

NEWS RELEASE

SLB ACHIEVES NET PROFIT ATTRIBUTABLE TO OWNERS OF S\$10.8 MILLION IN FY2020

- **Net profit attributable to the owners of the Company mainly due to:**
 - **Higher gross profits from industrial developments, Mactaggart Foodlink and INSPACE**
 - **Gain on disposal of a subsidiary owning 50 Lorong 21 Geylang**
 - **Increase in development profits recognised from Riverfront Residences and Affinity @ Serangoon**
- **Fund management business gains traction:**
 - **Investments in UK residential fund**
 - **Entry into co-living space through associated company 32RE Group and Weave co-living**
- **Low net gearing of 0.16 time**

Singapore, 29 July 2020 – Diversified property developer, **SLB Development Ltd.** (“**SLB**”, 新聯明發展有限公司, and together with its subsidiaries, the “**Group**”), reported that the Group has achieved a strong performance, with a net profit attributable to the owners of the Company of S\$10.8 million for the financial year ended 31 May 2020 (“**FY2020**”), a turnaround from a net loss of S\$5.0 million from the financial year ended 31 May 2019 (“**FY2019**”).

Financial Highlights:

(S\$m)	FY2020	FY2019	Change (%)
Revenue	46.2	47.6	(3.1)
Gross profit	18.7	13.2	41.3
Profit/(Loss) before tax	11.9	(2.2)	n.m.
Profit/(Loss) after tax	9.9	(3.6)	n.m.
Profit/(Loss) attributable to Owners of the Parent	10.8	(5.0)	n.m.
Earnings per share Fully Diluted (Singapore cents)	1.18	(0.55)	n.m.

Resilience through diversification – Fund Management Gains Traction

On 16 June 2020, SLB exercised its option to subscribe to a 20% equity stake for £90,000 in Pinnacle Investment Management Limited (“**PIML**”), a fund management subsidiary of UK-based Pinnacle Investments (Holdings) Limited (“**Pinnacle Investments**”) and Pinnacle Group Limited, which aims to build a series of funds focused on the Private Rented Sector (“**PRS**”) across the UK.

The UK PRS is projected to reach £75.0 billion by 2025. It is expected that tenant demand will continue to exert upward pressure on rental values in the UK PRS from 2020 – 2024, with cumulative UK rental growth forecasted at 10% over the same period¹. Amidst the COVID-19 pandemic, the UK PRS has proven resilient, as research firm Savills predicted that there will likely be no significant impact on rental values in the short-term for the UK PRS².

¹ Source: Knight Frank, April 2020 – UK Residential Market Forecast 2020 – 2024

² Source: Savills, 26 March 2020 – Coronavirus and the UK Housing Market

In close succession, on 24 June 2020, SLB's associated company, 32 Real Estate Pte. Ltd. ("**32RE**") and together with its subsidiaries, the "**32RE Group**"), announced the entry into a subscription and shareholders agreement with Weave Co-Living ("**Weave**") to establish a S\$150 million equity joint venture ("**JV**") to acquire, develop, refurbish and operate co-living and rental accommodation assets in Singapore under Weave or its affiliated brands.

Commenting on these recent corporate developments, Mr Matthew Ong (王榮強), Executive Director and CEO of SLB, said: "We are pleased to have made smooth progress in both the UK and Singapore, with both the PRS and co-living market segments offering good growth potential."

"The diversification of our business into fund management is timely and is in line with our long-term strategy to create new and recurring income streams for sustained growth, which has taken on greater importance given the unpredictable macroeconomic environment. We anticipate that our fund management segment will contribute meaningfully to our business in about three to five years."

Financial Review

The Group reported S\$46.2 million revenue for FY2020, a 3.1% decrease from S\$47.6 million in FY2019. The slight decrease in revenue was mainly due to an absence of revenue contribution from T-Space @ Tampines in FY2020 as the project was substantially completed in June 2018 with revenue on sold units fully recognised in FY2019. This was offset by an increase in revenue recognised from Mactaggart Foodlink and INSPACE.

