First Sponsor Group Limited
Investor Presentation
29 July 2022

Hotel de Bilderberg, Oosterbeek, the Netherlands

Contents

Section 1 Key Message

Key Message

1. Net profit for the Group was S$71.3 million for 1H2022, a 3.5% growth from 1H2021.

2. The Board has approved an interim tax-exempt (one-tier) cash dividend of 1.1 Singapore cents per share for FY2022, which is the same as that of last year.

3. In July 2022, the Group entered into a joint venture pursuant to which the Group will have an effective 44.1% equity interest in a project company which has acquired, via a public land tender exercise held on 24 June 2022, a predominantly residential development land in Dalingshan, Dongguan ("Dalingshan Land") at an effective land cost of RMB2,165 million or RMB14,500 psm ppr. This land cost is approximately 30% lower than the recent two Dalingshan residential land parcels won by China Overseas and Poly in October 2020 and June 2021 respectively. The Dalingshan Land has a site area of approximately 42,900 sqm with a total saleable GFA of approximately 149,600 sqm comprising approximately 145,600 sqm (97%) of residential GFA and 4,000 sqm (3%) of commercial GFA.

Key Message

4. In July 2022, the Group agreed to enter into a joint venture with, among others, China Poly Group (the JV partner for the Skyline Garden and Time Zone in Dongguan), pursuant to which the Group will have an effective 27% equity interest in a project company which has acquired, via a public land tender exercise held on 24 June 2022, a predominantly residential development land in Wanjiang, Dongguan ("Wanjiang Land") at an effective land cost of RMB1,593 million or RMB22,200 psm ppr. The Wanjiang Land, which is located in the vicinity of the Skyline Garden and Star of East River, has a site area of approximately 31,100 sqm with a total saleable GFA of approximately 71,700 sqm comprising 70,700 sqm (99%) of residential GFA and 1,000 sqm (1%) of commercial GFA.

5. Buying sentiments in the Dongguan residential property market have improved after two rounds of housing policy relaxation by the local municipal in May 2022. 190 residential units of the 17.3%-owned Time Zone were sold in the 1.5-month period after the second round of policy easing was implemented on 14 May 2022, significantly higher than the 139 residential units sold in the first 4.5 months of 2022. The 48.2%-owned Oasis Mansion, which launched the pre-sale of its first residential apartment block on 31 March 2022 followed by two more residential apartment blocks on 27 May 2022, has also seen healthy results with 43% of its 318 units sold to-date. On 4 July 2022, a further round of housing policy relaxation was implemented with the removal of restrictions on the purchase of residential properties in Dongguan except for its 5 core districts.

Key Message

6. The 15 completed villas, bought for RMB56.9 million as part of the May 2021 acquisition of the 95% equity interest in Primus Bay development project in Panyu, Guangzhou, were 100% sold for RMB99 million as at end June 2022. The pre-sale for the first three residential apartment blocks (177 units) was launched on 26 May 2022 with a modest 11% of the units sold.

7. Other than the above projects, the other PRC property development projects which are expected to launch pre-sales in 2022 are the (i) 36%-owned Hefu project in Humen, Dongguan and (ii) Plot E1 of the Millennium Waterfront project in Wenjiang, Chengdu.

8. On 2 May 2022, the Group acquired a 95% equity interest in the Dutch Bilderberg hotel portfolio from the 33%-owned FSMC, valuing the 11 hotels which have an aggregate of 1,252 rooms at €180.6 million. The Group recorded its share of gain of S$22.4 million in 1H2022 arising from the disposal by FSMC and a provisional acquisition goodwill of S$38.9 million as at 30 June 2022.

Key Message

9. The Group's European operating hotels showed strong signs of recovery from the Covid-19 pandemic in 1H2022 as compared to the same period last year. The improvement in hotel trading was however weighed down by higher energy and labour costs and the termination of Covid-19 related subsidies from the Dutch and German authorities on 31 March 2022 and 30 June 2022 respectively. As a result, the European operating hotels recorded an earnings before interest, tax, depreciation and amortisation ("EBITDA") of €6.0 million in 1H2022, reversing from a loss before interest, tax, depreciation and amortisation ("LBITDA") of €5.4 million in 1H2021 after taking into account approximately €2.5 million of government subsidies (1H2021: €6.6 million). In the PRC, the Group's Holiday Inn Express and Crowne Plaza hotels in Chengdu were selected for use as Covid-19 quarantine hotels intermittently from February to June 2022. As a result, the trading of the PRC hotels was adversely impacted in 1H2022 with an EBITDA of RMB3.6 million (1H2021: EBITDA of RMB8.3 million).

Key Message

10. After the successful completion of the auctions in April 2022 for the mortgaged properties in relation to the RMB330 million defaulted loans, the recovery process has been very slow due to the initial full lockdown and subsequent semi-lockdown in Shanghai. The legal title of the Pudong Mall as well as net auction proceeds of the Pudong Villa are expected to be transferred to the Group only in 3Q2022. The Group will continue to work on the recovery of the outstanding debt.

11. Backed by a strong balance sheet, substantial potential equity infusion from the exercise of outstanding warrants and unutilised committed credit facilities, the Group continues to actively pursue opportunities to expand its footprint in the regions that it has an existing exposure.

Section 2 Financial Updates 1H2022

2.1 Statement of Profit or Loss - Highlights

Statement of Profit or Loss - Highlights

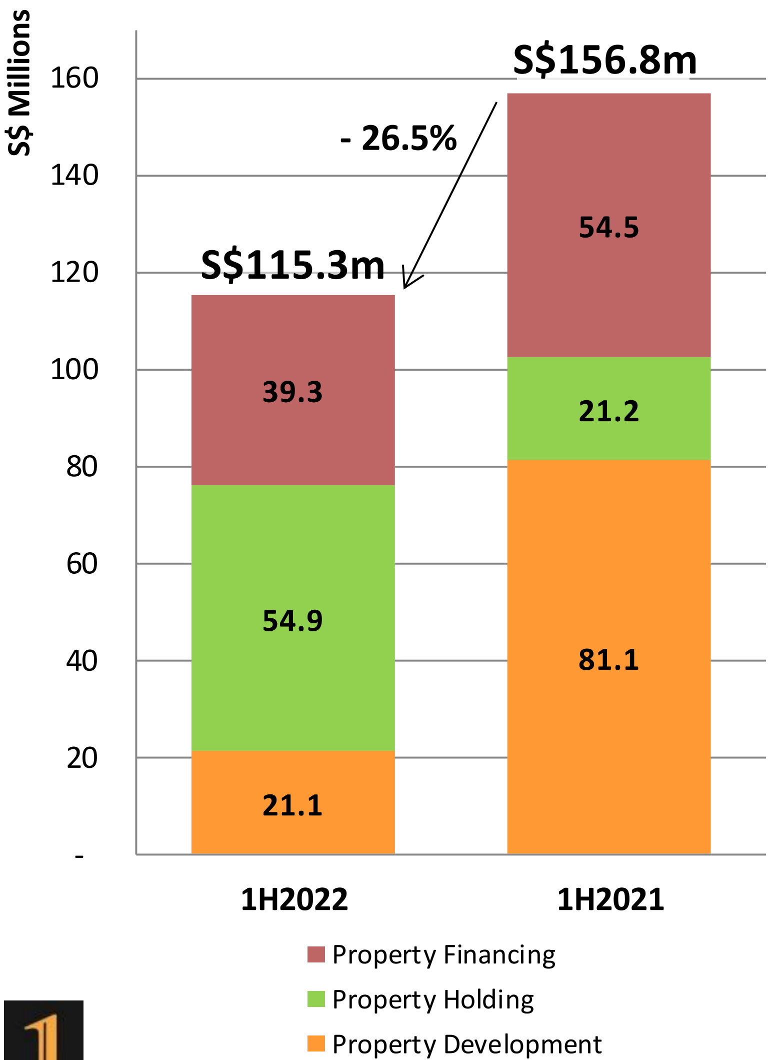
In S$'000	1H2022	1H2021	Change %
Revenue	115,254	156,758	(26.5%)
Gross profit	66,228	71,250	(7.0%)
Profit before tax	84,885	73,619	15.3%
Attributable profit (1)	71,331	68,951	3.5%
Basic EPS (cents)	7.73	7.55	2.4%
Diluted EPS (cents)	5.38	5.20	3.5%
Interest cover (2)	7.9x	7.4x	n.a.

