



First Sponsor Group Limited Investor Presentation 23 July 2020



Artist's impression
Humen TOD Project, Dongguan, the PRC

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Section 1

Key Message

Key Message

1. Net profit for the Group was S\$58.1 million for 1H2020, a 49.4% growth from 1H2019. This is the 22nd reported periodic growth out of the 25 periodic results reporting since the Group's IPO in July 2014.
2. The Board has approved an interim tax-exempt (one-tier) cash dividend of 1.1 Singapore cents per share for FY2020 which is the same as that of last year. In addition, the Company will undertake a 1-for-4 bonus issue of free warrants to reward shareholders for their continuing support and participation. Each warrant is exercisable into one new share at the exercise price of S\$1.08 at any time from the date falling 6 months from the date of listing of the warrants and ending on the date immediately preceding 8.5 years from the issue of the warrants.
3. The Group has teamed up with, *inter alia*, two reputable state-owned enterprises – China Poly Group (the JV partner for the Group's Skyline Garden project) and China State Railway Group to successfully bid for a mixed use development land on 29 June 2020 at the winning price of RMB6.6 billion (approximately S\$1.3 billion). The land will be developed into a transit-oriented development in excess of 1 million sqm GFA encompassing a major transport hub including the Guangzhou-Hong Kong High-speed Railway Humen Station, Guangzhou-Shenzhen Intercity Railway Humen Station, Dongguan Metro Line 2 Humen Station and Dongguan Humen Bus Interchange. The Group has an approximately 17% effective equity interest in the joint venture.

Key Message

4. Buying sentiments in the Dongguan property market have exceeded the Group's expectations after normal business activities resumed in late February 2020. Almost all the SOHO units in the Star of East River project and saleable residential units in the Emerald of the Orient project were sold as of 30 June 2020. Similarly, The Pinnacle project launched five residential blocks for sale in phases since April 2020 which were also almost fully sold soon after their respective launches. The current overwhelming demand has triggered price control measures from the Dongguan municipal. Another residential block in The Pinnacle project was launched for pre-sale on 14 July 2020 and has since sold more than 85%. The Group will pace its future sales launch of the remaining two residential blocks in The Pinnacle project and five residential blocks in the Skyline Garden project as appropriate. The positive outlook of the Dongguan property market also augurs well for the Group's East Sun Portfolio and Wanli Portfolio as some of these outdated Dongguan properties are located in certain districts with good redevelopment potential.

5. In light of the prevailing market conditions and effects of the Covid-19 pandemic, the Group is re-assessing the feasibility of the proposed new residential and office redevelopment project of the Dreeftoren Amsterdam, acquired for €11.7 million in a bank foreclosure exercise conducted by the Dutch court in September 2016. In addition, the Group is reconsidering its plan to convert the bare shell hotel in Milan, acquired for €10.7 million in January 2019, into a high density youth hostel. The Group will proceed with the redevelopment once there is a sound business case for these projects.

Key Message

6. As of 30 June 2020, all except for one (being Bilderberg Garden Amsterdam) out of the 13 hotels owned and operated by the Group that were temporarily closed (due to the outbreak of the Covid-19 pandemic) have re-opened. The Group has also commenced operations of the newly developed wholly-owned 144-room Crowne Plaza Utrecht Centraal Station Hotel on 2 June 2020. The Group has received subsidies from the Dutch and German authorities under the relevant wage subsidy programs which have mitigated the operating losses of its Dutch and German hospitality operations arising from the Covid-19 pandemic. Further subsidies are expected to be received pursuant to the application of the wage subsidy programs in the Netherlands and Germany until 1 October 2020 and at least March 2021, respectively.

7. On the property financing front, overall loan conduct has been acceptable. The Group has given consent to two PRC borrower groups for the short term deferral of interest payments in view of the economic difficulties resulting from the Covid-19 pandemic. The Group will seek to expand its property financing loan book prudently.

Key Message

8. The Group has seen a slow, gradual recovery in the hospitality sector in 2Q2020 although demand remains far from pre-Covid-19 levels. The Group is also cautiously optimistic that the Covid-19 crisis may bring new opportunities, whether during or in the aftermath of the crisis. With a strong balance sheet, undrawn committed long term debt facilities and potential equity infusion from the exercise of outstanding warrants as well as warrants to be issued pursuant to the aforesaid bonus issue, the Group is well equipped financially to enable it to take advantage of such opportunities when they arise.

Section 2 **Financial Highlights**

2.1 Statement of Profit or Loss - Highlights

Statement of Profit or Loss - Highlights			
In S\$'000	1H2020	1H2019	Change %
Revenue	104,148	124,775	(16.5%)
Gross profit	84,070	86,359	(2.7%)
Profit before tax	72,157	61,843	16.7%
Attributable profit ⁽¹⁾	58,071	38,857	49.4%
Basic EPS (cents)	6.90	5.35	29.0%
Diluted EPS (cents) ⁽²⁾	5.27	4.58	15.1%
Interest cover ⁽³⁾	18.3x	19.7x	n.a.

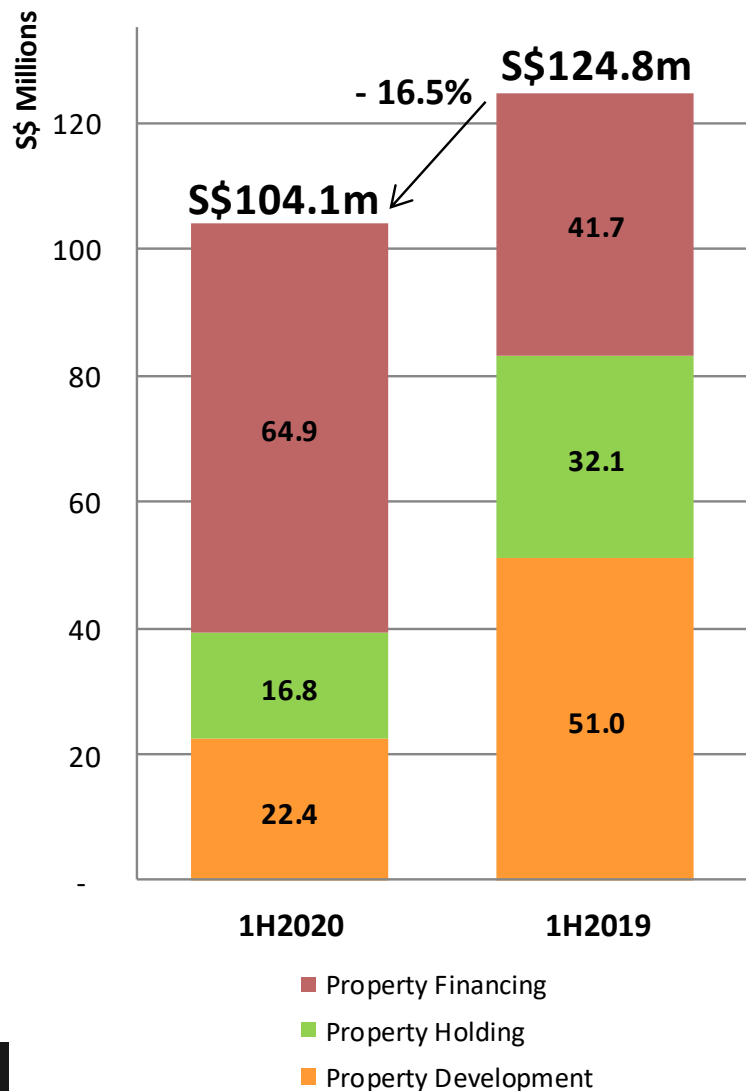
(1) "Attributable profit" refers to profit attributable to equity holders of the Company.

