



珍惜土地 用心铸造

First Sponsor Group Limited

Investor Presentation

24 July 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.

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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.

Contents

	Page	
Section 1	Key Message	3
Section 2	Financial Highlights	6
Section 3	Key Business Review 2Q2015 – Property Development	15
Section 4	Key Business Review 2Q2015 – Property Holding	21
Section 5	Key Business Review 2Q2015 – Property Financing	24

Section 1

Key Message

Key Message

- 1. The Group achieved a remarkable 34 times increase in its quarterly profit before tax from S\$0.4m in 2Q2014 to S\$12.5m in 2Q2015.**
- 2. This stellar performance is underpinned by increase in revenue growth from all its three core businesses. On the property development front, the Group recognised additional revenue from the Millennium Waterfront project partially due to the first time handover of commercial units from Plot B in June 2015. For the property holding segment, the Zuiderhof property in the Netherlands is the single most significant contributor to the overall S\$2.2m increase. The Group's property financing business also registered a 62.9% revenue increase from S\$4.9m in 2Q2014 to S\$8.0m in 2Q2015.**
- 3. The Millennium Waterfront project in Chengdu continues to generate consistent sales and cash flows with an average of more than 300 units sold per quarter. In 2Q2015, 338 residential units with a sales value of RMB187.2m were sold*. This brings the total 1H2015 sales value of 647 residential units sold to RMB359.0m.**

Key Message

4. **The Group has completed its second acquisition in the Netherlands on 17 June 2015. The Arena Towers property, with an expected stabilised net rental yield of 7.2% per annum, will be another significant profit contributor to the property holding business segment going forward.**
5. **The Group has established its S\$1 billion Multicurrency Debt Issuance Programme on 15 May 2015, and subsequently issued Series 1 medium term notes amounting to S\$50 million (3 years at 4% per annum which has been swapped into Euros debt at a coupon rate of 2.28% per annum) on 4 June 2015. The Group intends to further tap on this alternate source of funding, in conjunction with S\$646.3m of cash, monetary loan receivables, and unutilised committed credit facilities as at 30 June 2015, for its continuing expansion in the Netherlands and the PRC.**
6. **In view of the healthy build-up of recurrent income and cash flows from the property holding and property financing business segments, the Board has approved the cash payment of an interim tax-exempt (one-tier) dividend of 0.7 Singapore cents per share, proposed to be paid on 13 October 2015. The Board will continue to maintain a stable payout of S\$10.0 million per financial year, with a steady growth when appropriate.**

Section 2

Financial Highlights

2.1 Statement of Profit or Loss - Highlights

Statement of Profit or Loss - Highlights

In S\$'000	2Q2015	2Q2014	Change %	1H2015	1H2014	Change %
Revenue	29,978	6,608	353.7%	42,628	14,028	203.9%
Gross profit	15,876	5,151	208.2%	26,457	9,237	186.4%
Profit/(loss) before income tax	12,503	359	3,382.7%	27,404	(8,451)	nm
Profit/(loss) attributable to equity holders of the Company	7,624	(3,247)	nm	18,354	(12,422)	nm
Basic EPS (cents)	1.29	(0.59)	nm	3.11	(2.97)	nm
Adjusted profit/(loss) before income tax	12,503	3,708 ⁽¹⁾	237.2%	26,842 ⁽²⁾	(246) ⁽³⁾	nm
Adjusted profit/(loss) attributable to equity holders of the Company	7,624	102 ⁽¹⁾	7,374.5%	17,792 ⁽²⁾	(4,217) ⁽³⁾	nm