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

(2) Interest cover = PBT (excluding interest due to or from financial institutions) ÷ net 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 a lower volume of handover in 1H2022 in the Millennium Waterfront project, as compared to 1H2021 which saw the handover of SOHO loft units in Plot F of the Millennium Waterfront project (1H2022: 3 villas in the Primus Bay, 40 SOHO loft units and 10 commercial units in the Millennium Waterfront project; 1H2021: 619 SOHO loft units, 1 commercial unit and 7 car park lots in the Millennium Waterfront project).

Property Holding

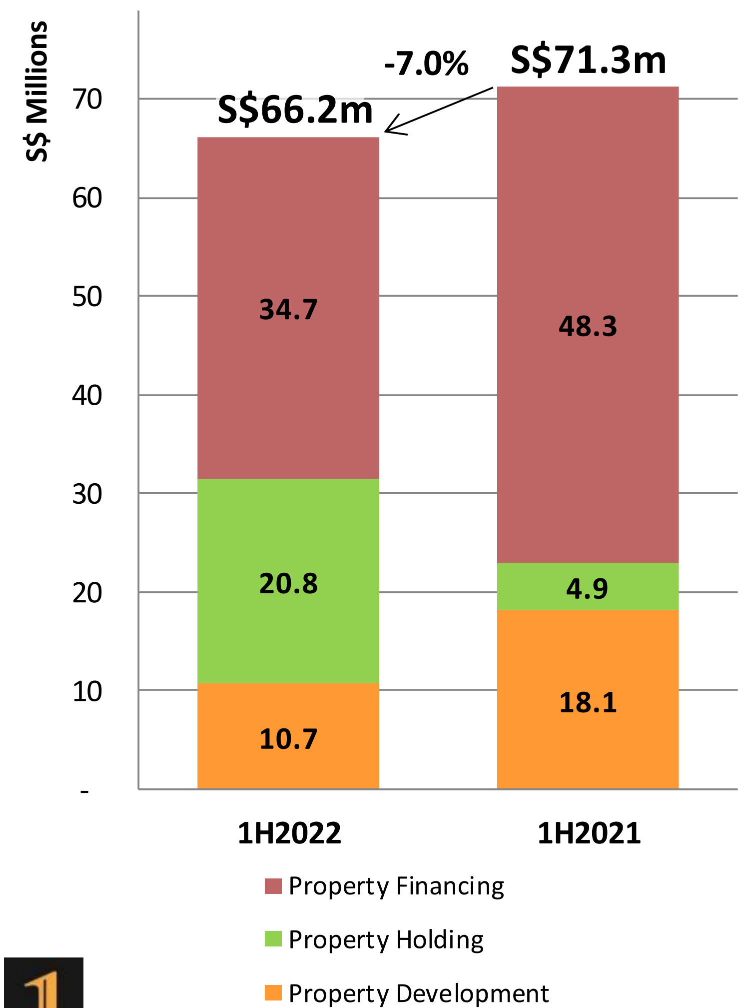
The increase was due mainly to higher hotel revenue from the European hotels, arising from the Dutch Bilderberg hotel portfolio acquisition on 2 May 2022 and stronger trading with the removal of Covid-19 restrictions.

Property Financing

The decrease in 1H2022 was due mainly to a lower average PRC PF loan book as compared to 1H2021.

2.3 Statement of Profit or Loss – Gross Profit

Gross Profit



Property Development

The decrease was in line with the lower revenue recognised which was due mainly to a lower volume of handover in 1H2022 as compared to 1H2021. Gross profit margin was higher in 1H2022 as the villas in the Primus Bay and the commercial units in the Millennium Waterfront project have a higher gross profit margin than the SOHO loft units in Plot F of the Millennium Waterfront project.

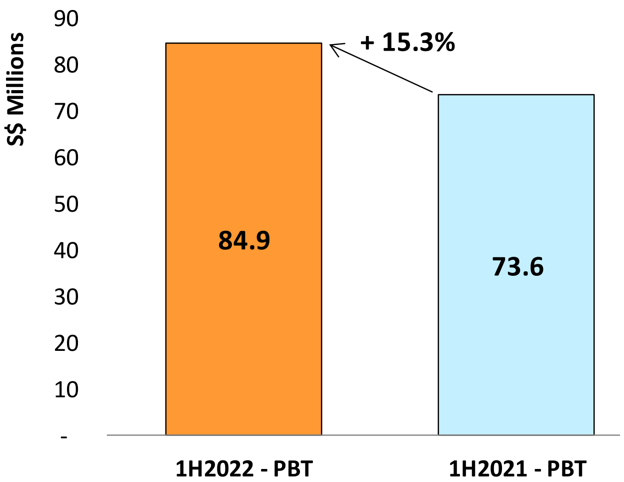
Property Holding

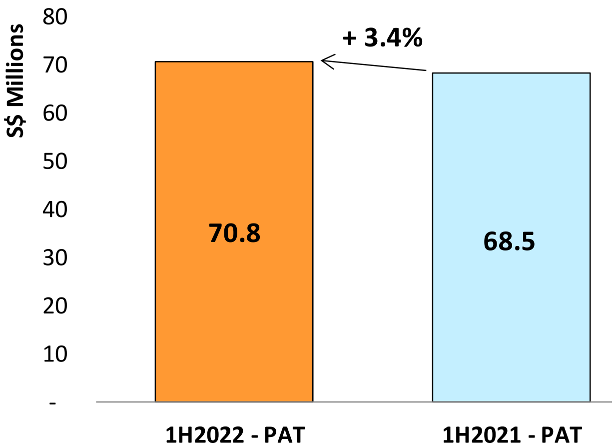
The increase was due mainly to higher profit contribution from the European hotels, arising from the Dutch Bilderberg hotel portfolio acquisition on 2 May 2022 and stronger trading with the removal of the Covid-19 restrictions.

Property Financing

The decrease was consistent with the decrease in revenue recognised in 1H2022, which was due mainly to a lower average PRC PF loan book as compared to 1H2021.

2.4 Statement of Profit or Loss – 1H2022 vs 1H2021





The increase in profit before tax was due mainly to:

- Higher gross profit contribution from the property holding business segment [S$15.9m increase]
- Higher net credit from foreign exchange differences and fair value change in financial derivatives and other investments [S$12.5m increase]
- Higher share of income from associates due mainly to the disposal gain recognised by FSMC in relation to the sale of its 95% equity interest in the Dutch Bilderberg hotel portfolio to the Group, partially offset by a decrease in handover from the various PRC property development associates/JVs [S$9.9m increase]
- Higher other gains due mainly to the divestment of the Group's 90% equity interest in the Dongguan Liaobu Factory, which was partially offset by the absence of the dilution gain arising from the partial divestment of the Wan Li Group [S$4.3m increase]

The increase was partially offset by:

- Lower gross profit contribution from the property development and property financing business segments [S$21.0m decrease]
- Higher administrative expenses due mainly to the consolidation of the Dutch Bilderberg hotel portfolio's expenses since 2 May 2022 and higher staff costs [S$4.9m decrease]
- Lower other income due mainly to lower government grants from the PRC [S$4.2m decrease]

Higher tax expense in 1H2022 over 1H2021 due mainly to additional land appreciation tax provision for the Chengdu Cityspring project and the tax in relation to divestment of the Group's 90% equity interest in the Dongguan Liaobu Factory.

2.5 Statement of Financial Position – Highlights

Statement of Financial Position - Highlights			
In S$'000	**30-Jun-22**	**31-Dec-21**	**Change %**
Total assets	4,418,557	4,303,515	2.7%
Cash and structured deposits (1)	687,140	343,932	99.8%
Total debt (2)	1,027,867	1,088,907	(5.6%)
Net asset value (NAV) (3)	1,875,046	1,863,082	0.6%
NAV per share (cents)	202.96	202.39	0.3%
Adjusted NAV per share (cents) (4)	177.24	176.60	0.4%
Gearing ratio (5)	0.18x	0.38x	n.a.

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

(2) Comprises gross borrowings of S$1,036.7m net of unamortised upfront fee of S$8.8m and S$1,100.2m net of unamortised upfront fee of S$11.3m as at 30 June 2022 and 31 December 2021 respectively.

(3) NAV includes translation gain of S$50.4m (Dec 2021: translation gain of S$91.7m), and excludes non-controlling interests.

(4) Represents NAV per share adjusted for the exercise of all warrants into ordinary shares.