(2) Dilutive effect arising from assumed conversion of all perpetual convertible capital securities and exercise of all warrants.

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

2.2 Statement of Profit or Loss – Revenue

Revenue



Property Development

The decrease was due mainly to no handover of residential and commercial units of the Chengdu Millennium Waterfront project in 1H2020 as compared to 1H2019, partially offset by higher number of carpark lots sold (1H2020: 1,172 car park lots; 1H2019: 2 residential units, 110 commercial units and 183 car park lots).

Property Holding

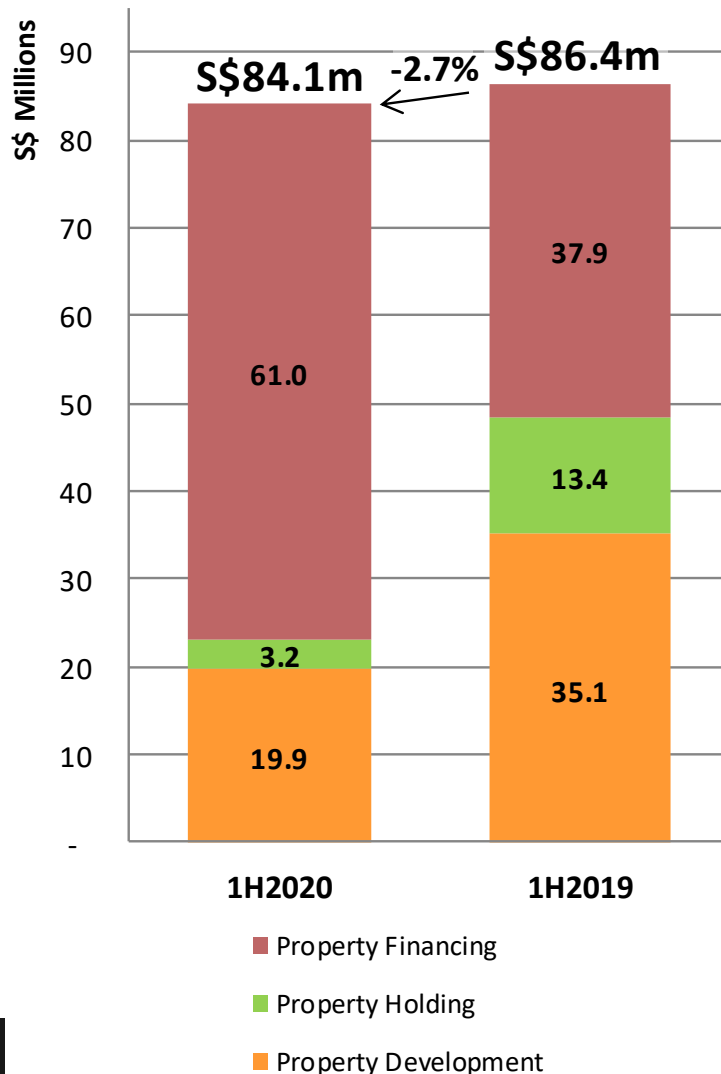
The decrease was due mainly to lower contribution from investment properties arising from the deconsolidation of the Zuiderhof I property, and lower hotel revenue due to the impact of the Covid-19 pandemic.

Property Financing

The increase in 1H2020 was due mainly to the loan restructuring income arising from the refinancing of the FSMC loans and establishment fee from the provision of a A\$370m construction facility to fund the redevelopment of the City Tattersalls Club in Sydney.

2.3 Statement of Profit or Loss – Gross Profit

Gross Profit



Property Development

The decrease was consistent with the decline in revenue recognised in 1H2020. The high gross profit margin was due mainly to the recognition of profit from the sale of carpark lots of the Millennium Waterfront Project which has nil carrying book costs.

Property Holding

The decrease was due mainly to lower contribution from investment properties arising from the deconsolidation of the Zuiderhof I property, and lower hotel profit due to the impact of the Covid-19 pandemic.

Property Financing

The increase was consistent with the increase in revenue recognised in 1H2020.

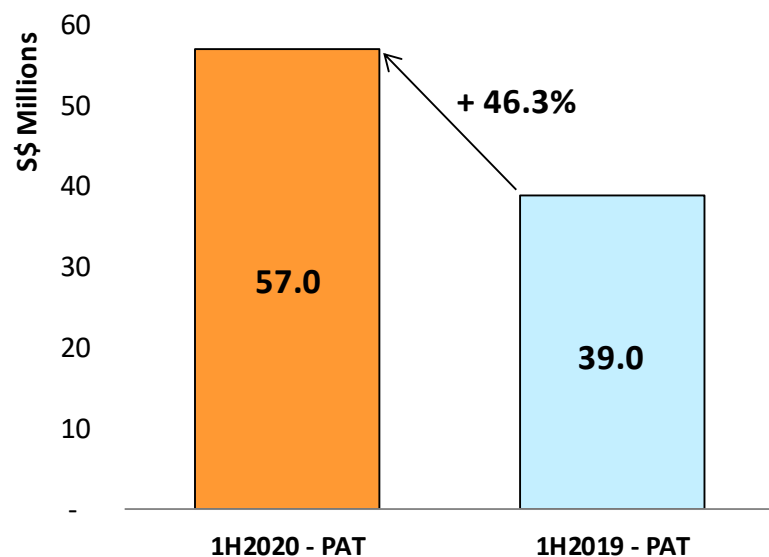
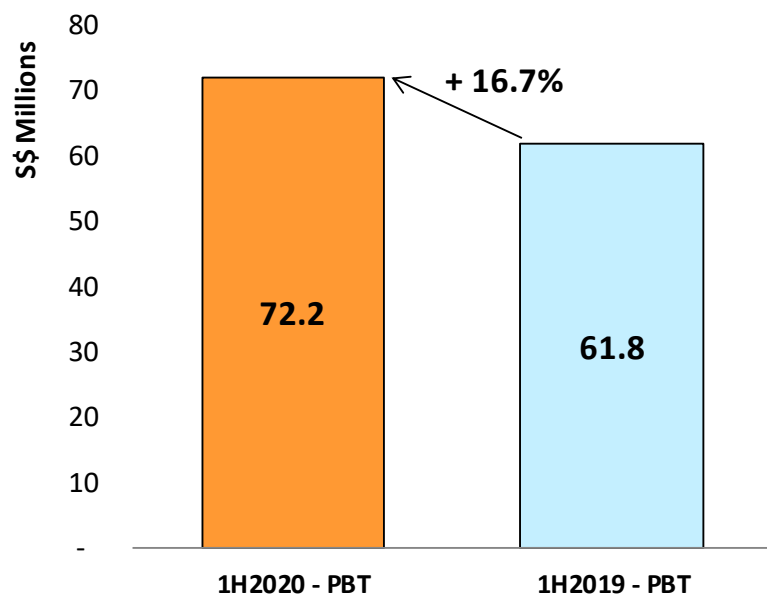
2.4 European Property Portfolio Performance