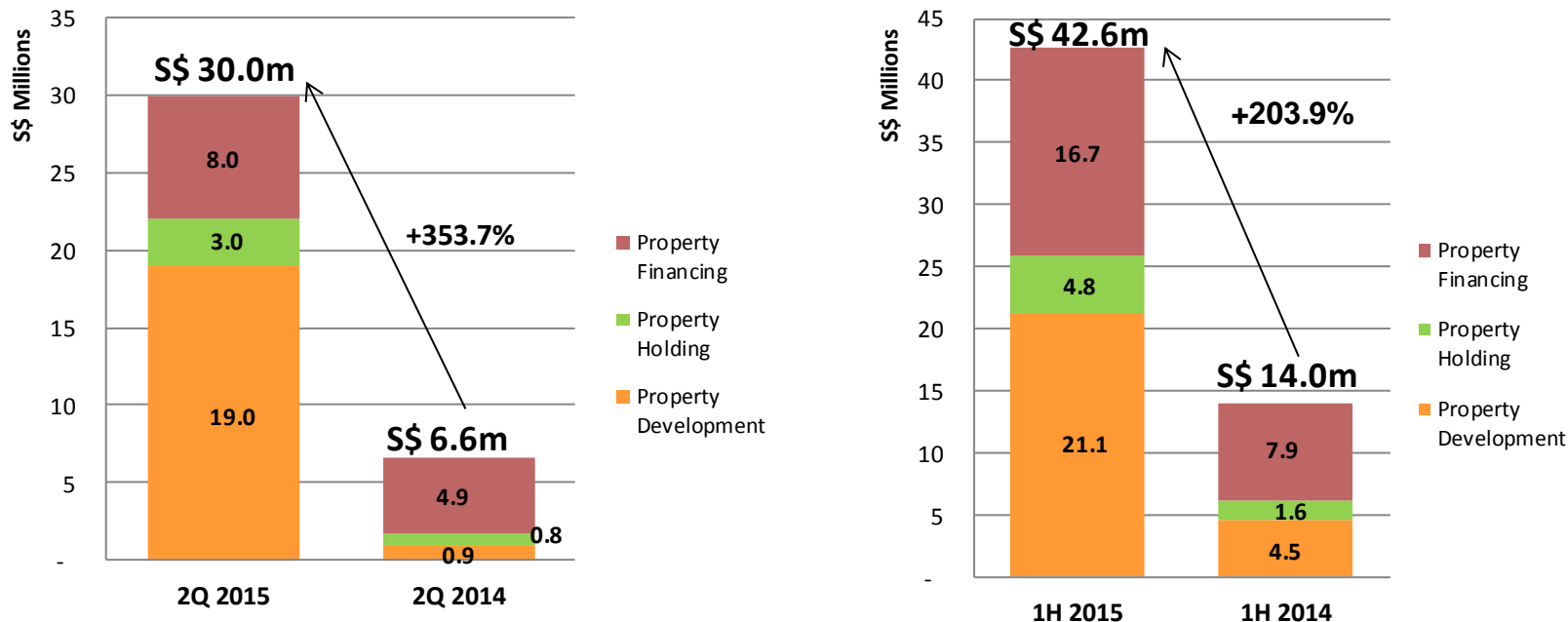
(1) Adjusted results exclude IPO expenses of S\$3.3m in 2Q2014.

(2) Adjusted results exclude reversal of IPO expenses of S\$0.6m in 1H2015.

(3) Adjusted results exclude IPO expenses of S\$3.5m and share-based charge of S\$4.7m in 1H2014.

2.2 Statement of Profit or Loss – Revenue

Revenue



Property Development

- The increase in 2Q2015 is mainly due to the further revenue recognition from Plot B of the Millennium Waterfront project, including a first time handover of commercial units (net revenue: S\$18.2m).

Property Holding (includes hotel operations)