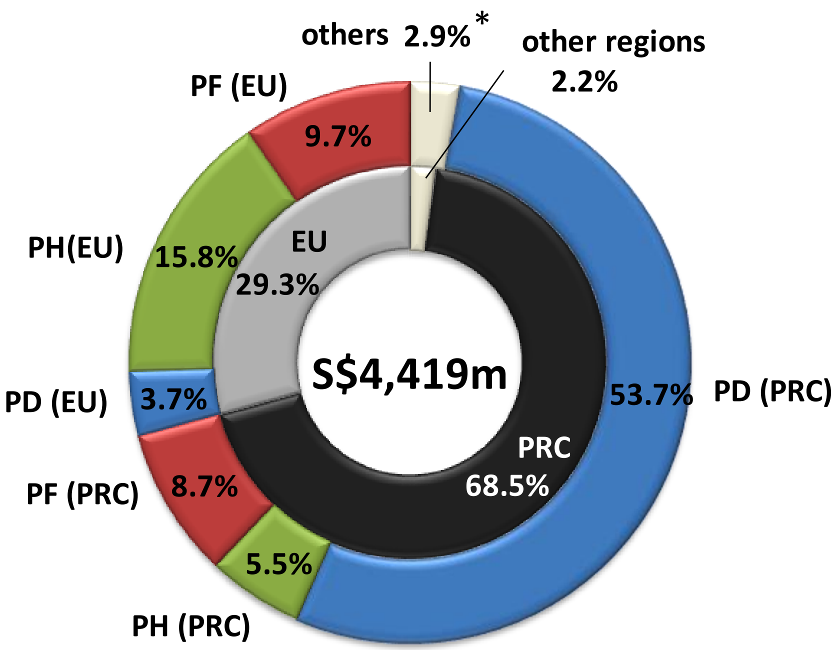
(5) Computed as net debt ÷ total equity including non-controlling interests.
Net debt = gross borrowings – cash and structured deposits.

2.6 Statement of Financial Position - Total Assets

Total Assets – by business and geographic segments

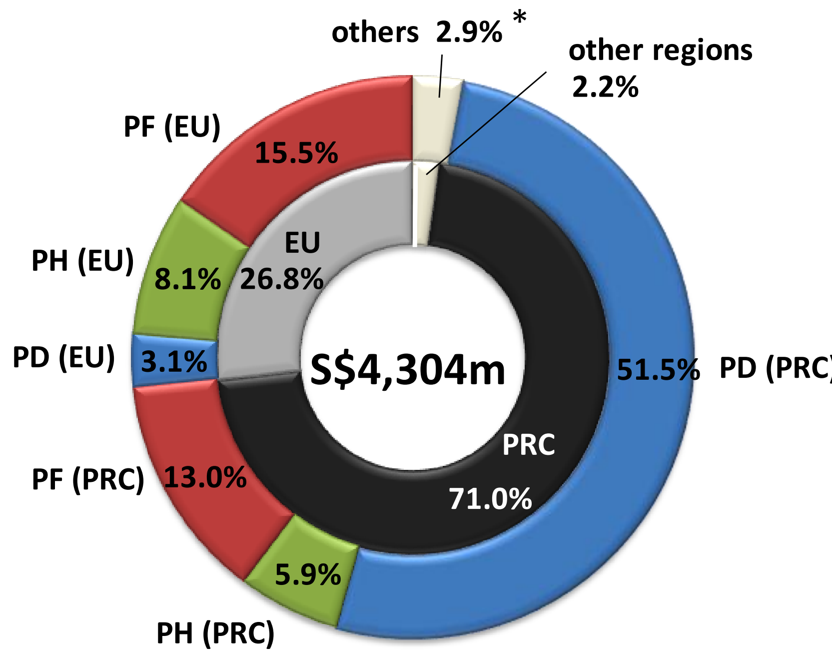
As at 30 June 2022

Total assets: S$4,419m



As at 31 December 2021

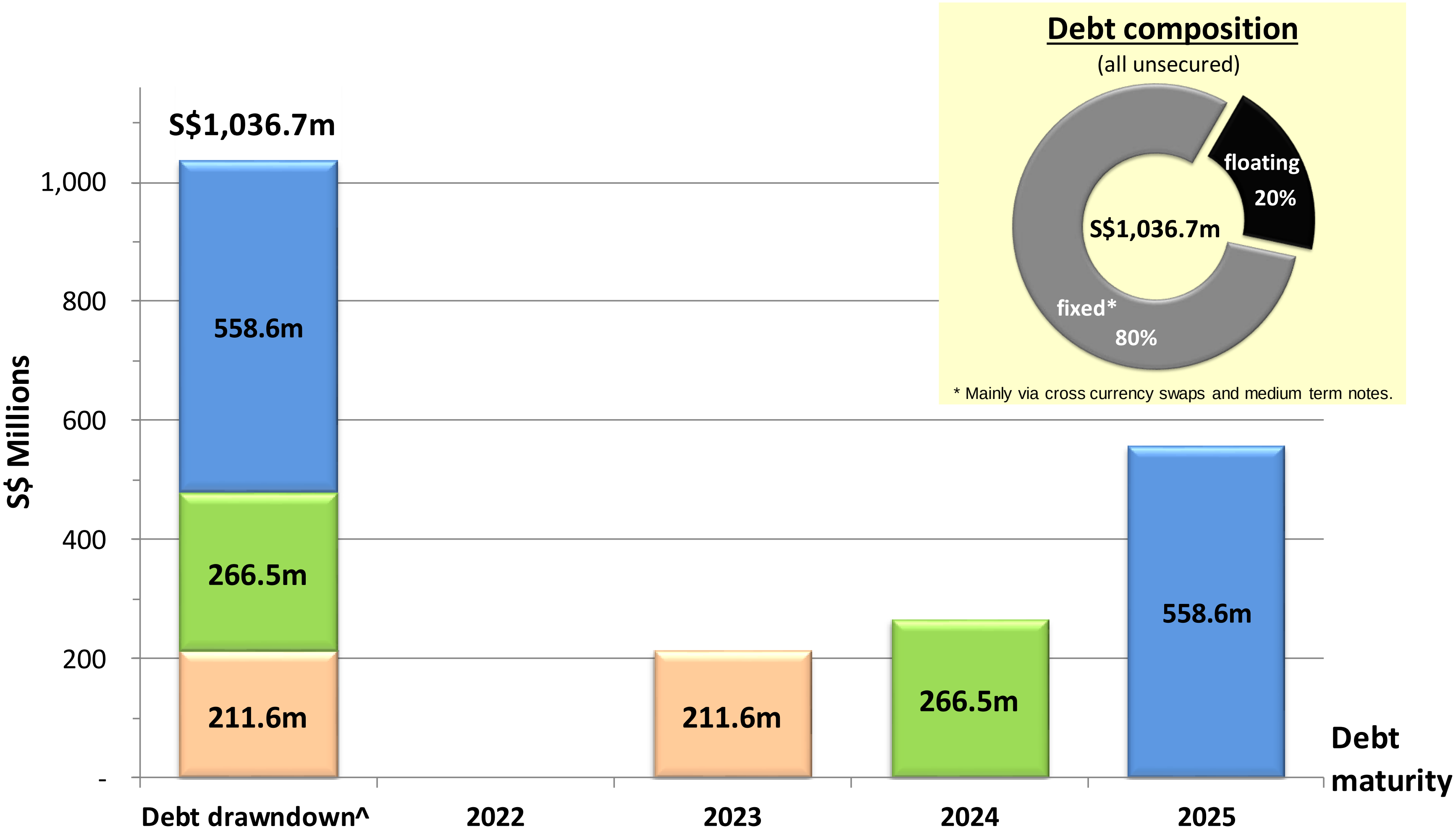
Total assets: S$4,304m



* Includes PD/PF (Australia) and
tax related items (EU/PRC/Singapore)

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

2.7 Debt Maturity and Composition as at 30 June 2022



^ Remaining headroom of S$311.0m of committed credit facilities.

- The Group had cash balances of S$687.1m as at 30 June 2022.
- Formal credit committee approval to refinance a S$120m debt facility due in October 2022 for another 3 years has been obtained.

