



First Sponsor Group Limited
3Q2021 Voluntary Interim Update
29 October 2021

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Section 1

Key Message

Key Message

1. The first two residential apartment blocks (452 units) of the Time Zone, Dongguan (17.3%-owned) were substantially sold on the first day of its pre-sale launch on 28 August 2021 at the maximum permitted selling price. The third residential block (341 units), which was launched for pre-sale on 1 October 2021, is currently approximately 20% sold at the similar maximum permitted selling price. Market sentiments have taken a negative turn arising from the recent Evergrande crisis. The Group is however cautiously optimistic on the future sales outlook given the strong underlying property demand and supply dynamics in Dongguan. Barring any unforeseen circumstances, pre-sales for the remaining three residential blocks (484 units) and two SOHO blocks (648 units) of Phase 1.1 of the Time Zone project are expected to be launched progressively in the coming months.
2. Four out of five of the residential apartment blocks (1,194 units) in the Skyline Garden, Dongguan (27%-owned) have been fully sold while the fifth has been substantially sold. The units of the four fully sold residential apartment blocks are expected to be handed over in 4Q2022. There are six low-rise SOHO blocks and a 45-storey high-rise SOHO block which are to be retained for a minimum holding period of two years from project completion. In October 2021, one of such low-rise SOHO blocks has been reserved by a purchaser.

Key Message

3. The Group is preparing to commence the redevelopment of the Dreeftoren Amsterdam project, which encompasses (i) 312 residential units with a lettable floor area of 20,300 sqm and (ii) an office and commercial space with a lettable floor area of 15,600 sqm (currently 8,722 sqm) and 1,600 sqm respectively, in late 2021/early 2022. The 130-metre high residential apartment block will be the highest residential tower in Amsterdam upon completion. Both the office and residential towers will be designed and built to be high energy efficient buildings, with the office tower targeting to achieve the BREEAM In-Use Excellent rating upon its completion. In addition, the Group continues to explore the redevelopment potential of the Meerparc office located in the Amsterdam CBD with the relevant authorities.
4. The Stage 2 development approval of the 39.9%-owned City Tattersalls Club (“CTC”) project is expected to be granted in 4Q2021. This will be a significant milestone for the development trust as it would then be possible to commence construction and pre-sale around mid-2022, upon the appointment of a main contractor. On 18 October 2021, the development trust and CTC entered into a legally binding heads of agreement pursuant to which, among other things, CTC has agreed to sell the hotel component of the project to the development trust or its nominee. The Group will likely set up a separate holding entity with some of the partners of the development trust to own the approximately 101-room hotel in which the Group is expected to have a 70% equity interest. The Group will also be providing construction financing to the development trust as part of its property financing business.

Key Message

5. The re-implementation of restrictions in July 2021 following a resurgence of Covid-19 cases has not dampened demand for the Group's European operating hotels in the traditionally strong summer quarter. All of the Group's European operating hotels achieved higher overall occupancies as compared to the same period last year. Excluding the effects of subsidies, the Group's European operating hotels achieved a 48% growth in earnings before interest, tax, depreciation and amortisation ("EBITDA") from €2.3 million for 3Q2020 to €3.4 million for 3Q2021. In the PRC, a resurgence of Covid-19 cases in Chengdu in July 2021 led to a decline in EBITDA of the two hotels in Wenjiang to RMB1.6 million for 3Q2021, compared to RMB5.3 million for 3Q2020. However, the swift actions taken by the municipal from late July to mid-August 2021 to control the situation were effective. Business for the Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring hotels has since recovered. Notwithstanding the above, the Chengdu hotels recorded a strong overall EBITDA of RMB9.9 million for YTD September 2021 (YTD September 2020: RMB1.4 million).

Key Message

6. In relation to the loan recovery process of the defaulted loan with an aggregate loan principal of RMB330 million and its associated interest, on 11 October 2021, the Shanghai court appointed a professional valuer to assess the value of the mortgaged assets prior to the auction process. The valuation report is expected to be ready in November 2021. If the borrower group does not dispute the valuation, the foreclosure auction should take place within 1Q2022. The Group is optimistic about the full recovery of the RMB330 million loan principal and interest.
7. With a strong balance sheet, substantial potential equity infusion from the exercise of outstanding warrants and unutilised committed credit facilities, the Group is well equipped to capitalize on any new business opportunities.

