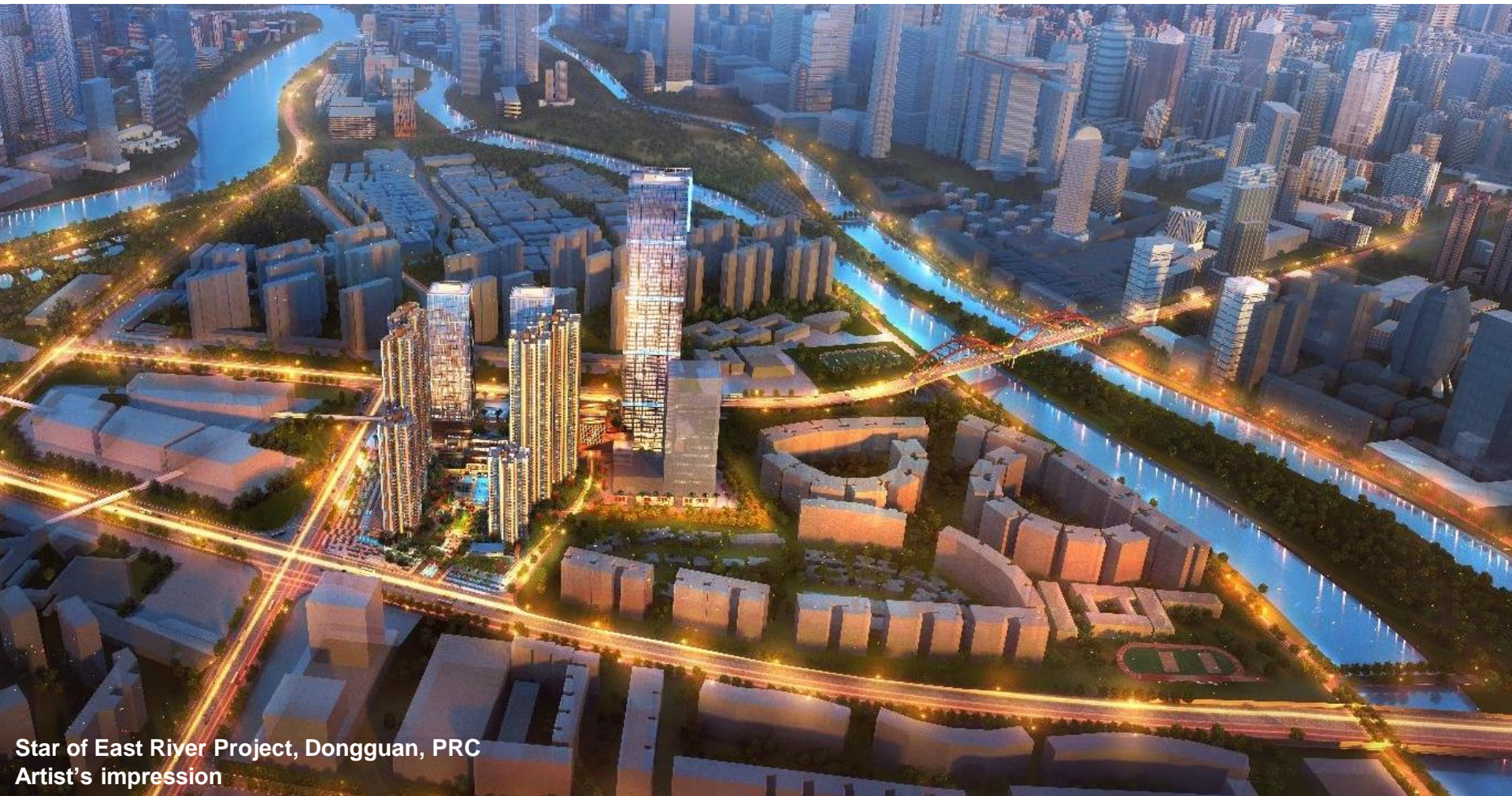


# First Sponsor Group Limited Investor Presentation 25 April 2018



Star of East River Project, Dongguan, PRC  
Artist's impression

# Contents

---

	<b>Page</b>
<b>Section 1</b> <i>Key Message</i>	<b>2</b>
<b>Section 2</b> <i>Financial Highlights</i>	<b>5</b>
<b>Section 3</b> <i>Key Business Review 1Q2018 – Property Development</i>	<b>14</b>
<b>Section 4</b> <i>Key Business Review 1Q2018 – Property Holding</i>	<b>20</b>
<b>Section 5</b> <i>Key Business Review 1Q2018 – Property Financing</i>	<b>23</b>

---

## Section 1

## Key Message

---

## Key Message

---

1. The Group achieved a net profit of S\$17.1 million for 1Q2018, a 20.3% quarter on quarter growth.
2. Shareholders have approved a final tax-exempt (one-tier) dividend of 1.2 Singapore cents per share, bringing the total dividend for FY2017 to 2.2 Singapore cents per share. Taking into account the final dividend to be paid in respect of the bonus shares issued pursuant to the 1-for-10 bonus issue, the total dividend for FY2017 will amount to S\$13.7 million, a 16.0% increase from FY2016.
3. The Group recognised another S\$7.7 million of penalty interest income during the quarter upon the receipt of net auction proceeds by the Court in respect of the successful enforcement on a RMB64.0 million defaulted loan under Case 2. Including the RMB64.0 million principal sum held by the Court pending release to the Group, RMB429.4 million out of the total RMB470.0 million defaulted loan principal (91% recovery) for Case 2 has been recovered as at 31 March 2018. The cumulative interest income earned on Case 2 defaulted loans to-date is RMB189.5 million.
4. Demand for the residential units of the Star of the East River project continued to be strong with the two additional blocks of residential units launched in March 2018 almost fully pre-sold. The two remaining residential blocks are expected to be launched for sale in late April 2018. The handover of these residential units is expected to commence from 1Q2019.