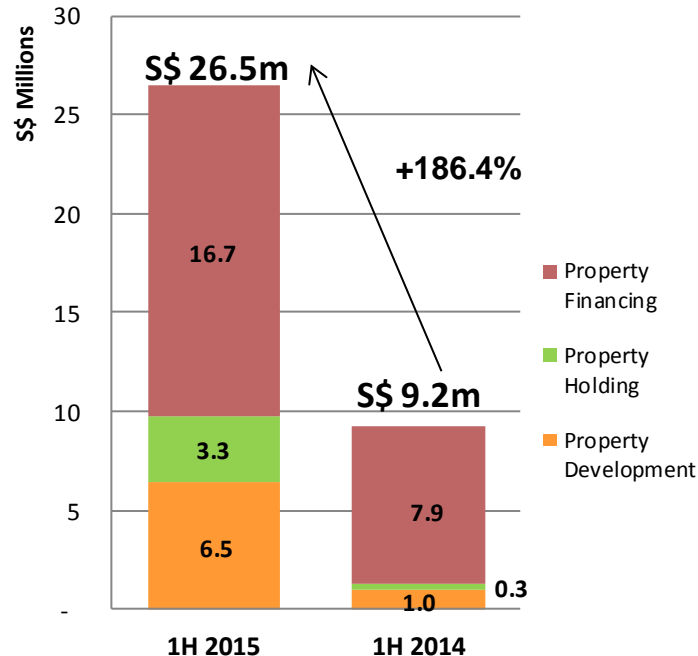
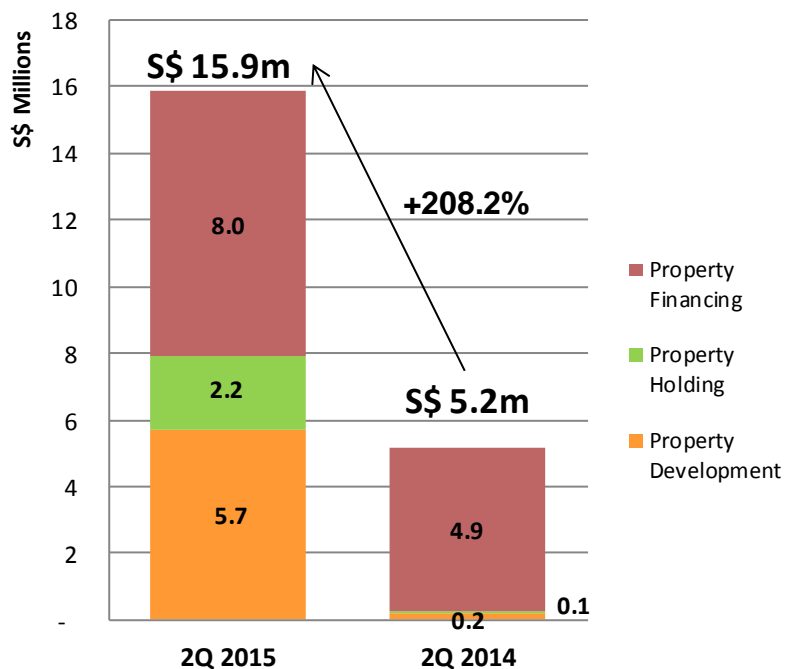
- The Group's expansion into the Netherlands since February 2015 boosted the revenue from the property holding segment. Revenue from Zuiderhof I contributed S\$1.6m and S\$2.4m to 2Q2015 and 1H2015 respectively.

Property Financing

- 2Q2015 recorded higher property financing revenue due to a larger entrusted loan portfolio.

2.3 Statement of Profit or Loss – Gross Profit

Gross Profit



Property Development

- Overall increase in gross profit of S\$5.5m in 2Q2015 is mainly due to additional revenue recognition from the Millennium Waterfront project, including the first time handover of commercial units in Plot B.

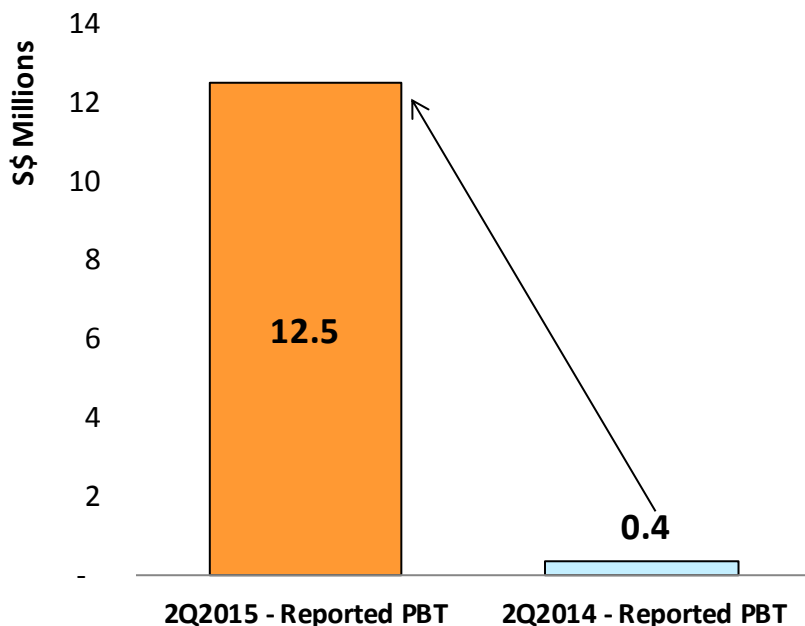
Property Holding (includes hotel operations)

- The increase in gross profit of S\$2.1m in 2Q2015 is mainly attributable to the gross profit contribution of S\$1.5m from Zuiderhof I.

