



珍惜土地 用心铸造

# First Sponsor Group Limited

**Investor Presentation**

**28 April 2015**

The initial public offering of the Company's shares was sponsored by DBS Bank Ltd., who assumes no responsibility for the contents of this presentation.

# Disclaimer

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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.

We had on 10 July 2014 issued a prospectus which was lodged for registration by the Monetary Authority of Singapore (the “Prospectus”). The results contained in this document should be reviewed in conjunction with the Prospectus.

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**Section 1**

**Key Message**

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# Key Message

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- 1. Major turnaround from a loss before tax of S\$8.8m in 1Q2014 to a profit before tax of S\$14.9m in 1Q2015.**
- 2. This turnaround is underpinned by the continued growth in the property financing business, with a nearly two-fold increase in revenue from S\$3.0m in 1Q2014 to S\$8.7m in 1Q2015. The property financing loan portfolio stands at RMB1,101.0m (S\$242.0m) as at 31 March 2015.**
- 3. The Millennium Waterfront project in Chengdu continues to generate encouraging sales despite the challenging property market conditions faced by the Group in the PRC. In 1Q2015, 309 residential units with a sales value of RMB171.8m were sold\*.**
- 4. Site preparation works are still in progress for the Star of East River project in Dongguan. The Group has decided to build a super high-rise office building with a larger floor plate instead of the previously approved twin-tower structure.**

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

## Key Message

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5. **On the property holding front, the Group has completed the acquisition of an office building known as Zuiderhof I in Amsterdam on 18 February 2015 at an expected net rental yield of 7.5%. The property has contributed S\$0.7m or 64.6% of the total gross profit of the property holding business in 1Q2015.**
  
6. **As part of the Group's ongoing efforts to explore new investment opportunities in the Netherlands, we had signed a sale and purchase agreement with a German institutional real estate fund on 27 April 2015 to acquire the Holiday Inn/Holiday Inn Express hotels in Amsterdam Southeast and the ancillary 509 car park lots for a net purchase consideration of €54.6m, inclusive of estimated transaction costs, at an expected net rental yield of 7.2%. The hotels and 440 carpark lots have been leased to a lessee under a master lease arrangement for 25 years from May 2014 with two renewal option periods of ten years each at the lessee's options. The remaining 69 car park lots have been leased to another lessee for ten years from August 2012.**
  
7. **Healthy balance sheet backed by S\$666.7m of cash, monetary loan receivables, and unutilised committed credit facilities as at 31 March 2015. The Group continues to look for new business opportunities in the Netherlands and the PRC.**

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## Section 2

## Financial Highlights

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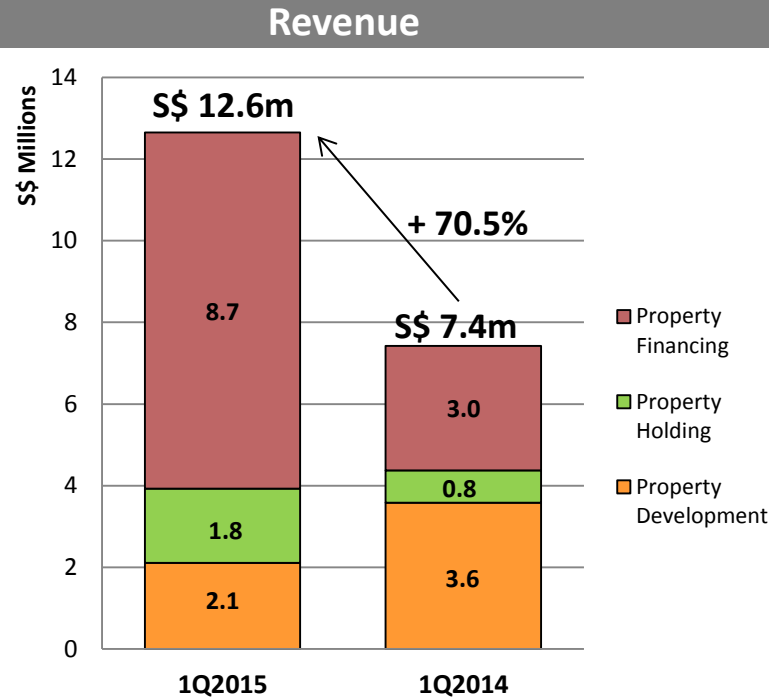
## 2.1 Statement of Profit or Loss - Highlights

