



First Sponsor Group Limited
1Q2020 Voluntary Interim Update
28 April 2020

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Section 1

Key Message

Key Message

1. Net profit for the Group was S\$24.9 million for 1Q2020, a 4.8% quarter on quarter growth. This is the 21st quarterly growth out of the 24 quarters of results reporting since the Group's IPO in July 2014.
2. During the quarter, the Group successfully issued 5-year S\$100.0 million medium term notes at a coupon rate of 3.29% per annum. In April 2020, the Group completed the refinancing of committed revolving credit facilities with two banks of an aggregate amount equivalent to S\$193.3 million, with a higher gearing loan covenant which further extended the Group's debt maturity profile. These committed bank lines with a less restrictive loan covenant will, together with the Group's strong balance sheet, help the Group to weather this period of uncertainty brought about by the Covid-19 pandemic and to capitalise on good business opportunities when they arise.
3. Due to the implementation of the Covid-19 circuit breaker and safe distancing measures in Singapore, the Company's 2020 Annual General Meeting ("AGM") will be convened on 20 May 2020. The proposed final tax-exempt (one-tier) dividend of 1.6 Singapore cents per ordinary share for FY2019 will be tabled for approval by the shareholders at the AGM.

Key Message

4. The Dongguan property market performed well after normal business activities resumed in late February 2020. The Star of East River project sold close to 600 SOHO units since the beginning of 2020 and there was similar strong demand for the Emerald of the Orient project which sold 100%* of its last residential block of 272 units since its pre-sale launch in March 2020 at an approximately 10% premium over the average sales price of the other five residential blocks. The Pinnacle launched the pre-sale of its first two residential blocks comprising 150 units on 18 April 2020 and has since sold more than 96%. The next two residential blocks of 138 units are expected to be launched for pre-sale in May 2020.
5. The building permit for the new residential tower adjacent to the Dreeftoren Amsterdam office has become irrevocable after the objection from a neighbouring property owner to its proposed development was withdrawn in March 2020. However, given the current uncertain economic outlook, the Group will monitor market demand and construction costs before making any commitment in relation to the entire residential and office development project.

**As of 27 April 2020 and computed by excluding the 92 units to be retained by the Group for 5 years as per the land tender conditions.*

Key Message

6. After taking into account, among other things, the recommendations of the respective third party hotel managers, the operations of 13 out of the 16 hotels owned and operated by the Group, comprising Holiday Inn Express Wenjiang Chengdu Hotel, Bilderberg Bellevue Hotel Dresden in Germany and the 11 hotels in the Dutch Bilderberg hotel portfolio, were temporarily suspended from 26 January 2020, 23 March 2020 and 3 April 2020 respectively. Crowne Plaza Chengdu Wenjiang Hotel, Hilton Rotterdam and Hampton by Hilton Utrecht Centraal Station remain open with low occupancy rates. The Group will apply to the Dutch and German authorities under the relevant wage subsidy programs to mitigate the operating losses of its Dutch and German hospitality operations respectively.
7. The Group has received requests from some tenants of its European property portfolio for rental concessions. Different business plans have been adopted to help certain tenants depending on previous business conduct and circumstances.

Key Message

8. On the PRC property financing (“PF”) front, in connection with the economic difficulties resulting from the Covid-19 pandemic, the Group consented to the short term deferral of interest payments by two borrower groups and will closely monitor their loan conduct. For the European PF loans, the 33%-owned FSMC group has elected to defer its interest payments on certain loans extended by the Group with effect from 2Q2020 as per the terms of the loan agreements given that FSMC, which owns 95% of the Dutch Bilderberg hotel portfolio, has temporarily suspended the operations of its hotels on 3 April 2020.
9. As the global equities market has corrected sharply due to the Covid-19 pandemic, the Group sees value buying opportunities and has therefore invested in selected quoted real estate securities in markets it is familiar with. The Group believes that there is value in these securities in the long term.
10. Owing to the unprecedented challenges posed by, and the uncertainty of the magnitude and duration of, the Covid-19 pandemic, the full extent of its impact on the financial performance of the Group for the next few quarters, especially in relation to its hospitality operations, cannot be determined at this juncture. However, the Group is cautiously optimistic that the Covid-19 crisis may also create new deal opportunities, whether during or in the aftermath of the crisis. The Group may raise additional cash by tapping the debt and equity capital markets so as to enable it to take advantage of such opportunities when they arise.