Property Financing

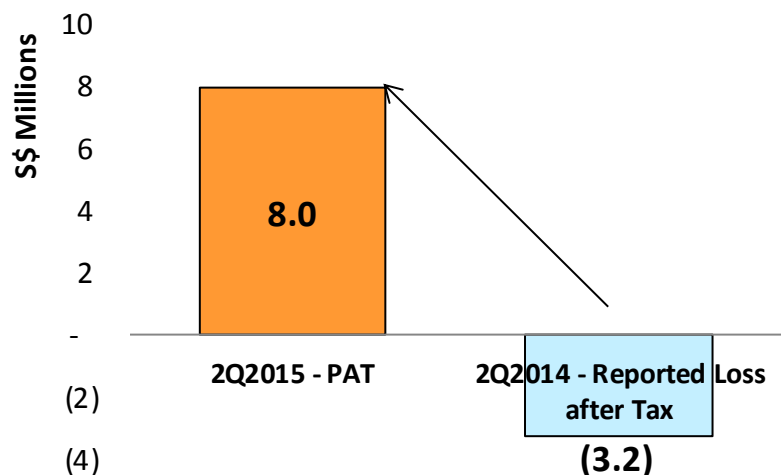
- Higher gross profit from the property financing business recorded in 2Q2015 due to a larger entrusted loan portfolio.

2.4 Statement of Profit or Loss – 2Q2015 vs 2Q2014



The Group's significant increase in profit before tax is mainly due to:

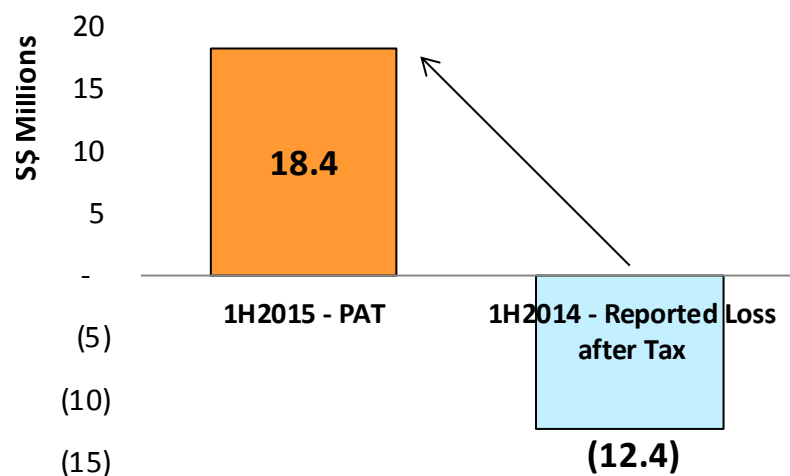
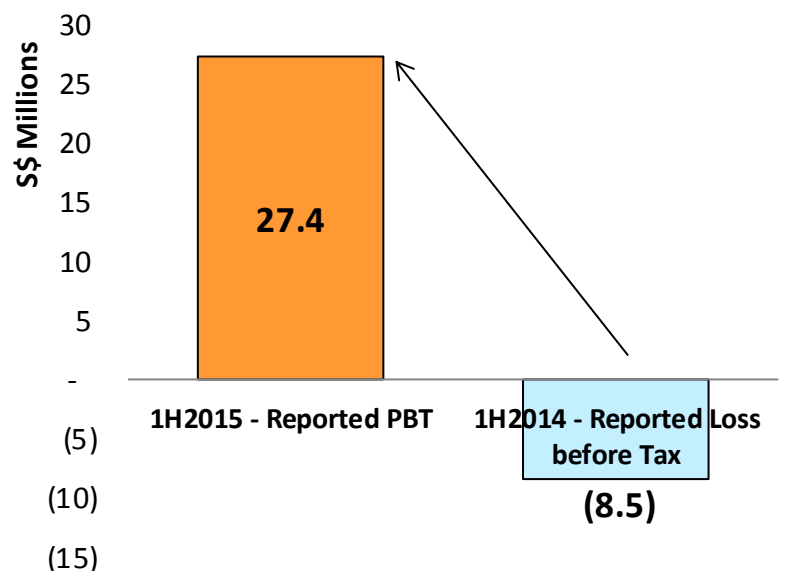
- Higher gross profit contribution of S\$5.5m from the property development business mainly due to the additional revenue recognition in respect of the Millennium Waterfront project. The residential units of Plot B were handed over since December 2014 and the handover of the commercial units in Plot B commenced in June 2015.
- Higher gross profit contribution of S\$3.1m from the property financing business due to a larger entrusted loan portfolio.
- One time IPO expenses of S\$3.3m incurred in 2Q2014.



The Group's effective tax rate is 36.3% for 2Q2015.

- After adjusting for the tax effect of S\$1.7m on non-deductible expenses, tax effect of S\$0.2m on non-taxable income, tax effect of land appreciation tax of S\$0.2m as well as the reversal of overprovision in respect of prior year of S\$0.6m in 2Q2015, the effective tax rate of the Group would be approximately 25.6% for 2Q2015.