In S\$'000	1H2020	1H2019	Change %
Dutch office income	14,793	10,510	40.8% ⁽³⁾
European hotel income	(1,163)	16,562	(107.0%)
- Operating hotels ⁽¹⁾	(7,062)	10,840	(165.1%) ⁽⁴⁾
- Leased hotels ⁽²⁾	5,899	5,722	3.1%
Total	13,630	27,072	(49.7%)

- (1) Includes the Bilderberg Hotel Portfolio, Hilton Rotterdam hotel, Bilderberg Bellevue Hotel Dresden, Hampton by Hilton Utrecht Centraal Station and Crowne Plaza Utrecht Centraal Station.
- (2) Includes the Le Méridien Frankfurt hotel and Arena Towers Amsterdam (Holiday Inn/Holiday Inn Express).
- (3) Due mainly to the income contribution from the Munthof Amsterdam and Oliphant Amsterdam which have completed their redevelopment in 2019 offset by reduction of rental income due to the sale of Villa Nuova Zeist office in late January 2020.
- (4) Due mainly to the negative impact of Covid-19 resulting in low demand for overnight stays and the temporary suspension of hotel operations for most of the Group's European hotels between April 2020 to June 2020.

Excluding Dreeftoren Amsterdam and Meerparc Amsterdam, the Dutch office portfolio and European leased hotels (LFA: 133,372 sqm, 92% occupancy) have a WALT of approximately 9.3 years.

2.5 Statement of Profit or Loss – 1H2020 vs 1H2019



The increase in profit before tax was due mainly to:

- Higher gross profit contribution from the property financing business segment [S\$23.1m increase]
- Higher fair value gain (net) on financial derivatives net of foreign exchange gain/loss [S\$19.8m increase]
- Lower professional fees and administrative expenses due mainly to absence of one-off acquisition cost incurred in 1H2019 and the effect of wage subsidies recorded in 1H2020 [S\$7.4m increase]

The increase was partially offset by:

- Lower gross profit contribution from the property development and property holding business segments [S\$25.4m decrease]
- Lower share of income from associates due mainly to loan restructuring expenses and lower profit contribution from hospitality operations [S\$10.9m decrease]
- Lower net gain on disposal of assets of Chengdu Cityspring [S\$3.2m decrease]

The adjusted effective tax rate was 25.0% for 1H2020.

2.6 Statement of Financial Position – Highlights

Statement of Financial Position - Highlights			
In S\$'000	30-Jun-20	31-Dec-19	Change %
Total assets	3,096,821	2,760,496	12.2%
Cash and structured deposits ⁽¹⁾	474,875	313,389	51.5%
Total debt ⁽²⁾	731,154	621,163	17.7%
Net asset value (NAV)⁽³⁾	1,642,503	1,568,469	4.7%
NAV per share (cents)	205.10	197.27	4.0%
Adjusted NAV per share (cents)⁽⁴⁾	171.20	165.16	3.7%
Gearing ratio ⁽⁵⁾	0.16x	0.20x	n.a.

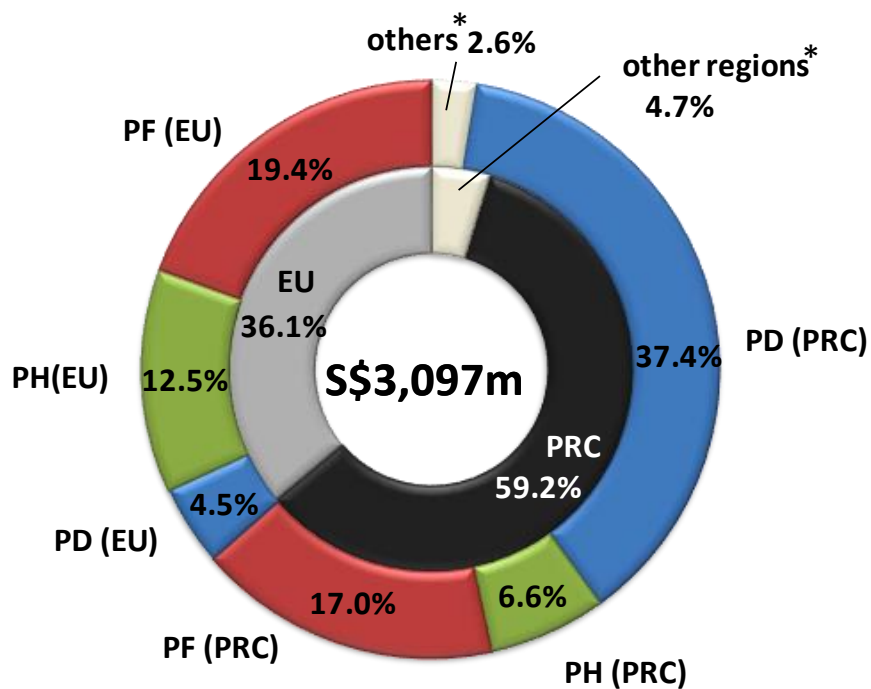
- (1) Relates to principal-guaranteed structured deposits placed with financial institutions classified as other investments (current).
- (2) Comprises gross borrowings of S\$739.2m net of unamortised upfront fee of S\$8.0m and S\$628.9m net of unamortised upfront fee of S\$7.8m as at 30 June 2020 and 31 December 2019 respectively.
- (3) NAV includes Series-2 perpetual convertible capital securities (“Series-2 PCCS”) of S\$146.5m and translation gain of S\$5.6m (Dec 2019: translation loss of S\$18.6m), and excludes non-controlling interests.
- (4) Represents NAV per share adjusted for the full conversion of Series-2 PCCS and exercise of all warrants to ordinary shares.
- (5) Computed as net debt ÷ total equity including non-controlling interests.
Net debt = gross borrowings – cash and structured deposits.