Section 2

Business Updates 3Q2021 – Property Development

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

Residential Blocks

- All eight blocks of 606 units (63,600 sqm) were 100% sold
- Expected to be handed over in phases from 4Q2021

100% SOLD

34% RESERVED

SOHO Cluster

- Comprises 202 SOHO units (8,800 sqm)

Artist's impression

Ground Level Retail:

- Approx. 2,800 sqm of retail space located at ground level of residential and SOHO blocks

50% SOLD¹

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

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



Artist's impression

Residential Blocks

- Total five blocks of 1,194 units (131,900 sqm)
- Four blocks of 830 units (94,600 sqm) were 100% sold and expected to be handed over in 4Q2022

- The last residential apartment block of 364 units (37,300 sqm) was launched for pre-sale in July 2021 and approximately 90% of the units were sold to-date.

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 of the six low-rise SOHO blocks has been reserved by a purchaser with cash deposit paid coupled with an instalment payment plan

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

2.3 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 (207,600 sqm)

- Four blocks of approx. 3,700 SOHO units (167,600 sqm) and a hotel (40,000 sqm)

Shopping Mall (100,000 sqm)

Four SOHO Loft Blocks (210,000 sqm)

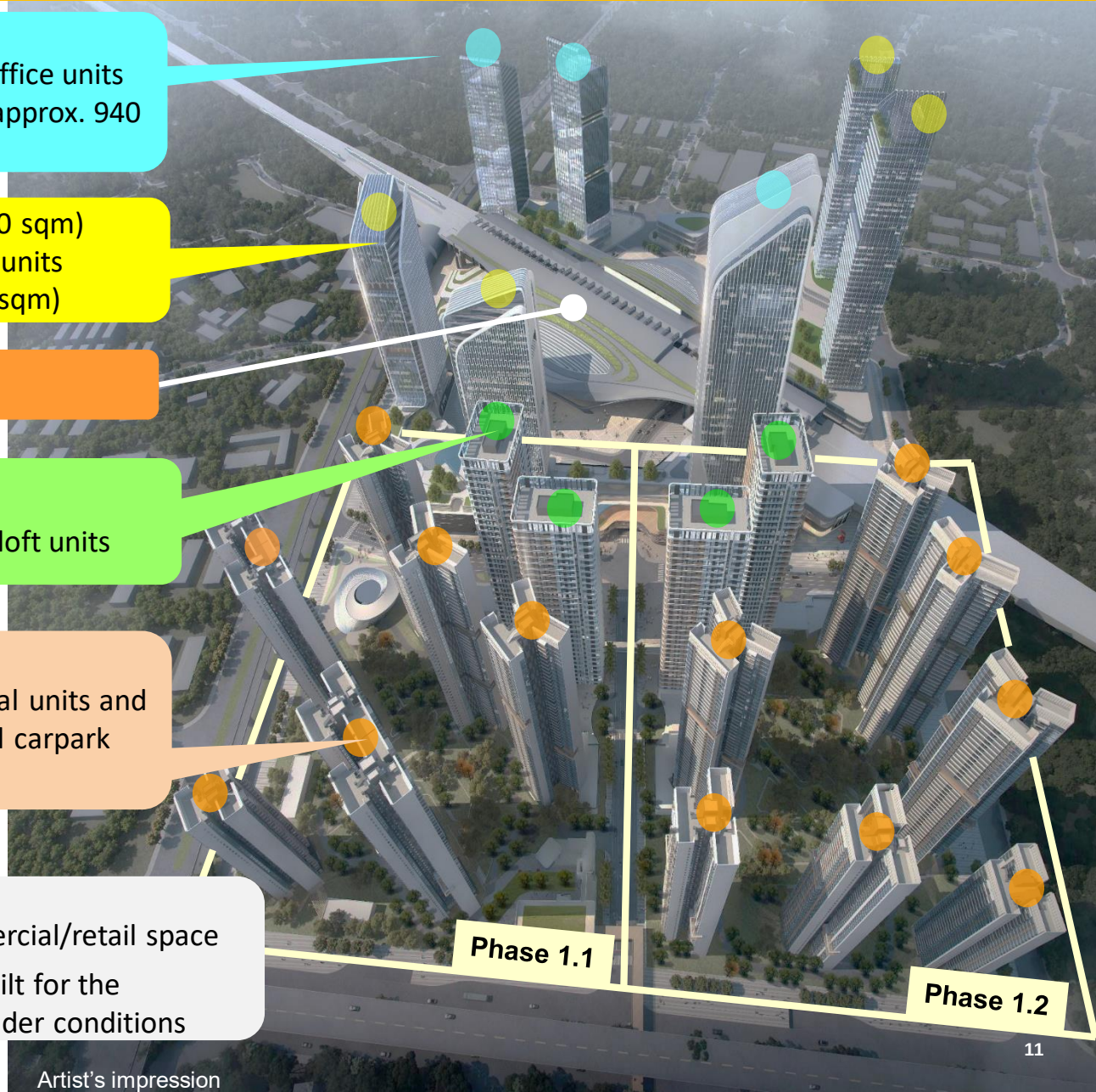
- Four blocks of approx. 3,100 SOHO loft units

