



**First Sponsor Group Limited
Investor Presentation
26 October 2018**

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Section 1

Key Message

Key Message

1. The Group achieved a net profit of S\$25.6 million in 3Q2018, a 16.1% quarter on quarter growth.
2. The Group's PRC property financing loan book continued to grow by more than 20% to approximately RMB2.0 billion as at 30 September 2018. In relation to the Case 2 defaulted loans, a further RMB49.4 million in auction proceeds have been collected with a remaining RMB1.7 million pending disbursement by the court from the surplus auction proceeds. Hence, the Group has successfully resolved the Case 2 defaulted loans of RMB470.0 million and received RMB216.1 million in associated default interest.
3. The Star of East River project in Dongguan continued to perform well with a good sales response to the launch of the SOHO units in late September 2018. Discussions with various potential tenants for the lease of the retail mall component, which is slated to commence business operations in late 2019, look promising. With regard to the new development land in Nancheng District of Dongguan secured in 2Q2018, the consortium has commenced construction work on the primarily residential project with a saleable GFA of approximately 146,700 sqm.

Key Message

4. In October 2018, the Group's indirect 31.4%-owned associated company, Queens Bilderberg (Nederland) B.V., entered into a conditional sale and purchase agreement ("SPA") to sell four hotels as well as their inventory and stocks for a total consideration of €16.7 million. These four hotels are located outside of the Randstad region in the Netherlands. The sale price represents a premium of more than 140% over their allocated cost. The sale is expected to be completed by early January 2019.
5. Going forward, the Group may further tap into the debt and equity capital markets to fund its disciplined quest for investment opportunities in the Netherlands, Germany, PRC and other regions.

Section 2 **Financial Highlights**

2.1 Statement of Profit or Loss - Highlights

Statement of Profit or Loss - Highlights

In S\$'000	3Q2018	3Q2017	Change %	YTD Sep 2018	YTD Sep 2017	Change %
Revenue	53,493	64,822	(17.5%)	145,409	204,113	(28.8%)
Gross profit	32,974	29,026	13.6%	91,508	77,834	17.6%
Profit before tax	33,362	27,914	19.5%	70,918	61,536	15.2%
Attributable profit ⁽¹⁾	25,575	22,020	16.1%	54,770	45,623	20.0%
Basic EPS (cents) ⁽²⁾	3.69	3.39	8.8%	7.99	7.03	13.7%
Diluted EPS (cents) ⁽²⁾	3.21	3.39	(5.3%)	7.42	7.03	5.5%
Interest cover ⁽³⁾	70.6x	n.m ⁽⁴⁾	n.a.	n.m ⁽⁴⁾	1,275.9x	n.a.

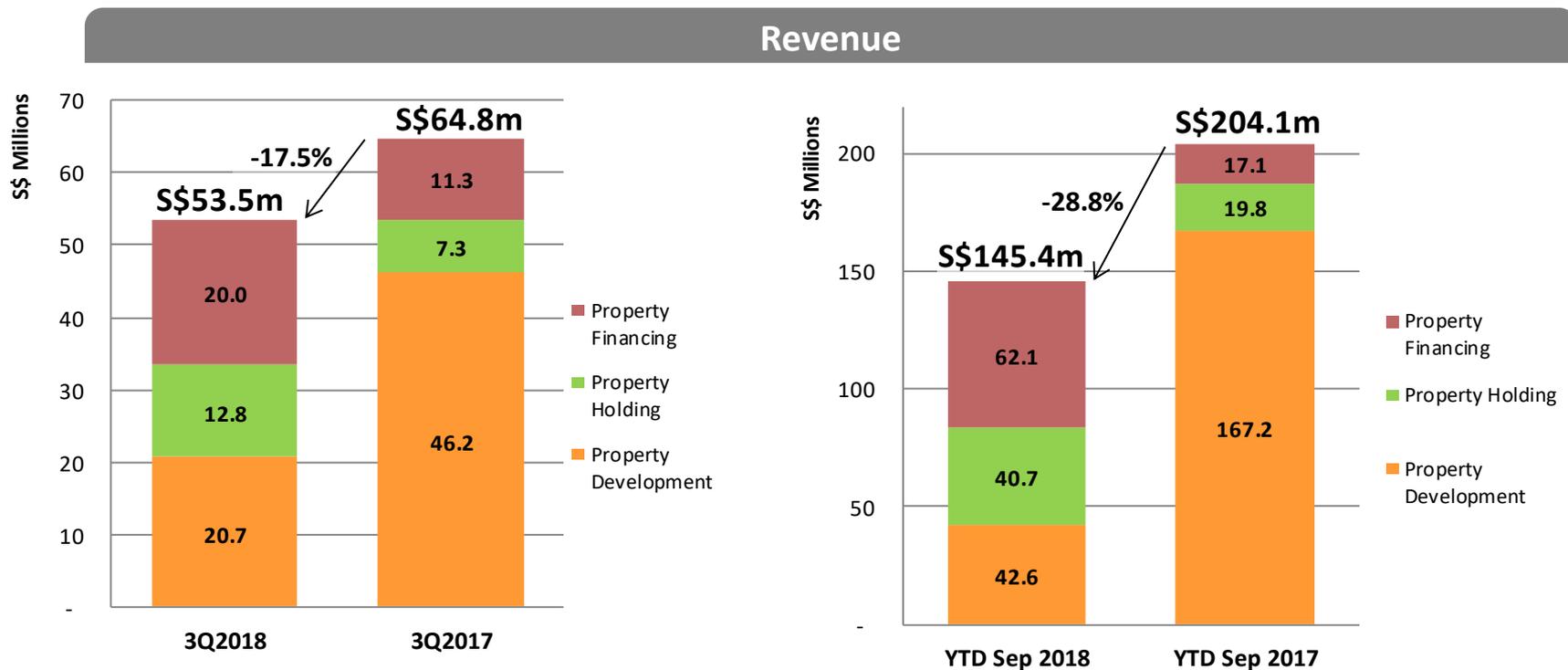
(1) "Attributable profit" refers to profit attributable to equity holders of the Company.

(2) The prior period comparatives have been restated for the effect of the bonus shares issued in April 2018.