2.5 Statement of Profit or Loss – 1H2015 vs 1H2014



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

- Higher gross profit contribution of S\$8.8m from the property financing business due to a larger entrusted loan portfolio.
- Higher gross profit contribution of S\$5.5m from the property development business mainly due to the additional revenue recognition in respect of the Millennium Waterfront project. The residential units of Plot B were handed over since December 2014 and the handover of the commercial units in Plot B commenced in June 2015.
- Additional interest income arising from loans to the Chengdu Wenjiang Government of S\$6.7m which were disbursed from late 1Q2014 onwards.
- One time share-based charge of S\$4.7m incurred in 1Q2014 and one time IPO expenses of S\$3.5m incurred in 1H2014.
- Net investment return of S\$4.6m recognised as part of other income in 1H2015 in connection with the termination of the Zhongtang agreements.

The Group's effective tax rate is 31.2% for 1H2015:

- After adjusting for the tax effect of non-deductible expenses of S\$1.9m, tax effect on non-taxable income of S\$0.2m, tax effect of land appreciation tax of S\$0.2m as well as reversal of overprovision in respect of prior year of S\$0.6m in 1H2015, the effective tax rate of the Group would be approximately 25.4% for the current period.

2.6 Statement of Financial Position - Highlights

Statement of Financial Position - Highlights

In S\$'000	30-Jun-15	31-Mar-15	Change %
Total assets	1,574,237	1,462,175	7.7%
Total cash	98,988	76,125	30.0%
Receipts in advance	256,178	241,415	6.1%
Total debt ⁽¹⁾	270,607 ⁽²⁾	181,065 ⁽³⁾	49.5%
Net Asset Value (NAV) ⁽⁴⁾	924,267	937,647	(1.4%)
NAV per share (cents)	156.70	158.97	(1.4%)
Gearing ratio ⁽⁵⁾	18.9%	11.5%	7.4%

(1) Increase in total debt is mainly to finance the acquisition of the Holiday Inn/Holiday Inn Express hotels in Amsterdam (“Arena Towers”).

(2) Comprises gross borrowings of S\$273.7m net of unamortised upfront fee of S\$3.1m.

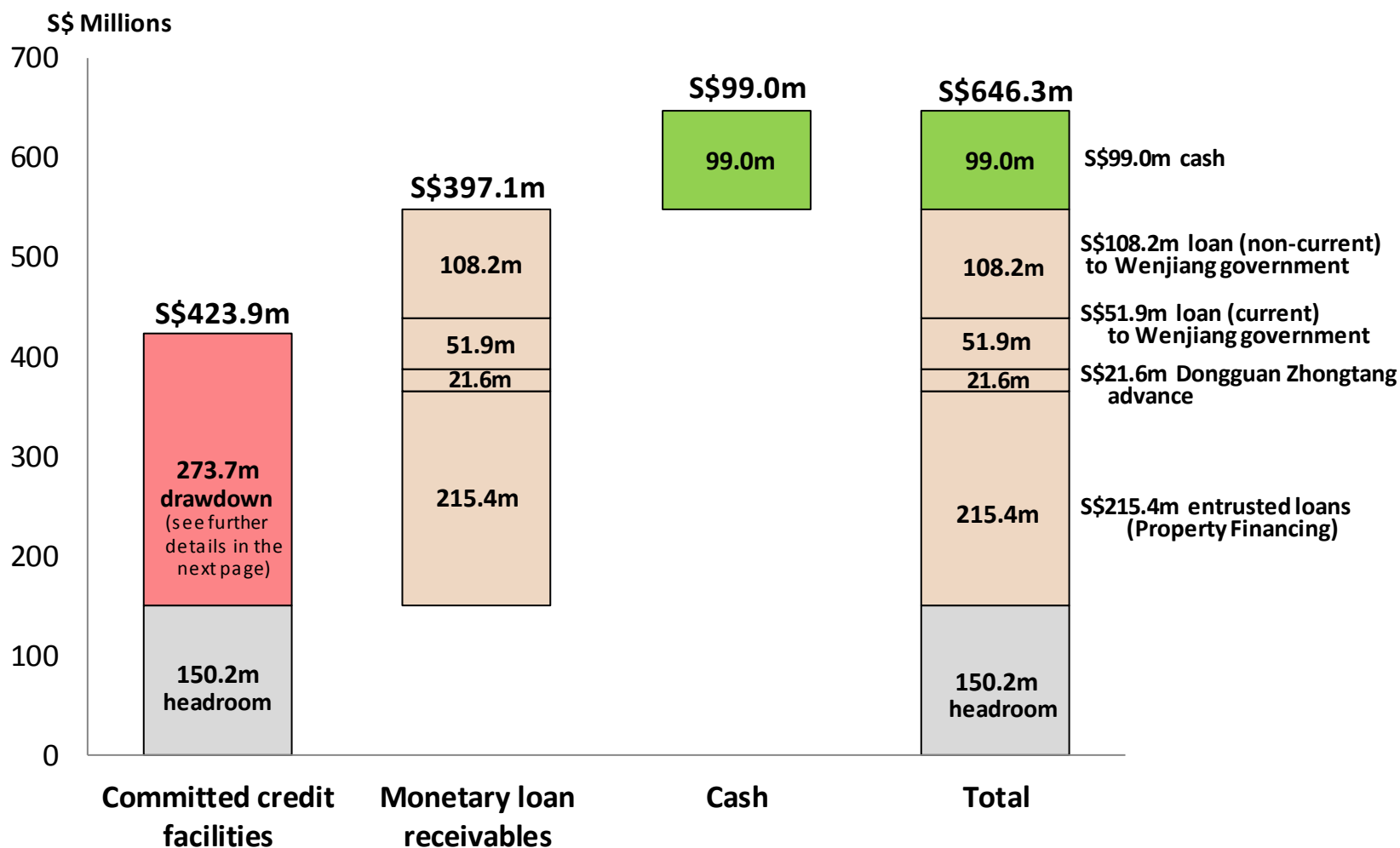
(3) Comprises gross borrowings of S\$184.4m net of unamortised upfront fee of S\$3.3m.