Statement of Profit or Loss - Highlights			
In S\$'000	1Q2015	1Q2014	Change %
Revenue	12,650	7,420	70.5%
Gross Profit	10,581	4,086	159.0%
Profit/(loss) before income tax	14,901	(8,810)	nm
Profit/(loss) attributable to equity holders of the Company	10,730	(9,175)	nm
Basic EPS (cents)	1.82	(3.16)	nm
Adjusted profit/(loss) before income tax <sup>(1)</sup>	14,339	(3,954)	nm
Adjusted profit/(loss) attributable to equity holders of the Company <sup>(1)</sup>	10,168	(4,319)	nm

(1) Adjusted results exclude reversal of IPO expenses of S\$0.6m in 1Q2015, and IPO expenses of S\$0.2m and share-based charge of S\$4.7m in 1Q2014.



## 2.2 Statement of Profit or Loss – Revenue



### Property Development

- The decrease is mainly due to the lower revenue recognition of 2 residential units, 1 commercial unit and 13 car park lots of the Chengdu Cityspring project in 1Q2015 as compared to 18 commercial units and 40 car park lots of the Chengdu Cityspring project in 1Q2014.
- This decrease is partially offset by the revenue recognition of 9 residential units in Plot B of the Millennium Waterfront project in 1Q2015.

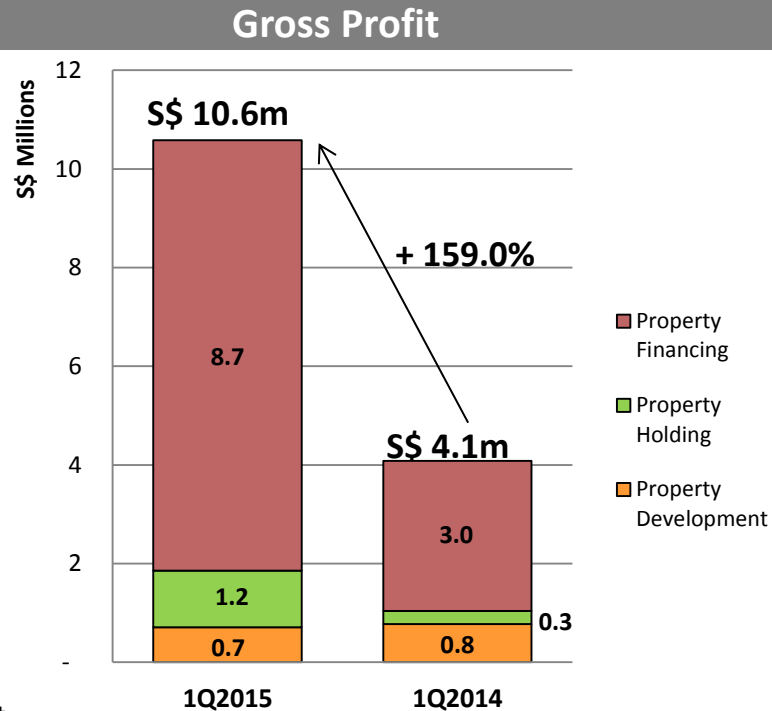
### Property Holding

- The increase is mainly due to the revenue contribution of S\$0.8m from the newly acquired investment property, Zuiderhof I, in the Netherlands in 1Q2015.

### Property Financing

- 1Q2015 recorded higher property financing revenue due to a larger entrusted loan portfolio.

## 2.3 Statement of Profit or Loss – Gross Profit



### Property Development

- Overall gross profit of S\$0.7m in 1Q2015 is due mainly to the profit recognition of the sale of residential units in the Millennium Waterfront project.