(3) Interest cover = PBT (excluding accounting interest due to or from financial institutions) ÷ net accounting interest expense due to or from financial institutions.

(4) The Group has net interest income from financial institutions.

2.2 Statement of Profit or Loss – Revenue



Property Development

The decrease was due mainly to lower number of residential units handed over for the Millennium Waterfront project (3Q2018: 83 units vs 3Q2017: 354 units).

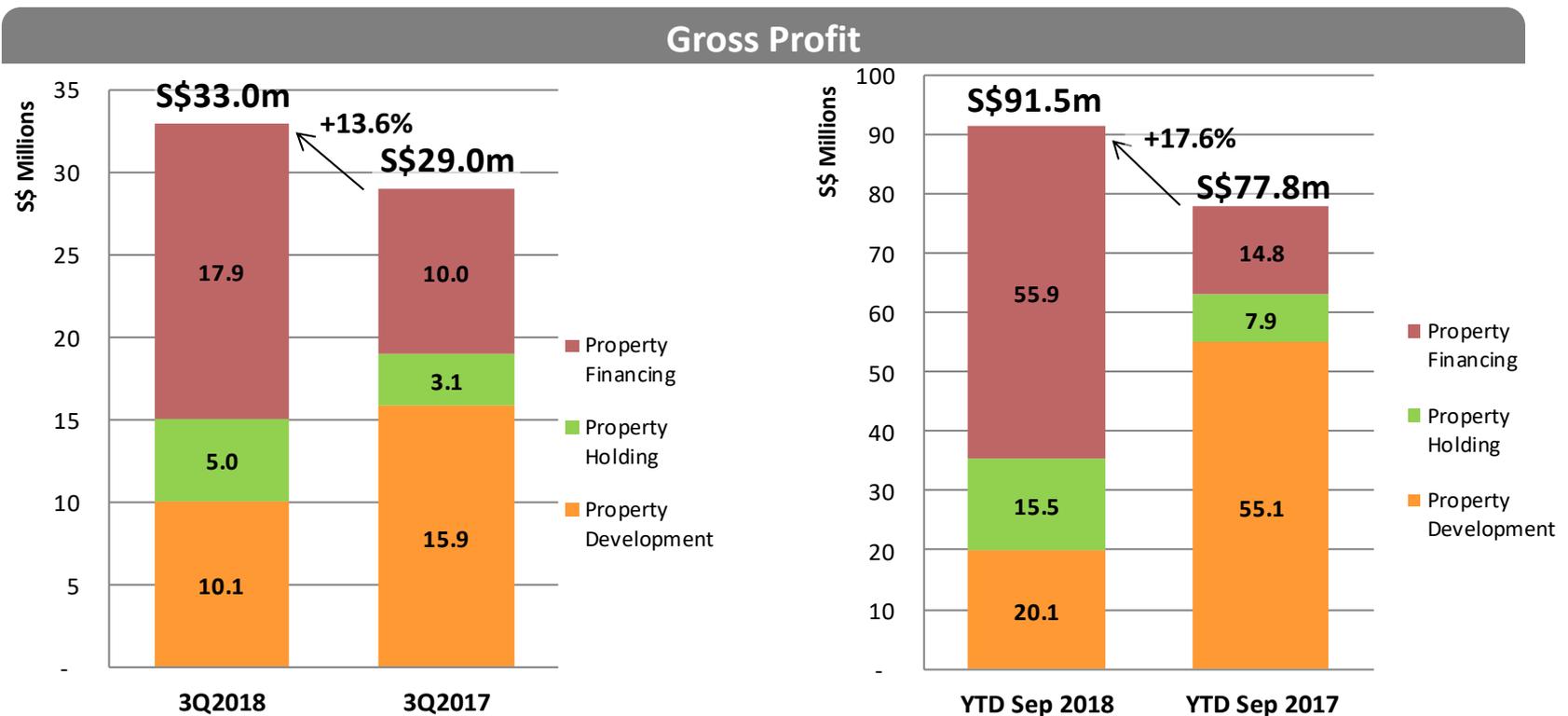
Property Holding

The increase in 3Q2018 was due largely to full quarter revenue contribution from the Hilton Rotterdam hotel which was leased by the Group with effect from 1 February 2018 and higher revenue contributions from the Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring hotels.

Property Financing

The increase in 3Q2018 was due to a larger loan portfolio partially offset by the absence of one off penalty interest income of S\$4.3m which was recognised in 3Q2017.

2.3 Statement of Profit or Loss – Gross Profit



Property Development

The decrease in gross profit of S\$5.8m in 3Q2018 was due to lower number of residential units handed over for the Millennium Waterfront project (3Q2018: 83 units vs 3Q2017: 354 units).

Property Holding

The increase was due mainly to the full quarter income contribution from the Hilton Rotterdam hotel which was leased by the Group with effect from 1 February 2018 and higher gross profit contributions from the Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring hotels.

Property Financing

The increase in 3Q2018 was due to a larger loan portfolio partially offset by the absence of one off penalty interest income of S\$4.3m which was recognised in 3Q2017.

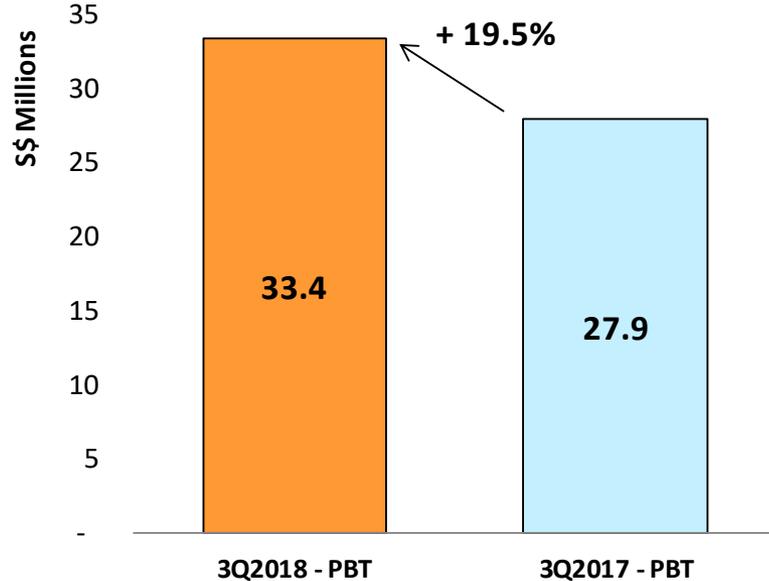
2.4 European Property Portfolio Performance