Section 3 Business Updates 1H2022 – Property Development

3.1 Property Development – Ongoing PRC Projects

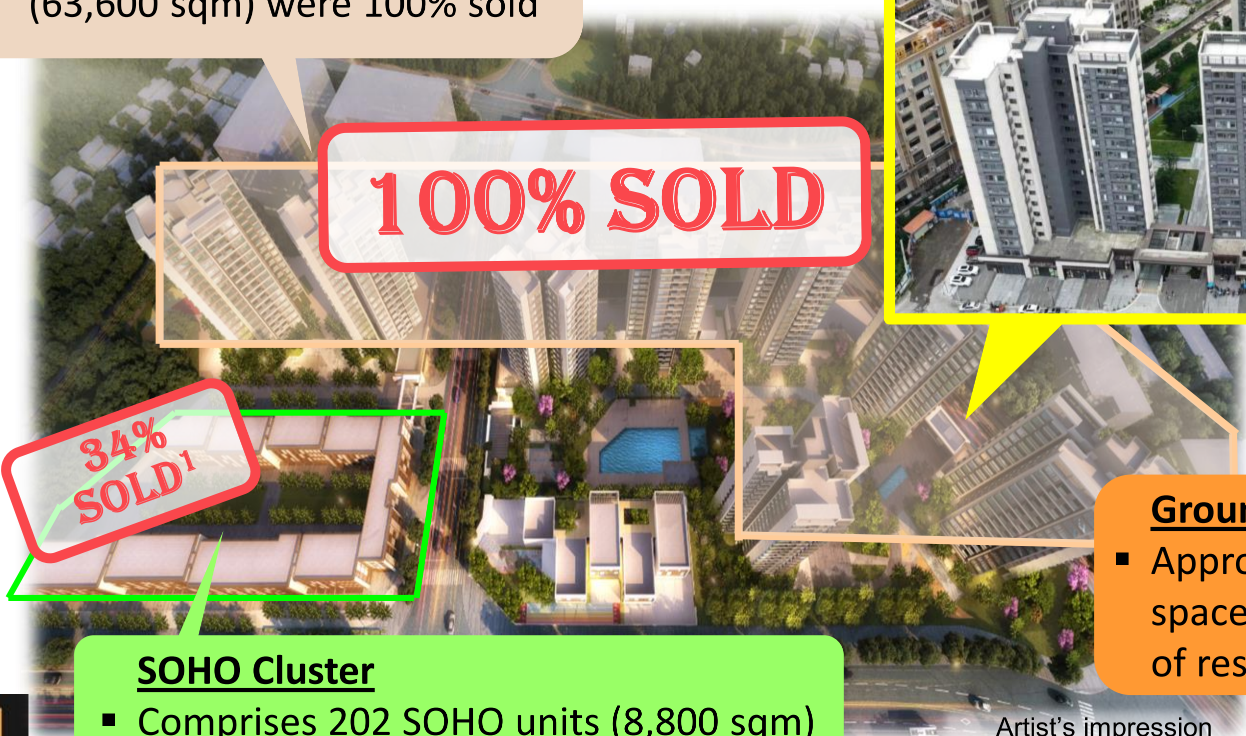
	Project [1]	Equity %	Type	Total Saleable GFA (sqm)	In units			% of Launched Sold [2]	Average Selling Price (RMB psm)	Land Cost RMB psm ppr (Date of Entry)
					Total	Launched	Sold			
1	The Pinnacle, Chang'an, Dongguan	60%	Residential	63,600	606	606	606	100%	35,100	10,000 (Mar 2019)
			SOHO	8,800	202	202	58	34%	24,100	
2	Skyline Garden, Wanjiang, Dongguan	27%	Residential	131,900	1,194	1,194	1,178	98.9%	38,400	14,800 (Jun 2019)
			SOHO	66,600	804	804	178	37%	23,000	
3	Time Zone, Humen, Dongguan	17.3%	Residential	298,500	2,420	1,299	937	70%	39,100	15,200 3,000 (Jun 2020)
			SOHO	376,100	7,670	648	621	96%	18,900	
			Commercial [3]	349,500	Not Applicable	-	-	-	-	
4	Oasis Mansion, Humen, Dongguan	48.2%	Residential	77,800	738	318	142	43%	30,500	15,000 (Apr 2021)
5	Hefu, Humen, Dongguan	36%	Residential	82,000	560	-	-	-	-	14,700 (Jul 2021)
			SOHO	27,500	100	-	-	-	-	
6	Fenggang Project, Dongguan	18%	Residential	157,400	Not avail	-	-	-	-	*Pending land conversion* (Jan 2021)
7	Primus Bay, Panyu, Guangzhou	95%	Residential	163,100	1,530	177	20	11%	26,200	8,000 (Feb 2021)
8	Millennium Waterfront Plot E1, Wenjiang, Chengdu	100%	SOHO	149,700	2,124	-	-	-	-	310 (May 2012)

[1] Excludes projects of which the residential and the SOHO components are mostly handed over.
[2] Calculated based on GFA and includes sales under option agreements or sale and purchase agreements, as the case may be.
[3] Comprises office 188,800 sqm, hotel 40,000 sqm, shopping mall 99,400 sqm and other commercial/retail space 21,300 sqm.

3.2 Property Development – The Pinnacle, Dongguan (60%-owned)

- Subsequent to the first handover of six of the eight fully sold residential apartment blocks in December 2021, the remaining two fully sold residential apartment blocks and sold units of the SOHO cluster are expected to be handed over in 2H2022.

Residential Blocks
- All eight blocks of 606 units (63,600 sqm) were 100% sold



SOHO Cluster
- Comprises 202 SOHO units (8,800 sqm)

Ground Level Retail:
- Approx. 2,700 sqm of retail space located at ground level of residential and SOHO blocks

Artist's impression

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

3.3 Property Development – Skyline Garden, Dongguan (27%-owned)

Residential Blocks

- Total five blocks of 1,194 units (131,900 sqm)
- Four blocks of 830 units (94,600 sqm) were 100% sold while the last block of 364 units (37,300 sqm) was approximately 96% sold[1]

➢ Barring any unforeseen circumstances, Skyline Garden is expected to commence its first handover of the four fully sold residential apartment blocks in late 2022.

SOHO Blocks

- Seven blocks of 804 SOHO units (66,600 sqm) and 4,400 sqm of retail space
- All SOHO units and commercial space are to be kept for a minimum holding period of 2 years as per land tender conditions
- One (80 units) of the six low-rise SOHO blocks and 98 units of the high-rise SOHO block (306 units) have been reserved by purchasers with cash deposit paid.

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

3.4 Property Development – Time Zone, Dongguan (17.3%-owned)

Three Office Towers (188,800 sqm)
- A grade-A tower with approx. 340 office units (75,500 sqm) and two towers with approx. 940 office units (113,300 sqm)