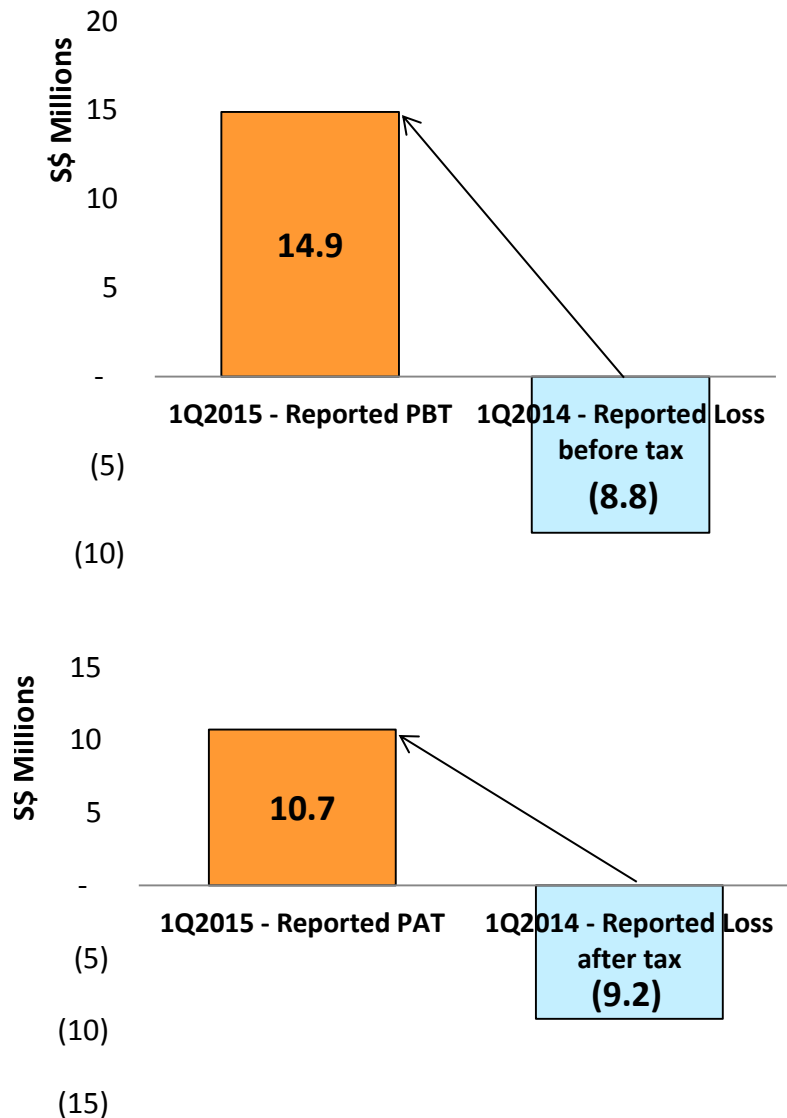
### Property Holding

- The increase in gross profit of S\$0.9m in 1Q2015 is mainly attributable to the gross profit contribution of S\$0.7m from the newly acquired investment property, Zuiderhof I.

### Property Financing

- Higher gross profit from the property financing business recorded in 1Q2015 due to a larger entrusted loan portfolio.

## 2.4 Statement of Profit or Loss – 1Q2015 vs 1Q2014



The Group's turnaround from a net loss position to a net profit position is mainly due to:

- Higher income contribution of S\$5.7m from the property financing business due to a larger entrusted loan portfolio
- Net investment return of S\$4.1m recognised as part of other income in 1Q2015 in connection with the termination of the Zhongtang agreements
- Additional interest income arising from loans to the Chengdu Wenjiang Government of S\$5.0m which were disbursed from late 1Q2014 onwards
- One time share-based charge incurred of S\$4.7m in 1Q2014

The Group's effective tax rate is 26.9% for 1Q2015.

