

NEWS RELEASE

SLB REPORTS 55% INCREASE IN 2Q2020 REVENUE TO S\$12.1 MILLION; ENTERS INTO JOINT VENTURE TO ESTABLISH FUND MANAGEMENT COMPANY

- ***Joint venture entered with investment holding company 32 Holdings Pte. Ltd. to establish a fund management company, 32 Real Estate Pte. Ltd***
 - ***To invest in real estate assets and actively pursue investment opportunities in real estate funds***
- ***84.4% rise in gross profits to S\$5.0m for 2Q2020 attributed to increased revenue contribution from Mactaggart Foodlink***

Singapore, 13 January 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 a net profit attributable to the owners of the Company of S\$3.6 million on the back of a significant 55.5% growth in revenue to S\$12.1 million for the second financial quarter ended 30 November 2019 (“**2Q2020**”).

Following shareholders’ approval received at an extraordinary general meeting held on 26 September 2019 to diversify its business into fund management, the Group, through its wholly-owned subsidiary, SLBF Pte. Ltd., has entered into a subscription and shareholders’ agreement dated 12 December 2019 with 32 Holdings Pte. Ltd and Mr. Jeremy Choy Chun Min, to establish a fund management company, 32 Real Estate Pte. Ltd.

Helmed by industry veterans, 32 Real Estate Pte. Ltd., the joint venture company, will actively pursue investment opportunities in real estate funds and various segments of the real estate value chain including land acquisition, planning and design, construction and investment into technologically innovative products or new business models for the real estate markets.

This development follows closely after SLB's recent, maiden investment in a UK residential fund focused on the growing Private Rented Sector – the Pinnacle Residential Fund – in October 2019. This fund is managed by Pinnacle Investment Management Limited, a fund management subsidiary of UK-based Pinnacle Group Limited.

Commenting on these recent corporate developments, Mr Matthew Ong (王榮強), Executive Director and CEO of SLB, said, “As part of our continued efforts to diversify our income streams, the establishment of a fund management business will help to drive long-term, sustainable value for the Group and create new business opportunities. We will continue to tap on opportunities by focusing on property segments with good growth potential, and by expanding our network of prospective clients and potential partners.”

Financial Highlights

The Group achieved a 55.5% growth in revenue to S\$12.1 million for 2Q2020, from S\$7.8 million in the corresponding period ended 30 November 2018 (“**2Q2019**”). The growth in revenue was attributed to an increase in revenue contribution from Mactaggart Foodlink, which more than offset an absence of revenue from T-Space @ Tampines in 2Q2020, due to the development's substantial completion in June 2018.

The Group's gross profit rose significantly by 84.4% to S\$5.0 million in 2Q2020, from S\$2.7 million in 2Q2019, due to higher revenue from Mactaggart Foodlink in 2Q2020.

Other operating income increased 180.3% to S\$1.9 million in 2Q2020, from S\$0.7 million in 2Q2019, mainly due to interest income from loans to associates and gain on disposal of a subsidiary that owns the development at 50 Lorong 21 Geylang. Share of losses of joint ventures and associates, on the other hand, decreased by S\$1.5 million from S\$1.8 million in 2Q2019 to S\$0.3 million in 2Q2020 mainly due to an increase in development profits recognised from Riverfront Residences and Affinity @ Serangoon as the projects progress.

Overall, the Group registered a net profit attributable to owners of the Company of S\$3.6 million in 2Q2020, a turnaround from a net loss of S\$0.7 million in 2Q2019.

The Group's balance sheet remains healthy with cash and cash equivalents of S\$46.6 million, and a low net gearing of 0.35 time.

Fully diluted earnings per share for 2Q2020 was 0.40 Singapore cents compared to a loss per share of 0.08 Singapore cents a year ago. Net asset value per share rose to 16.75 Singapore cents as at 30 November 2019 compared to 16.29 Singapore cents as at 31 May 2019.

Outlook

According to forecasts by the Ministry of Trade and Industry (MTI), Singapore's GDP is expected to grow between "0.5 – 2.5%" in 2020¹, compared to flash estimates of 0.7% in 2019.²

¹ Ministry of Trade and Industry, 21 November 2019 – MTI Forecasts GDP to Grow by "0.5 – 1.0 Per Cent" in 2019 and "0.5 to 2.5 Per Cent" in 2020

² Ministry of Trade and Industry, 2 January 2020 – Singapore's GDP Grew by 0.8 Per Cent in the Fourth Quarter in 2019

Furthermore, the Urban Redevelopment Authority announced the first half 2020 Government Land Sales Programme on 3 December 2019, which comprised three Confirmed List sites and eight Reserve List sites, yielding about 6,490 private residential units, 114,000 sqm gross floor area of commercial space and 1,070 hotel rooms.

The Group's property development projects launched in FY2019 were well-received by the market, namely Mactaggart Foodlink, INSPACE, Riverfront Residences, Affinity @ Serangoon and Rezi 24, and have been recording incremental sales. Meanwhile, the disposal of the Group's wholly-owned subsidiary, Wellprime Pte. Ltd., that owns the development site at 50 Lorong 21 Geylang, for S\$13.5 million, has contributed positively to the Group's performance in 2Q2020.

On the Group's outlook, Mr Ong commented: "Our nimble and broad-based approach has proven to be a winning strategy that helped us successfully navigate the challenging macroeconomic environment of 2019. In 2020, we aim to build up our growth momentum and prudently seek suitable opportunities to further diversify our income streams for sustainable future growth."

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.

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

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