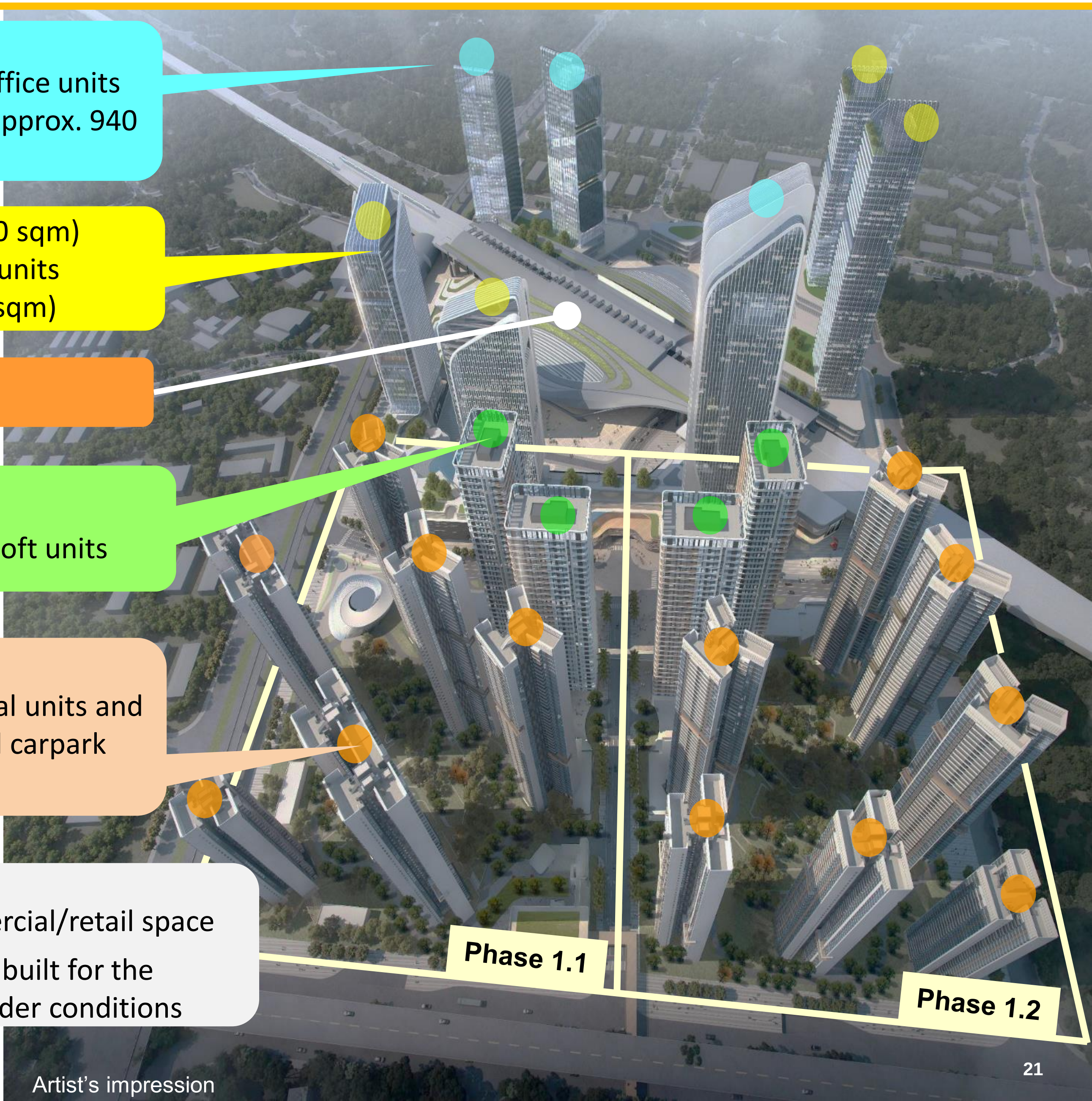
Four SOHO cum Hotel Blocks (308,900 sqm)
- Four blocks of approx. 6,370 SOHO units (268,900 sqm) and a hotel (40,000 sqm)

Shopping Mall (99,400 sqm)

Four SOHO Loft Blocks (107,200 sqm)
- Four blocks of approx. 1,300 SOHO loft units

13 Residential Blocks (298,500 sqm)
- 13 blocks of approx. 2,420 residential units and approx. 4,160 saleable underground carpark lots

Others:
- Approx. 21,300 sqm of commercial/retail space
- Other general amenities to be built for the authorities as per the land tender conditions



Artist's impression

3.4 Property Development – Time Zone Phase 1.1, Dongguan (17.3%-owned)

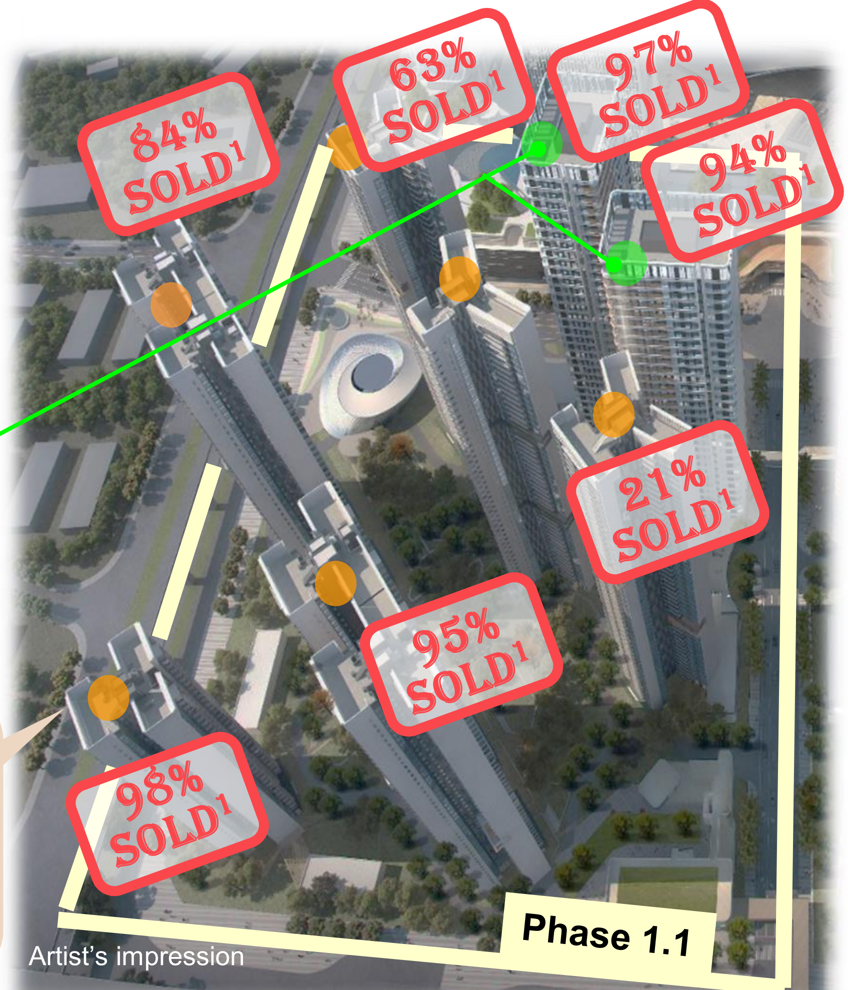
- Buying sentiments in the Dongguan residential property market have improved after two rounds of housing policy relaxation by the local municipal in May 2022. 190 residential units of the 17.3%-owned Time Zone were sold in the 1.5-month period after the second round of policy easing was implemented on 14 May 2022, significantly higher than the 139 residential units sold in the first 4.5 months of 2022. On 4 July 2022, a further round of housing policy relaxation was implemented with the removal of restrictions on the purchase of residential properties in Dongguan except for its 5 core districts.
- One of the remaining two residential apartment blocks of Phase 1.1 was launched for presale on 30 June 2022 with 21% sold[1] while the last block is expected to launch for pre-sale in 3Q2022.

Two SOHO Loft Blocks (648 units, 55,100 sqm)

- The SOHO units were sold at an average selling price in excess of RMB18,500 psm.
- The effective land cost for the commercial component of the entire project is approx. RMB3,000 psm ppr.

Six Residential Blocks (1,275 units, 159,200 sqm)

- The residential units were sold at an average selling price slightly in excess of RMB39,000 psm on a furnished basis.
- The effective land cost for the residential component of the entire project is approx. RMB15,200 psm ppr.



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

3.4 Property Development – Time Zone Phase 1.1 & 1.2, Dongguan (17.3%-owned)


Phase 1.1

Phase 1.2

- The first handover of the residential apartment blocks of Phase 1.1 is expected to commence in 2023.
- The adjacent Phase 1.2 launched its first residential apartment block (156 units) for presale on 5 July 2022 which is 37% sold[1] to-date. One other residential apartment block (136 units) and two SOHO loft blocks (648 units) are further expected to be launched for pre-sale in 2H2022.

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

3.5 Property Development – Oasis Mansion, Dongguan (48.2%-owned)

- The Group had subscribed for approximately S$97 million and S$89 million of junior and senior convertible bonds ("SCB") with an annual coupon rate of 15% and 12% respectively, for the main purposes of financing the acquisition and conversion of the land parcel, and the development of Oasis Mansion.
- The project, which launched the pre-sale of its first residential apartment block on 31 March 2022 followed by two more residential apartment blocks on 27 May 2022, has seen healthy results with 43% of its 318 residential units sold[1]. Arising from the encouraging pre-sale results, the project company has effectively repaid approximately S$43.6 million of the SCB.

Residential Blocks

- Predominantly residential project with a total saleable residential GFA of approximately 78,000 sqm
- The Group's land cost in the project is approximately RMB15,000 psm ppr

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

3.6 Property Development – Hefu Project, Dongguan (36%-owned)

- The project company has commenced construction work in 1Q2022 and is expected to launch the pre-sale of its residential/SOHO apartment units in batches, with the first pre-sale in 3Q2022.

<u>Hefu Project</u>

Site area : 39,038 sqm

Saleable GFA : approx. 111,700 sqm (residential 73% / SOHO 25% / retail 2%)

The Group's all-in land cost amounts to approximately RMB14,700 psm ppr.