13 Residential Blocks (299,500 sqm)

- 13 blocks of approx. 2,460 residential units and approx. 3,730 saleable underground carpark lots

Others:

- Approx. 21,100 sqm of commercial/retail space
- Approx. 300,000 sqm to be built for the authorities as per the land tender conditions



Artist's impression

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

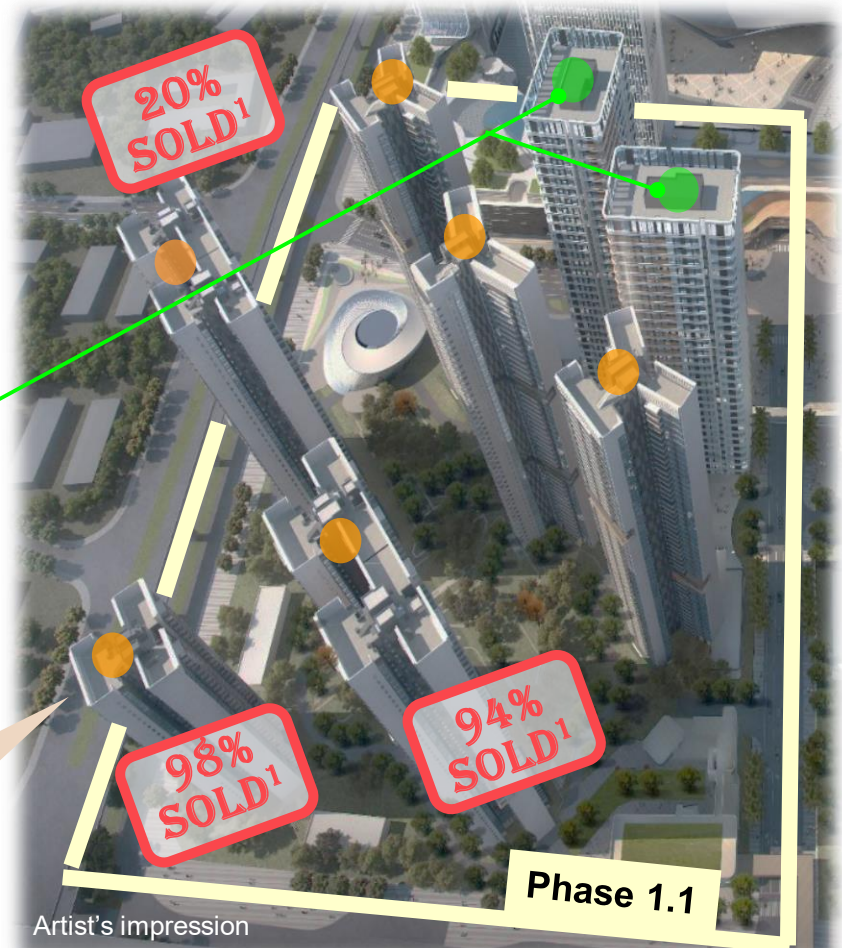
- The first two residential apartment blocks (452 units) were substantially sold on the first day of its pre-sale launch on 28 August 2021 at the maximum permitted selling price. The third residential block (341 units), which was launched for pre-sale on 1 October 2021, is currently approximately 20% sold at the similar maximum permitted selling price.
- Barring any unforeseen circumstances, pre-sales for the remaining three residential blocks (484 units) and two SOHO loft blocks (648 units) of Phase 1.1 are expected to be launched progressively in the coming months.

