

NEWS RELEASE

SLB REPORTS 1Q2019 REVENUE OF S\$23.0 MILLION ON PROGRESSIVE RECOGNITION FROM T-SPACE @ TAMPINES

- *T-Space @ Tampines achieves revenue of S\$220.7 million of which S\$23.0 million was recognised in 1Q2019 following adoption of new SFRS(I) 15 accounting standard*
- *Expected completion of acquisition for 24 New Industrial Road industrial property by end-2018*
- *Expected to launch pipeline jointly-held residential site, Lorong 24 Geylang, and wholly-owned industrial site, Lorong 21 Geylang, in early 2019*

Singapore, October 12, 2018 – Diversified property developer, **SLB Development Ltd.** (“**SLB**”, 新联明发展有限公司, and together with its subsidiaries, the “**Group**”), reported a revenue of S\$23.0 million for the first financial quarter ended August 31, 2018 (“**1Q2019**”).

Notably, the Group achieved a total revenue of S\$220.7 million in 1Q2019 from units sold under T-Space @ Tampines, of which S\$23.0 million was recognised during the quarter and S\$197.7 million was adjusted retrospectively to prior years due to the adoption of new SFRS reporting standards (“**SFRS(I) 15**”) ¹ in 1Q2019.

The net profit attributable to owners of the Company before the adoption of SFRS(I) 15 was S\$11.4 million for the quarter as compared to a net loss of S\$2.8 million reported in 1Q2019 after the adoption of the SFRS (I) 15. Nonetheless, the net assets of SLB increased to S\$165.3 million as at August 31, 2018 after recognising profits from T-Space @ Tampines as compared to the net assets reported before restatement of S\$139.9 million as at May 31, 2018.

¹ Singapore Financial Reporting Standards (International)

Financial Highlights

The Group's adoption of the new SFRS(I) 15 reporting standards is reflected in the restatement of its numbers for the corresponding financial quarter a year ago ("1Q2018").

(S\$m)	Before adoption of SFRS(I) 15		After adoption of SFRS(I) 15	
	1Q2019	1Q2018	1Q2019	1Q2018
Revenue	220.7	-	23.0	34.6
Gross Profit	40.3	-	5.5	6.2
Profit attributable to owners of the Company	11.4	1.3	(2.8)	3.6

Prior to June 1, 2018, SLB had recognised revenue from industrial development properties based on the Completion of Contracts method, i.e. upon obtaining TOP and handing over of units to the purchasers. With the adoption of the new accounting standards, revenue and cost of units sold for development properties are now recognised progressively according to the progress of construction works.

Mr Matthew Ong (王榮強), Executive Director and CEO of SLB, said, "Notwithstanding the impact of the change in accounting treatment reflected this quarter, with this change, we'll now recognise residential and industrial development projects progressively moving forward."

"Apart from T-Space @ Tampines, we also look forward to the progressive recognition of revenue from units sold at Mactaggart Foodlink from 3Q2019 with the commencement of construction expected by late 2018, alongside the recognition of our share of results from Affinity @ Serangoon and Riverfront Residences as these projects progress."

Total revenue achieved from units sold under T-Space @ Tampines was S\$220.7 million as at 31 August 2018. Based on the Completion of Contracts method of revenue recognition prior to the adoption of SFRS(I) 15, SLB would have recognised revenue of S\$220.7 million in 1Q2019 and net profit attributable to owners of the Company of S\$11.4 million.

Due to the adoption of SFRS(I) 15, SLB is now required to recognise the revenue over time, in line with progress of construction works, with the changes applied retrospectively to each reporting periods/years presented. As a result of the change, SLB reported a revenue of S\$23.0 million in 1Q2019, a 33.6% decrease from 1Q2018's restated revenue of S\$34.6 million.

Share of results of joint ventures and associates recorded a loss of S\$2.5 million this quarter compared to a profit of S\$1.3 million recognised in 1Q2018 due to a decrease in share of profits recognised in 1Q2018 on completion of Spottiswoode Suites, coupled with marketing and showflat costs incurred for the launch of Affinity @ Serangoon and Riverfront Residences that have yet to contribute revenue.

Correspondingly, SLB recorded a net loss attributable to owners of the Company of S\$2.8 million in 1Q2019 compared to 1Q2018's net profit attributable to owners of the Company of S\$3.6 million. Without the effect of the adoption of SFRS(I) 15, SLB would have reported a net profit of S\$11.4 million attributable to owners of the Company this quarter, compared to S\$1.3 million a year ago.

The Group's balance sheet remains healthy with cash and cash equivalents of S\$56.8 million.

Impacted by the change in accounting standards, the Group reported a loss per share of 0.31 Singapore cent in 1Q2019 compared to the restated earnings per share of 0.54 Singapore cent in 1Q2018. Similarly, net asset value per share was 16.67 Singapore cents as at August 31, 2018 compared to the restated 17.03 Singapore cents as at May 31, 2018.

Diversified Portfolio for Resilience

On the Group's outlook, Mr Ong commented, "While the operating environment remains challenging, we are optimistic that our diversified portfolio will allow us to remain resilient and adaptable through such cyclicalities. Working closely with our partners, we'll continue to push sales for our launched industrial and residential projects, as we monitor the market closely to execute our pipeline projects at the right time."

In the pipeline, SLB's wholly-owned industrial development project, Lorong 21 Geylang, is planned for launch early next year, while the joint acquisition of freehold development property at 24 New Industrial Road is expected to complete by end-2018.

SLB has carved a niche for specialised industrial facilities such as Mandai Foodlink and Mactaggart Foodlink, both of which have resonated well with the market. Recognising opportunities in the resilient industrial sector, the Group will continue to work closely with its partners to push sales for its ongoing projects and monitor the market closely to launch its pipeline projects at an appropriate time.

On the residential sector, 3Q2018 flash estimates from the Urban Redevelopment Authority showed a 0.5% growth in the private residential property index, compared to the 3.4% rise in the preceding quarter². This marked the fifth consecutive quarterly rise in the index. The authorities had also on July 5, 2018 tightened additional buyer's stamp duty rates and loan-to-value limits on residential property purchases³.

² *Urban Redevelopment Authority, October 1, 2018 – URA releases flash estimate of 2nd Quarter 2018 private residential price index*

³ *Monetary Authority of Singapore, July 5, 2018 – Raising Additional Buyer's Stamp Duty rates and tightening loan-to-value limits to promote a stable and sustainable property market*

While Affinity @ Serangoon and Riverfront Residences have launched the first phase of units for sale in June and July 2018, respectively, SLB plans to launch its 42%-owned pipeline residential development project, Lorong 24 Geylang, early next year.

“We’ve worked with our strategic partners for a long time now, navigating numerous downcycles and market volatility in the past to achieve successful results for projects in our established track record through smart positioning and differentiation of our projects as well as prudent site acquisition. We’ll continue to draw on our deep market knowledge and experience to do the same with our ongoing and pipeline projects moving forward,” added Mr Ong.

SLB intends to explore suitable opportunities to undertake wholly-owned property development projects, and possibly venture into hospitality developments. In line with its strategy for a balanced and well-diversified portfolio, the Group will also explore development opportunities overseas.

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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.

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.

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

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