



METRO HOLDINGS LIMITED
(Company Registration No. 197301792W)

**ACQUISITION OF A PRIME COMMERCIAL MALL IN A LANDMARK MIXED-USED
DEVELOPMENT IN CHENGDU CHINA BY WAY OF INVESTMENT IN A
PROPERTY FUND**

1. INTRODUCTION

The Board of Directors of Metro Holdings Limited ("**Metro**" or the "**Company**", together with its subsidiaries, the "**Metro Group**") is pleased to announce that Metro City (Beijing) Pte Ltd ("**Metro City**"), a wholly-owned subsidiary of Metro China Holdings Pte Ltd, has entered into a subscription agreement to subscribe 50% of the issued capital of Xiamen CICC Qihang Equity Investment Partnership (Limited Partnership) (厦门中金启航股权投资基金合伙企业(有限合伙)) ("**CICC Qihang Fund**") for an investment amount of RMB200 million (approximately S\$39.8 million) (the "**Investment**"). CICC Qihang Fund was set up by China International Capital Corporation Capital ("**CICC Capital**") which is the private equity arm of China International Capital Corporation ("**CICC**"). Metro China Holdings Pte Ltd is a wholly-owned subsidiary of the Company.

2. INFORMATION RELATING TO THE INVESTMENT

2.1 Information on CICC Qihang Fund

CICC Qihang Fund is incorporated in Xiamen, the People's Republic of China (the "**PRC**") with a fund size of approximately RMB400 million (approximately S\$79.6 million). The Fund will be managed by CICC Capital Management Co., Ltd., an affiliate of CICC Capital.

CICC Qihang Fund, together with Xiamen ARA Qihang Equity Investment Fund LLP, a fund managed by ARA Asset Management Limited ("**ARA**"), has formed Chengdu Qihang Jingrong Commercial Management Co., Ltd (成都启航晶融商业管理有限公司), a joint venture company ("**JV**") on a 50:50 basis. The JV has entered into a Sale and Purchase Agreement (the "**SPA**") with an independent third party, Tishman Speyer China Fund (Barbados) SRL (the "**Vendor**"), to acquire the prime commercial mall ("**The Mall**"), which is part of a landmark mixed-use development, **The Atrium** ("晶融汇") in Chengdu, PRC. Metro Group will hold an effective 25% stake in The Mall through CICC Qihang Fund. ARA will be responsible for the asset enhancement and property management of The Mall.

2.2 Information on the Property

The Atrium is a 123,170 square metres, mixed-use development comprising The Mall, a Class A office tower, luxury residences and premier serviced apartments. Both The Mall and office tower are LEED® Gold certified, a green building certification used worldwide. The Mall has a total gross floor area of 45,352 square metres with net leasable area of 26,078 square metres and 387 carpark lots.

The Atrium is strategically located in the heart of Chengdu's central business district and the Dacisi business corridor. It is also close to the Chunxi and the Hong Xing Road pedestrian malls, well connected by public transportation with Chunxi Road Station to the west, Dongmendaqiao Station to the southeast and over 20 bus lines via Dongmendaqiao and Shamaojie stops. The Atrium is surrounded by international hotels, upscale office buildings and modern shopping malls such as Chengdu International Finance Square ("IFS") and Taikoo Li Chengdu.

2.3 Information on China International Capital Corporation ("CICC") and CICC Capital

CICC is China's first Sino-foreign joint venture investment bank incorporated by China Construction Bank, Morgan Stanley, GIC Singapore and the Mingly Corporation in 1995 and was publically listed on HKSE in November 2015. Headquartered in Beijing, CICC has established branch companies in most major cities and over 200 securities branches in 28 provinces and municipalities across China.

CICC Capital, established in 2017, is CICC's 100% owned private equity vehicle with an aggregate asset under management of about RMB300 billion and is a leading private equity brand in China.