## Key Message

---

5. The Group's 33% owned FSMC is currently redeveloping the 1969-built Munthof building in the city centre of Amsterdam. The building will be fully refurbished with the addition of a new office loft at the top of the building and certain car park spaces will be converted into office space, resulting in a 95% increase to 3,355 sqm of lettable floor area.
6. The Company has successfully completed its equity fund raising exercise by way of a 1-for-4 rights issue of 3.98% perpetual convertible capital securities in April 2018 which raised net cash proceeds of S\$161.5 million. The Group has further strengthened its balance sheet and is ready to capitalise on any acquisition opportunities.

---

## **Section 2** **Financial Highlights**

---



## 2.1 Statement of Profit or Loss - Highlights

Statement of Profit or Loss - Highlights			
In S\$'000	1Q2018	1Q2017 (restated)	Change %
<b>Revenue<sup>(1)</sup></b>	47,804	83,285	(42.6%)
<b>Gross profit<sup>(1)</sup></b>	30,656	24,362	25.8%
<b>Profit before tax</b>	21,894	19,255	13.7%
<b>Attributable profit<sup>(2)</sup></b>	17,122	14,235	20.3%
<b>Basic EPS (cents)</b>	2.90	2.41	20.3%
<b>Interest cover<sup>(3)</sup></b>	n.m. <sup>(4)</sup>	22.3x	n.a.

(1) Arising from a business review, the Group is of the view that it is more appropriate to classify interest income from loans extended to its associates and joint ventures as part of its property financing income given that such income would be earned on a recurrent basis. The associated financing costs for such loans are also reclassified to cost of sales. The prior period comparatives have been restated to conform with such presentation.

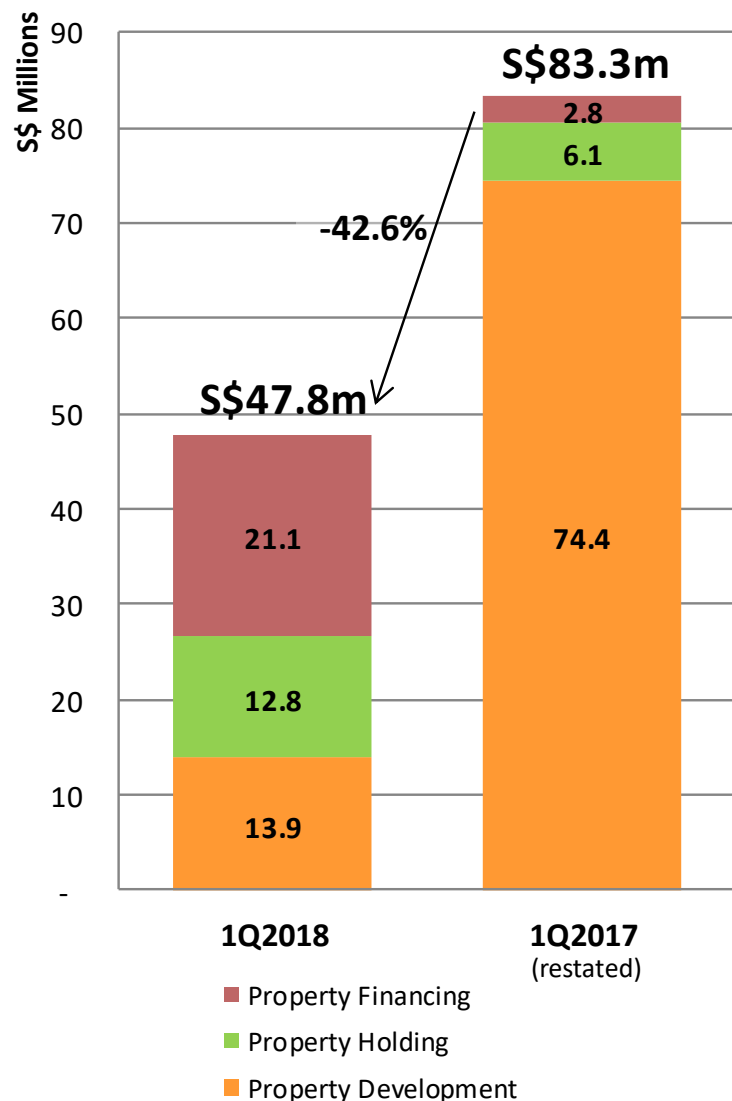
(2) "Attributable profit" refers to profit attributable to equity holders of the Company.

(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

### Revenue



#### Property Development

The decrease in 1Q2018 is due mainly to revenue recognised from fewer residential units of the Millennium Waterfront project in 1Q2018 (62 units) as compared to 1Q2017 (600 units).

#### Property Holding

The increase in 1Q2018 is due largely to revenue contribution from the recently acquired Hilton Rotterdam hotel which was leased by the Group and higher revenue contributions from the Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring hotels, as well as the hotspring operations.