Section 2

Financial Updates 1Q2020

2.1 Statement of Profit or Loss - Highlights

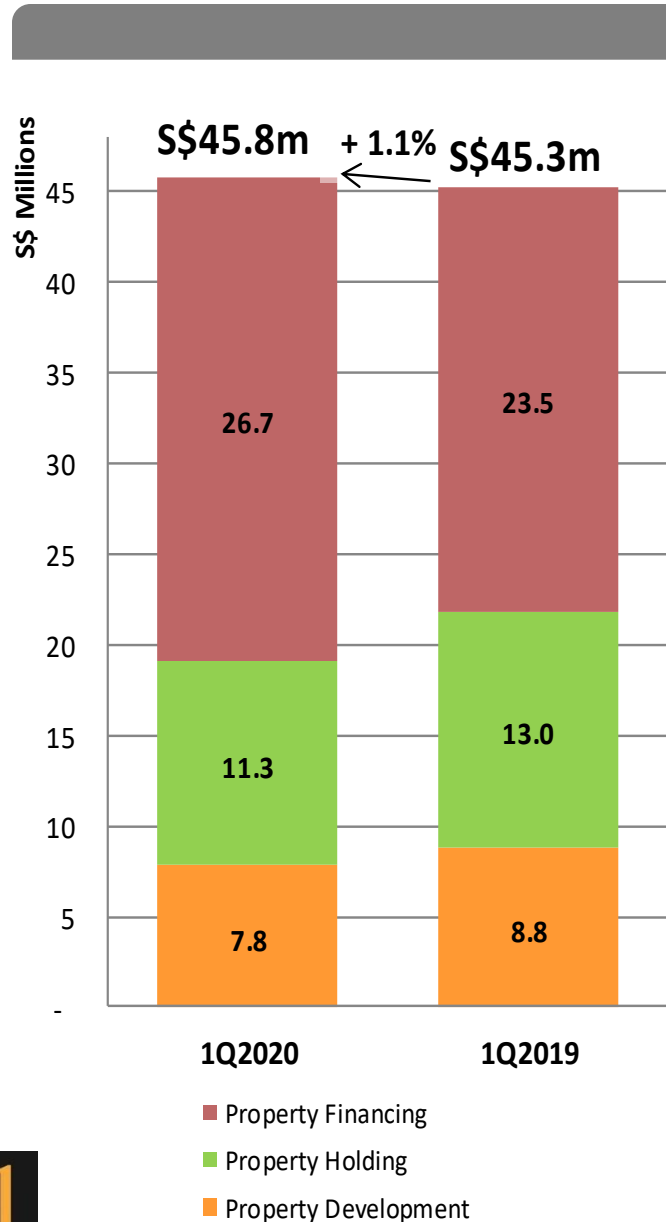
Statement of Profit or Loss - Highlights			
In S\$'000	1Q2020	1Q2019	Change %
Revenue	45,823	45,340	1.1%
Gross profit	33,731	32,362	4.2%
Profit before tax	28,788	32,073	(10.2%)
Attributable profit ⁽¹⁾	24,943	23,804	4.8%
Basic EPS (cents)	2.94	3.43	(14.2%)
Diluted EPS (cents) ⁽²⁾	2.26	2.99	(24.4%)
Interest cover ⁽³⁾	16.0x	13.6x	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



Property Development

The decrease was due mainly to no handover of residential and commercial units of the Chengdu Millennium Waterfront project in 1Q2020 as compared to 1Q2019, partially offset by higher number of carpark lots being handed over for both Chengdu Millennium Waterfront project and Chengdu Cityspring project.

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 on the Chengdu Wenjiang hotels, the adjoining hotspring and the Hilton Rotterdam hotel. The decrease was partially offset by the contribution from the Bilderberg Bellevue Hotel Dresden (acquired in late March 2019) and Hampton by Hilton Utrecht Centraal Station hotel (which commenced operations in June 2019).

Property Financing

The increase was due mainly to a one-off establishment fee from the provision of a A\$370 million construction facility to fund the redevelopment of the City Tattersalls Club in Sydney.