In S\$'000	3Q2018	3Q2017	Change %	YTD Sep 2018	YTD Sep 2017	Change %
Dutch office income	4,692	5,376	(12.7%)⁽³⁾	15,546	16,179	(3.9%)
European hotel income	11,640	7,812	49.0%	28,856	10,874	165.4%
- Operating hotels ⁽¹⁾	8,695	6,247	39.2% ⁽⁴⁾	20,067	6,247	221.2% ⁽⁴⁾
- Leased hotels ⁽²⁾	2,945	1,565	88.2% ⁽⁵⁾	8,789	4,627	90.0% ⁽⁵⁾
Total	16,332	13,188	23.8%	44,402	27,053	64.1%

- (1) Includes the Bilderberg Portfolio and Hilton Rotterdam hotel.
- (2) Includes the Le Méridien Frankfurt hotel and Arena Towers Amsterdam (Holiday Inn/Holiday Inn Express).
- (3) Due mainly to lower rent contribution from Mondriaan Tower arising from temporary vacancy, offset by income contribution from the Meerparc office property which was acquired in late 2017. The Mondriaan Tower has since been fully leased and income is expected to increase accordingly in the future quarters.
- (4) Relates to the performance of the Bilderberg Portfolio and Hilton Rotterdam hotel which were acquired in August 2017 and January 2018 respectively.
- (5) Due mainly to contribution from Le Méridien Frankfurt hotel which was acquired in January 2018.

Excluding Poortgebouw, Boompjes, Dreeftoren, Oliphant and Munthof, the Dutch office portfolio and European leased hotels (LFA: 122,349 sqm, occupancy of 89%) have a WALT of approximately 9.8 years.

2.5 Statement of Profit or Loss – 3Q2018 vs 3Q2017



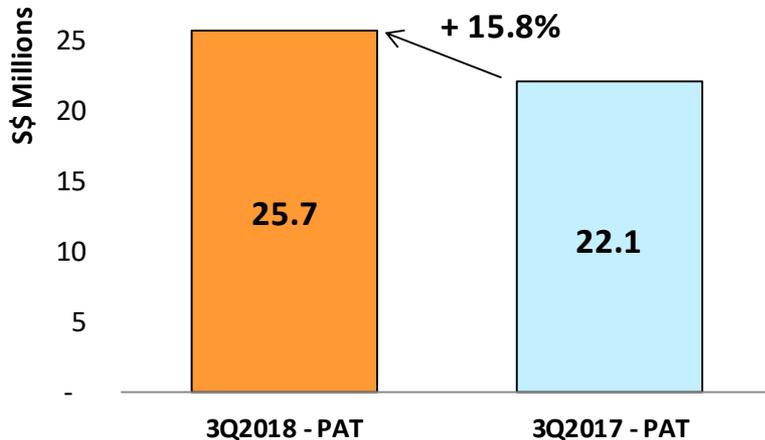
The increase in profit before tax was due mainly to:

- Higher gross profit contributions from the property financing and property holding business segments [S\$9.8m increase]
- One-off net gain on disposal of certain parts of Chengdu Cityspring project [S\$1.6m increase]

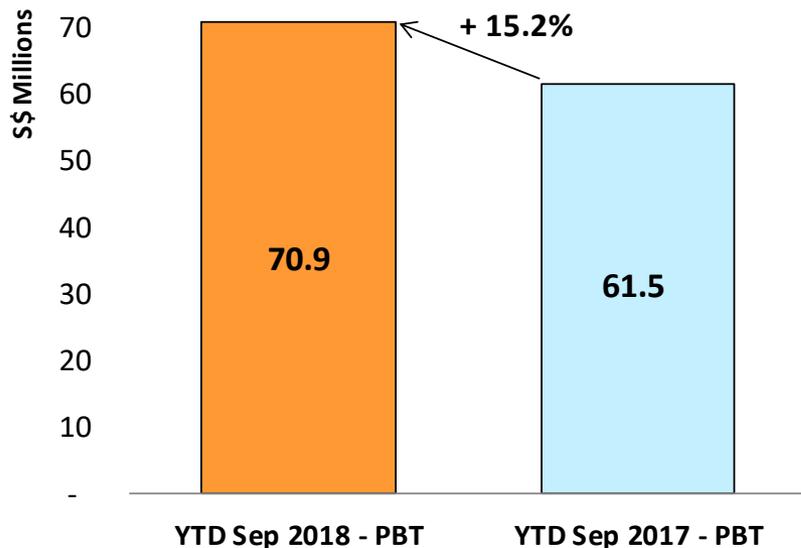
The increase was partially offset by:

- Lower gross profit contribution from the property development business segment [S\$5.8m decrease]

The adjusted effective tax rate was 24.5% for 3Q2018.



2.6 Statement of Profit or Loss – YTD Sep 2018 vs YTD Sep 2017

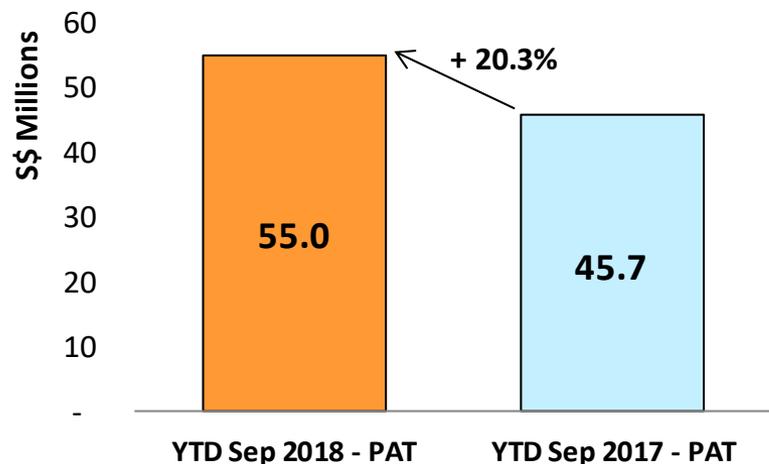


The increase in profit before tax was due mainly to:

- Higher gross profit contribution from the property financing and property holding business segments [S\$48.7m increase]
- Higher fair value gain (net) on cross-currency swaps net of foreign exchange loss [S\$5.7m increase]

The increase was partially offset by:

- Lower gross profit contribution from the property development business segment [S\$35.0m decrease]
- Lower share of results from associates and joint ventures [S\$4.2m decrease]
- Higher administrative expenses incurred arising mainly from the operations of the Hilton Rotterdam hotel and professional fees [S\$3.8m increase]



The adjusted effective tax rate was 24.5% for YTD Sep 2018.