2.7 Statement of Financial Position - Total Assets

Total Assets – by business and geographic segments

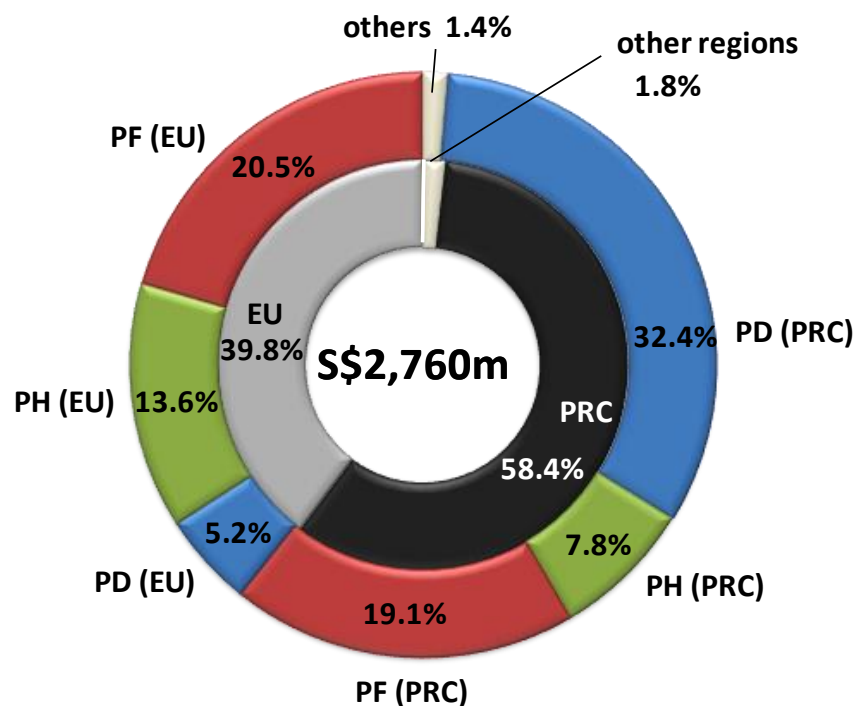
As at 30 June 2020

Total assets: S\$3,097m



As at 31 December 2019

Total assets: S\$2,760m

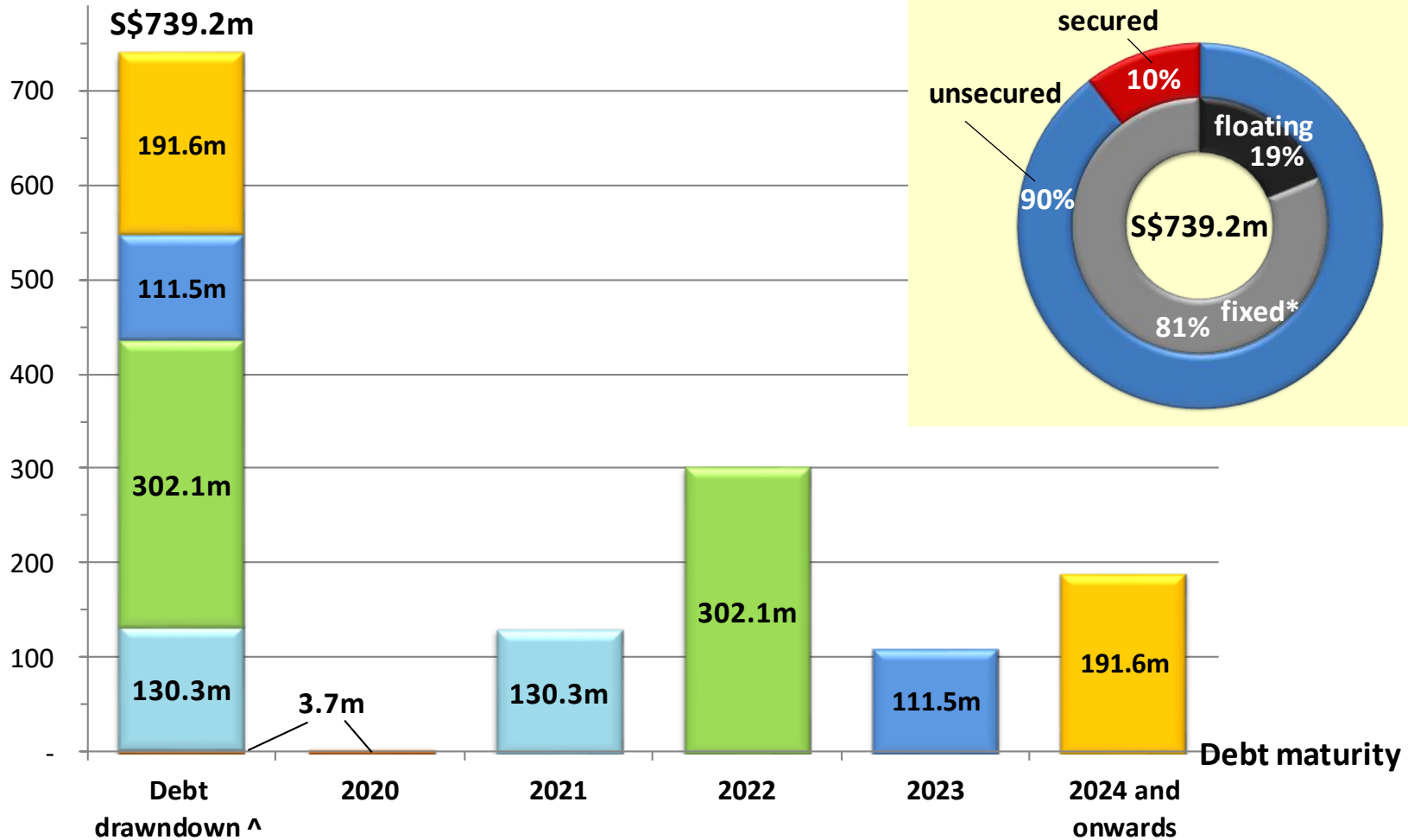


* Comprises 0.6% of PD in Australia

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

2.8 Debt Maturity and Composition as at 30 June 2020

S\$ Millions



* Mainly via cross currency swaps, medium term notes and a secured bank loan.

^ Remaining headroom of S\$520.1m comprises mainly committed credit facilities.

Section 3

Key Business Review 1H2020 – Property Development

3.1 Property Development – Star of East River Project, Dongguan

SOHO Blocks

- Two blocks of 2,328 SOHO units (75,000 sqm)
- All except one of the SOHO units have been sold³
- One block was handed over in March 2020, with the other block expected to be handed over in 2021

Office Block

- 250m high office tower block with 778 office units (102,000 sqm)
- Expected start of handover in late 2020/early 2021

Residential Blocks

- Six blocks of 1,221 residential units (132,000 sqm)
- 100% sold and largely handed over

89.7% SOLD³

**86.2% OF
27,385 SQM LAUNCHED
RETAIL LFA LEASED**

Commercial Podium

- approx. 31,000 sqm lettable floor area (“LFA”) of retail mall, of which 27,385 sqm has commenced operations since September 2019.
- Due to the impact of the Covid-19 pandemic, several tenants have made requests for concessions in relation to their rental obligations under the lease contracts.

Notes:

1. This diagram is not drawn to scale.
2. Based on artist’s impression which may not be fully representative of the actual development.
3. As at 30 June 2020 and includes sales under option agreements or sale and purchase agreements, as the case may be.