Section 3

Business Updates 1Q2020 – Property Development

3.1 Property Development – Star of East River Project, Dongguan

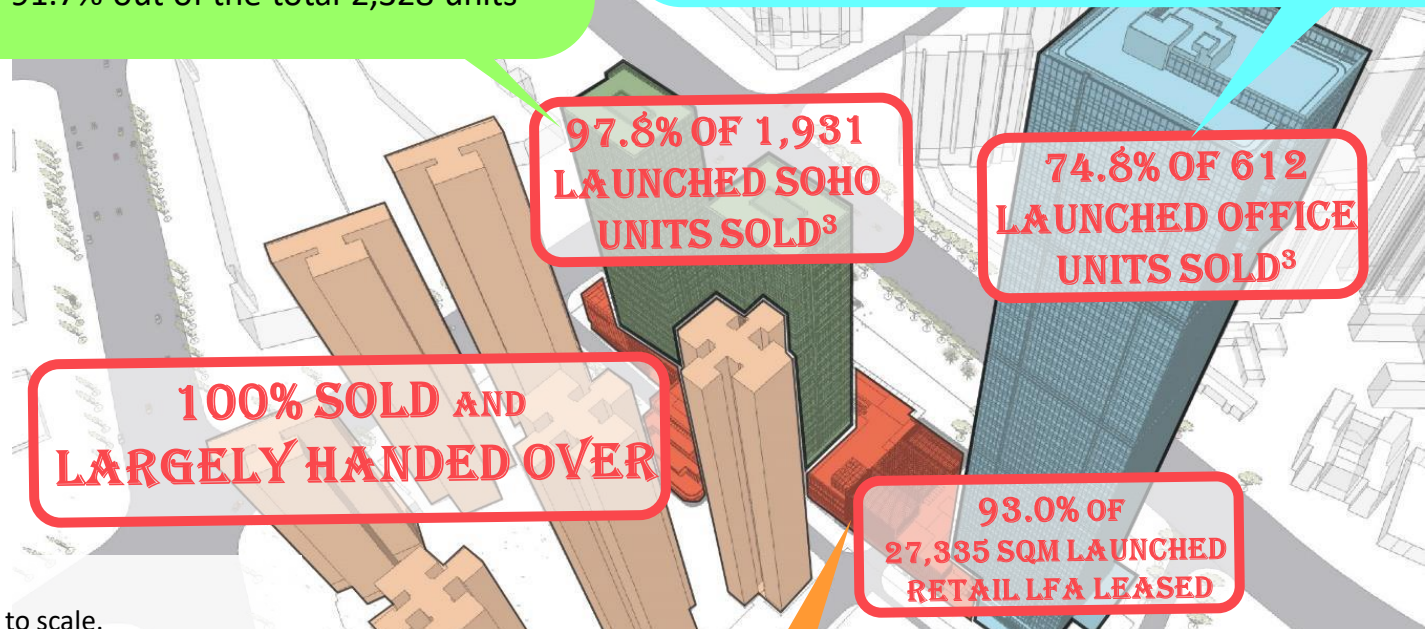
SOHO Blocks

- Two blocks of 2,328 SOHO units (75,000 sqm)
- 97.8%* sold³ out of 62,303 sqm saleable GFA launched for sale
- One block was handed over in March 2020, with the other block expected to be handed over in 2021

* As of 27 April 2020, 91.7% out of the total 2,328 units available were sold

Office Block

- 250m high office tower block with 778 office units (102,000 sqm)
- 74.8% sold³ out of 76,594 sqm saleable GFA launched for sale
- Expected start of handover in late 2020/early 2021



100% SOLD AND LARGELY HANDED OVER

97.8% OF 1,931 LAUNCHED SOHO UNITS SOLD³

74.8% OF 612 LAUNCHED OFFICE UNITS SOLD³

93.0% OF 27,335 SQM LAUNCHED RETAIL LFA LEASED

Commercial Podium

- approx. 31,000 sqm lettable floor area (“LFA”) of retail mall, of which 27,335 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 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 31 March 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

Not Sold

222 units (24,605 sqm) to be kept for a minimum holding period of 5 years as per land tender conditions

Not Sold

31 villas (4,452 sqm) to be kept for a minimum holding period of 5 years as per land tender conditions

Saleable High-rise Residential Apartments

- Six blocks of 854 residential units (95,639 sqm) available for sale are substantially sold
- 79.1%* sold³ for the last block with 180 units (19,254 sqm) launched for pre-sale on 20 March 2020 at an approx. 10% premium over the average sales price of the other five residential blocks
- Sold apartments are expected to be handed over from late 2020/early 2021

*As of 27 April 2020, 100% were sold

Saleable Residential Villa Cluster

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



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 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



Show-flat within sales office

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

Residential Blocks

- Eight blocks of 607 residential units (63,500 sqm)
- Two blocks comprising 150 units have been launched for pre-sale on 18 April 2020 and have since sold more than 96%
- The next two blocks of 138 units are expected to be launched for pre-sale in May 2020.



SOHO Cluster

- Comprises 226 SOHO units (8,900 sqm)
- Expected to be launched for pre-sale in 3Q2020

Ground Level Retail:

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

Based on artist's impression which may not be fully representative of the actual development.
This diagram is not drawn to scale.