2.7 Statement of Financial Position – Highlights

Statement of Financial Position - Highlights			
In S\$'000	30-Sep-18	30-Jun-18	Change %
Total assets	2,375,612	2,405,715	(1.3%)
Cash and structured deposits ⁽¹⁾	291,478	290,978	0.2%
Receipts in advance	249,242	262,556	(5.1%)
Total debt ⁽²⁾	673,782	640,791	5.1%
Net asset value (NAV) ⁽³⁾	1,259,296	1,285,797	(2.1%)
NAV per share (cents)	194.16	198.18	(2.0%)
Adjusted NAV per share (cents) ⁽⁴⁾	158.21	161.48	(2.0%)
Gearing ratio ⁽⁵⁾	0.31x	0.28x	n.a.

(1) Relates to principal-guaranteed structured deposits placed with financial institutions classified as other investments (current).

(2) Comprises gross borrowings of S\$683.3m and S\$651.0m net of unamortised upfront fee of S\$9.5m and S\$10.2m for 30 September 2018 and 30 June 2018 respectively.

(3) NAV excludes non-controlling interests and includes perpetual convertible capital securities (“PCCS”) of S\$161.5m and translation reserve of S\$14.1m (Jun 2018: S\$59.7m).

(4) Represents NAV per share adjusted for full conversion of PCCS to ordinary shares.

(5) Computed as net debt ÷ total equity including non-controlling interests.

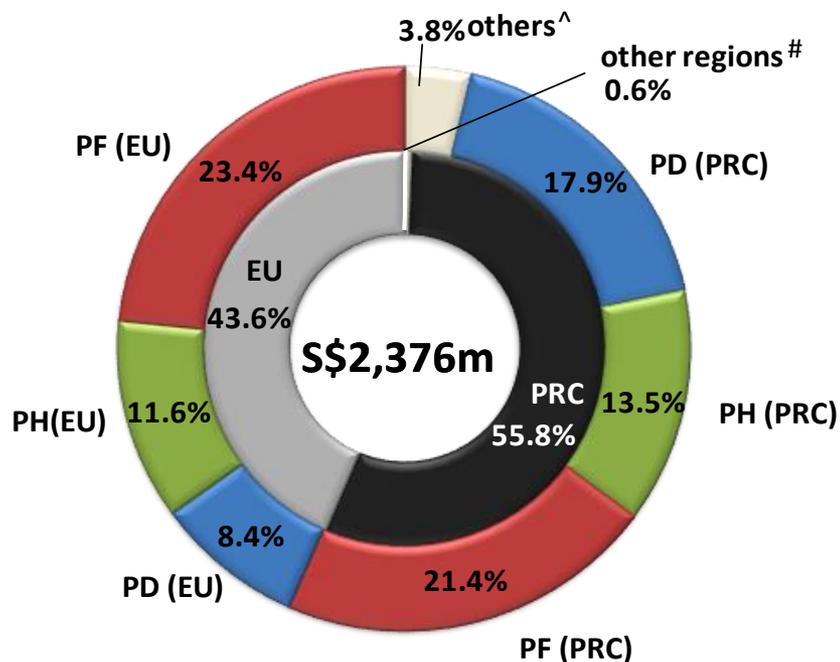
Net debt = gross borrowings – cash and structured deposits.

2.8 Statement of Financial Position - Total Assets

Total Assets – by business and geographic segments

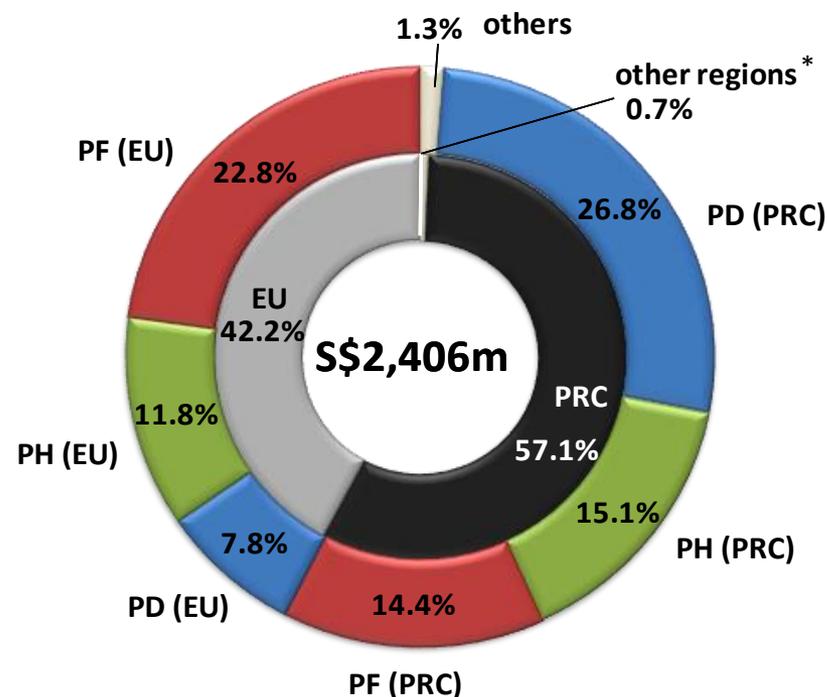
As at 30 September 2018

Total assets: S\$2,376m



As at 30 June 2018

Total assets: S\$2,406m



[^] Includes S\$52.8m cash held by certain PRC subsidiaries that are in the process of voluntary liquidation.