## 2.5 Statement of Financial Position - Highlights

Statement of Financial Position - Highlights			
In S\$'000	31 Mar 2015	31 Dec 2014	Change %
<b>Total cash</b>	76,125	131,797	(42.2)%
<b>Receipts in advance</b>	241,415	200,158	20.6%
<b>Total debt</b>	181,065 <sup>(1)</sup>	83,003 <sup>(2)</sup>	118.1%
<b>Net Asset Value (NAV)</b>	937,647	894,474	4.8%
<b>NAV per share (cents)</b>	158.97	151.65	4.8%
<b>Gearing ratio<sup>(3)</sup></b>	11.5%	Net Cash	

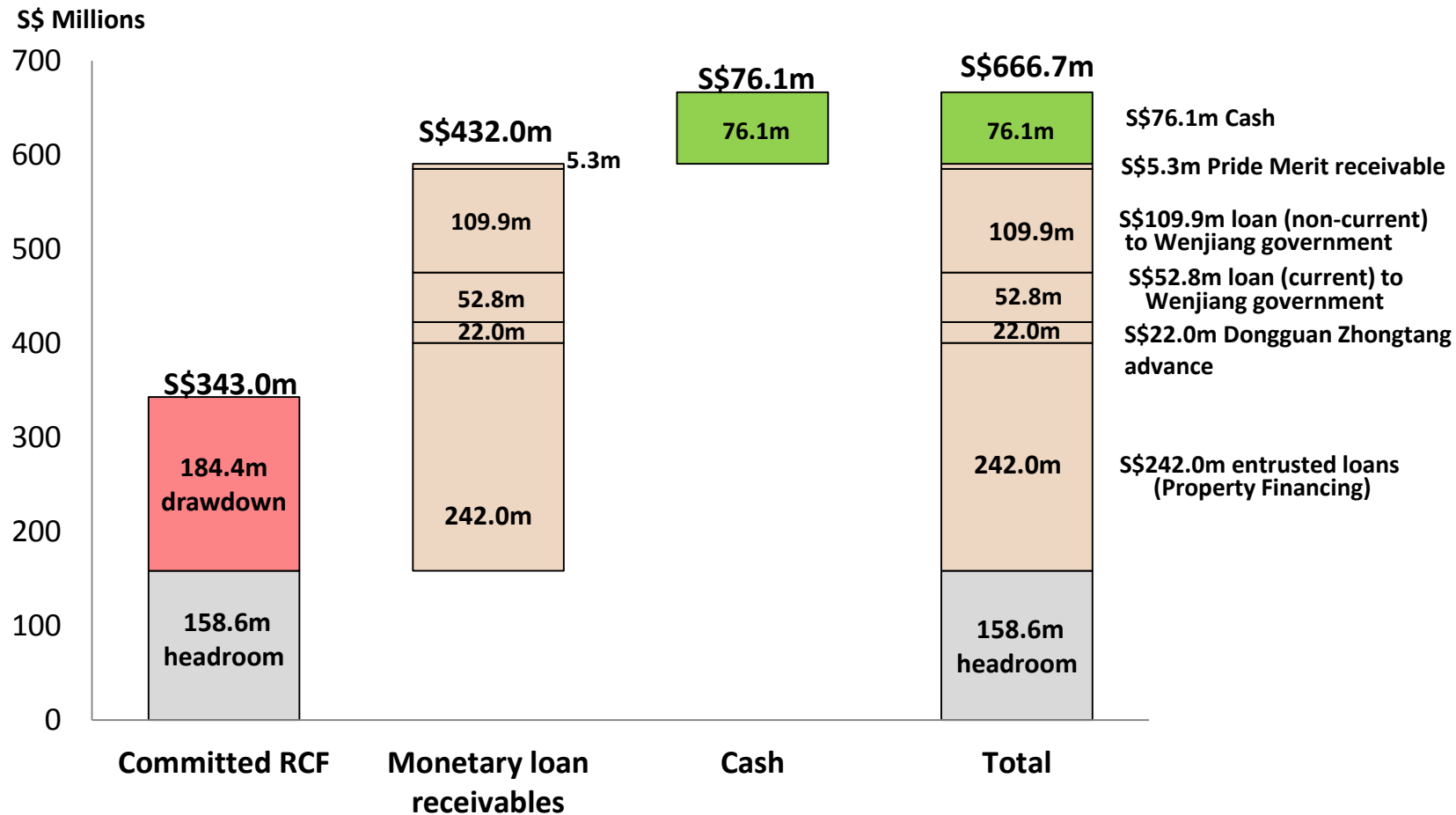
(1) Comprises gross borrowings of S\$184.4m net of unamortised upfront fee of S\$3.3m.

