

METRO HOLDINGS LIMITED

(Company Registration No. 197301792W)

ACQUISITION OF A 50% EFFECTIVE INTEREST IN A OFFICE DEVELOPMENT LAND SITE IN SHEFFIELD, UNITED KINGDOM, IN THE ORDINARY COURSE OF BUSINESS

1. INTRODUCTION

The Board of Directors of Metro Holdings Limited ("Metro" or the "Company") wishes to announce that Sun Capital Assets Pte. Ltd. ("Sun Capital"), a direct wholly-owned subsidiary of the Company, has today entered into a Share Purchase Agreement (the "SPA") with Scarborough Holding Company Limited ("SHCL") and Scarborough Group International Limited ("SGI") to acquire a 50% equity interest in Scarborough DC Limited ("SDC") (the "Investment").

There was simultaneous exchange and completion of the SPA.

Immediately prior to completion of the SPA ("Completion"), SDC acquired a land plot in Sheffield, United Kingdom, zoned for office development (the "Development"). SHCL is an indirect wholly-owned subsidiary of SGI. SDC is incorporated in England and Wales.

2. INFORMATION RELATING TO THE INVESTMENT AND THE DEVELOPMENT

2.1 INFORMATION ON THE INVESTMENT

The Investment, comprising 50 ordinary shares of £1 each fully paid in SDC ("Shares") representing 50% of the issued share capital of SDC, was acquired by Sun Capital for £1 million (approximately S\$2.01 million). The shares were sold free from any encumbrances and together with all rights attaching or accruing to them as at the date of Completion.

Immediately following Completion, SHCL and Sun Capital entered into a Shareholders' Agreement in respect of their participation in SDC and to regulate their relationship *inter se* as its shareholders. The Shares were redesignated as 50 B ordinary shares of £1 each. The obligations of SHCL under the Shareholders' Agreement are guaranteed by SGI. The obligations of Sun Capital are guaranteed by Metro Holdings Limited.

In addition, Sun Capital has entered into an agreement with SDC to provide a loan of up to £18 million (approximately S\$36.3 million) to SDC. The total commitment for the Investment is therefore £19 million (approximately S\$38.3 million), and will be funded from internal resources as well as bank borrowings.

2.2 INFORMATION ON SGI

Founded in 1980, SGI is a UK based real estate developer and investor which has grown into a global player which today has real estate, retail, energy, consumer products and leisure interests in the UK, Central Europe, North America, Australia, India and China, including Hong Kong.

In August 2014, Metro made its first investment with the SGI Group acquiring a 25% stake in Middlewood Locks and Milliners Wharf The Hat Box, two predominantly residential developments in Manchester, United Kingdom.

2.3 INFORMATION ON THE DEVELOPMENT

The site has planning permission for the construction of two office buildings providing approximately 80,300 square feet and 50,900 square feet of net internal area respectively. Construction of the first office building providing approximately 80,300 square feet is expected to start within the next few months (in which case completion is expected in late 2017). SDC's intention is that the building will be developed for eventual sale.

3. RATIONALE FOR THE INVESTMENT

The Investment is in the ordinary course of the property investment and development business of the Company and its subsidiaries ("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 extend its property interests beyond the region and the PRC, the latter being a market in which the Metro Group has made, and expects to continue to make, significant investments.

4. CONSIDERATION/NTA

The purchase consideration for the 50% equity stake in SDC of £1 million was satisfied wholly in cash on Completion. The purchase consideration was arrived at based on arm's length negotiations, taking into account the unaudited pro-forma net tangible assets of SDC as at the date of Completion, adjusted for the fair value of the underlying property (based on a 100% holding), of £4.4 million (approximately S\$8.86 million).

5. FINANCIAL EFFECTS

The Investment is not expected to have any material effect on the consolidated net tangible assets per share or the consolidated earnings per share of the Metro Group for the current financial 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 proposed Investment 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 has today resulted in SDC becoming a joint venture 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 Lee Chin Yin
Joint Company Secretaries
11 February 2016