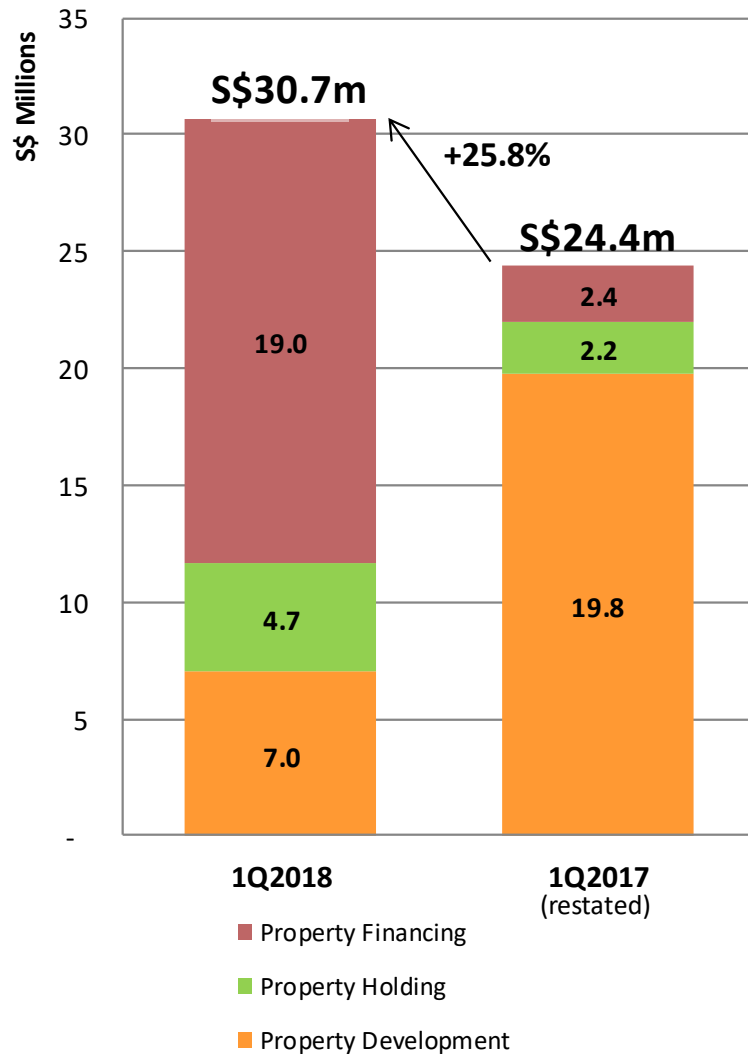
#### Property Financing

The increase in 1Q2018 is due to the recognition of net penalty interest income of S\$7.7m and increased interest income from a larger average loan portfolio.



## 2.3 Statement of Profit or Loss – Gross Profit

### Gross Profit



#### Property Development

The decrease is consistent with the decline in revenue recognised in 1Q2018. However, gross margin has increased due to a higher proportion of commercial units and carpark revenue recognised from the Millennium Waterfront project in 1Q2018.

#### Property Holding

The increase is due mainly to the first-time income contribution from the Hilton Rotterdam hotel which was leased by the Group with effect from 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 gross profit is consistent with the increase in revenue contribution from the business segment.

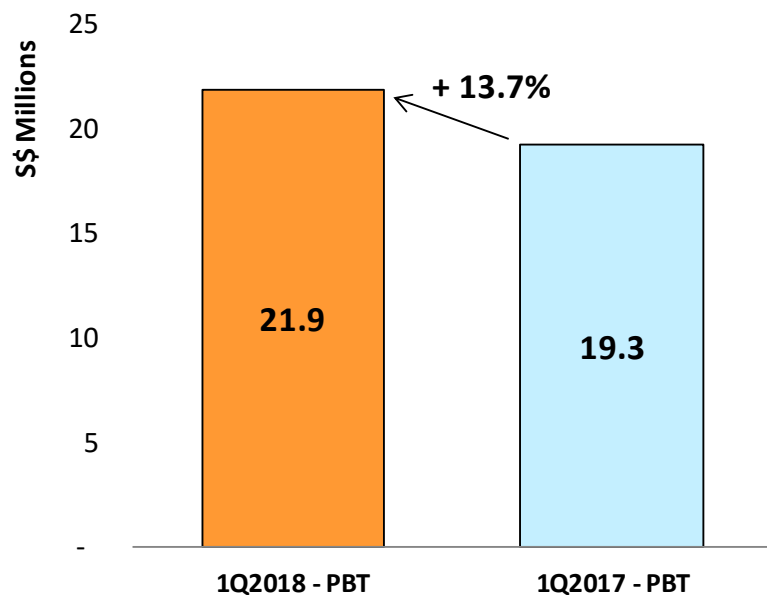
## 2.4 European Property Portfolio Performance

In S\$'000	1Q2018	1Q2017	Change %
<b>Dutch office income</b>	<b>5,558</b>	<b>5,176</b>	<b>7.4%</b> <sup>(3)</sup>
<b>European hotel income</b>	<b>3,743</b>	<b>1,523</b>	<b>145.8%</b>
- Operating hotels <sup>(1)</sup>	900 <sup>(4)</sup>	-	n.m.
- Leased hotels <sup>(2)</sup>	2,843	1,523	86.7% <sup>(5)</sup>
<b>Total</b>	<b>9,301</b>	<b>6,699</b>	<b>38.8%</b>

- (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 the additional income contribution from the Meerparc office property which was acquired in late 2017.
- (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 87%) have a WALT of approximately 10.3 years.**

## 2.5 Statement of Profit or Loss – 1Q2018 vs 1Q2017

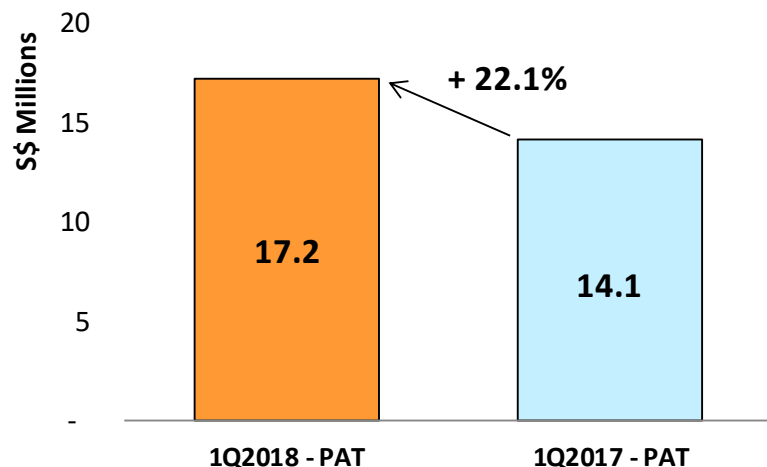


The increase in profit before tax is due mainly to:

- Higher gross profit contributions from the property financing and property holding business segments [S\$19.1m increase]

The increase is partially offset by:

- Lower gross profit contribution from the property development business segment [S\$12.8m decrease]
- Share of after tax loss from associates [S\$4.0m decrease]



The adjusted effective tax rate is 24.8% for 1Q2018.