(2) Comprises gross borrowings of S\$84.6m net of unamortised upfront fee of S\$1.6m.

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

Net debt = gross borrowing + interest payable – cash and cash equivalents

## 2.6 Liquidity Management as at 31 March 2015



- Healthy balance sheet backed by S\$666.7m of cash, monetary loan receivables, and unutilised committed credit facilities as at 31 March 2015.
- The Group has subsequently received S\$3.8m from Pride Merit after 31 March 2015.

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**Section 3**

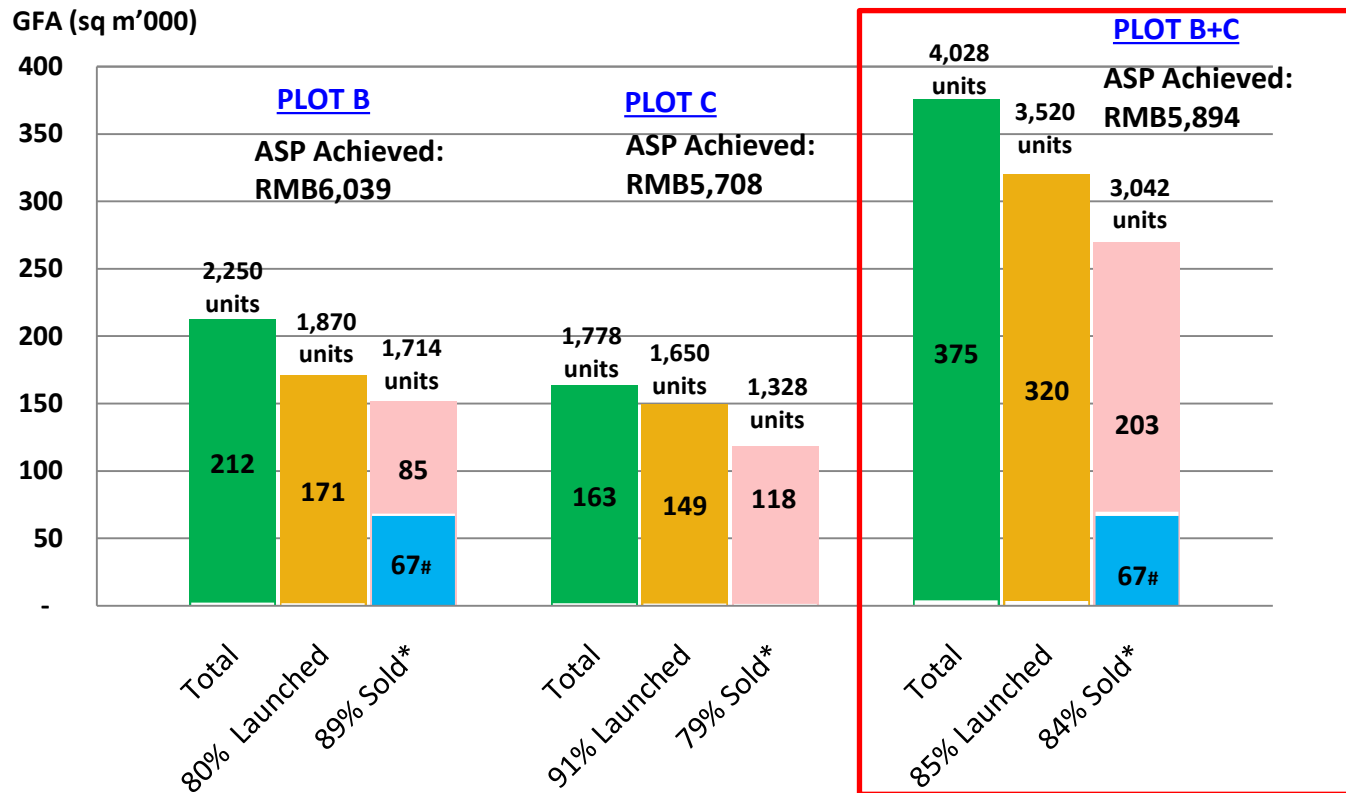
**Key Business Review 1Q2015 – Property Development**

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### 3.1 Property Development – Millennium Waterfront project

- 194 additional Plot C residential units with a total GFA of 21,130 sq m were launched in March 2015.
- 84% cumulative pre-sale rate for the residential units launched for sale in Plot B and Plot C.