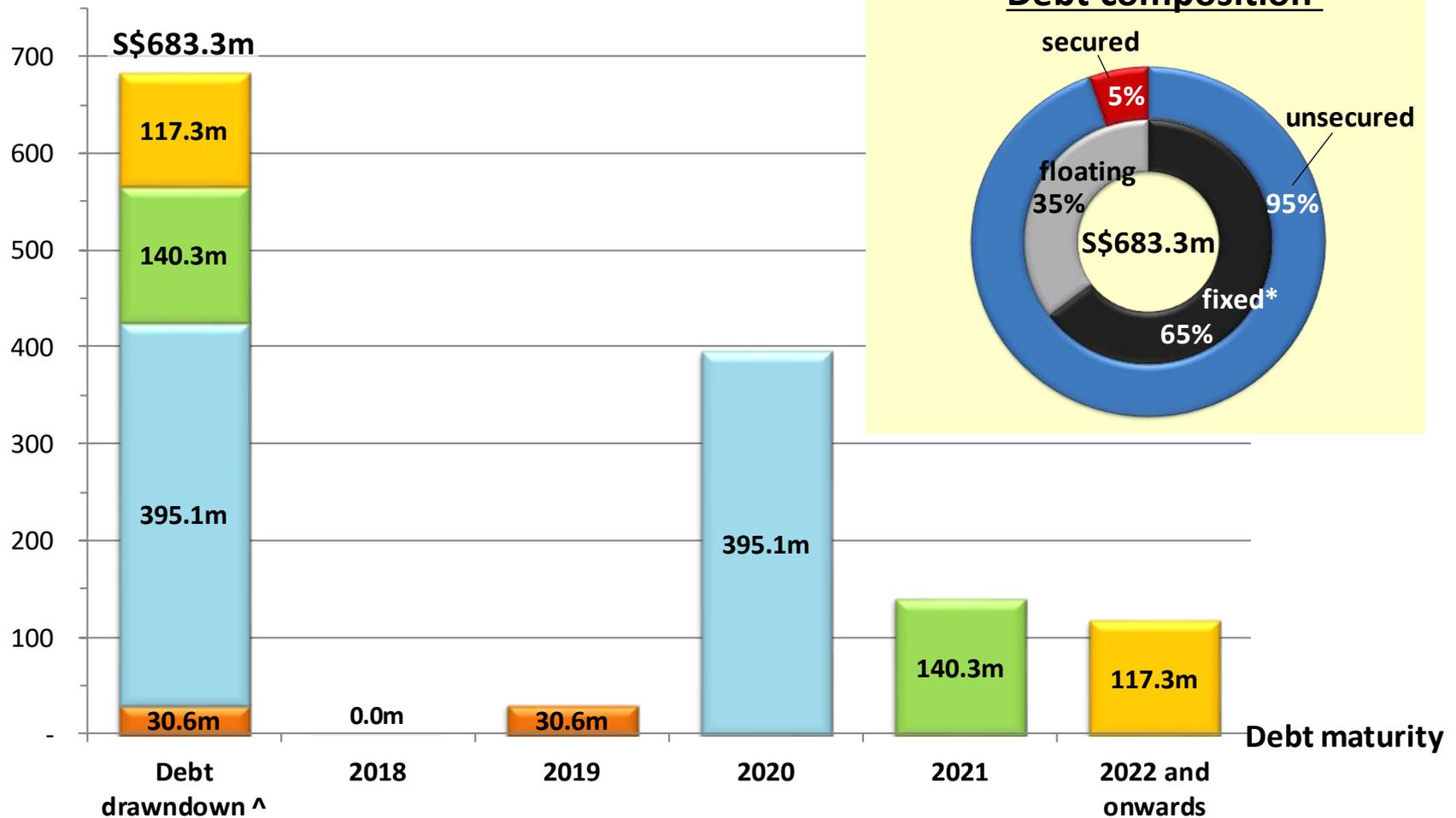
[#] Includes S\$10.6m cash held in Singapore/Hong Kong bank accounts.

EU = The Netherlands + Germany
 PRC = The People's Republic of China
 PD = Property Development
 PH = Property Holding
 PF = Property Financing

^{*} Includes S\$12.3m cash held in Singapore/Hong Kong bank accounts.

2.9 Debt Maturity and Composition as at 30 September 2018

S\$ Millions



* Done via cross currency swaps.