The Group's gross profit grew significantly by 41.3% to S\$18.7 million in FY2020 from S\$13.2 million in FY2019, mainly due to higher profits from the contributing projects such as Mactaggart Foodlink and INSPACE.

Other operating income increased by 148.0% from S\$2.3 million in FY2019 to S\$5.6 million in FY2020 mainly due to a S\$0.6 million gain on disposal of a subsidiary, Wellprime Pte Ltd that owns the development site at 50 Lorong 21 Geylang, and an increase in interest income from loans to associates of S\$1.6 million.

Share of losses of joint ventures and associates decreased by 65.4% from S\$7.3 million in FY2019 to S\$2.5 million in FY2020 mainly due to an increase in development profits from Riverfront Residences and Affinity @ Serangoon.

The Group's balance sheet strengthened with cash and cash equivalents of S\$39.4 million and a low net gearing of 0.16 time.

Overall, the Group registered a net profit attributable to owners of the Company of S\$10.8 million in FY2020 compared to a net loss of S\$5.0 million in FY2019.

Fully diluted earnings per share for FY2020 was 1.18 Singapore cents, compared to a loss per share of 0.55 Singapore cent a year ago. Net asset value per share rose to 17.33 Singapore cents as compared to 16.29 Singapore cents a year ago.

Outlook

According to forecasts published by the Ministry of Trade and Industry Singapore ("MTI") on 26 May 2020, MTI revised Singapore's GDP growth forecast for 2020 downwards to "-7.0 to -4.0 per cent"³. The downward adjustment to Singapore's GDP is largely due to the impact of the COVID-19 pandemic, which has adversely affected the global business economy. The Circuit Breaker implemented by the Singapore Government to curb the spread of virus has also dampened domestic economic activities.

³ Source: Ministry of Trade and Industry Singapore, 26 May 2020 – MTI Downgrades 2020 GDP Growth Forecast to "-7.0 to -4.0 per cent"

According to flash estimates from the Urban Redevelopment Authority, the private residential property index fell 1.1% in 2Q2020, compared to the 1.0% decrease in 1Q2020⁴. For the whole of 2020, property analysts expect private residential property prices to decrease by 3% to 8%.

The Group's project development progress was affected as construction operations have been halted due to the Covid-19 containment measures introduced by the Singapore Government. While SLB expects a possible delay in the completion of some of its development projects, the Group will continue to actively monitor the progress to ensure smooth development of its projects and focus on taking the necessary initiatives to moderate any financial impact arising thereon.

On the Group's outlook, Mr Ong commented: "The diversified nature of our asset portfolio across the industrial, residential and mixed-use sectors will allow us to effectively manage exposure to the fluctuations and disruption caused by the pandemic. This, coupled with our nimble approach and diversification into fund management, will allow us to adapt quickly to these fast-changing demands and emerge stronger than before."

Alongside its partners, the Group will continue to monitor the property market closely and take appropriate action when necessary. The Group is cautious when seeking opportunities to replenish its land bank and will continue to explore business opportunities in the region through acquisition, joint ventures and/or strategic alliances that will complement its property development business. It will also prudently seek suitable opportunities to diversify its income streams further for sustainable future growth.

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⁴ Source: Urban Redevelopment Authority, 1 July 2020 – [URA releases flash estimate of 2nd Quarter 2020 private residential property price index](#)

This news release is to be read in conjunction with the Company's related financial announcement released on the SGXNet on the same day.

ABOUT SLB DEVELOPMENT LTD.

SLB Development Ltd. is a diversified property developer with extensive experience and track record across the residential, mixed-use as well as industrial and commercial sectors, and property development projects ranging from small to large scale. The diversified nature of its quality portfolio allows effective management of exposure to the fluctuations in demand and/or changes in regulations for each type of property development.

In 2019, SLB established a fund management business in partnership with experienced industry veterans, which aims to actively pursue investment opportunities in real estate funds and various segments of the real estate value chain.

Led by an experienced management team, SLB has built strong networks of business relationships with other property developers and contractors, and has expanded its presence beyond Singapore to the PRC, UK and Australia.

For more information, please visit www.slbdevelopment.com.sg.

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This news release has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor").

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