SOHO Loft Blocks

- Two blocks of 648 SOHO loft units (58,300 sqm)
- The effective land cost for the commercial component of the entire project is approx. RMB3,000 psm ppr

Residential Blocks

- Six blocks of 1,277 units (159,500 sqm)
- The residential apartments are sold at an average selling price slightly in excess of RMB40,000 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.

2.4 Property Development – Bolong Bay Garden, Dongguan (48.2%-owned)

- As at 30 September 2021, the Group had subscribed for approximately S\$90 million each of junior and senior convertible bonds with an annualised coupon rate of 15% and 12% respectively (“Convertible Bonds”) issued by the JV holding company (“JV Holdco”) of the 48.2%-owned Bolong Bay Garden project. The subscription monies were used to finance the acquisition, conversion from industrial to residential use of the land parcel and the development of Bolong Bay Garden. The Convertible Bonds are secured on, among other things, a share pledge over the shares of JV HoldCo and are guaranteed by a HKSE-listed property development company.



Artist's impression

Residential Blocks

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

- Barring any unforeseen circumstances, the pre-sale of Bolong Bay Garden is expected to commence in 1Q2022.

2.5 Property Development – Primus Bay¹, Guangzhou (95%-owned)

- Construction work of the 95%-owned Primus Bay project in Panyu, Guangzhou has been progressing well. The Group targets to launch its first residential pre-sale of three blocks (179 units) under Phase 1 in 1Q2022.

Residential Blocks

- Predominantly residential project comprising 20 blocks of approx. 1,527 units (166,000 sqm)
- The Group's land cost in the project is approximately RMB8,000 psm ppr



Artist's impression

¹previously known as Le Papillon Phase 3

2.6 Property Development – Humen Boyong Project, Dongguan (36%-owned)

- The Group subscribed for a 36% equity stake in a project company that owns and will redevelop two adjacent plots of mixed-use development land in Humen, Dongguan, valuing the development land at RMB1.644 billion (“Humen Boyong Project”) in late July 2021.
- Humen Boyong Project is 1.7 km away from the Humen municipal office, 3.9 km away from Time Zone site and 5 km away from Bolong Bay Garden site.
- Following the construction land planning permit received on 12 October 2021, the project company is working on the submission of the detailed design for approval from the relevant authority. Construction and pre-sale are expected to commence in 1Q2022 and 2H2022 respectively.

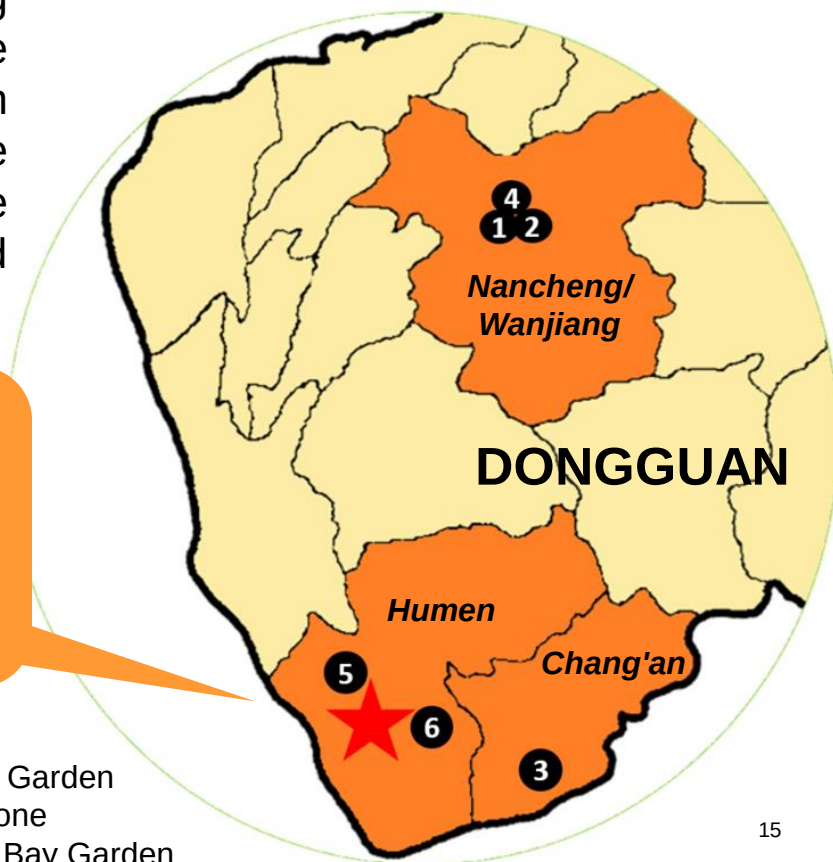
Humen Boyong Project

Site area : 38,839 sqm

Saleable GFA : approx. 111,700 sqm

(residential 75% / commercial 25%)