(4) NAV excluding non-controlling interests.

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

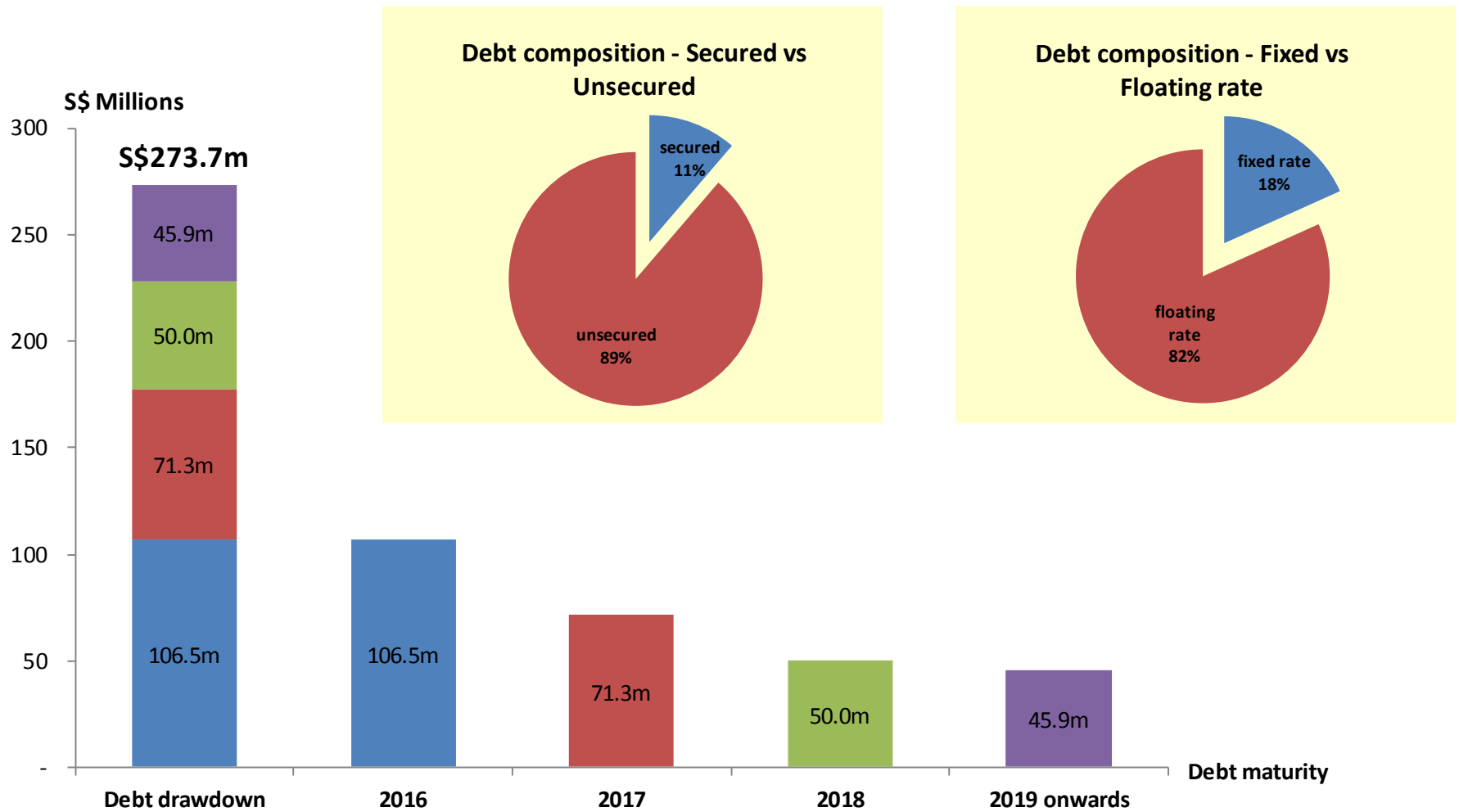
Net debt = gross borrowings + financial liabilities carried at fair value – cash and cash equivalents