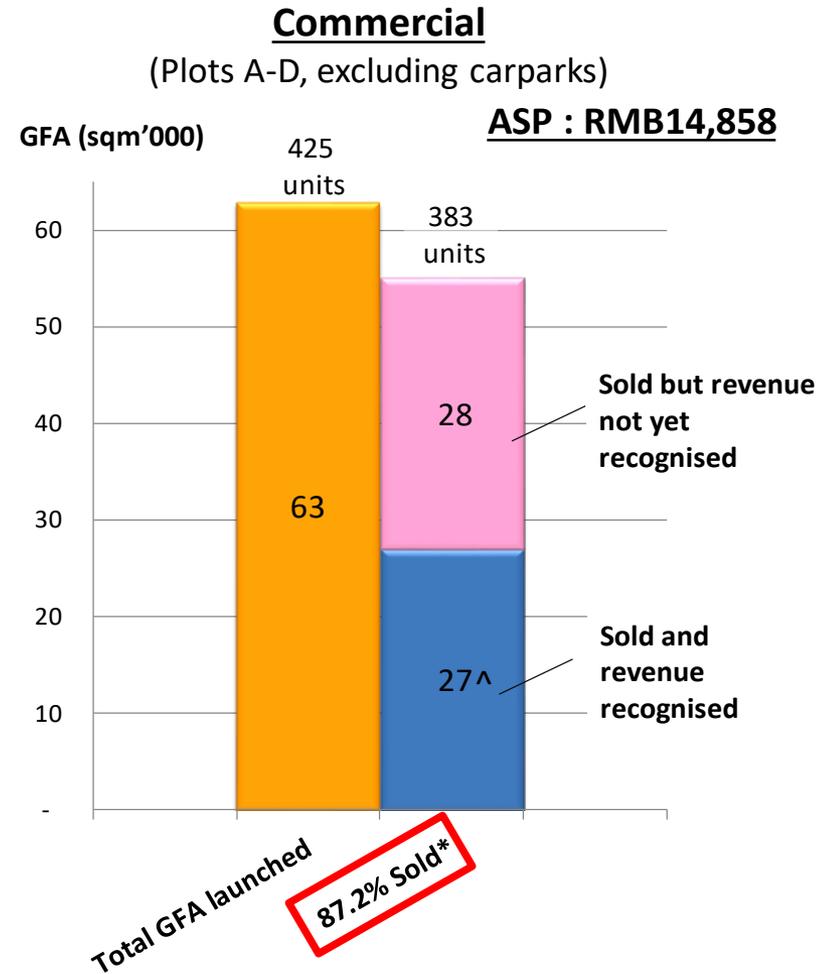
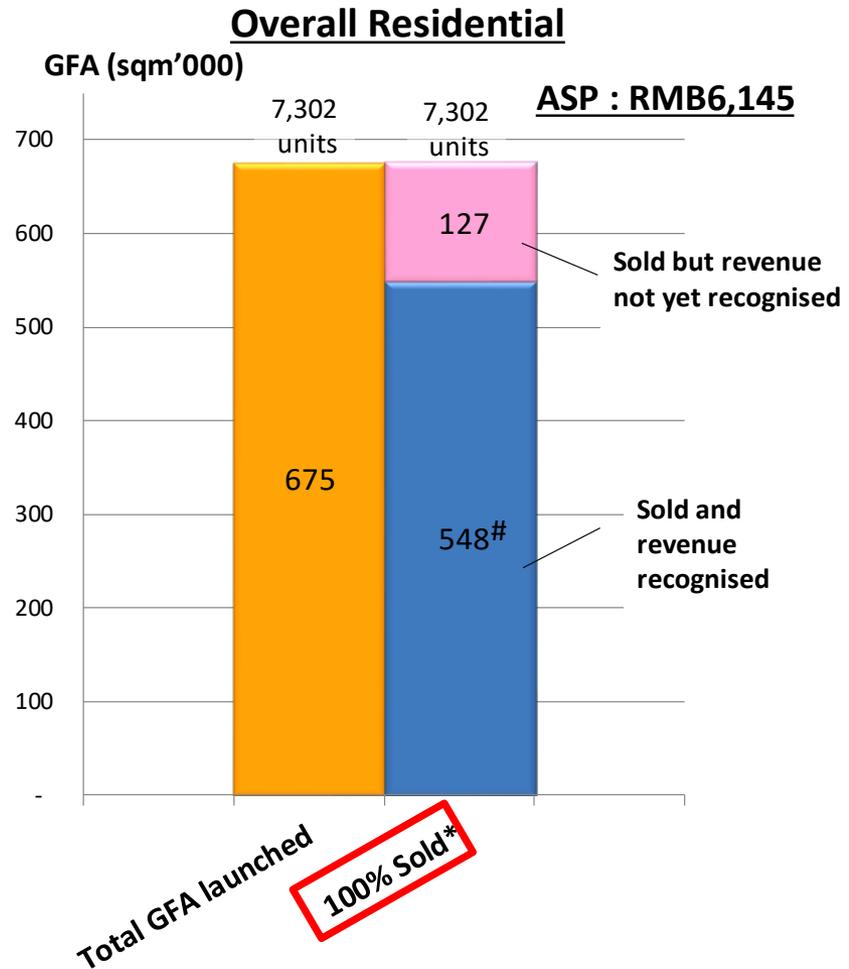
^ Available remaining headroom of S\$284.8m comprises S\$205.4m of committed and S\$79.4m of uncommitted credit facilities.

Section 3

Key Business Review 3Q2018 – Property Development

3.1 Property Development – Millennium Waterfront Project, Chengdu

Pre-sale Performance as at 30 September 2018



Residential : recognised 5,933 units, 547,533 sqm GFA, S\$678.1m gross sales value as at 30 September 2018.

^ Commercial : recognised 200 units, 26,704 sqm GFA, S\$80.1m gross sales value as at 30 September 2018.

* Includes sales under option agreements or sale and purchase agreements, as the case may be.



3.1 Property Development – Millennium Waterfront Project, Chengdu

- Plot E and Plot F of the Millennium Waterfront Project are commercial developments that encompass elderly care living quarters and healthcare facilities.
- Primary focus will initially be on the smaller Plot F which is expected to comprise approximately 770 elderly care units with approximately 25,000 sqm of retail and commercial spaces.



3.1 Property Development – Millennium Waterfront Project, Chengdu

Plot A

- 2,000 residential units, 118 commercial units and 1,722 car park lots
- % of total saleable GFA launched for sale sold³:
 - Residential: 100.0%
 - Commercial: 80.1%
- Cumulative handover of 1,956 residential and 65 commercial units as at 30 September 2018

Plot D

- 1,274 residential units, 66 commercial units, 1,295 car park lots and two commercial blocks
- % of total saleable GFA launched for sale sold³:
 - Residential: 100.0%
 - Commercial: 95.3%
- Expected to commence handover of residential units from 4Q2018

Plot C

- 1,778 residential units, 91 commercial units and 1,508 car park lots
- % of total saleable GFA launched for sale sold³:
 - Residential: 100.0%
 - Commercial: 80.4%
- Cumulative handover of 1,774 residential and 56 commercial units as at 30 September 2018

Plot B

- 2,250 residential units, 96 commercial units, 1,905 car park lots and a three-storey commercial building
- % of total saleable GFA launched for sale sold³:
 - Residential: 100.0%
 - Commercial: 94.8%
- Cumulative handover of 2,203 residential and 79 commercial units as at 30 September 2018

Plot G

- Commencement of operations of Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring hotels on 28 December 2016 and ancillary hotspring facility on 27 October 2017

Plot E

Plot F

Plots E&F

- Expected to comprise elderly care living quarters, a hospital and ancillary commercial facilities
- Commenced construction in 3Q2018 with primary focus initially on Plot F

Notes:

- This diagram is not drawn to scale.
- Based on artist's impression which may not be fully representative of the actual development.
- As at 30 September 2018 and includes sales under option agreements or sale and purchase agreements, as the case may be.

