

NEWS RELEASE

SLB REPORTS 1Q2020 PROFIT OF S\$1.9 MILLION; NEW FUND MANAGEMENT BUSINESS MAKES MAIDEN INVESTMENT IN UK FUND

- ***£2.0 million investment in UK residential fund focusing on the growing Private Rented Sector***
- ***50 Lorong 21 Geylang site sold for S\$13.5 million; expected to be recognised in 2Q2020***
- ***Healthy balance sheet with S\$51.8 million of cash and cash equivalents and low net gearing of 0.2 times***

Singapore, 14 October 2019 – Diversified property developer, **SLB Development Ltd.** (“**SLB**”, 新聯明發展有限公司, and together with its subsidiaries, the “**Group**”), reported net profit attributable to the owners of the Company of S\$1.9 million on the back of S\$7.7 million in revenue for the first financial quarter ended 31 August 2019 (“**1Q2020**”).

Following shareholders’ approval at an extraordinary general meeting held on 26 September 2019 to diversify its business into fund management, the Group made its first investment into a UK residential fund, Pinnacle Residential Fund (the “**Fund**”), managed by Pinnacle Investment Management Limited (“**PIML**”), a fund management subsidiary of UK-based Pinnacle Group Limited.

Mr Matthew Ong (王榮強), Executive Director and CEO of SLB, said, “While we continue to seek growth for our core property development business – which has been executing ongoing projects that have been selling well – we recognise the need to diversify our income streams. The fund management business is expected to facilitate our business development goals by enhancing our network of contacts and providing access to new groups of prospective clients and potential partners.”

“We would like to extend our appreciation to our shareholders who have approved the mandate for us to expand into fund management, which will create new and recurring income streams for long-term growth, and provide us with an ease of access to funding that will allow us to act swiftly when the right opportunities arise – especially for overseas ventures.”

Financial Highlights

SLB reported S\$7.7 million in revenue for 1Q2020, a 68.1% decrease from the corresponding period a year ago (“1Q2019”). Despite revenue contributed by Mactaggart Foodlink this quarter, the decrease was mainly due to an absence of revenue contribution from T-Space @ Tampines that had achieved completion in June 2018.

Other operating income rose by S\$1.4 million to S\$1.6 million in 1Q2020 mainly due to interest income from loans to associates. Share of losses of joint ventures and associates, on the other hand, declined to S\$0.3 million in 1Q2020 from S\$4.1 million in 1Q2019 mainly due to marketing and show flat costs incurred for Affinity @ Serangoon and Riverfront Residences launched in 1Q2019 that have yet to contribute revenue, as well as the effect of expensing borrowing costs for both projects as the units were ready for their intended sale.

Overall, the Group reported net profit attributable to shareholders of S\$1.9 million in 1Q2020 compared to a net loss of S\$4.1 million in 1Q2019.

The Group’s balance sheet remains healthy with cash and cash equivalents of S\$51.8 million, and a low net gearing of 0.2 times.

Fully diluted earnings per share for 1Q2020 was 0.20 Singapore cent compared to a loss per share of 0.45 Singapore cent a year ago. Net asset value per share rose to 16.46 Singapore cents as at 31 August 2019 compared to 16.29 Singapore cents as at 31 May 2019.

Evolving for Sustainable Growth

Through its subsidiary, SLB Starcap Pte Ltd, the Group has invested £2.0 million into the Fund that will focus on the Private Rented Sector (“**PRS**”) across the UK. SLB also has until 31 December 2019 to execute an option to subscribe for a 20% equity stake in PIML, which will be building a series of funds in “Living Sectors” – properties that provide people with homes of different types and tenures for various needs and stages of life – supported by key macro-economic, demographic and political themes and data analytics.

The UK PRS is projected to reach £75 billion by 2025. An additional 560,000 households are expected to be living in the PRS by 2023, raising the proportion of private rentals within the housing market to 22% from 20.6% today as home ownership rates continue to decline due to affordability constraints¹.

“We expect the housing market and investment demand in the UK to remain resilient in the long-term despite Brexit uncertainties now. The UK PRS is backed by strong fundamentals underpinned by demographic growth and favourable supply-demand dynamics. The relatively low pound and near-term weakness in UK housing prices now presents a good entry point for us to enter the market, as we anticipate a recovery that we could potentially capitalise on,” said Mr Ong.

¹ Source: Knight Frank, 6 February 2019 – [Multihousing 2019, PRS Research](#)

Focused Execution for Core Property Development Business

3Q2019 flash estimates from the Urban Redevelopment Authority showed a 0.9% growth in the private residential property index in Singapore, a second consecutive quarterly increase from the 1.5% rise in the previous quarter².

The Group's residential projects – Riverfront Residences and Affinity @ Serangoon – are progressing well and seeing steady sales, while Rezi 24 @ Geylang that was launched in March 2019 is well-positioned to benefit from its city-fringe location and accessibility to popular eateries in the Geylang vicinity.

Building upon its momentum from the successful T-Space @ Tampines that had received strong reception from its unique lifestyle amenities, the Group had launched the freehold INSPACE development in March 2019 that also offers communal lifestyle facilities to encourage work-life balance.

On 25 September 2019, the Group has disposed of its 50 Lorong 21 Geylang site for S\$13.5 million. The disposal is expected to contribute positively to the Group's performance in 2Q2020.

“An opportunity arose for us to dispose of the site, allowing us to recycle capital fairly quickly. This also demonstrates our ability to remain nimble as we continuously evaluate our options and efficacy of our business model to drive value to shareholders,” commented Mr Ong.

² *Urban Redevelopment Authority, 1 October 2019 – URA releases flash estimate of 3rd Quarter 2019 private residential price index*

The Group will continue to push sales for its launched projects and work closely with its partners to launch its Gaobeidian township project in the PRC at an appropriate time. SLB will also continue to prudently explore opportunities to diversify further into other real estate sectors to mitigate cyclical risks.

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This news release is to be read in conjunction with the Company's financial results 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**").*

*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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