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



Ongoing Projects in Dongguan

- 1) Star of East River (completed)
- 2) Emerald of the Orient (completed)
- 3) The Pinnacle

- 4) Skyline Garden
- 5) Time Zone
- 6) Bolong Bay Garden

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

- Plot E, the last development plot of the Millennium Waterfront project, comprises approximately 2,800 SOHO units, 37,500 sqm of lettable commercial space and a medical facility with a GFA of 74,200 sqm.
- The Group will develop Plot E in two phases (Phase 1 and Phase 2). Phase 1 has begun construction with pre-sale expected to commence in late 2Q2022.

Artist's impression



Phase 1

Expected to comprise 2,124 SOHO units (149,700 sqm) and 28,400 sqm of retail podium.



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



- The Group is working to commence the redevelopment of the Dreeftoren Amsterdam project, which encompasses (i) 312 residential units with a lettable floor area of 20,300 sqm and (ii) an office and commercial space with a lettable floor area of 15,600 sqm (currently 8,722 sqm) and 1,600 sqm respectively, in late 2021/early 2022.
- The 130-metre high residential apartment block will be the highest residential property in Amsterdam upon completion.

New residential building (left) and redeveloped Dreeftoren office, Amsterdam Southeast

Artist's impression

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

- The residential tower is designed to be energy efficient with (i) a ground source heating and cooling system; and (ii) approximately 400 sqm of solar panels.
- The office redevelopment follows the "Excellent" BREEAM In-Use rating guidelines. The building will be fitted with heat recovery systems, LED lighting as well as solar reflective window glazing and will be connected to the ground source heating and cooling system to create a conducive indoor environment.



2.9 Property Development – City Tattersalls Club (“CTC”) Project, Sydney (39.9%-owned)



- The Group has a 39.9% equity stake in the development trust (“Trust”) that has undertaken to develop the CTC Project. Trust is entitled to a development fee which shall, subject to certain deductions, comprise, among other things, the gross proceeds in respect of the sale of the 241 residential apartment units which form part of the CTC Project.
- The freehold property sits in Sydney's core CBD and is located on Pitt Street next to the prime retail district.
- Application for Stage 2 development approval was submitted in March 2021 and such approval is expected to be obtained in 4Q2021. This will be a significant milestone for the Trust as it would then be possible to commence construction and pre-sale around mid-2022, upon the appointment of a main contractor.
- The Group will be providing construction financing to the Trust as part of its property financing business.

2.9 Property Development – City Tattersalls Club (“CTC”) Project, Sydney (39.9%-owned)

- The Trust and CTC entered into a legally binding heads of agreement (“HOA”) on 18 October 2021 pursuant to which, among other things, CTC has agreed to transfer the hotel component of the CTC Project to the Trust or its nominee (“Hotel Component Transfer”) for a consideration based on the aggregate amount of certain development costs of the hotel. In addition, the development costs of, among others, the Club’s premises payable by CTC will be capped and the excess will be borne by the Trust.



- The Group will likely set up a separate holding entity with some of the partners of the Trust to own the approximately 101-room hotel in which the Group is expected to have a 70% equity interest.
- The Hotel Component Transfer is conditional upon certain conditions including the approval of CTC’s members for the Hotel Component Transfer and other transactions contemplated under the HOA (collectively, “Proposed Transaction”).
- The Proposed Transaction will most importantly provide the Trust with greater control and flexibility to manage the CTC Project whether or not the Hotel Component Transfer is proceeded with.

