SLB Development Ltd.
新聯明發展有限公司
(Incorporated in the Republic of Singapore on 17 October 2017)
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NEWS RELEASE

SLB ACHIEVES 23.5% GROWTH IN NET PROFIT ATTRIBUTABLE TO OWNERS OF S$13.4 MILLION IN FY2021

- ***Higher net profit attributable to the owners of the Company mainly due to:***
  - ***Strong take up of units in the Group's development projects***
  - ***Higher development profits recognised from Affinity @ Serangoon, Rezi24 and Riverfront Residences***
  - ***Short-term recurring rental income contributions from newly acquired development property, Thye Hong Centre, while waiting for the right time to re-develop***
- ***Fund management business gains traction:***
  - ***Jointly acquired the RMIT Bourke Street Centre, a strategically located and fully leased premier commercial property in the CBD of Melbourne***
- ***Declares final dividend of 0.1 Singapore cents a share***

***Singapore, 29 July 2021* –** Diversified property developer, **SLB Development Ltd.** ("**SLB**", 新联明发展有限公司, and together with its subsidiaries, the "**Group**"), reported that the Group has achieved a strong performance despite COVID-19 headwinds, with a 23.5% increase in net profit attributable to the owners of the Company to S$13.4 million for the financial year ended 31 May 2021 ("**FY2021**"), up from S$10.8 million for the financial year ended 31 May 2020 ("**FY2020**").

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Financial Highlights:

(S$'m)	FY2021	FY2020	Change (%)
Revenue	42.4	46.2	(8.2)
Profit before tax	14.3	11.9	19.9
Profit after tax	11.8	9.9	19.1
Profit attributable to Owners of the Parent	13.4	10.8	23.5
Earnings per share Fully Diluted (Singapore cents)	1.46	1.18	23.7

Building up Recurring Income Streams

During the year under review, the Group invested in the Australian property market by acquiring the RMIT Bourke Street Centre via a joint venture with independent property investment company, Futuro Trust and Hong Kong's Baring Private Equity Asia (BPEA). This entire acquisition, priced at A$133 million, was completed on 22 April 2021. With an effective interest of 5% stake, this acquisition will be providing recurring asset management fee to the Group.

In December 2020, the Group also completed the acquisition of Thye Hong Centre at 2 Leng Kee Road at a purchase price of S$112.5 million.

The Group has seen a strong take-up of the units in Affinity @ Serangoon, Rezi 24 and Riverfront Residences, of which all three projects are almost fully sold.

Commenting on these recent corporate developments, Mr Matthew Ong (王荣强), Executive Director and CEO of SLB, said: "We are humbled to be able to achieve a consistent set of performance for our shareholders, notwithstanding current headwinds brought on by the global pandemic.

"The diversified nature of our asset portfolio across the industrial, residential and mixed-use sectors; as well as a broadened geographical reach through our fund management business, has weathered us better during the year. Additionally, together with our strategic partners, we have made good progress and have seen a pick-up in sales momentum for three joint venture residential developments in Singapore.

"In fund management, extending beyond our UK investment, we are pleased to have invested in the Australian market, one in which we already enjoy a good network and have strong familiarity with.

"Together with our recent acquisition of Thye Hong Centre and the ongoing enhancement works to the ground floor, we are looking at enhancing the short-term income for the asset. This is in line with our long-term goal of creating new and recurring income streams for sustained growth in the short-term while waiting for the right market condition to re-develop the building, which continues to feature prominently in our strategy given the challenging global environment.

"We will continue to source for opportunities to undertake property development projects prudently, acquire equity stakes in funds that offer healthy rates of return and support our drive in diversifying the Group's geographical footprint and income streams."

Financial Review

The Group reported S$42.4 million revenue for FY2021, a decrease of 8.2% as compared to S$46.2 million registered in FY2020. The decrease in revenue was mainly due to a decline in revenue recognised from Mactaggart Foodlink; offset by an increase in revenue recognised from INSPACE and sale of the remaining unit from T-Space.

The Group's gross profit decreased by S$7.9 million or 42.1% from S$18.7 million in FY2020 to S$10.8 million in FY2021 mainly due to lower profits from the contributing projects because of the COVID-19 pandemic.

Other operating income increased by S$0.5 million or 9.1% from S$5.6 million in FY2020 to S$6.1 million in FY2021 mainly due to rental income of S$1.8 million from our newly acquired development property, Thye Hong Centre; offset by the absence of S$0.6 million gain on disposal of a subsidiary and the absence of forfeiture income of S$0.6 million.

Share of results of joint ventures and associates achieved a turnaround, increasing by S$9.4 million from share of losses of S$2.5 million in FY2020 to share of profits of S$6.9 million in FY2021. The increase in share of results of joint ventures and associates was mainly due to increases in development profits recognised from Affinity @ Serangoon, Riverfront Residences and Rezi24 as additional units were sold and the respective projects' construction progressed.

The Group's balance sheet remained healthy, with cash and cash equivalents growing to S$40.2 million in FY2021 from S$39.4 million in FY2020, with a net gearing of 0.68 time, which will enable SLB to gear up and react swiftly to opportunities in the market.

Overall, the Group registered a net profit attributable to owners of the Company of S$13.4 million in FY2021. This marks a 23.5% increase as compared to S$10.8 million in FY2020.

Fully diluted earnings per share for FY2021 was 1.46 Singapore cents, marking an increase from earnings per share of 1.18 Singapore cents in FY2020. Net asset value per share rose to 18.86 Singapore cents as compared to 17.33 Singapore cents a year ago.

Proposed Dividend

To reward its shareholders for their continuous support, the Board has proposed a final cash dividend of 0.1 Singapore cents per share.

Outlook

Singapore's economy registered its best growth on a year-on-year basis in 2Q2021, marking a rebound from last year's coronavirus-induced slump. On 14 July 2021, the Ministry of Trade and Industry (MTI) announced that the Singapore economy expanded by 14.3 per cent year-on-year.

However, on a quarter-on-quarter seasonally-adjusted basis, the Singapore economy contracted by 2.0 per cent in 2Q2021, after the implementation of Phase 2 (Heightened Alert) safe distancing measures which led to a reduction in economic activities.

According to real estate statistics released by the Urban Redevelopment Authority ("URA"), the private residential property index increased by 3.3 per cent in 1Q2021, compared to the 2.1 per cent increase in 4Q2020. In 1Q2021, developers launched 3,716 uncompleted private residential units for sale, compared with the 3,147 units in 4Q2020. Sales figures in 1Q2021 showed that developers had sold 3,493 private residential units, compared to 2,603 units sold in 4Q2020.

Despite the ongoing recovery and gradual resumption of construction work, progress of the Group's property developments continues to be affected by manpower constraints due to tighter border controls that have hampered the supply of foreign workers. The Group remains cognisant that this may delay the completion for some of our development projects and will continue to actively monitor the progress to ensure the smooth development and completion of our projects and focus on taking the necessary initiatives to moderate any financial impact arising thereon.

The Group will continue to monitor the property market closely alongside its partners and take appropriate actions when necessary. The Group will remain 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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This news release is to be read in conjunction with the Company's related financial announcement released on the SGXNet on the same day.

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ABOUT SLB DEVELOPMENT LTD.

SLB Development Ltd. is a diversified property developer with extensive experience and track record across the different asset classes. The diversified nature of its quality portfolio allows effective management of exposure to the fluctuations in demand and/or changes in regulations for each asset classes.

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 partners, 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").

*This news release has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this news release, including the correctness of any of the statements or opinions made, or reports contained in this news release.*

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