## 2.6 Statement of Financial Position – Highlights

Statement of Financial Position - Highlights			
In S\$'000	31-Mar-18	31-Dec-17	Change %
<b>Total assets</b>	2,345,007	2,106,503	11.3%
<b>Cash and structured deposits<sup>(1)</sup></b>	363,043	358,161	1.4%
<b>Receipts in advance</b>	199,001	179,264	11.0%
<b>Total debt<sup>(2)</sup></b>	780,281	609,988	27.9%
<b>Net asset value (NAV)<sup>(3)</sup></b>	1,112,277	1,080,154	3.0%
<b>NAV per share (cents)</b>	188.58	183.13	3.0%
<b>Gearing ratio<sup>(4)</sup></b>	0.41x	0.26x	n.m.

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

(2) Comprises gross borrowings of S\$791.5m and S\$619.9m net of unamortised upfront fee of S\$11.2m and S\$9.9m for 31 March 2018 and 31 December 2017 respectively.

(3) NAV excluding non-controlling interests and includes translation reserve of S\$52.0m (Dec 2017: S\$37.0m).

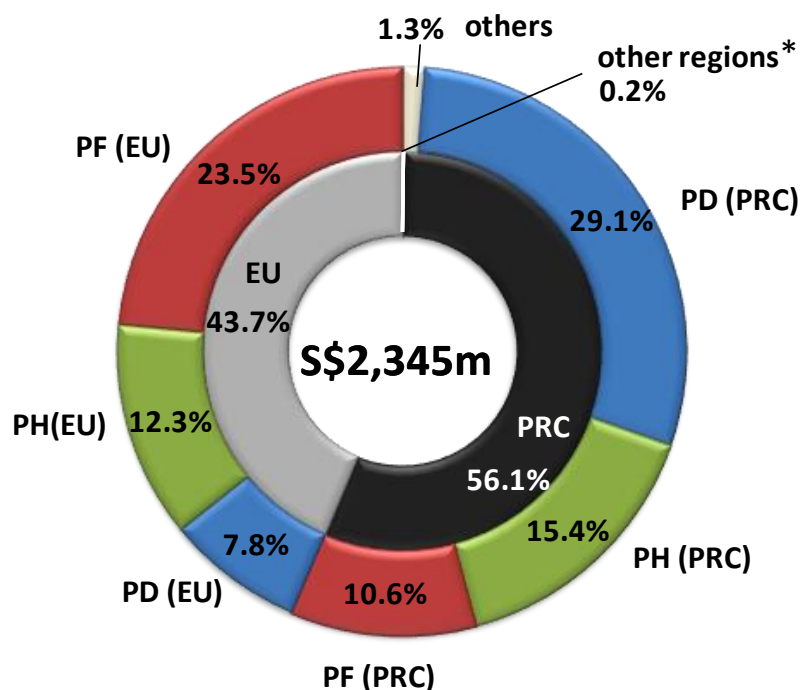
(4) Computed as net debt ÷ total equity including non-controlling interests.

Net debt = gross borrowings + derivative liabilities – cash and structured deposits.

## 2.7 Statement of Financial Position - Total Assets

### Total Assets – by business and geographic segments

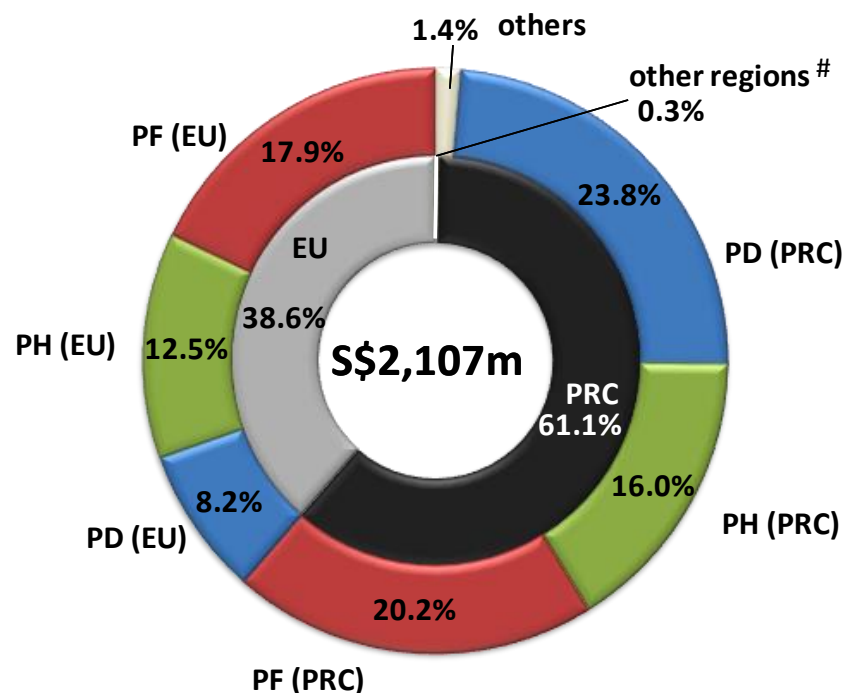
As at 31 March 2018  
Total assets: S\$2,345m