Plot B and C Residential Pre-sale Performance as of 31 March 2015



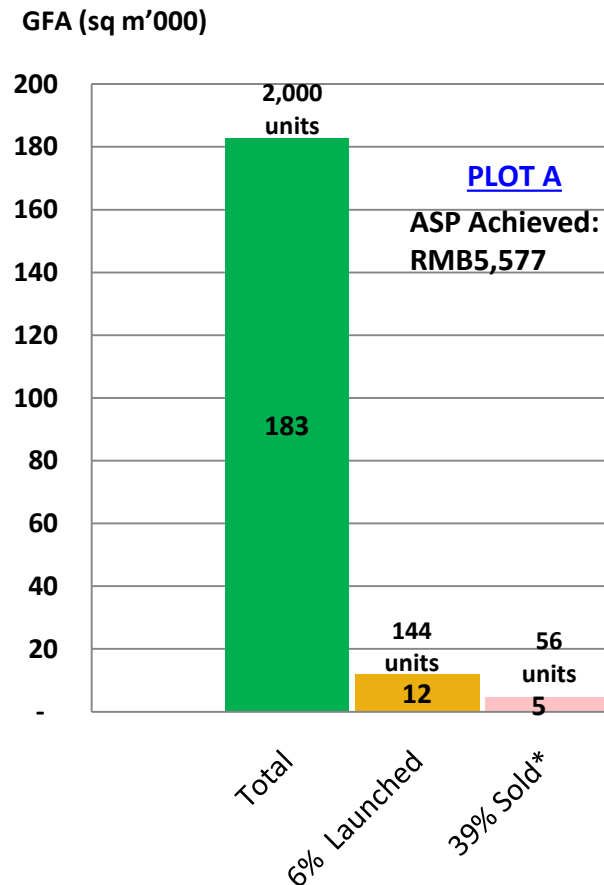
\* Includes sales under option agreements or sale and purchase agreements, as the case may be.

# Cumulative sales of 755 residential units (GFA of 66,571 sq m) with a gross sales value of S\$82.1m have been recognised in FY2014 and 1Q2015.

## 3.1 Property Development – Millennium Waterfront project

- The Group has commenced pre-sales of Plot A by launching one block for sale in March 2015.
- Achieved 39% cumulative pre-sale rate for the residential units launched for sale.

Plot A Residential Pre-sale Performance as of 31 March 2015



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



## 3.1 Property Development – Millennium Waterfront project

- Commenced handover of Plot B residential units from December 2014.
- Commercial units for Plot B expected to be handed over from 2Q2015 onwards.
- Expected handover of Plot C residential units from December 2015 onwards.



Plot B riverfront residential blocks



Aerial view of Plot A blocks under construction



Plot C residential blocks

## 3.1 Property Development – Millennium Waterfront project



- 2,000 residential units and 118 commercial units
- Commenced construction in December 2014
- Pre-sales launch of one block in March 2015

- 1,778 residential units, 91 commercial units and 1,505 basement car park lots
- % of total saleable GFA launched for sale sold<sup>3</sup> :
  - Residential: 79%
- Pre-sales of residential units commenced in January 2014
- Expected handover of residential units in phases from December 2015.

- 2,250 residential, 96 commercial units, 1,908 basement car park lots and a three-storey commercial building
- % of total saleable GFA launched for sale sold<sup>3</sup> :
  - Residential: 89%
- Pre-sales of residential units commenced in November 2012
- Cumulative handover of 755 residential units up to 31 March 2015

- Construction of Millennium Waterfront Chengdu Hotel is currently ongoing as planned with targeted hotel commencement date to be in FY2017

### 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 2015 and includes sales under option agreements or sale and purchase agreements, as the case may be.