3.2 Property Development – Star of East River Project, Dongguan

- The Star of East River project in Dongguan continued to perform well with a good sales response to the launch of the SOHO units in late September 2018.
- Handover of the fully sold 1,221 residential units is expected to commence from 1Q2019.
- Discussions with various potential tenants for the lease of the retail mall component (approximately 69,000 sqm), which is slated to commence business operations in late 2019, look promising.



3.2 Property Development – Star of East River Project, Dongguan

Residential Blocks

- Comprise six blocks of 1,221 residential units, 1,961 sqm of commercial space and 1,157 car park lots
- All residential units from the six blocks and nearly 50% of the commercial space have been launched for sale
- % of total saleable GFA launched for sale sold³:
 - Residential: 100%
 - Commercial: 100%
- Expected to commence handover of residential units from 1Q2019

SOHO Blocks

- Comprise two blocks of 2,328 units
- Launched 796 units from the two blocks for sale in September 2018
- % of total saleable GFA launched for sale sold³: 71.9%

Office Block

- 250m high office tower block with approx. 107,000 sqm of office space

**71.9% OF 796
LAUNCHED SOHO
UNITS SOLD³**

**100% OF ALL
1,221 RESIDENTIAL
UNITS SOLD³**

Commercial Podium

- Common podium with approx. 69,000 sqm of commercial/retail space
- Expected to commence operation from 4Q2019

Notes:

- This diagram is not drawn to scale.
- Based on artist's impression which may not be fully representative of the actual development.
- Includes sales under option agreements or sale and purchase agreements, as the case may be.

3.3 Property Development – Oliphant, Amsterdam Southeast

Oliphant Office Redevelopment

- The redevelopment of the Oliphant office property is progressing well and is expected to complete by 1Q2019.
- The Group has signed a 10-year lease agreement with Novartis for approximately 4,318 sqm.
- The Group is in advanced discussions with other potential tenants and is hopeful that the property will be substantially leased before its completion.



Artist's impression

Section 4

Key Business Review 3Q2018 – Property Holding

4.1 Property Holding – Wenjiang Hotspring Hotels and Hilton Rotterdam Hotel



Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring Hotels

- For 3Q2018, both Wenjiang hotels continued to exhibit significant GOP growths underpinned by increase in occupancy and ADR. For YTD Sep 2018, their combined GOP was RMB11.8m as compared to a negative GOP in YTD Sep 2017.



Hilton Rotterdam

- During the quarter, Hilton Rotterdam hotel achieved over 20% GOP growth due mainly to increase in its ADR. For YTD Sep 2018, its GOP was €3.7m which was approximately 19% higher than that of YTD Sep 2017.

4.2 Property Holding – Bilderberg Hotel Portfolio in The Netherlands



<i>Bilderberg Portfolio</i> ⁽¹⁾	3Q2018	3Q2017 (restated)	Change	YTD Sep 2018	YTD Sep 2017 (restated)	Change
Occupancy	78.1%	79.0%	-0.9%	69.9%	67.1%	2.8%
ADR	€ 98	€ 96	1.9%	€ 99	€ 96	3.3%
RevPar	€ 76	€ 76	0.7%	€ 69	€ 64	7.6%
TrevPar	€ 145	€ 132	9.4%	€ 134	€ 129	4.2%

(1) The trading results of Bilderberg Portfolio comprises 15 owned and one leased hotels, excludes the Landgoed Lauswolt hotel which was disposed in July 2018. The prior period comparatives have been restated to conform with such presentation.

- The Bilderberg hotel portfolio maintained its strong GOP performance during the quarter with a YTD Sep 2018 GOP of €18.0m, an overall 9 months YTD GOP growth of over 7%.