\* Includes S\$4.5m 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

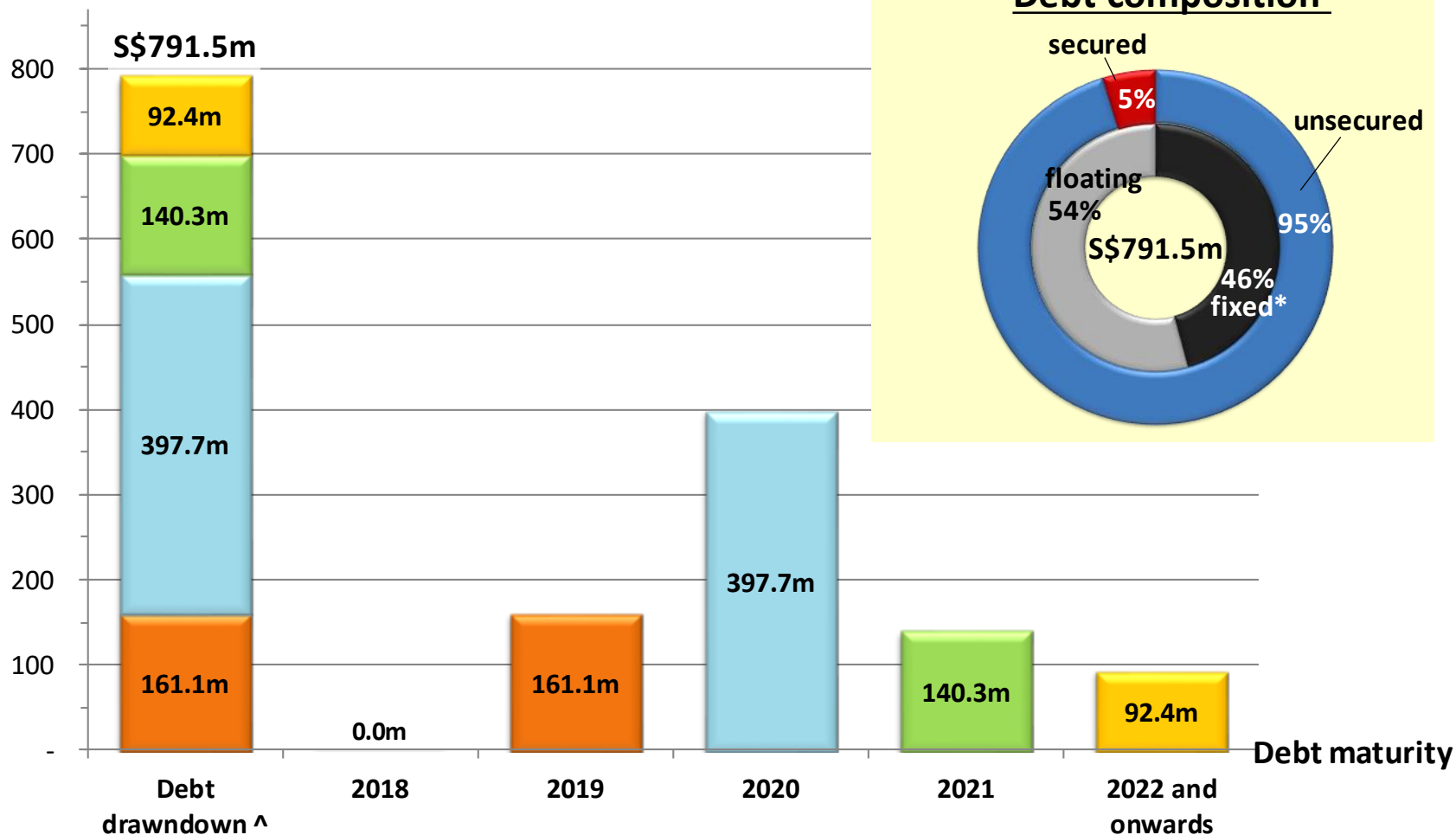
As at 31 December 2017  
Total assets: S\$2,107m



# Includes S\$4.5m cash held in Singapore bank accounts.

## 2.8 Debt Maturity and Composition as at 31 March 2018

S\$ Millions



\* Done via cross currency swaps

^ Available remaining headroom of S\$190.3m comprises S\$141.7m of committed and S\$48.6m of uncommitted credit facilities



---

## Section 3

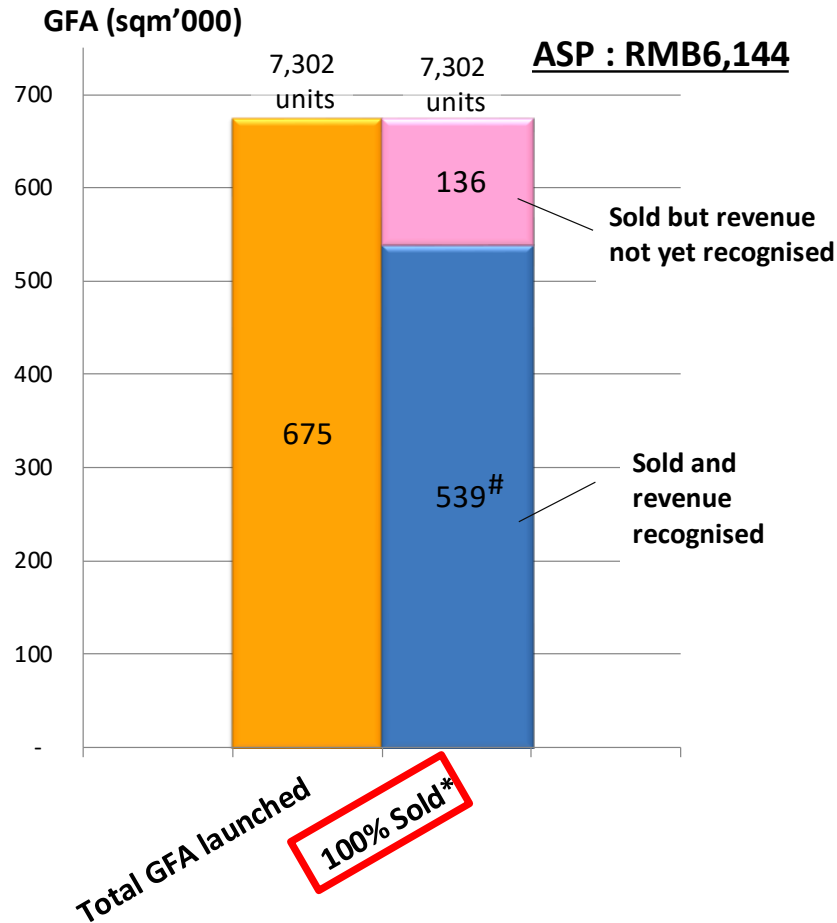
# Key Business Review 1Q2018 – Property Development