## 3.2 Property Development – Chengdu Wenjiang Government Loan

- The Group had entered into two loan agreements with the Chengdu Wenjiang Government in FY2014 to advance two loans of RMB500.0m and RMB240.0m respectively to fund, among others, the Resettlement Process. Details are as follows:

Loan principal	Tenure	Effective interest rate	Interest servicing
RMB500.0m	3 years	13.0% per annum	<ul style="list-style-type: none"> <li>• 7% per annum payable monthly</li> <li>• 6% per annum for the entire loan tenure or RMB90.0m payable on 30 March 2015 (“lump sum interest payment 1”).</li> </ul>
RMB240.0m	1 year	12.8% per annum	<ul style="list-style-type: none"> <li>• 7% per annum payable monthly</li> <li>• 5.8% per annum or RMB13.9m payable on 30 March 2015 (“lump sum interest payment 2”).</li> </ul>

- The Chengdu Wenjiang Government has on 30 March 2015 signed supplementary loan agreements with the Group to reschedule the lump sum interest payment 1 and lump sum interest payment 2 as follows:

Lump sum interest payments	Interest charged on outstanding lump sum interest payments	Repayment schedule for outstanding lump sum interest
RMB90.0m	7% per annum payable monthly	<ul style="list-style-type: none"> <li>• Starting from 30 June 2015, monthly repayment of RMB5.0m</li> <li>• Expected to be fully paid off by 30 November 2016.</li> </ul>
RMB13.9m	7% per annum payable monthly	<ul style="list-style-type: none"> <li>• Immediate payment on 30 March 2015 of RMB3.9m (received) and monthly repayment of RMB5.0m in April and May 2015.</li> </ul>

- The Group had accepted Chengdu Wenjiang Government’s proposal on the basis that:
  1. The 7% per annum monthly interest servicing has been prompt.
  2. The Group will be able to earn an additional 7% per annum interest on the outstanding lump sum interest payments.
  3. Management envisaged that a continued positive working relationship with the Chengdu Wenjiang Government will likely aid in the Group’s potential future development projects in the district.

### 3.3 Property Development – Star of East River project

- Site preparation works are in progress for the Star of East River project.
- The Group has decided to build a super high-rise office building with a larger floor plate instead of the previously approved twin-tower structure.
- The Group expects the tender for East River Plot Two (constituting approximately 25% of the total site area) to be held in the next 6 months.



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**Section 4**

**Key Business Review 1Q2015 – Property Holding**

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## 4.1 Property Holding – M Hotel and Millennium Waterfront Hotel, Chengdu

### M Hotel Chengdu

	1Q2015	1Q2014	Increase/(decrease)
Occupancy	37.5%	21.1%	16.4%
ADR	RMB383	RMB430	(RMB47)
Revpar	RMB144	RMB91	RMB53

- The Group is studying the feasibility of leasing or selling the space originally intended for Phase III (21,875 sq m) of the M Hotel Chengdu expansion plan on a strata title basis.

### Millennium Waterfront Chengdu Hotel

- Construction is currently progressing as planned.





## 4.2 Property Holding – Zuiderhof I



- Signed SPA on 4 February 2015.
- Completed acquisition of the property on 18 February 2015.
- Office building located at the South Axis, CBD of Amsterdam.
- Excellent transport accessibility to the Schipol Airport and Amsterdam South Train Station.
- The building has obtained a A-label energy certificate for achieving energy cost reduction through its heat and cold storage in the ground.

<b>Land Tenure</b>	Perpetual leasehold (ground lease paid to May 2050)
<b>Year of Construction</b>	2002
<b>Net Lettable Area</b>	12,538 sq m
<b>Number of car park lots</b>	111
<b>Purchase Price</b>	€51.5m
<b>Occupancy</b>	100%
<b>Number of Tenant</b>	1 (Van Doorne)
<b>Weighted Average Lease Term (WALT)</b>	4.3 years to July 2019
<b>Expected Net Rental Yield</b>	7.5%

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**Section 5**

**Key Business Review 1Q2015 – Property Financing**

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## 5.1 Property Financing - Overview of Financial Performance