3.2 Property Development – Emerald of the Orient, Dongguan

Others

To be built for the municipal as per the land tender conditions

Saleable High-rise Residential Apartments

- All except two of the 854 saleable residential units (95,639 sqm) have been sold
- Sold apartments are expected to be handed over from late 2020/early 2021

Units with 5-year Holding Period

222 units (24,605 sqm) to be kept for a minimum holding period of 5 years as per land tender conditions of which 79 units have been reserved by interested buyers

Saleable Residential Villa Cluster

All 137 saleable villas are fully sold, and expected to be handed over from late 2020/early 2021

Units with 5-year Holding Period

31 villas (4,452 sqm) to be kept for a minimum holding period of 5 years as per land tender conditions of which 5 villas have been reserved by interested buyers



1. This diagram is not drawn to scale.
2. Based on artist's impression which may not be fully representative of the actual development.
3. As at 30 June 2020 and includes sales under option agreements or sale and purchase agreements, as the case may be. % sold excludes units to be kept for minimum holding period of 5 years after the housing title certificates have been obtained.

3.3 Property Development – The Pinnacle, Dongguan

Current stage of development



The project is expected to be handed over in phases from 2021.

Residential Blocks

- Eight blocks of approx. 607 residential units (63,500 sqm)
- Five blocks comprising 378 units have been launched for pre-sales in phases from April 2020 and 96.8% were sold³
- Subsequent to 30 June 2020, one block of 60 units has been launched for pre-sale on 14 July 2020 and has since sold more than 85%

96.2% SOLD³

89.3% SOLD³

100% SOLD³

100% SOLD³

100% SOLD³

SOHO Cluster

- Comprises 226 SOHO units (8,900 sqm)
- Expected to be launched for pre-sale in 4Q2020

Ground Level Retail:

- Approx. 3,000 sqm of retail space located at ground level of residential and SOHO blocks

1. This diagram is not drawn to scale.
2. Based on artist's impression which may not be fully representative of the actual development.
3. As at 30 June 2020 and includes sales under option agreements or sale and purchase agreements, as the case may be.



3.4 Property Development – Skyline Garden, Dongguan

Artist's impression

Residential Blocks

Five blocks of 1,163 residential units (134,000 sqm)

Development of the project is on track and pre-sale of the residential component is expected to commence in 4Q2020.

Current stage of development



SOHO Blocks

- Seven blocks of 1,715 SOHO units (71,300 sqm) and 4,400 sqm of commercial space
- All SOHO units and commercial space are to be kept for a minimum holding period of 2 years as per land tender conditions

SOHO Blocks

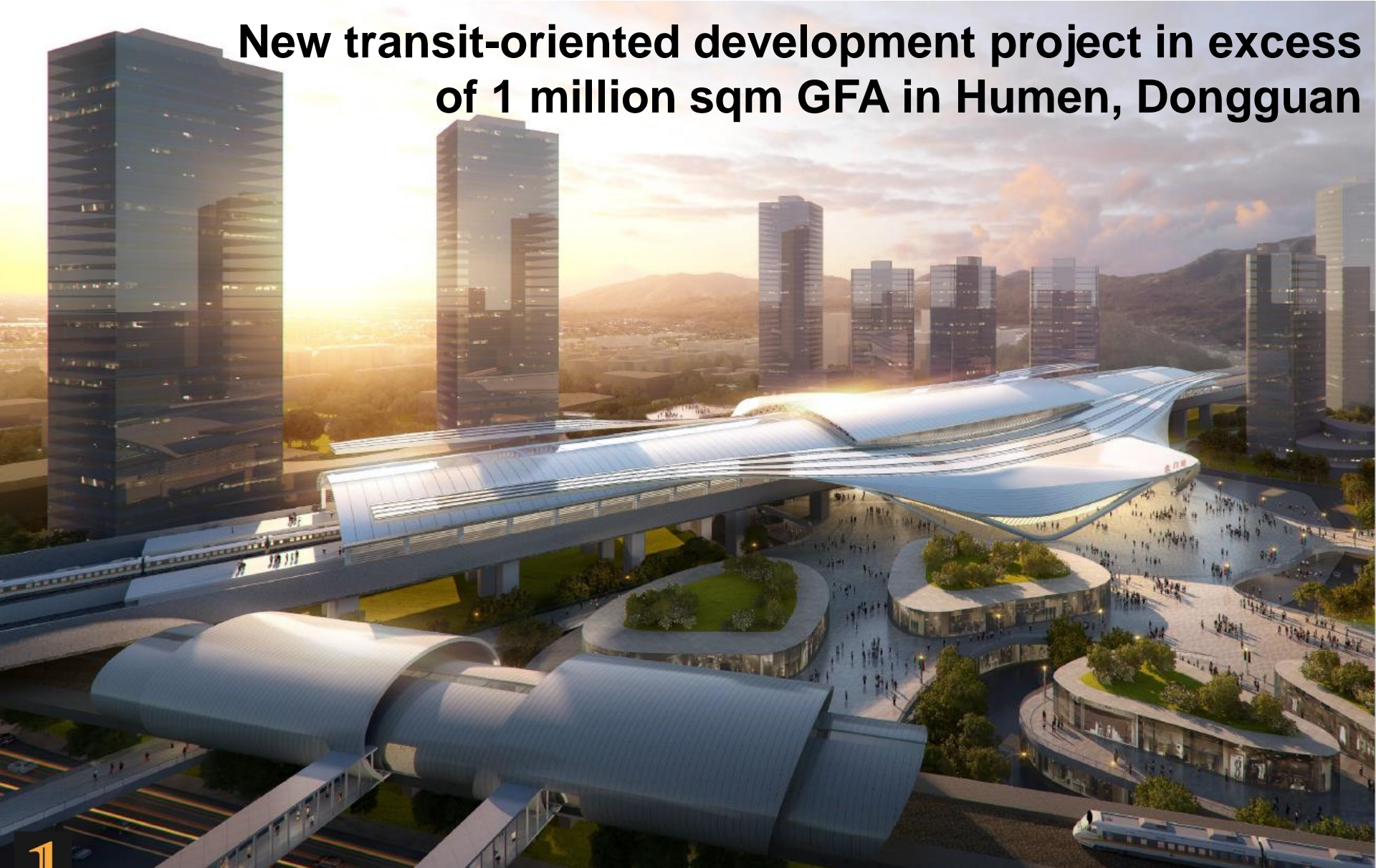
- A mixed use development site adjacent to the project was sold via a public land tender in October 2019 at the maximum tender price cap of approximately RMB18,500 psm ppr, a 28% premium over the project's land cost. In addition, the winning bidder has to build and return 5% of the residential GFA to the Dongguan municipal as part of the competitive bid terms.
- A similar development site in close proximity to the project was sold via a public tender in March 2020 at the maximum tender price cap of approximately RMB18,500 psm ppr, a 28% premium over the project's land cost. The winning bidder has to build and return 10% of the residential GFA to the Dongguan municipal.