---

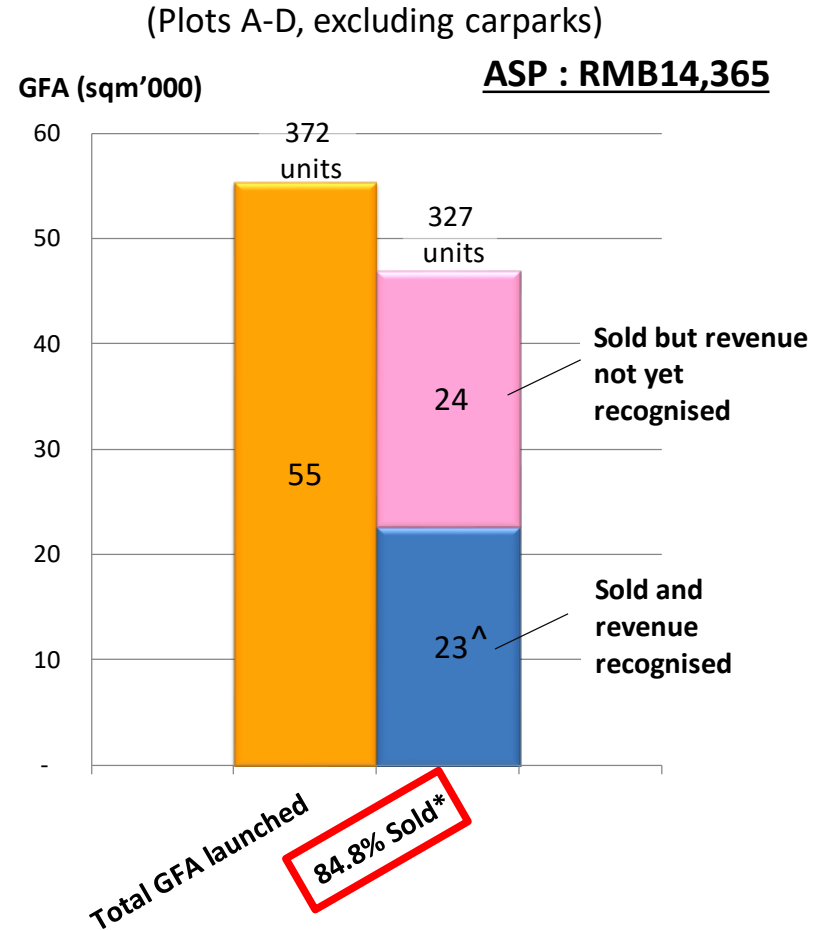
# 3.1 Property Development – Millennium Waterfront Project, Chengdu

## Pre-sale Performance as at 31 March 2018

### Overall Residential



### Commercial



# Residential : recognised 5,850 units, 538,583 sqm GFA, S\$665.9m gross sales value as at 31 March 2018.

^ Commercial : recognised 184 units, 22,663 sqm GFA, S\$68.1m gross sales value as at 31 March 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 A

- 2,000 residential units, 118 commercial units and 1,718 car park lots
- % of total saleable GFA launched for sale sold<sup>3</sup>:
  - Residential: 100.0%
  - Commercial: 81.6%
- Cumulative handover of 1,921 residential and 62 commercial units as at 31 March 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 sold<sup>3</sup>:
  - Residential: 100.0%
  - Commercial: 90.4%
- Expected to commence handover of residential units in 4Q2018

## Plot C

- 1,778 residential units, 91 commercial units and 1,508 car park lots
- % of total saleable GFA launched for sale sold<sup>3</sup>:
  - Residential: 100.0%
  - Commercial: 77.3%
- Cumulative handover of 1,771 residential and 47 commercial units as at 31 March 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 sold<sup>3</sup>:
  - Residential: 100.0%
  - Commercial: 93.5%
- Cumulative handover of 2,158 residential and 75 commercial units as at 31 March 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
- Construction will commence in the second half of 2018, with primary focus initially on Plot F