Section 3

Business Updates 3Q2021 – Property Holding

3.1 Property Holding – Dutch Bilderberg Hotel Portfolio (33%-owned)



Bilderberg Hotel Portfolio ⁽¹⁾	3Q2021	3Q2020	Change	YTD Sep 2021	YTD Sep 2020	Change
Occupancy	64.0%	61.8%	2.2%	36.3%	39.6%	(3.3%)
ADR	€ 103.5	€ 99.5	4.0%	€ 101.2	€ 96.1	5.3%
RevPAR	€ 66.2	€ 61.4	7.8%	€ 36.8	€ 38.0	(3.2%)
TRevPAR	€ 122.2	€ 115.4	5.9%	€ 67.4	€ 74.6	(9.7%)

(1) Comprises 11 owned hotels

- The Dutch government eased the Covid-19 measures gradually over the summer. Demand for regional hotels has been strong over the summer while demand for city hotels continues to recover on a slower trajectory. Overall occupancy for the portfolio increased to 64.0% in 3Q2021 (3Q2020: 61.8%).
- After considering the subsidies from the Dutch government of €3.0m (YTD Sep 2020: €3.0m), Bilderberg reported an LBITDA of €0.8m for YTD September 2021 (YTD Sep 2020: LBITDA of €0.8m) and an EBITDA of €3.0m in 3Q2021 (3Q2020: EBITDA of €3.1m). Bilderberg was not eligible for subsidies in 3Q2021 (3Q2020: €0.7m) due to the improved hotels' revenue during the period.

3.2 Property Holding – Hilton Rotterdam (33%-owned) and Utrecht Centraal Station (100%-owned) Hotels



Hilton Rotterdam, the Netherlands

- The pace of recovery remains slow for the Rotterdam hotel market. The hotel recorded a modest growth in occupancy to 42.8% in 3Q2021 (3Q2020: 27.9%).
- The hotel was not eligible for payroll subsidy in 3Q2021 (3Q2020: €0.1m). It recorded an LBITDA of €0.3m in 3Q2021 (3Q2020: LBITDA of €0.1m). For YTD September 2021, the hotel recorded an LBITDA of €0.5m (YTD Sep 2020: LBITDA of €0.3m) after considering government subsidies of €1.1m (YTD Sep 2020: €0.7m).



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

- Following the easing of Covid-19 restrictions, the Hampton by Hilton hotel more than doubled its occupancy to 76.3% for 3Q2021 (3Q2020: 32.9%).
- The Crowne Plaza hotel had been closed for overnight stays since mid-September 2020. As MICE business at Crowne Plaza hotel is steadily growing, the hotel is considering the financial feasibility of reopening the rooms in the near future.
- The hotels jointly recorded an EBITDA of €0.1m in 3Q2021 (3Q2020: LBITDA of €0.3m). Including a government subsidy of €0.7m (YTD Sep 2020: €0.1m), the hotels recorded an EBITDA breakeven for YTD September 2021 as compared to an LBITDA of €0.5m for the same period in 2020.

3.3 Property Holding – Le Méridien Frankfurt (50%-owned) and Bilderberg Bellevue Hotel Dresden (94.9%-owned)



Le Méridien Frankfurt, Germany

- The hotel recorded a gradual increase in occupancy rates to 36.7% in 3Q2021 (3Q2020: 19.3%) in the midst of easing travel restrictions.
- The hotel recorded an LBITDA of €0.2m in 3Q2021 including €0.2m of government payroll subsidy. For YTD September 2021, the hotel recorded an LBITDA of €1.2m (1H2021: LBITDA of €0.9m) including €1.1m (1H2021: €0.9m) of government aid.



Bilderberg Bellevue Hotel Dresden, Germany

- The Dresden hotel market is on a strong recovery trend. The hotel recorded a significant growth in overall occupancy to 72.5% for 3Q2021 (3Q2020: 59.4%) with a strong showing of approximately 80% occupancy in both August and September.
- The hotel recorded an EBITDA of €1.0m in 3Q2021 (3Q2020: EBITDA of €0.5m) and an EBITDA of €0.6m for YTD September 2021 (YTD Sep 2020: LBITDA of €0.3m). These results included the German payroll support package of €0.7m for YTD September 2021 (YTD Sep 2020: €0.6m), and nil for 3Q2021 (3Q2020: €0.1m) as the hotel was not eligible for the subsidy due to the improved hotel performance during the period.

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



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

- There was a resurgence of Covid-19 cases in Chengdu in July 2021. The swift implementation of restrictions from late July to mid August quickly stabilised the situation. The business for the Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring hotels has since recovered.
- The hotels' trading took a hit for the quarter with an EBITDA of RMB1.6 million for 3Q2021 (3Q2020: RMB5.3 million). Notwithstanding the above, the hotels recorded a strong overall EBITDA of RMB9.9 million for YTD September 2021, more than 600% growth from the RMB1.4 million for YTD September 2020.