3.5 Property Development – New Humen TOD Project, Dongguan

- The Group has teamed up with, *inter alia*, two reputable state-owned enterprises – China Poly Group (the JV partner for the Group’s Skyline Garden project) and China State Railway Group (collectively “Consortium”) to develop a transit-oriented development in excess of 1 million sqm GFA in Humen, Dongguan (“Humen TOD Project”). The Consortium won the bid for the development land in a public land tender exercise on 29 June 2020.
- The winning price of RMB6.6 billion translates to a land cost of approximately RMB14,760 psm ppr and RMB2,960 psm ppr for the residential (29%) and commercial (71%) components respectively, excluding a RMB2.3b development cost for auxiliary facilities to be returned to the local municipal and Dongguan Railway Bureau or their designated parties. In the same month, another consortium also successfully tendered for a Humen residential development at a land cost of approximately RMB21,500 psm ppr, including development cost for auxiliary facilities to be returned to the local municipal.
- The Humen TOD Project encompasses a major transport hub which includes the Guangzhou-Hong Kong High-speed Railway Humen Station, Guangzhou-Shenzhen Intercity Railway Humen Station, Dongguan Metro Line 2 Humen Station and Dongguan Humen Bus Interchange. The Guangzhou-Hong Kong High-speed Railway is directly linked to Beijing in the north via Guangzhou, and Kowloon, Hong Kong in the south via Shenzhen.

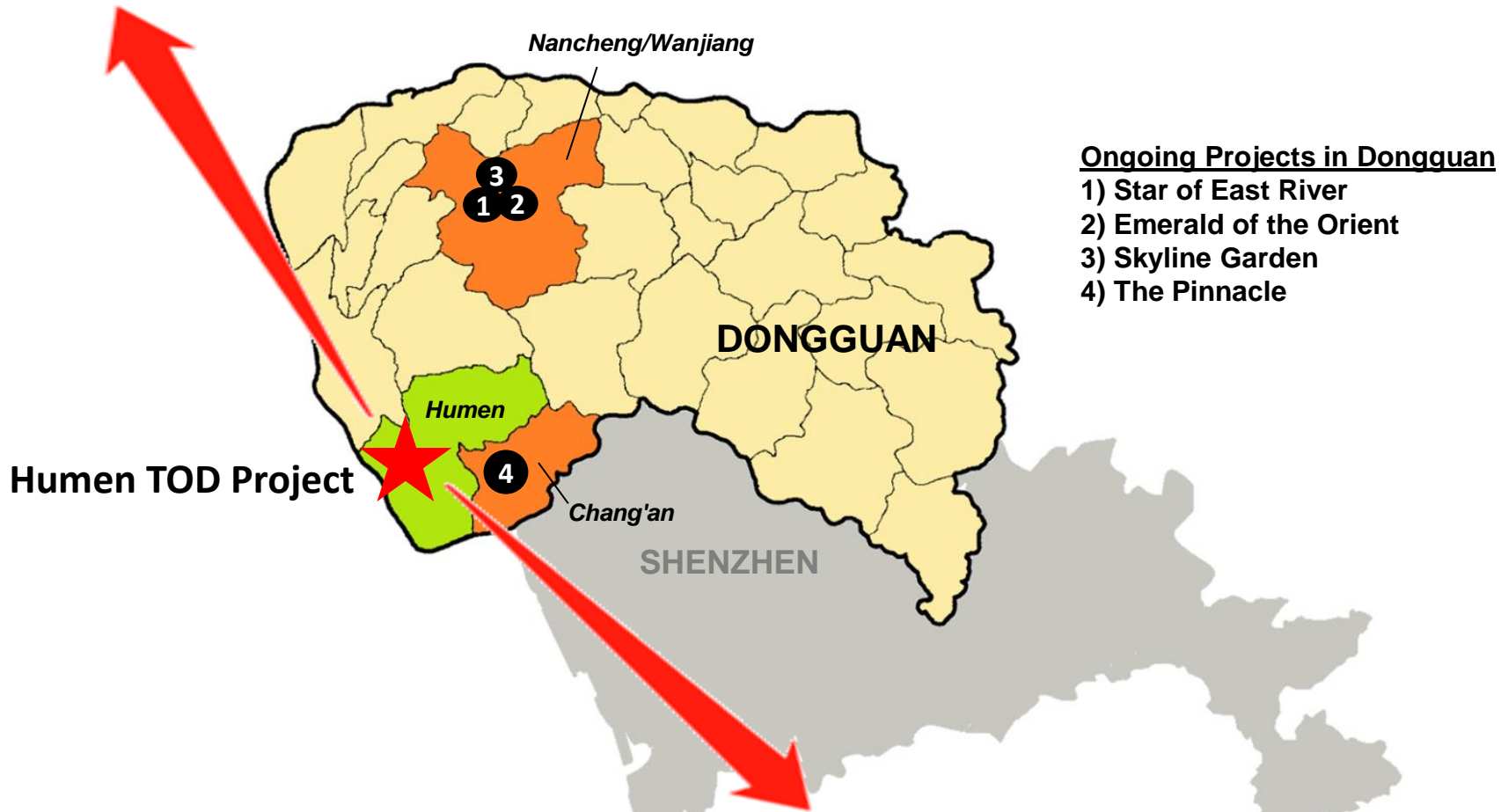
3.5 Property Development – New Humen TOD Project, Dongguan

New transit-oriented development project in excess of 1 million sqm GFA in Humen, Dongguan



3.5 Property Development – New Humen TOD Project, Dongguan

***17 minutes to Guangzhou South Station and
8.5 hours to Beijing***



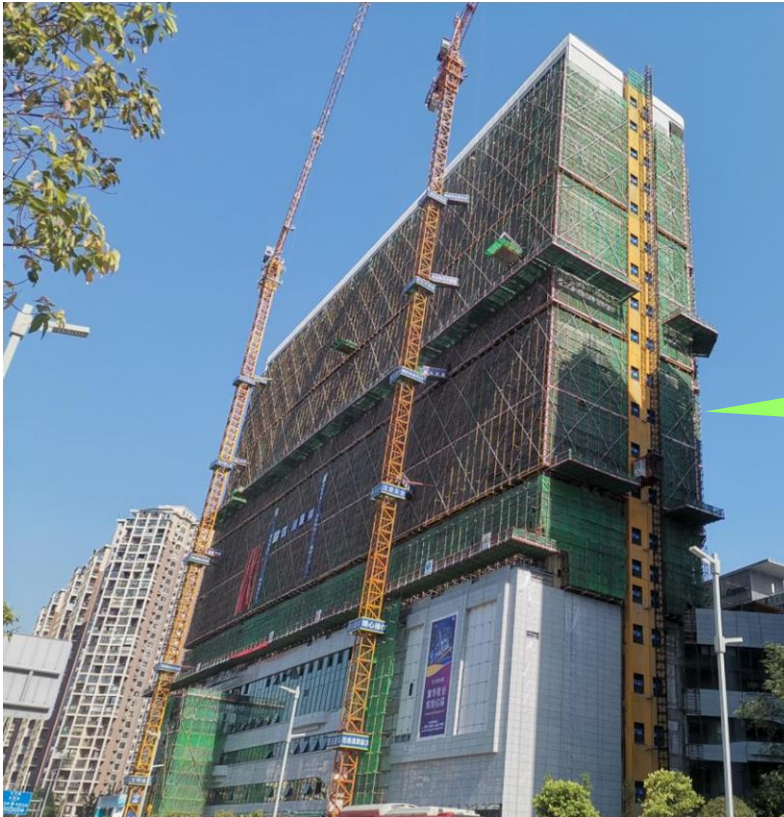
***17 minutes to Shenzhen North Station and
38 minutes to Hong Kong West Kowloon Station***

3.6 Property Development – Termination of Sunac Dongguan JV

- In December 2019, the Group signed a cooperation agreement with, among others, subsidiaries of the Hong Kong listed Sunac China Holdings Limited, in relation to a predominantly residential development project in Dongguan.
- The Group has subsequently agreed amicably with all parties to terminate the cooperation agreement in June 2020 as certain conditions precedent were not met.