### 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 31 March 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

### Residential Blocks

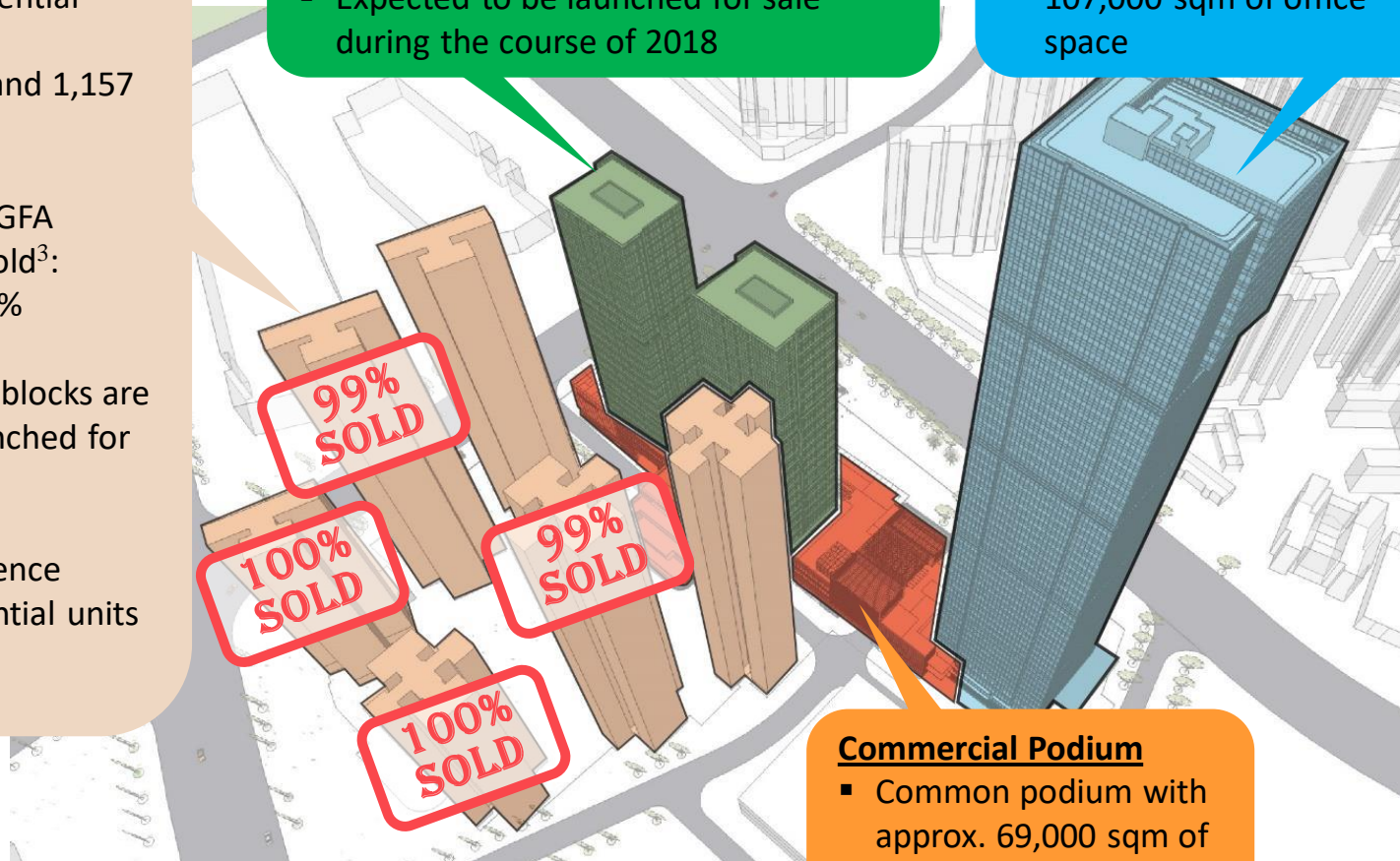
- Comprise six blocks of approx. 1,221 residential units, 2,011 sqm of commercial space and 1,157 car park lots
- % of total saleable GFA launched for sale sold<sup>3</sup>:
  - Residential: 99.5%
- The remaining two blocks are expected to be launched for sale in April 2018
- Expected to commence handover of residential units from 1Q2019

### SOHO Blocks

- Comprise two blocks of approx. 2,332 SOHO apartment units
- Expected to be launched for sale during the course of 2018

### Office Block

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



### Commercial Podium

- Common podium with approx. 69,000 sqm of commercial/retail space

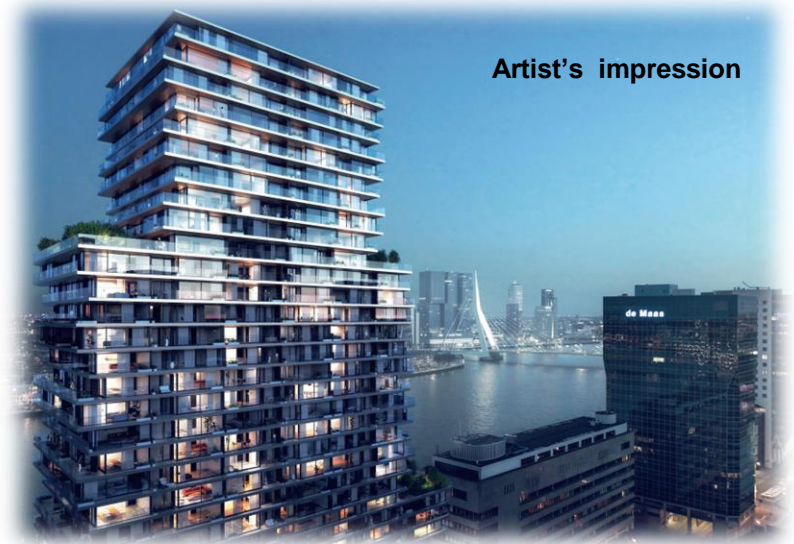
#### Notes:

- This diagram is not drawn to scale.
- Based on artist's impression which may not be fully representative of the actual development.
- As at 31 March 2018 and includes sales under option agreements or sale and purchase agreements, as the case may be.



### 3.3 Property Development – Redevelopment of Boompjes, Rotterdam

- 75% of the residential units had been pre-sold on a forward funding basis in November 2016 to secure the funding and profitability of the project.
- Response for the remaining 25% or 82 residential units (launched for sale in December 2017) has been overwhelming with more than 600 potential buyers bidding for the residential units. Sale and purchase agreements for more than half of the 82 residential units have been signed.
- The project is expected to be completed in the course of 2020.



## 3.4 Property Development – Munthof, Amsterdam



### Munthof Office Redevelopment

- The Group's 33% owned FSMC is currently redeveloping the 1969-built Munthof office property in the city centre of Amsterdam. Construction is expected to commence soon and will involve the conversion of certain car park spaces into additional office space as well as the addition of an office loft at the top of the building. The redevelopment will increase the property's lettable floor area by 95% to 3,355 sqm. The façade of the building will be preserved given the monumental status of the building.
- Leasing activities for the office building have commenced and it is expected that the redevelopment will be completed by December 2018.



