Queen, Warwick (the “**Property**”), for a total purchase consideration of £21.5 million (approximately S\$38.7 million) (comprising the purchase consideration of the Property of £20.75 million and the related stamp duty and estimated fees and expenses of £0.75 million) (the “**Acquisition**”).

The Investment and the Acquisition are in the ordinary course of Metro Group’s property investment and development business.

2. INFORMATION ON THE TRUST, THE INVESTMENT AND THE PROPERTY

2.1 Establishment of the Trust

The student accommodation fund, Paideia Capital UK Trust, is a private trust established with the investment objective to invest in, administer and manage certain investments in PBSA properties in the UK, to achieve a stable flow of recurring income and capital growth.

The initial aggregate committed capital at First Closing comprises £60 million (approximately S\$108 million) with yielding a potential asset portfolio size of approximately £150 million (approximately S\$270) million.

The initial aggregate committed capital of £60 million (approximately S\$108 million) at First Closing comprises a committed capital of £18 million (approximately S\$32.4 million) by Sun Capital, and £18 million (approximately S\$32.4 million) each by LKT and Aurum and £6 million (approximately S\$10.8 million) by a third party (collectively, the **“Third Parties Investors”**).

Sun Capital has entered into a subscription agreement with Paideia Partners and Paideia Trustee (in its capacity as trustee of the Trust) to subscribe for up to 18,000 units in the Trust (**“Units”**) at £1,000 each for an agreed capital commitment of £18 million (approximately S\$32.4 million) (the **“Sun Capital Subscription”**). The Third Parties Investors have also each entered into subscription agreements with Paideia Partners and Paideia Trustee (in its capacity as trustee of the Trust) to subscribe for an aggregate of up to 42,000 Units of £1,000 each, amounting to an aggregate agreed capital commitment of £42 million (approximately S\$75.6 million) (the **“Third Parties Subscription”**).

The Trust, acting through Paideia Trustee as the trustee, will draw down on the Sun Capital Subscription and the Third Parties Subscription and issue Units to Sun Capital and the Third Parties Investors from time to time to fund the acquisition of the properties.

The amount of the Sun Capital Subscription is currently intended to be funded by internal cash sources and/or external borrowings.

2.2 Information on the Acquisition of the Property

The total purchase consideration is £21.5 million (approximately S\$38.7 million), comprising the purchase consideration of the Property of £20.75 million and the related stamp duty and estimated fees and expenses of £0.75 million. The purchase 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 Property.

The total purchase consideration will be funded by a combination of proceeds from subscription of Units and external borrowings.

2.3 Information on the Property

First Seed Asset – Red Queen, Warwick

Red Queen is situated 1 mile north of the main campus of the University of Warwick, which is ranked 10th in UK in the Times Good University Guide 2021, with approximately twenty-two thousand full-time students. The Property is well connected by both private and public transport, and several retailers, leisure facilities, bars, cafes and shops are within close vicinity.

The newly constructed Property was completed in September 2020, with approximately 210 en-suite beds over 5 floors and several communal spaces including a study area, gym, cinema

and lounge. It also has approximately 26 car parking spaces, secured bike storage and laundry facilities. Red Queen currently has a committed occupancy rate of approximately 90%.

2.4 Information on Strategic Partners/Third Parties Investors

Lee Kim Tah Holdings Limited

LKT built both its business and reputation upon sound foundations that date back to the 1920s. It has been a long-term partner of Metro in various projects including 5 Chancery Lane, London and two residential projects in Bekasi and Bintaro, Jakarta, Indonesia. They have been involved in a diverse range of sectors in the real estate industry including construction, development and investment. LKT has substantial investment holdings in the Asia Pacific region and their current portfolio spans the UK, as well as Australia, China, India and Indonesia.

Woh Hup Holdings Pte Ltd

WH was established in 1927 and is now one of Singapore's largest privately owned construction and civil engineering specialists with projects throughout Asia. WH has delivered large-scale projects such as Clifford Pier, MacDonald House, Golden Mile Complex, Great World City, Orchard Central, Gardens By The Bay and Jewel Changi Airport, buildings that helped fill in the city's landscape. Together with LKT, WH also has investments in development projects in the UK and construction projects in India.

2.5 Information on The Trust, Fund Manager, Trustee and Associated Companies

The student accommodation fund, the Paideia Capital UK Trust, is constituted as a private trust in Singapore:

Name of Trust	:	Paideia Capital UK Trust
Country of Constitution	:	Singapore
Aggregate Committed Capital (First Closing)	:	£60 million
Subscribers	:	30% - Sun Capital Assets Pte. Ltd. 30% - Lee Kim Tah Holdings Limited 30% - Aurum Investments (Private) Limited 10% - Third Party

Paideia Trustee Pte. Ltd., in its capacity as trustee of the Trust, has incorporated the following subsidiary:

Name of subsidiary	:	Paideia Capital Pte. Ltd.
Country of incorporation	:	Singapore
Issued and Fully Paid Up Capital	:	£3
Shareholder	:	Paideia Trustee Pte. Ltd.