3.7 Property Development – Plot F, Chengdu Millennium Waterfront

- The development is expected to be handed over in phases from early 2021.



- Comprises 15 floors of 807 SOHO loft units (49,350 sqm), 5 floors of over 25,000 sqm of saleable retail space
- % SOHO GFA sold¹: 84.2%*
- * includes 156 units or 17.9% which were sold to a bulk buyer in mid-January 2020 under instalment payment terms

¹As at 30 June 2020 and includes sales under option agreements or sale and purchase agreements, as the case may be.

- In June 2020, 883 carpark lots in Plot B, which were carried at nil cost on the Group's balance sheet, have been sold in a sale and leaseback arrangement. The Group is discussing with potential bulk buyers for the approximately 2,500 remaining unsold carpark lots in the other three residential plots of the Millennium Waterfront project.
- The Group continues to evaluate its options for Plot E, the last development plot of the project.

Section 4

Key Business Review 1H2020 – Property Holding

4.1 Property Holding – Chengdu Wenjiang hotels and Bilderberg Bellevue Hotel Dresden



Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring Hotel, PRC

- The hotels managed to achieve a combined GOP profit on the back of improved demand for overnight stays in 2Q2020 and an overall small GOP loss of RMB0.8m in 1H2020.
- The dual-hotel model gives the Group the flexibility to open the Holiday Inn Express hotel periodically on days where the adjacent Crowne Plaza hotel is unable to accommodate the demand for overnight stays.



Bilderberg Bellevue Hotel Dresden, Germany

- The hotel recorded a GOP loss of €0.5m for 1H2020 due to the temporary suspension of hotel operations from 23 March 2020 to 18 May 2020. Occupancy for 1H2020 was at 17.8%, a significant drop from 1H2019's 54.3%.
- However, demand for the hotel appears to be picking up as the hotel recorded occupancy of around 20% on weekdays and close to 50% on weekends for the first half of July 2020.

4.2 Property Holding – Hilton Rotterdam and Hampton by Hilton Utrecht Centraal Station



Hilton Rotterdam, the Netherlands

- The Hilton Rotterdam hotel recorded 32.4% occupancy (1H2019: 70.8%) and overall GOP breakeven in 1H2020. The hotel performance has been severely impacted by the cancellation of meetings and events as well as travel restrictions brought about by Covid-19.



Hampton by Hilton and Crowne Plaza Utrecht Centraal Station, the Netherlands

- The Hampton hotel achieved a GOP breakeven for 1H2020. With the opening of the Crowne Plaza hotel on 2 June 2020, the Group has managed to further optimise operating expenses by leveraging on cost synergies. The Group will continue to monitor market demand and may consider adopting a flexible business strategy to keep only one hotel in operation and to open the other when there is demand for it.

4.3 Property Holding – Bilderberg Hotel Portfolio in The Netherlands



<i>Bilderberg Hotel Portfolio</i> (1)	1H2020	1H2019	Change
Occupancy	28.6%	66.2%	(37.6%)
ADR	€ 93	€ 107	(12.7%)
RevPar	€ 27	€ 71	(62.3%)
TRevPar	€ 53	€ 132	(59.5%)

(1) The trading results of Bilderberg Hotel Portfolio comprises 11 owned hotels and one leased hotel.

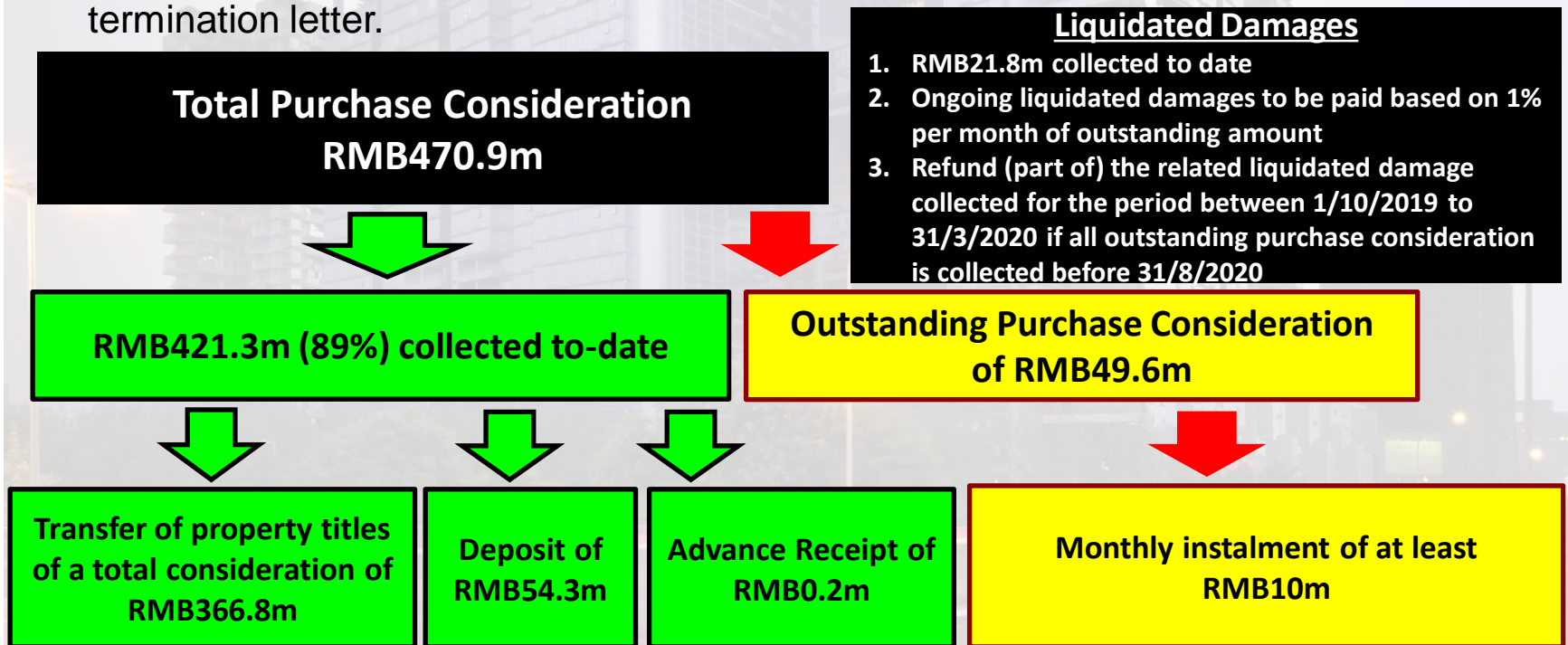
- All the hotels in the Bilderberg Hotel Portfolio were closed for the month of April 2020 and most of the hotels re-commenced operations in phases from mid May 2020 except for Bilderberg Garden Amsterdam which remains closed due to poor demand. Overall portfolio GOP is a loss of €2.9m.
- The Group and FSMC have received subsidies from the Dutch and German authorities under the relevant wage subsidy programs which have mitigated the operating losses of their Dutch and German hospitality operations arising from the Covid-19 pandemic. Further subsidies are expected to be received pursuant to the application of the wage subsidy programs in the Netherlands and Germany until 1 October 2020 and at least March 2021, respectively.