---

## Section 4

# Key Business Review 1Q2018 – Property Holding

---

## 4.1 Property Holding – Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring Hotels



Trading Performance	Crowne Plaza			Holiday Inn Express		
	YTD Mar 2018	YTD Mar 2017	Change	YTD Mar 2018	YTD Mar 2017	Change
<b>Occupancy</b>	47.1%	23.7%	23.4%	57.1%	35.4%	21.7%
<b>ADR</b>	RMB349	RMB308	13.3%	RMB282	RMB198	42.5%
<b>RevPar</b>	RMB164	RMB73	124.8%	RMB161	RMB70	130.3%

- The Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring hotels continued to gain market share with a substantial quarter on quarter increase in occupancy. RevPar for both hotels more than doubled that achieved in the same period last year.

## 4.2 Property Holding – Dutch Operating Hotels



<b><i>Bilderberg Portfolio</i></b>	<b>YTD Mar 2018</b>	<b>YTD Mar 2017</b>	<b>Change</b>
Occupancy	54.0%	47.9%	6.1%
ADR	€ 95	€ 90	5.7%
RevPar	€ 51	€ 43	19.1%
TrevPar	€ 107	€ 94	13.7%



<b><i>Hilton Rotterdam</i></b>	<b>YTD Mar 2018</b>	<b>YTD Mar 2017</b>	<b>Change</b>
Occupancy	65.3%	68.1%	(2.8%)
ADR	€ 134	€ 129	4.0%
RevPar	€ 87	€ 88	(0.5%)

Despite the decrease in RevPar, the Hilton Rotterdam hotel achieved a quarter on quarter EBITDA growth of more than 10%.

---

## Section 5

# Key Business Review 1Q2018 – Property Financing

---

## 5.1 Property Financing - Overview of Financial Performance

In S\$'000	1Q2018	1Q2017	Change %
<b>Secured PRC entrusted loans to 3rd parties</b>			
- interest	955	739	29.2%
- penalty interest	7,673	104	n.m.
<b>Unsecured loans to the Group's members</b>			
- FSMC Group <sup>(1)</sup>	7,974	1,938	311.4%
- Star of East River Project Co <sup>(2)</sup>	4,015	-	n.m.
- Dongguan East Sun Limited <sup>(1)(2)</sup>	383	-	n.m.
<b>Others</b>	73	60	22.0%
<b>Total PF Revenue</b>	<b>21,073</b>	<b>2,841</b>	<b>641.7%</b>

(1) Loans disbursed to the FSMC Group and Dongguan East Sun Limited.

(2) 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
<b>1Q2018</b>	13.1 <sup>(1)</sup>	27.4%	12.8 <sup>(1)</sup>	58.3%
<b>1Q2017 (restated)</b>	0.9	1.1%	1.3	6.9%

	Average Third Party Loan Balance <sup>(2)</sup> for the quarter ended	Third Party Loan Balance <sup>(2)</sup> as at
<b>31 March 2018</b>	RMB1,184.6m (S\$246.6m)	RMB1,184.6m (S\$246.6m)
<b>31 March 2017</b>	RMB667.0m (S\$137.1m)	RMB660.0m (S\$133.8m)

(1) The Group has recognised RMB36.9m (S\$7.7m) of penalty interest from the foreclosure actions for Loan 2.4 in 1Q2018. The cumulative penalty interest of RMB130.5m (S\$27.1m) as at 31 March 2018 for the remaining defaulted loans has not been recognised.

(2) Includes the defaulted loan cases.



## 5.3 Status of Problematic Loans – Summary

Loan No.	Date of First Disbursement	Date of Maturity	Principal (RMB'm)	Court	Status	Applicable Interest rate p.a. (%)	Loan to Value ratio (a) (%)	Interest yet to be recognised (S\$m* net of VAT)	
								As of 31-3-2018	FY2018 Monthly
1	<b>Case 1</b> In default when interest due was not received on 21-Dec-15.		170.0	Shanghai First Intermediate Court	Foreclosure procedures suspended pending criminal proceedings involving a legal representative of the borrower.	24% (30.4% from 5-Aug-16)	50.9% (Adj. LTV: 85.1%)	(d) 21.9	(d) 0.9
2.4 (c)	<b>Case 2</b>		64.0		Court received auction cash proceeds of RMB103.1m, pending disbursement.	24% (30.4% from 5-Dec-16)	3.7% (b)	0.7	-
2.6	In default when interest due was not received on 21-Jan-16. All loans under Case 2 were cross-collateralised.		11.6	Shanghai Pudong New Area People's Court	Substantially recovered. Outstanding amount will be recovered from foreclosure of cross collateralised assets.	24% on outstanding principal	(Adj. LTV: 6.2%)	1.0	0.1
2.7			29.0		Foreclosure procedures commenced.	24% (30.4% from 29-Nov-16)		3.5	0.1
<b>Case 2 Subtotal</b>			104.6					5.2	0.2
<b>Total (Case 1 + Case 2)</b>			<b>274.6</b>					<b>27.1</b>	<b>1.1</b>

(a) Adjusted LTVs include the cumulative unrecognised interest as of 31 March 2018.

\*RMB 1: S\$0.2081

(b) The LTV for remaining outstanding Case 2 loans includes:

- i. the value of the guarantors' unencumbered assets with first preservation order of RMB805m; and
- ii. the value of the previously mortgaged properties under Loan 2.1 and Loan 2.8 which will be part of the collateralised assets pool for the outstanding loans for Case 2. The property under Loan 2.1 was subsequently auctioned off for RMB110.7m, and the cash proceeds have been received by the Court.

(c) Gross auction proceeds of RMB103.1m were received by the Court following the court auction of the mortgaged property. The Group had recognised the related penalty interest amounting to S\$7.7m in 1Q2018 and will receive the net auction proceeds in due course thereby further reducing the Group's exposure to the Case 2 defaulted loans.

(d) The Group may have to compromise on a lower interest entitlement for Case 1 due to the need to balance public interest arising from the criminal charges involving the legal representative of the borrower.

---

**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.