3.7 Property Development – Fenggang Project, Dongguan (18%-owned)

- The resettlement exercise is on-going and the majority of existing inhabitants have signed the resettlement compensation agreements.
- As no objection to the land re-zoning proposal was received by the expiry of the public announcement period on 18 March 2022, the local authorities have begun to process the re-zoning application and are expected to grant their approval in 2022.

Fenggang Project*

Site area : 33,800 sqm

Saleable GFA : approx. 162,300 sqm (residential 97% / commercial 3%)

*subject to re-zoning approval

3.8 Property Development – Primus Bay, Guangzhou (95%-owned)

- The pre-sale for the first three residential apartment blocks (177 units) was launched on 26 May 2022 with a modest 11% of the units sold. Barring any unforeseen circumstances, pre-sales for the rest of the residential apartment blocks are expected to be launched progressively from late 2022/early 2023.


Artist's impression

Residential Blocks
- Predominantly residential project comprising 20 blocks of approx. 1,530 units (163,100 sqm)
- The Group's land cost in the project is approximately RMB8,000 psm ppr

- The 15 completed villas, bought for RMB56.9 million as part of the May 2021 acquisition of Primus Bay, were 100% sold for RMB99 million as at end June 2022.

3.9 Property Development – New Dalingshan Land, Dongguan (44.1%-owned)

- In July 2022, the Group entered into a joint venture pursuant to which the Group will have an effective 44.1% equity interest in a project company which has acquired, via a public land tender exercise held on 24 June 2022, a predominantly residential development land in Dalingshan, Dongguan ("Dalingshan Land") at an effective land cost of RMB2,165 million or RMB14,500 psm ppr. This land cost is approximately 30% lower than the recent two Dalingshan residential land parcels won by China Overseas and Poly in October 2020 and June 2021 respectively.
- The majority shareholder of the joint venture, LongAfter Group, is a new JV partner of the Group, which has more than fifteen development projects in Dongguan, including joint ventures with well-known PRC developers.
- The selling prices for the new and resale residential properties near the Dalingshan Land are in the range of RMB25,000 psm to RMB33,000 psm, with an average selling price of approximately RMB32,100 psm for the period from January to April 2022.

3.9 Property Development – New Dalingshan Land, Dongguan (44.1%-owned)

- The Dalingshan Land is part of a largely residential land plot that has been divided into four parcels for public land tendering by the local municipal. Two of the residential land parcels marked in blue below were released for public land tenders in March 2022 but were not successful as there were no bidders at the then opening bid price which has an implied land cost of approximately RMB18,700 psm ppr. The remaining land parcel, which is yet to be released for land tender, has been zoned for commercial and residential purposes.

<u>New Dalingshan Land</u>

Site area : 42,900 sqm

Saleable : 149,600 sqm

GFA (residential 97% / commercial 3%)

3.10 Property Development – New Wanjiang Land, Dongguan (27%-owned)

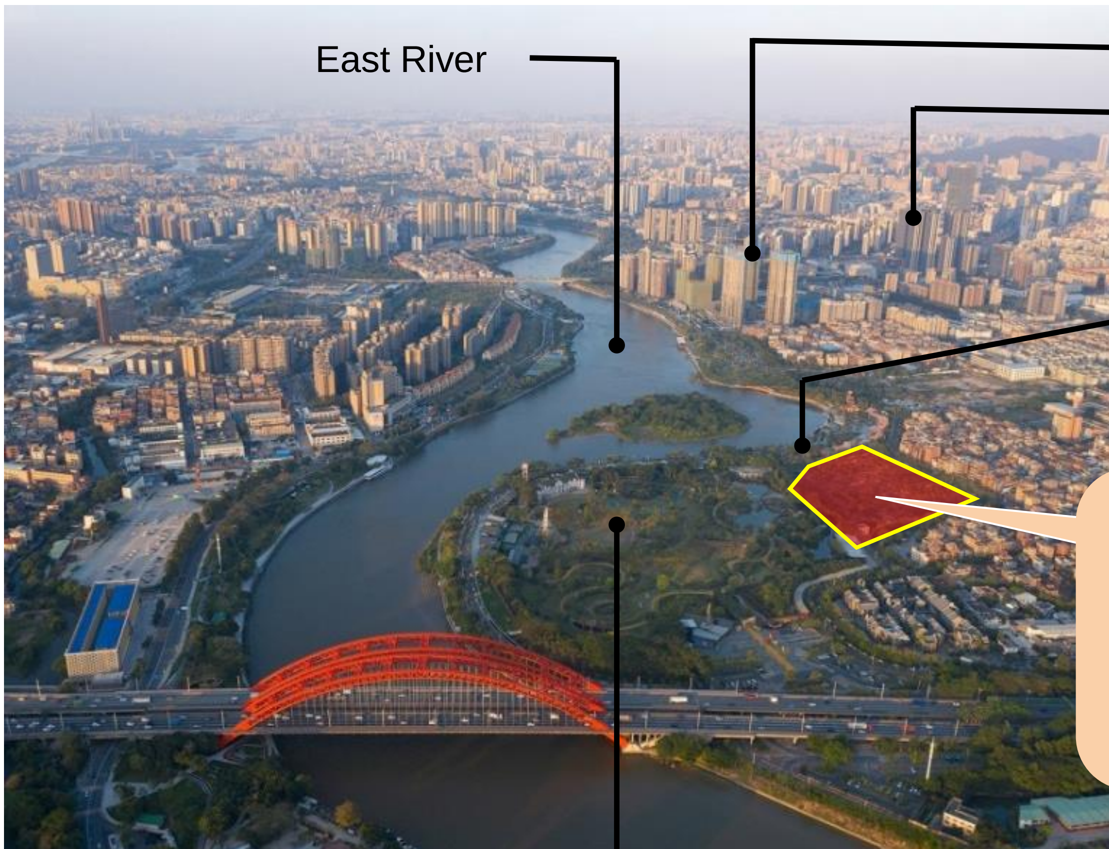
- In July 2022, the Group agreed to enter into a joint venture with, among others, China Poly Group (the JV partner for the Skyline Garden and Time Zone in Dongguan), pursuant to which the Group will have an effective 27% equity interest in a project company which has acquired, via a public land tender exercise held on 24 June 2022, a predominantly residential development land in Wanjiang, Dongguan ("Wanjiang Land") at an effective land cost of RMB1,593 million or RMB22,200 psm ppr.

- The Wanjiang Land is situated within a residential area named the Guanqiaojiao Community with several residential projects nearby which include, among others, the Group's Skyline Garden, Tianjian Yuejianglai (developed by Tagen Group) and No. 8 on the Bund (developed by Gemdale).

- The selling prices for the new and resale residential properties near the Wanjiang Land are between RMB32,000 psm to RMB50,000 psm, with an average selling price of approximately RMB36,000 psm for the period from January to April 2022.

3.10 Property Development – New Wanjiang Land, Dongguan (27%-owned)

- The site, with a scenic view of the East River, is approximately 2.2km and 2.9km from the Skyline Garden and Star of East River respectively. The nearby amenities that are within 10 minutes' reach include the Group's Star of East River shopping mall, a hospital, R1 metro station and bus terminals, educational institutions and numerous parks including a sports park.



<u>New Wanjiang Land</u>

Site area : 31,100 sqm

Saleable GFA : 71,700 sqm (residential 99% / commercial 1%)

3.11 Property Development – Millennium Waterfront Plot E, Chengdu (100%-owned)

- Plot E1 of Millennium Waterfront project is expected to start pre-sale of the SOHO units (by phases) in 2H2022.

pre-sale in 2H2022

Artist's impression

Plot E

- Comprises approximately 2,124 SOHO units (149,700 sqm) and 28,400 sqm of retail podium.
- The Group's land cost in Plot E is approximately RMB310 psm ppr.

3.12 Property Development – Dreeftoren Redevelopment, Amsterdam (100%-owned)

- The construction has commenced as the steel sheet wall surrounding the redevelopment site has been installed and the office tower is halfway through the process of being dismantled. Works on the new basement carpark would commence shortly.
- The current inflationary environment, coupled with the recent geopolitical tension, has caused material prices to rise steeply and delivery times to lengthen. These will pose challenges and risk to the Dreeftoren redevelopment although the Group entered into fixed-price construction contracts for the project.
- The redevelopment project comprises a new 130-metre high residential tower (tallest residential building under construction in Amsterdam) with 312 apartment units (GFA: 27,890 sqm), a parking garage with 136 carpark lots and an adjacent newly refurbished and enlarged 18-storey office tower (GFA: 20,231 sqm, including commercial plinth).
- The refurbished office tower and the new residential tower are expected to be completed in late 2024 and 4Q2025 respectively.