3.5 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 refund of the over-paid rent from April 2020 onwards which amounts to approximately €2.53 million for the period up to the end of July 2021.
- FSNLP2 filed its statement of defence on 27 October 2021 rejecting all of TVHG’s claims.
- To-date, TVHG is current on its monthly rent payments. The Group will assess the accounting implication of such rent receipt in light of the latest legal action prior to the year end.

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

As of 30 September 2021:

- The purchaser group had paid to the Group (i) RMB444.2 million (94%) out of the purchase consideration of RMB470.9 million; and (ii) RMB23.8 million in liquidated damages.
- RMB26.7 million of the purchase consideration and RMB0.8 million in liquidated damages remained outstanding (“Outstanding Amounts”).
- RMB14.3 million of entrusted loan (“Disbursed Entrusted Loan”) had been disbursed by the Group to the purchaser group for the purpose of funding part of the purchase consideration. No further entrusted loans were disbursed as the purchaser group was unable to fulfil certain conditions precedent to the loan disbursement.

Key arrangements in the new supplemental agreement entered into on 30 September 2021:

- The SOHO units at Level 18 and 19 of Block 9 of the Chengdu Cityspring are excluded from the sale whereby the sale consideration shall be reduced by RMB36.0 million which represents a 5% discount of the original consideration.
- The excess payment by the purchaser group would be used to, *inter alia*, offset the Outstanding Amounts and fund the escrow payment of the total interest expenses on the Disbursed Entrusted Loan.

Upon the completion of the above transactions, the Chengdu Cityspring disposal¹ shall be completed.

¹For details of this transaction, please refer to the announcements dated 30-May-18, 12-Jul-18, 25-Sep-18, 23-Nov-18, 28-Jan-19, 22-May-19, 26-Aug-19, 18-May-2020, 23-Jun-2020 and 30-Sep-2021.

Section 4

Business Updates 3Q2021 – Property Financing

4.1 Property Financing – PRC Loan Book

	Average PRC PF loan book for the year to date ended	PRC PF loan book as at
30 September 2021	RMB2,792.2m (S\$576.6m)	RMB2,627.3m (S\$550.7m)
30 June 2021	RMB2,753.0m (S\$565.2m)	RMB3,378.2m (S\$703.0m)

* includes the defaulted loans amounting to RMB330m in aggregate

- The PRC PF Loan Book has been reduced from RMB3,378.2 million as at 30 June 2021 to RMB2,627.3 million as at 30 September 2021. The reduction was due mainly to the full repayment of two loans amounting to RMB684.8 million and a partial early loan repayment of RMB85.0 million.
- In November 2020, the Group commenced legal action against a borrower group in the Shanghai court to recover an aggregate loan principal of RMB330 million and associated interest under two cross collateralised loans with an average LTV of 53%. In March 2021, the Group entered into a settlement agreement with the borrower group, which formed the basis of a ruling issued by the Shanghai court on 30 March 2021. The principal terms of the court ruling include, among others, a repayment schedule for the loan principal and interest, including default interest. However, the borrower group failed to fully comply with the fourth instalment payment which was due on 30 June 2021. On 12 July 2021, the Group filed a court application to, *inter alia*, seek the auction sale of the mortgaged assets in accordance with the court ruling. On 11 October 2021, the Shanghai court appointed a professional valuer to assess the value of the mortgaged assets prior to the auction process. The foreclosure auction is expected to take place within 1Q2022. The Group is optimistic about the recovery of the RMB330 million loan principal and interest.

4.2 Property Financing – European Loan Book

- Owing to the continuing recovery in the performance of the Dutch Bilderberg hotel portfolio which is 95% owned by FSMC, the 33%-owned FSMC group was able to meet its interest payments for 2Q2021 and 3Q2021. However, it has elected to continue deferring interest payment for 1Q2021 on the loan extended by the Group in accordance with the terms of the loan agreement. The Group does not expect any recoverability issue for the deferred interest and loan principal given its significant influence over FSMC.

Thank You

For enquiries, please contact:

Mr Zhang Jiarong

Senior Vice President – Financial Planning & Analysis

First Sponsor Group Limited

Email: ir@1st-sponsor.com.sg

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