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 from late 2020.



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

- A mixed use development site adjacent to the project was sold via a public land tender in Oct 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 recently sold via a public tender in Mar 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 – Plot F, Chengdu Millennium Waterfront

- After normal business activities resumed in late February 2020, pre-sales of the SOHO units of Plot F progressed steadily with 61.4% of the 807 SOHO loft units sold since its pre-sale launch in August 2019. This excludes the 156 units or 19% of the project which was sold to a bulk buyer in mid-January 2020 under instalment payment terms.
- The bulk buyer has paid RMB2.0m to-date in accordance to the agreed payment schedule.
- 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 and commercial space
- % of 46,547 sqm saleable SOHO GFA launched for sale sold¹: 80.4%

- As of 31 March 2020, 3,731 carpark lots in Plots A to D of the Millennium Waterfront project, which are carried at nil cost on the Group's balance sheet, remain unsold. The Group is currently studying the feasibility of a bulk sale of carpark lots for some or all of the four plots.

1. As at 31 March 2020 and includes sales under option agreements or sale and purchase agreements, as the case may be.

Section 4

Business Updates 1Q2020 – 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 recorded an EBITDA loss of RMB4.4m for 1Q2020. In late January 2020, the Holiday Inn hotel and the adjoining hotspring suspended their operations as a precautionary measure to curb the spread of Covid-19.
- The Crowne Plaza hotel saw an increase in demand in April 2020 with average occupancy of 32.0% for the first half of April 2020. As demand for the hotel appears to have improved in the first half of April and the Covid-19 situation in Chengdu seems to be under control, the Group is considering the re-commencement of operations of the Holiday Inn hotel and its adjoining hotspring in late 2Q2020.



Bilderberg Bellevue Hotel Dresden, Germany

- The 340-room hotel recorded an EBITDA loss of €0.3m for the quarter due to the Covid-19 pandemic. Hotel operations were temporarily suspended from 23 March 2020 as part of the Group's cost containment strategy.
- The room refurbishment capital expenditure program for the hotel has been substantially completed during 1Q2020. The renovation plan for the conference rooms has been put on hold in light of the current situation.

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



Hilton Rotterdam, the Netherlands

- Despite the Covid-19 outbreak, the hotel managed to achieve a breakeven at the EBITDA level for 1Q2020. The hotel continued its operations with minimum staffing which helped to defray cost. The Group will continue to assess the situation and does not rule out suspending the hotel operations if necessary.



Hampton by Hilton Utrecht Centraal Station, the Netherlands

- The Hampton hotel achieved an EBITDA of €0.2m for 1Q2020. It also continued its hotel operations to date which helped to defray cost. The Group will continue to assess the situation and does not rule out suspending the hotel operations if necessary.
- The 144-room Crowne Plaza hotel, located in the same building as the Hampton hotel, is substantially completed. The Group will monitor the situation to decide on an appropriate time to commence hotel operations.