New residential tower (left) and refurbished office tower (right), Amsterdam Southeast

3.13 Property Development – Meerparc Redevelopment, Amsterdam (100%-owned)

- In December 2017, the Group acquired Meerparc, a freehold property with a substantial office component (GFA of 19,143 sqm) located in the Amsterdam South-Axis, the central business district of Amsterdam.
- The Group is in advanced discussions with the relevant authorities in relation to the redevelopment of Meerparc into a mixed residential/office property with a substantial GFA increase.
- Renowned Dutch architect Benthem Crouwel, an award winning team with a strong track record in the Netherlands, has been engaged by the Group to design the development.

3.14 Property Development – City Tattersalls Club ("CTC") Project, Sydney (39.9%-owned)

- Subsequent to the Stage 2 development approval granted in November 2021 for the 39.9%-owned CTC project in Sydney, the developer trust has commenced the tender process for the main contractor in mid-February 2022, and targets to start construction in 3Q2022. In view of the current market conditions, the developer trust will monitor the market before deciding on an appropriate timing to launch the residential units for pre-sales.
- The Group has entered into a 50:50 joint venture with Tai Tak to provide construction financing to the developer trust as part of its property financing business.
- The Group is expected to take a 70.5% stake in the hotel component. The estimated room count for the hotel has increased from 101 to 110.

Ground Floor: Residential, Club & Hotel

Section 4 Business Updates 1H2022 – Property Holding

4.1 Property Holding – European Property Portfolio Operating Performance

In S$'000	1H2022	1H2021	Change %	1H2019
Dutch office income	**13,851**	**16,286**	**(15.0%)**(1)	**10,510**
European hotel income	**12,185**	**(5,253)**	**332.0%**	**16,562**
- Operating hotels(2)	8,983	(8,627)	204.1%(2)	10,840
- Leased hotels(3)	3,202	3,374	(5.1%) (3)	5,722
Total	**26,036**	**11,033**	**136.0%**	**27,072**

(1) Due mainly to the lower income contribution from Mondriaan Tower Amsterdam, coupled with the depreciation of € against S$.

(2) Includes the Bilderberg Hotel Portfolio, Hilton Rotterdam, Bilderberg Bellevue Hotel Dresden, Hampton by Hilton Utrecht Centraal Station, Crowne Plaza Utrecht Centraal Station and with effect from 31 January 2021, Le Méridien Frankfurt. The stronger trading results were mainly because of the lifting of Covid-19 restrictions.

(3) Includes the Holiday Inn/Holiday Inn Express at Arena Towers Amsterdam. The decrease was due mainly to the depreciation of € against S$.

Excluding Dreeftoren Amsterdam and Meerparc Amsterdam, the Dutch office portfolio and European leased hotels (LFA: 114,665 sqm, 90% occupancy) have a WALT of approximately 7.4 years.

4.2 Property Holding – Dutch Bilderberg Hotel Portfolio (95%[1]-owned)

Bilderberg Hotel Portfolio[2]	1H2022	1H2021	Change	1H2019
Occupancy	51.2%	22.3%	28.9%	65.2%
ADR	€ 111.3	€ 97.8	13.8%	€ 103.4
RevPAR	€ 57.0	€ 21.8	161.5%	€ 67.4
TRevPAR	€ 107.9	€ 39.5	173.2%	€ 130.6

- The Dutch hospitality sector is on a strong recovery path after the government lifted Covid-19 restrictions in January 2022, with occupancy exceeding 70% for both May and June 2022. As a result, the Dutch Bilderberg hotel portfolio saw an improvement in occupancy to 51.2% in 1H2022 (1H2021: 22.3%), driven by both meeting and leisure businesses.

[1]Acquisition of FSMC's 95% stake in the Dutch Bilderberg Hotel Portfolio was completed on 2 May 2022.
[2]Comprises 11 owned hotels.

4.2 Property Holding – Dutch Bilderberg Hotel Portfolio (95%-owned)

(in million €)	1H2022	1H2021	Change	1H2019
Revenue	24.5	9.0	173.0%	29.7
EBITDA/(LBITDA)	2.4	(3.8)	164.4%	4.4
Government Subsidies	1.4	3.1	(55.2%)	-
Energy Cost	2.7	1.0	177.3%	1.0

- While hotel trading has improved substantially, increasing energy and labour costs coupled with lower government subsidies have significantly offset the improvement in revenue. In 1H2022, the Dutch Bilderberg hotel portfolio reported an improved EBITDA of €2.4m for 1H2022 (1H2021: LBITDA of €3.8m), after including €1.4m of government subsidies (1H2021: €3.1m).

4.3 Property Holding – Hilton Rotterdam, the Netherlands (33%-owned)

(in million €)	1H2022	1H2021	Change	1H2019
Revenue	5.3	1.4	280.4%	6.6
EBITDA/(LBITDA)	1.0	(0.2)	708.1%	1.8
Government Subsidies	0.4	1.2	(71.4%)	-
Energy Cost	0.5	0.2	163.6%	0.2

- The hotel recorded an improved occupancy of 56.5% in 1H2022 (1H2021: 19.7%), driven by both leisure and meeting businesses.
- Despite the impact of rising energy cost and lower government subsidies, the hotel recorded an EBITDA of €1.0m in 1H2022 (1H2021: LBITDA of €0.2m), after considering €0.4m of government subsidies in 1H2022 (1H2021: €1.2m).

4.4 Property Holding – Utrecht Centraal Station Hotels, the Netherlands (100%-owned)

(in million €)	1H2022	1H2021	Change	1H2019
Revenue	4.9	0.5	908.4%	Hotels not fully opened for the period
EBITDA/(LBITDA)	1.6	(0.1)	n.m.	
Government Subsidies	0.3	0.7	(63.9%)	
Energy Cost	0.4	0.1	175.5%	

- The Hampton by Hilton recorded an increased 1H2022 occupancy of 67.3% (1H2021: 17.2%), driven by the strong recovery of the Utrecht market.
- The Crowne Plaza hotel restarted its room operations on 17 January 2022, and recorded an occupancy of 52.7% for 1H2022. Both hotels recorded an occupancy in excess of 80% in June 2022.
- For 1H2022, the hotels jointly recorded an EBITDA of €1.6m (1H2021: LBITDA of €0.1m), after considering €0.3m of government subsidies in 1H2022 (1H2021: €0.7m).

4.5 Property Holding – Le Méridien Frankfurt, Germany (50%-owned)

(in million €)	1H2022	1H2021	Change	1H2019[1]
Revenue	5.0	0.8	538.8%	8.3
EBITDA/(LBITDA)	0.3	(0.9)	134.2%	2.2
Government Subsidies	0.2	0.9	(72.8%)	-
Energy Cost	0.5	0.2	195.2%	0.3

- Even though the recovery of the Frankfurt hospitality market is still lagging behind some European markets, the hotel recorded an improved occupancy of 43.9% in 1H2022 (1H2021: 15.3%).
- The hotel recorded an EBITDA of €0.3m in 1H2022 (1H2021: LBITDA of €0.9m), after including €0.2m of government subsidies (1H2021: €0.9m).

[1]As the hotel was a leased hotel for the Group up until 31 January 2021, the 1H2019 hotel operating figures shown above were on the account of the previous tenant.

4.6 Property Holding – Bilderberg Bellevue Hotel Dresden, Germany (94.9%-owned)

(in million €)	1H2022	1H2021	Change	1H2019
Revenue	4.8	1.8	171.6%	5.2
EBITDA/(LBITDA)	0.7	(0.5)	247.1%	0.7
Government Subsidies	0.2	0.7	(64.2%)	-
Energy Cost	0.6	0.3	135.0%	0.4

- The recovery of the hospitality market in Dresden started after Covid-19 measures were lifted at the end of March 2022. The hotel recorded an improved occupancy of 43.8% for 1H2022 (1H2021: 13.3%).
- After considering €0.2m of wage subsidy (1H2021: €0.7m), the hotel recorded an EBITDA of €0.7m in 1H2022 (1H2021: LBITDA of €0.5m).