Paideia Capital Pte. Ltd. has incorporated the following subsidiary:

Name of subsidiary	:	Aristotle (RQ) Limited
Country of incorporation	:	United Kingdom
Issued and Fully Paid Up Capital	:	£1
Shareholder	:	Paideia Capital Pte. Ltd.

Sun Capital Assets Pte. Ltd., a wholly-owned subsidiary of Metro, has incorporated the following associated companies:

Name of associated company	:	Paideia Partners Pte. Ltd. (Fund manager for the Trust)
Country of incorporation	:	Singapore
Issued and Fully Paid Up Capital	:	S\$3
Shareholders	:	33.33% - Sun Capital Assets Pte. Ltd. 33.33% - Lee Kim Tah Holdings Limited 33.34% - Aurum Investments (Private) Limited

Name of associated company	:	Paideia Trustee Pte. Ltd. (Trustee for the Trust)
Country of incorporation	:	Singapore
Issued and Fully Paid Up Capital	:	S\$3
Shareholders	:	33.33% - Sun Capital Assets Pte. Ltd. 33.33% - Lee Kim Tah Holdings Limited 33.34% - Aurum Investments (Private) Limited

3. RATIONALE FOR THE INVESTMENT

3.1 Deepen the Group Regional Footprint and Drives the Diversification of the Investment Portfolio

The Investment/the Fund will mark Metro's entry into PBSA sector together with the strategic partners as an overseas owner and fund manager of PBSA properties in the UK. The Fund will provide a platform to pursue growth opportunities in the PBSA sector across England, Scotland, Wales and Northern Ireland. The PBSA sector has a long-term advantage over commercial office and retail and is a resilient sector in terms of demand for quality higher education. Higher education enrolment has proven countercyclical as when job prospects are weaker, people are generally more inclined to upskill and hence enter higher education. With low correlation to traditional real estate asset classes, the PBSA asset class is ideal for portfolio diversification where it is less susceptible to economic volatility. The Investment will complement the existing markets which the Group has presence in, namely, China, Indonesia, Australia and Singapore.

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

The first seed asset – Red Queen is strategically located 1 mile north of University of Warwick's main campus, well connected by both private and public transport. There are approximately twenty-two thousand full-time students at University of Warwick and several retailers and leisure facilities, bars, cafes and shops are within close vicinity. Given the high committed occupancy rate of approximately 90%, the Property will generate stable and recurring income stream to the Group immediately.

The Trust will progressively invest and grow its PBSA portfolio by acquiring more quality assets over the next few years and the platform is expected to build up recurring income and capital growth for the Group.

3.3 First strategic collaboration and New Partnership

The Investment marks Metro's first strategic collaboration with LKT and WH together. Both LKT and WH are experienced partners with expertise in investment, development and asset management in the UK market. The Investment will serve as a first collaboration and strategic partnership with LKT, WH and Metro Group together.

With the set up of the jointly-owned fund manager, Paideia Partners to manage the portfolio, it will further enhance and align the joint-venture interests to maximise the returns of the portfolio via multiple asset management strategies and to grow the portfolio, with the potential to include new investors in the future, each of the partners can contribute its expertise and complement each other, particularly in the UK PBSA sector.

3.4 In line with Metro's Investment and Growth Strategy

The Investment represents an excellent proposition to further diversify our investments through the acquisition of suitable PBSA assets. It will position the Group favourably amidst the rising demand for PBSA in the UK. This will further enhance the quality, diversity and income profile of Metro's investment portfolio and at the same time to generate stable and recurring income stream to the Group immediately.

In 2014, Metro acquired a 25% effective interest in two predominant residential development land sites in Manchester, UK. In 2016, Metro acquired another 50% effective interest in an office development land site in Sheffield, UK. In 2018, Metro acquired a 50% effective interest in a freehold office property at 5 Chancery Lane, London.

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 deepen its footprint in the UK.

4. **CONSIDERATION**

The Metro Group's 30% equity commitment for the Property's gross purchase consideration of £21.5 million (approximately S\$38.7 million), is approximately £2.7 million (approximately S\$4.9 million) and will be funded from internal cash sources and external borrowings.

5. **NTA/FINANCIAL EFFECTS**

The above Investment 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**

None of the Directors or controlling shareholders of the Company (to the best of the knowledge 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
21 December 2020