4.3 Property Holding – Le Méridien Frankfurt

- The Group, together with the subsidiaries of its key shareholders, City Developments Limited and Tai Tak Estates, acquired the Le Méridien Frankfurt hotel, which is leased to mhp Parkhotel GmbH (“MHP”), in January 2018.
- In 1H2020, MHP, despite obligations under the lease to operate and pay a monthly rent, closed the hotel in March 2020 without the permission of the landlord and did not pay rent for April 2020, alleging, among others, the negative impact of the Covid-19 pandemic on the hospitality sector and alleged technical defects of the property as grounds for such closure and non-payment.
- MHP also obtained a preliminary injunction to prevent the Group from drawing on a first demand guarantee for the overdue rental payment for April 2020. The landlord rejects the claims of MHP and has commenced legal proceedings to set aside the preliminary injunction. The court hearing is scheduled to be held in early August 2020.
- The Group is also seeking legal advice from its German lawyers as to, among others, its legal recourse against MHP for, among others, the non-payment of rent for May, June and half the rent for July 2020. As at 21 July 2020, the rental arrears amounted to €1.0 million, excluding VAT. The tenant re-opened the hotel on 15 May 2020.

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

- In February 2020, the buyer wrote to the Group to terminate the sale and purchase agreement, alleging that the Covid-19 outbreak, which made it difficult for the buyer to sell the properties, constituted a “force majeure” event. In June 2020, the buyer entered into a supplemental agreement with the Group to obtain a discount of RMB3.5m (due to certain differences in the dimensions of some of the carpark spaces) on the purchase consideration for 292 car park spaces and to acquire another 268 additional car park spaces. The total purchase consideration (including the purchase consideration for the 268 additional car park spaces) was increased by RMB5.9m to RMB470.9m. The buyer has also withdrawn the abovementioned termination letter.



For details of this transaction, please refer to the announcements dated 30-May-18, 12-Jul-18, 25-Sept-18, 23-Nov-18, 28-Jan-19, 22-May-19, 26-Aug-19, 18-May-2020 and 23-Jun-2020.

4.5 Property Holding – Dongguan East Sun/Wanli Property Portfolio

- In March 2017, the Group acquired a 90% equity interest in Dongguan East Sun Limited (“East Sun”) which owns a number of outdated commercial and industrial properties in Dongguan (“East Sun Portfolio”). The East Sun Portfolio was acquired for RMB260m.
- In January 2018, East Sun acquired the entire equity interests in Dongguan Wan Li Group Limited and its subsidiary which owns four outdated commercial and two industrial properties (“Wanli Portfolio”) in Dongguan. The Wanli Portfolio was acquired for RMB206m.
- In October 2018, one of the industrial properties in the Wanli Portfolio was disposed at a premium of approximately 166% over its allocated cost of RMB48.0m.
- In January 2020, East Sun signed an agreement to divest a 51% controlling equity interest in Dongguan Wan Li Group Limited valuing the remaining Wanli Portfolio at RMB320m which is approximately 100% premium over its allocated cost. A RMB50m non-refundable deposit has been received and the remaining consideration will be paid by 2022. The new investor will take the lead in the re-zoning application for the Wanli Portfolio.
- The East Sun Portfolio and Wanli Portfolio are tenanted with a positive running yield. The positive outlook of the Dongguan property market augurs well for some of these properties which are located in certain districts with good redevelopment potential.

4.6 Property Holding – Disposal of Villa Nuova Office, Zeist, The Netherlands



- The Group's 33%-owned FSMC completed the sale of Villa Nuova (a 1,428 sqm office property in Zeist, the Netherlands) on 31 January 2020. The property was 100% leased with a lease term expiring on 1 June 2022.
- The sale was completed, before the Covid-19 pandemic hit the Netherlands, at a premium of approximately 8% over its allocated cost. FSMC had enjoyed an annual net rental yield of more than 10% since its purchase in November 2015.
- The sale of Villa Nuova allows FSMC to focus its attention on its other more significant property assets and to recycle capital for other opportunities.

Section 5

Key Business Review 1H2020 – Property Financing

5.1 Property Financing - Overview of Financial Performance

In S\$'000	1H2020	1H2019	Change %
Secured PRC PF loans to third parties	25,798	20,173	27.9%
PF loans to the Group's members			
- European associates and JV ⁽¹⁾	34,048	16,727	103.6%
- Star of East River Project Co ⁽²⁾	-	3,096	n.m.
- Australian associate ⁽³⁾	3,403	-	n.m.
Unsecured PF loan to third party	479	-	n.m.
Others	1,205	1,675	(28.1%)
Total Revenue from PF	64,933	41,671	55.8%
Share of interest income from secured Australian PF loan to third party ^{(1),(4)}	573	595	(3.7%)

(1) Relates to non-PRC PF businesses. Includes one-off loan restructuring income of S\$15.5m.

(2) Repaid in March 2019.

(3) Relates to the establishment fee earned in respect of the future debt funding of the redevelopment of the City Tattersalls Club in Sydney in which the Group has a 39.9% equity interest.

(4) Income recognised through share of joint venture's profit.

5.2 Property Financing – PRC Loan Book

	Average PRC PF loan book for half year ended	PRC PF loan book as at
30 June 2020	RMB2,632.6m (S\$522.6m)	RMB2,295.4m (S\$453.3m)
31 December 2019	RMB2,211.4m (S\$437.0m)	RMB2,360.0m (S\$456.7m)

- In connection with the economic difficulties resulting from the Covid-19 pandemic, the Group consented to the short term deferral of interest payments to a borrower with a RMB580m loan and another borrower group with two cross collateralized loans amounting to RMB330m.
- The RMB580m loan is secured on a Guangzhou city hotel with a 44% LTV. The borrower was allowed to defer 50% of the monthly interest payments for a few months from 2Q2020 on the condition that the borrower contributes additional equity to a bank account jointly controlled by the borrower and the Group.
- The RMB330m loans are secured on a residential villa (RMB50m @ 46% LTV) and a 5-floor retail mall (RMB280m @ 55% LTV) in Shanghai. The related borrower group was given consent to defer interest payment for one month.

5.3 Property Financing – European Loan Book and Growth

- For the European PF loans, the Group has restructured all loans extended to the 33%-owned FSMC group. Interest obligations have been duly met up to 30 June 2020.
- The Group will closely monitor the performance of its PF loan portfolio, especially with regard to the two PRC loans, while seeking to grow its loan book prudently.

Thank You

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Disclaimer

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