4.7 Property Holding – Chengdu Wenjiang hotels (100%-owned)

<u>Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring Hotels, PRC</u>

- The resurgence of Covid-19 cases in Chengdu extended into 1H2022. This resulted in restrictions being imposed, with both the Holiday Inn Express and Crowne Plaza hotels selected by the local municipal for use as quarantine hotels intermittently between February 2022 and June 2022. Both hotels were used as quarantine hotels for slightly more than two weeks from late February 2022, for about three weeks from early April 2022 and for close to four weeks from late May 2022.

- As the hotels were closed to the public during the period they were used as quarantine hotels, trading took a hit and the hotels recorded a lower EBITDA of RMB3.6 million in 1H2022 (1H2021: RMB8.3 million).

4.8 Property Holding – Arena Towers, Amsterdam (100%-owned)

- In May 2021, TVHG Budget Amsterdam II B.V. ("TVHG"), the tenant of the two hotels at the Arena Towers in Amsterdam Southeast, commenced preliminary relief proceedings against the Group's wholly-owned subsidiary, FS NL Property 2 B.V. ("FSNLP2"), to, *inter alia*, suspend TVHG's obligation to pay 45% (amended to 43.4% on 1 June 2021) of the rent for a period commencing retrospectively from April 2020 up to March 2021 and thereafter, such percentage of the rent equal to 50% of the percentage turnover decrease until such time that the Covid-19 restrictions are lifted or the hotels' turnover returns to pre-Covid-19 levels. On 9 June 2021, the Amsterdam preliminary relief judge issued a favourable ruling, rejecting all of TVHG's claims.

- In August 2021, TVHG commenced further legal action against FSNLP2 claiming, among other things, that the rent should be reduced with effect from April 2020 by 45% (based on the percentage decrease in turnover divided by 2 in accordance with the fixed formula applied by the courts). As such, TVHG is claiming for a rent refund from April 2020 onwards. FSNLP2 filed its statement of defence on 27 October 2021 rejecting all of TVHG's claims.

4.8 Property Holding – Arena Towers, Amsterdam (100%-owned)

- On 15 March 2022, TVHG submitted an amendment of its claim for, *inter alia*, (i) the rent reduction to be effected from March 2020 to December 2023, (ii) a rent refund of approximately €3.32 million, plus statutory interest at 8% per annum, for the period from March 2020 to January 2022, and (iii) FSNLP2 to pay the costs of the court proceedings.
- On 21 April 2022, the District Court ruled that TVHG is entitled to a rent discount as the government measures imposed in relation to Covid-19 are an unforeseen circumstance but the calculation of the amount of the rent discount would need to be examined. The District Court requested TVHG to submit a motion with a further explanation of its calculation of the rent discount on 19 May 2022 and FSNLP2 to file its defence thereafter. TVHG filed the motion on 19 May 2022.
- On 30 May 2022, FSNLP2 submitted a request to the District Court to allow an interim appeal to the Court of Appeal or, if necessary, the Supreme Court, against the District Court's interlocutory judgment of 21 April 2022 and to postpone further proceedings until a decision has been made on such appeal. On 5 July 2022, the court denied the Company's request for an interim appeal.
- FSNLP2 filed its defence to TVHG's motion of 19 May 2022 on 21 July 2022.

Section 5 Business Updates 1H2022 – Property Financing

5.1 Property Financing - Overview of Financial Performance

In S$'000	1H2022	1H2021	Change %
Secured PRC PF debt	24,694	36,006	(31.4%)[(1)]
PF loans to the Group's members - European associates and JV	13,644	17,851	(23.6%)[(2)]
Secured non-PRC PF loan	901	680	32.5%
Total PF revenue	**39,239**	**54,537**	**(28.1%)**

(1) Due to a lower average PRC PF loan book.

(2) Due to a partial repayment by the 33%-owned FSMC after the sale of its 95% equity interest in the Dutch Bilderberg hotel portfolio to the Group and the depreciation of € against S$.

5.2 Property Financing – PRC Loan Book

	Average PRC PF loan book for half year ended	PRC PF loan book as at
30 June 2022	RMB2,142.8m (S$451.3m)	RMB1,333.1m * (S$277.0m)
31 December 2021	RMB2,696.9m (S$560.7m)	RMB2,520.1m (S$535.8m)

* Included RMB112.8m balance in relation to the RMB280m defaulted loan.

- The PRC PF loan book stood at RMB1.3 billion as at 30 June 2022, a 47% decrease from the loan book as at 31 December 2021.

5.3 Property Financing – Update on the RMB330m PRC Defaulted Loans

(I) RMB280m Pudong Mall Mortgaged Loan (Auction Closed at RMB281.9 million)

- After an expected deduction of RMB67.8 million comprising estimated tax liabilities of about RMB60.0 million payable by the Borrowers on the sale, tenant deposits of RMB7.5 million and auction and valuation expenses of RMB0.3 million, the net auction proceeds would amount to RMB214.1 million. Such net proceeds are insufficient to cover the outstanding loan principal, default and penalty interest and related legal fees which amounted to an aggregate of RMB367.9 million as at 30 June 2022, leaving an estimated shortfall of RMB153.8 million as at 30 June 2022. The Group will continue to pursue the shortfall via the court process.

- From an accounting perspective, the Group has recognised default interest income accrued up to 31 December 2021 amounting to RMB46.9 million. No interest income on the loan was recognised in 1H2022 although the Group is legally entitled to receive additional default and penalty interest of RMB35.5 million in 1H2022 and to be reimbursed legal fees incurred by it of RMB5.5 million. As at 30 June 2022, the Group recorded a receivable from the Borrowers of RMB112.8 million. If the Group fails to recover such amount, the negative P&L impact to the Group would be RMB112.8 million. Management has not made any impairment for this net exposure as at 30 June 2022 given that the enforcement action is still in progress.

5.3 Property Financing – Update on the RMB330m PRC Defaulted Loans

(II) RMB50m Pudong Villa Mortgaged Loan (Auction Closed at RMB127.8 million)

- After deducting estimated tax liabilities of RMB70.0 million payable by the Borrowers on the sale and auction and valuation expenses of RMB0.3 million, net auction proceeds of RMB57.5 million are expected to be received by the Group. Such net proceeds would be insufficient to cover the outstanding loan principal and default and penalty interest which amounted to an aggregate of RMB64.1 million as at 30 June 2022, leaving an estimated shortfall of RMB6.6 million as at 30 June 2022. The Group will continue to pursue any shortfall via the court process.

- From an accounting perspective, other than the interest income accrued up to 31 December 2021 amounting to RMB7.0 million, the Group has further recognised an additional RMB0.5 million of interest income in 1H2022 based on the expected net auction proceeds. Therefore, once the net auction proceeds of RMB57.5 million are received by the Group, there will be no further accounting receivable exposure to the RMB50 million loan although the Group remains legally entitled to, and will continue to pursue, the estimated shortfall of RMB6.6 million and its related default and penalty interest.

5.3 Property Financing – Update on the RMB330m PRC Defaulted Loans

(Figures in RMB'm)	RMB50m Pudong Villa Mortgaged Loan	RMB280m Pudong Mall Mortgaged Loan	Overall RMB330m Defaulted Loan	
Gross proceeds	127.8	281.9	409.7	*[A]*
Less expected deductions	(70.3)	(67.8)	(138.1)	*[B]*
Estimated net auction proceeds	57.5	214.1	271.6	*[C]=[A]+[B]*
Outstanding debt	64.1	367.9	432.0	*[D]*
● *Principal*	*50.0*	*280.0*	*330.0*	
● *Income recognised*	*7.5*	*46.9*	*54.4*	
● *Income yet to be recognised*	*6.6*	*41.0*	*47.6*	*[E]*
Estimated shortfall	(6.6)	(153.8)	(160.4)	*[F]=[C]-[D]*
Book exposure to Borrowers	-	(112.8)	(112.8)	*[G]=[F]+[E]*
Cash income collected to-date	22.7	44.8	67.5	*[H]*
Cash income collected to-date + Estimated net auction proceeds	80.2	258.9	339.1	*[J]=[C]+[H]*
IRR	12.4%	-3.0%	1.0%	

- As at 30 June 2022, the net accounting exposure to the RMB330 million defaulted loans is RMB112.8 million. However, the expected cash exposure is RMB65.9 million, without considering the accumulated cash interest income earned of RMB46.9 million.

Thank You

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