	Revenue (S\$' m) <sup>(1)</sup>	As a % of Group Revenue	Profit before tax (S\$' m)	As a % of Group PBT
1Q2015 <sup>(2)</sup>	8.7	68.9%	10.2	68.5%
1Q2014 <sup>(2)</sup>	3.0	41.0%	3.2	nm

	Third Party Loan Balance as at	Average Third Party Loan Balance for the period/year ended
31 March 2015	RMB 1,101.0m (S\$242.0m)	RMB 921.9m (S\$199.3m)
31 December 2014	RMB 801.0m (S\$170.3m)	RMB 553.0m (S\$113.9m)

**To-date, we have not experienced any loan default and interest servicing on all loans has been current.**

### Loan book as at 31 March 2015

The Group's entrusted loan balance was RMB1,101.0m with interest rates ranging from 17.5% to 20.0% per annum. The average LTV ratio for the entrusted loan portfolio is 44.7%. Each counterparty LTV ratio ranges between 28.4% to 51.4%.

- (1) Comprises interest income on entrusted loans to third parties, interest income on vendor financing arrangements and financial consultancy fee income.
- (2) PBT is higher than revenue as interest income generated from surplus funds is higher than expenses incurred for the period.

## 5.2 Property Financing – Loan Collateral

- An example of secured loan collateral – office space in Pudong, Shanghai:



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## Section 6

### Acquisition in the Netherlands – Holiday Inn/Holiday Inn Express, Amsterdam Southeast

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# 6.1 Acquisition in the Netherlands – Holiday Inn/Holiday Inn Express, Amsterdam Southeast

## Overview of Holiday Inn/Holiday Inn Express, Amsterdam Southeast



<b>Land Tenure</b>	Perpetual leasehold (ground rent paid to August 2053)
<b>Commencement of Hotel Operations</b>	May 2014
<b>Gross Floor Area</b>	21,108 sq m
<b>Purchase Price</b>	€54.6m (inclusive of estimated transaction costs)
<b>Price per Key</b>	Approximately €123,000 per key
<b>Branding</b>	Holiday Inn and Holiday Inn Express
<b>Number of Rooms</b>	Holiday Inn Express (3-stars): 323 rooms Holiday Inn (4-stars): 120 rooms
<b>Parking</b>	509 car park lots
<b>Location</b>	Hoogoorddreef 66, Amsterdam Zuidoost, The Netherlands

- There is a long term redevelopment potential for this site. The Municipality of Amsterdam had previously studied the feasibility of redeveloping the existing site as part of a bigger development plan into a mixed use (residential, office, hotel and other commercial) project whereby the existing site would have its existing plot ratio more than doubled. The significant space accorded by the 509 ground car park lots augurs well for this redevelopment potential.
- Arising from the long term lease with the lessees, any redevelopment plan will not realistically take place anytime soon and is subject to prevailing market conditions.

# 6.1 Acquisition in the Netherlands – Holiday Inn/Holiday Inn Express, Amsterdam Southeast



## Details of the acquisition

### Lease Details

- The hotels and 440 car park lots are leased to TVHG Budget Amsterdam II B.V (“Lessee”) under a master lease arrangement. The lease term is for 25 years from May 2014 with 2 renewal option periods of 10 years each at the Lessee’s options.
- The lease property is managed by Interstate Netherlands Management Company B.V with IHG Hotels Limited as the franchisor.
- The remaining 69 car park lots are leased to Praxis Vastgoed B.V for 10 years from August 2012.

### Estimated Stabilised Net Rent

€3.9m per annum

### Expected Net Rental Yield

7.2%

### Target Deal Completion Date

Mid-June 2015



# 6.1 Acquisition in the Netherlands – Holiday Inn/Holiday Inn Express, Amsterdam Southeast

Located close to major transport links and attractions



Legend

- ★ Holiday Inn Amsterdam Arena Towers
- A Amsterdam Bijlmer ArenaA train station
- B Amsterdam Arena
- C Ziggo Dome

- Hotels are located within 15 minutes of Schipol Airport by train
- Location is nearby entertainment venues such as the Amsterdam Arena and Ziggo Dome
- Excellent transport accessibility to the Amsterdam City Centre via the Amsterdam Bijlmer ArenaA train station