2.7 Liquidity Management as at 30 June 2015



- Healthy balance sheet backed by S\$646.3m of cash, monetary loan receivables, and unutilised committed credit facilities as at 30 June 2015.
- In addition, the Group has established another source of funding which it can further tap on with the launch of its S\$1 billion Multicurrency Debt Issuance Programme on 15 May 2015.

2.8 Debt maturity and composition as at 30 June 2015



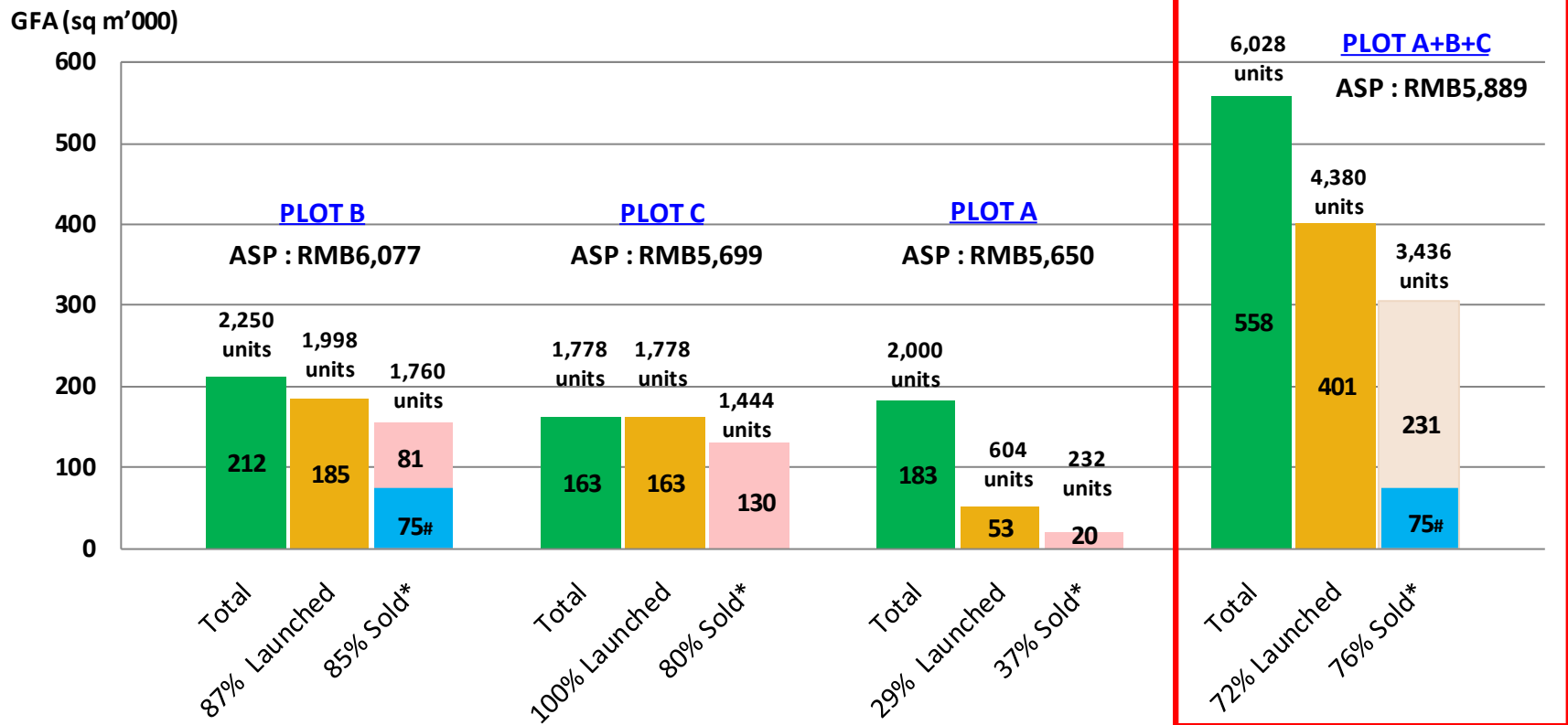
Section 3

Key Business Review 2Q2015 – Property Development

3.1 Property Development – Millennium Waterfront project

- 716 additional residential units with a total GFA of 68,809 sq m in Plots A, B and C were launched for pre-sale in 2Q2015.
- 76% cumulative pre-sale rate for the residential units launched for sale for the project.

Plots A, B and C Residential Pre-sale Performance as of 30 June 2015



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

831 residential units (GFA: 74,514 sq m) with a gross sales value of S\$93.7m have been cumulatively recognised since December 2014.

3.1 Property Development – Millennium Waterfront project

- Commenced handover of Plot B residential units from December 2014.
- First time handover of Plot B commercial units in June 2015.
- Expected handover of Plot C residential units from December 2015 onwards.
- Launched 5 additional residential blocks in Plot A (3 blocks), Plot B (1 block) and Plot C (1 block) for pre-sale in 2Q2015.



Plot B riverfront residential blocks



Aerial view of Plot A blocks under construction



Plot C residential blocks

3.1 Property Development – Millennium Waterfront project



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 30 June 2015 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

- Site preparation works are in progress for the Star of East River project.
- The Group continues to work towards the tender for East River Plot Two (constituting approximately 25% of the total site area) to be held in coming months.
- The Group is in discussions with a number of anchor tenants for the retail mall of this project.



3.3 Updates on SSCIP project