4.3 Property Holding – Bilderberg Hotel Portfolio in The Netherlands



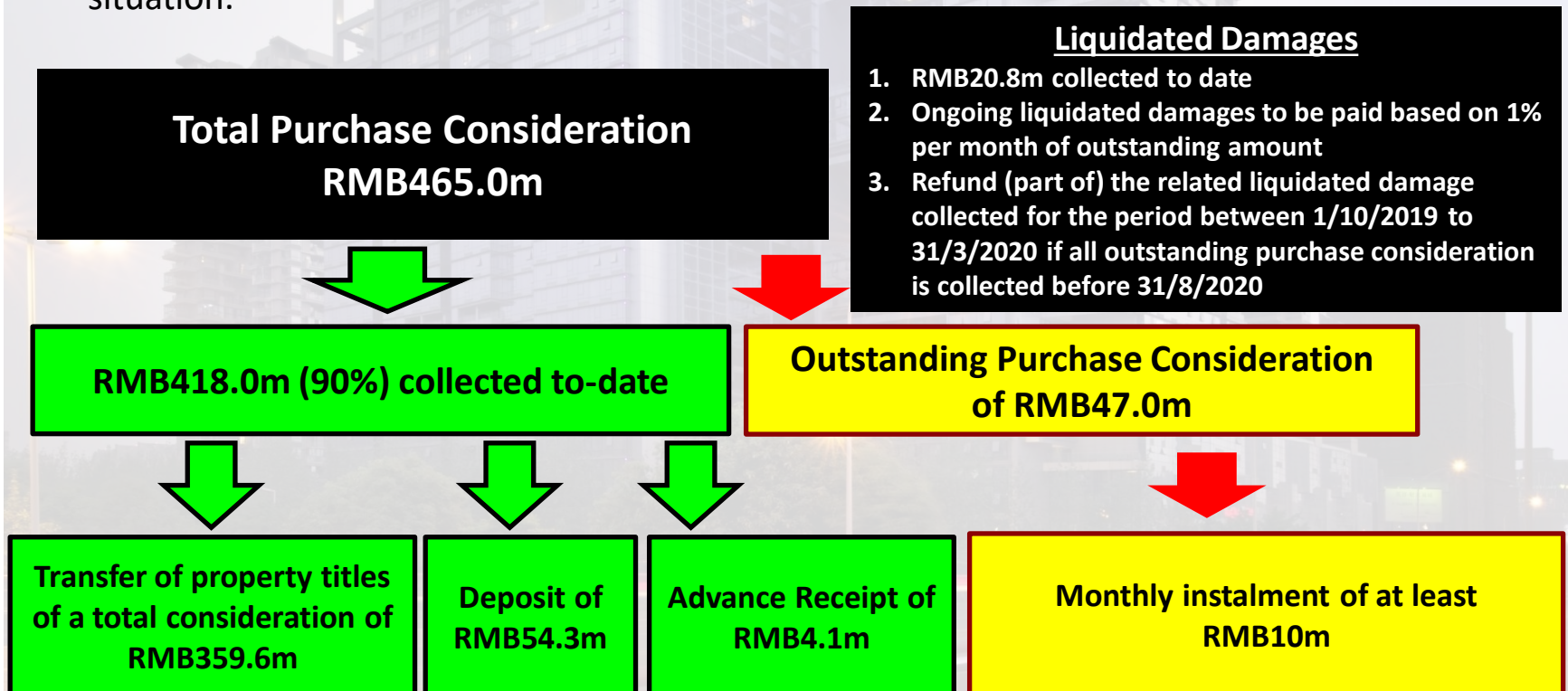
<i>Bilderberg Hotel Portfolio</i> (1)	1Q2020	1Q2019	Change
Occupancy	47.5%	56.2%	(8.7%)
ADR	€ 93	€ 96	(2.6%)
RevPar	€ 44	€ 54	(17.6%)
TRevPar	€ 88	€ 105	(16.1%)

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

- The performance of the Dutch Bilderberg hotel portfolio was severely impacted by the Covid-19 pandemic outbreak and recorded an EBITDA loss of €1.2m for 1Q2020. Hotel operations of all 11 owned properties have been suspended since 3 April 2020.
- The Group and FSMC will apply to the Dutch and German authorities under the relevant wage subsidy programs to mitigate the operating losses of its Dutch and German hospitality operations. The EBITDA figures reported have not considered the effect of these wage subsidies.

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. The buyer requested for a refund of its deposit and to unwind the purchase of those properties from the Group that it has not sold. However, the buyer has since re-commenced sales of the properties and has not pursued such claim. In addition, the buyer has not paid the liquidated damages for 1Q2020.
- The Group has also written to the buyer to refute their claim and will closely monitor the situation.



¹ Reference is made to the announcements dated 30-May-18, 12-Jul-18, 25-Sept-18, 23-Nov-18, 28-Jan-19, 22-May-19 and 26-Aug-19.

Section 5

Business Updates 1Q2020 – Property Financing

5.1 Property Financing - Overview of Financial Performance

	Average PRC PF loan book for the quarter ended	PRC PF loan book as at
31 March 2020	RMB2,616.9m (S\$518.4m)	RMB2,640.0m (S\$537.5m)
31 December 2019	RMB2,112.3m (S\$417.4m)	RMB2,360.0m (S\$456.7m)

- On the PRC PF front, 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 related 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%) in Shanghai. The related borrower group was given consent to defer payment of the April 2020 interest.

5.1 Property Financing - Overview of Financial Performance

- For the European PF loans, the 33%-owned FSMC group has elected to defer its interest payments on certain loans amounting to €178.7 million (S\$282.0 million) extended by the Group with effect from 2Q2020 as per the terms of the loan agreements given that FSMC, which owns 95% of the Dutch Bilderberg hotel portfolio, has temporarily suspended the operations of its hotels on 3 April 2020. The interest deferment of approximately S\$4.6 million each quarter will allow FSMC to better support the operations of the Bilderberg Hotel Portfolio during this period of uncertainty.
- The Group will closely monitor the performance of its PF loan portfolio, especially with regard to the two PRC loans.

Thank You

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