2.4 Information on ARA Asset Management Limited ("ARA")

ARA is a premier global integrated real assets fund manager. As at 31 December 2018, the Gross Assets Managed by ARA Group and its Associates is approximately S\$80.1 billion across over 100 cities in 23 countries.

Its multi-platform, multi-product global fund management strategy, combined with its dedicated teams with in-depth local knowledge enables the Group to offer enduring value to its investors. Built on a foundation of strong corporate governance and business integrity, ARA counts some of the world's largest pension funds, sovereign wealth funds, financial institutions, endowments and family offices as its investors.

3. RATIONALE FOR THE INVESTMENT

3.1 Exposure to High-Growth Western China

The Investment marks Metro's entry into Chengdu, an up-and-coming high growth city in China. Chengdu is the provincial capital of Sichuan Province with a population of about 16 million in 2018, increase by 11.8% over the previous year. In 2018, Chengdu's GDP grew 10.5% year-on-year to RMB1,534.2 billion, above the nation's GDP growth of 9.7%. Per capita urban disposable income reached RMB42,128, an increase of 8.2% over the previous year. The retail sale of consumer goods exceeded RMB680.2 billion, reflecting a 6.2% year-on-year growth¹. These positive indicators are expected to see further growth support, as Chengdu transforms into a major commercial centre in the Western China, with evolving retail scene and increased emphasis on driving consumerism.

¹ Source : Statistics on Chengdu are taken from the Chengdu Bureau of Statistics

3.2 Strategic Location in Prominent Chengdu

Chengdu has emerged as one of the most attractive new first tier cities for businesses in China which has experienced rapid development. It has also become a hub city involved in the Belt and Road Initiative, an initiative through which China seeks to improve trade and economic development in Asia and beyond. On the retail front, Chengdu is ranked as fashionable as Shanghai and retail malls in Chengdu are surpassed only by Shanghai and Beijing. Its retail market has become more mature and sophisticated and is home to several international brands and internet-celebrity brands.

Given The Mall's strategic location in Chengdu's most mature area, Chun Xi Road Business District, connectivity to nearby bustling shopping malls and public transportation network, it represents an excellent opportunity for Metro to invest in a landmark commercial mall in West China's most prime location.

3.3 In line with Metro's Investment and Growth Strategy

The Investment represents an excellent proposition to acquire a commercial mall within a landmark mixed-used development in a prime location with the potential to improve returns via multiple active asset management strategies such as tenant mix restructuring. It is the intention of the JV to leverage on one another's expertise and networks to transform The Mall into a 'one-stop' shopping venue of choice, and thus delivering value to the JV partners.

Currently Metro Group owns 60% of Metro City, a prime shopping mall strategically located at Xujiahui, Shanghai, PRC. Metro City is a retail mall positioned as a lifestyle entertainment centre with nine levels of space, spanning across a lettable area of approximately 40,000 square meters. The Group also owns a 31.5% effective interest in Shanghai Plaza, located in Huang Pu district in Shanghai, the PRC. Shanghai Plaza, is another landmark mixed-used commercial building in a prime location situated 500 metres from the Xintiandi Business District and 700 metres from People's Square.

Metro aims to broaden its revenue stream and sustain profitability through new property investments, asset enhancements and strategic alliances with established partners. In particular, the Investment will enable the Metro Group to expand its property interests in the PRC, which is one of its key markets.

4. CONSIDERATION

The Metro Group's total commitment for the Investment is RMB200 million (approximately S\$39.8 million) and was arrived at based on arm's length negotiations.

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

5. NTA/FINANCIAL EFFECTS

The 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 2020.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

To the best of our knowledge, 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 (if any) in the Company.

7. COMPLIANCE WITH RULE 704(17)(C) OF THE LISTING MANUAL

As the Investment will result in CICC Qihang Fund becoming a joint venture company of Metro, this announcement is made pursuant to and for the purposes of compliance to Rule 704(17)(c) of the Listing Manual.

BY ORDER OF THE BOARD

Tan Ching Chek and Eve Chan Bee Leng
Joint Company Secretaries

15 May 2019
Singapore