- In view of the current oversupply of commercial properties in Chengdu, the Group has re-evaluated the feasibility of the Singapore-Sichuan Hi-Tech Innovation Park project (“SSCIP”) taking into consideration the expected land tender price, and decided not to further pursue this project.

Section 4

Key Business Review 2Q2015 – Property Holding

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

M Hotel Chengdu

	1H2015	1H2014	Increase/(decrease)
Occupancy	38.7%	20.6%	18.1%
ADR	RMB380	RMB428	(RMB48)
Revpar	RMB147	RMB88	RMB59

- The hotel's performance continues to improve as it enters its second year of operations.
- The Group is monitoring the Chengdu market conditions for the leasing or sale of 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 – Netherlands Portfolio



Property	Zuiderhof I	Arena Towers
Description	Office and ancillary car parks	2 hotels and ancillary car parks
Location	South Axis, Amsterdam	Amsterdam Southeast
Land Tenure	Perpetual leasehold (ground lease paid to May 2050)	Perpetual leasehold (ground lease paid to August 2053)
Net Lettable Floor Area	12,538 sq m	17,396 sq m
Number of car park lots	111	509
Purchase Price	€51.5m	€54.6m
Occupancy	100%	100%
Number of Tenant(s)	1	2
Weighted Average Lease Term (WALT)	4.1 years	23.5 years
Expected stabilised net rental yield	7.5%	7.2%
Acquisition Completion Date	18 February 2015	17 June 2015

Section 5

Key Business Review 2Q2015 – Property Financing

5.1 Property Financing - Overview of Financial Performance

	Revenue (S\$' m) ⁽¹⁾	As a % of Group Revenue	Profit before tax (S\$' m) ⁽²⁾	As a % of Group Profit before tax
2Q2015	8.0	26.6%	9.4	75.0%
2Q2014	4.9	74.1%	6.5	1,816.1%
1H2015	16.7	39.2%	19.6	71.4%
1H2014	7.9	56.6%	9.6	nm

	Third Party Loan Balance as at	Average Third Party Loan Balance for the year to date ended
30 June 2015	RMB996.0m (S\$215.4m)	RMB898.6m (S\$194.0m)
31 March 2015	RMB1,101.0m (S\$242.0m)	RMB921.9m (S\$199.3m)

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

Loan book as at 30 June 2015

The Group's entrusted loan balance was RMB996.0m with interest rates ranging from 17.5% to 18.0% per annum. Each counterparty LTV ratio ranges between 28.4% to 55.7%.

(1) Comprises mainly interest income from entrusted loans to third parties.

(2) PBT is higher than revenue as interest income generated from surplus funds is higher than expenses incurred for the period.

Thank You