4.3 Property Holding – Disposal of Four Bilderberg Hotels

SOLD



Hotel de Buunderkamp

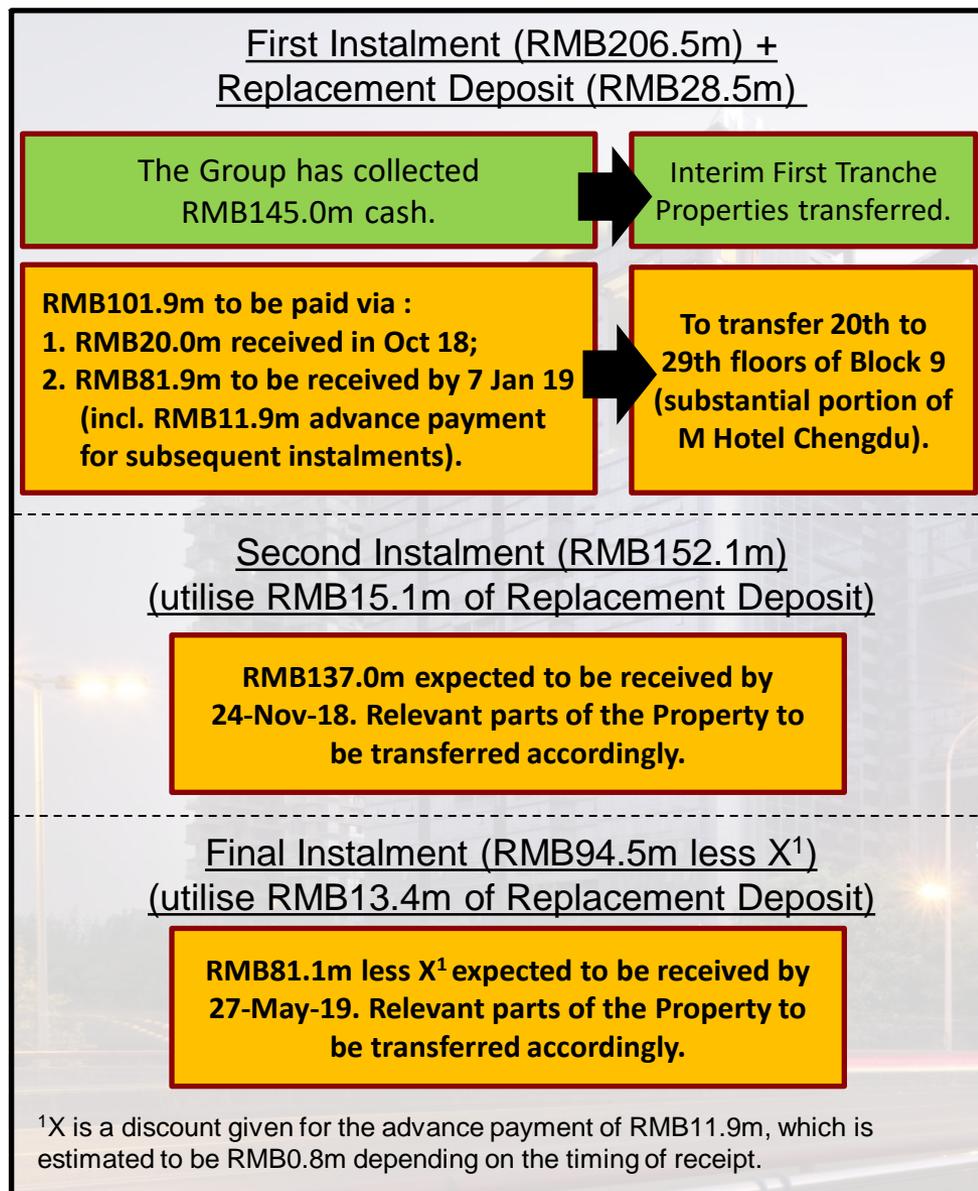
Hotel de Klepperman

Hotel Wolfheze

Hotel Klein Zwitserland

- In October 2018, the Group's indirect 31.4%-owned associated company, Queens Bilderberg (Nederland) B.V. ("QBN"), entered into a conditional sale and purchase agreement to sell four hotels as well as their inventory and stocks for a total consideration of €16.7 million.
- These four hotels are located outside of the Randstad region in the Netherlands. The sale price represents a premium of more than 140% over their allocated cost.
- QBN has received a deposit of €1.7 million on 8 October 2018. The sale is expected to be completed by early January 2019.

4.4 Property Holding – Update on Sale of Certain Parts of Chengdu Cityspring



The Group entered into a sale and purchase agreement in May 2018, a supplemental agreement in July 2018 and a second supplemental agreement in September 2018 in relation to the disposal of certain parts of Chengdu Cityspring, including the 196-room M Hotel Chengdu, bare shell commercial spaces and basement carpark lots, for a total cash consideration of approximately RMB465.0 million (approx. S\$97.4 million).

To date, the Group has collected RMB165.0 million (S\$34.0 million) cash in sale proceeds and RMB4.0 million (S\$0.8 million) cash in liquidated damages.

The disposal is to be completed in tranches, with the last tranche expected to be completed in May 2019.

Section 5

Key Business Review 3Q2018 – Property Financing

5.1 Property Financing - Overview of Financial Performance

In S\$'000	3Q2018	3Q2017	Change %	YTD Sep 2018	YTD Sep 2017	Change %
Secured PRC entrusted loans to 3rd parties						
- interest	5,092	1,039	390.1%	8,827	2,565	244.1%
- penalty interest	338	4,288	(92.1%)	13,067	4,391	197.6%
Unsecured loans to the Group's members						
- FSMC Group	9,131	5,916	54.3%	26,130	9,938	162.9%
- Star of East River Project Co ⁽¹⁾	3,725	-	n.m.	11,279	-	n.m.
- Dongguan East Sun Limited ⁽¹⁾	379	-	n.m.	1,148	-	n.m.
Others	1,320	96	1,275.0%	1,654	233	609.9%
Total PF Revenue	19,985	11,339	76.3%	62,105	17,127	262.6%

(1) Disbursed as entrusted loans to the Group's members.

5.2 PRC PF Entrusted Loans - Overview of Financial Performance

	Revenue (S\$'m)	As a % of Group Revenue	Profit before tax (S\$'m)	As a % of Group Profit before tax
3Q2018 ⁽¹⁾	10.9	20.3%	10.4	31.3%
3Q2017	5.4	8.4%	5.8	20.7%
YTD Sep 2018 ⁽¹⁾	36.0	24.7%	34.8	49.1%
YTD Sep 2017	7.2	3.5%	8.3	13.5%

	Average Third Party Loan Balance ⁽²⁾ for the quarter ended	Average Third Party Loan Balance for the year to date ended	Third Party Loan Balance ⁽²⁾ as at
30 September 2018	RMB1,850.6m (S\$380.9m)	RMB1,459.4m (S\$300.3m)	RMB1,931.7m (S\$385.0m)
30 June 2018	RMB1,335.7m (S\$277.7m)	RMB1,260.5m (S\$262.1m)	RMB1,609.0m (S\$337.1m)

(1) Includes RMB2.3m (S\$0.3m) and RMB63.5m (S\$13.1m) of penalty interest from Case 2 foreclosure actions in 3Q2018 and YTD Sep 2018 respectively.

(2) Includes the defaulted loan cases.

5.3 Status of Case 1 Problematic Loan

- The foreclosure procedures for Case 1 RMB170.0 million defaulted loan have been suspended pending the closure of the various alleged criminal cases involving the borrower and the legal representative of the borrower. The court has granted penalty interest of 24.0% per annum from 22 December 2015 and 30.4% per annum from 5 August 2016 in favour of the Group.
- On 31 August 2018, the court sentenced the legal representative of the borrower to life imprisonment and imposed fines on the borrower and its legal representative under the criminal cases. The legal representative has appealed against the sentence in late September 2018.
- While the Group has secured a favourable court ruling in relation to penalty interest, due to the need to balance public interest arising from the criminal cases, the Group may have to compromise and accept a lower interest entitlement. The Group also expects that the auction of the mortgaged properties to be ultimately concluded within FY2019.

Thank You

Disclaimer

This document may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other developments or companies, shifts in customer demands, customers and partners, expected levels of occupancy rate, property rental income, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.