



First Sponsor Group Limited
1Q2021 Voluntary Interim Update
23 April 2021

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Section 1

Key Message

Key Message

1. Riding on the strong real estate demand in Dongguan, especially for residential properties, all residential and SOHO units from the Group's property development projects which have been launched for sales were fully sold. In 2Q2021, the Group will launch all the 226 SOHO units in 60%-owned The Pinnacle for pre-sales, followed by the last residential block in the 27%-owned Skyline Garden no later than 3Q2021. Pre-sales of six residential and two SOHO blocks of the Group's 17.3%-owned mega 1 million sqm GFA Humen transit-oriented development project are expected to commence in the second half of 2021. The resettlement exercise of the Fenggang property development project is ongoing and the land is expected to be successfully re-zoned by the second half of 2022. Outside of Dongguan, assuming that the acquisition of the Le Papillon Phase 3 (in which the Group will have a 95% stake) in Panyu, Guangzhou is completed by May 2021, the Group targets to launch residential pre-sales from late 4Q2021/1Q2022.
2. On 22 April 2021, the Group agreed to acquire an effective equity interest of approximately 48% in a predominantly residential development land in Humen, Dongguan. In consideration for the acquisition, the Group will provide loans by way of subscription of secured convertible bonds issued by the JV holding company. The Group continues to actively pursue further opportunities in the Greater Bay Area ("GBA") region to capitalise on the positive outlook of the GBA development plan.

Key Message

3. In Australia, the 39.9%-owned trust undertaking the redevelopment of the iconic 125-year old City Tattersalls Club project has submitted the Stage 2 development application in March 2021. Approval is expected to be obtained in 1H2022 with construction to commence in 2H2022, subject to certain certifications by the professional consultants in relation to the development works and co-operation from the various key parties involved in the redevelopment.
4. Overall occupancy of the Group's European operating hotels remained lacklustre in 1Q2021 amidst the tightened measures by the various governments to control the spread of the Covid-19 virus. The Group's European operating hotels achieved an overall loss before interest, tax, depreciation and amortisation ("LBITDA") of €4.4 million for 1Q2021 (LBITDA of €1.3 million for 1Q2020), after taking into account an estimated €4.6 million in government subsidies. The Group expects the performance of its European operating hotel portfolio to remain weak. In addition, hotel performance will be materially and adversely impacted if the Group's European operating hotels are not eligible for the government subsidies or the government subsidies are no longer available in the future. On a more positive note, the two wholly-owned Wenjiang hotels in the PRC achieved an EBITDA of RMB1.9 million (LBITDA of RMB4.4 million for 1Q2020).

Key Message

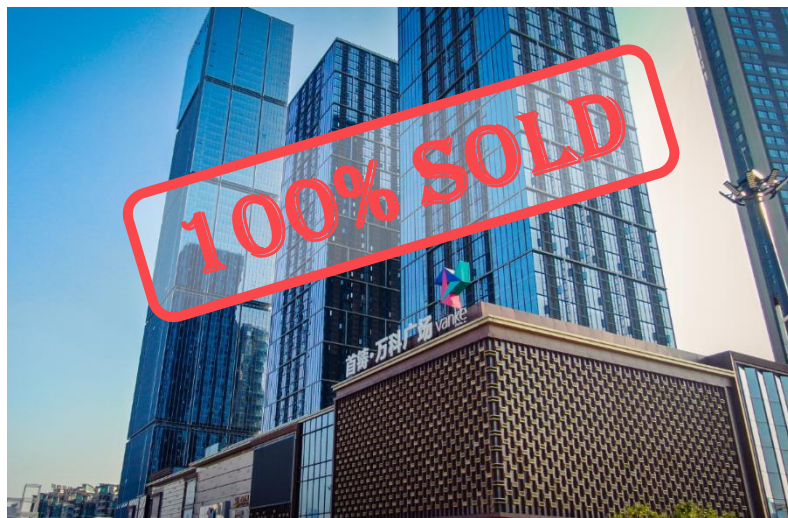
5. After the Group commenced legal action in November 2020 to recover an aggregate loan principal of RMB330 million and associated interest of two cross collateralised loans, the Group entered into a settlement agreement with the borrower group on 16 March 2021 which formed the basis of a settlement ruling issued by the Shanghai court on 30 March 2021.
6. For the European PF loans, the 33%-owned FSMC group has elected to defer interest payment for 1Q2021 on the loans extended by the Group in accordance with the terms of the loan agreement as the performance of the Dutch Bilderberg hotel portfolio, which is 95% owned by FSMC, remained weak in view of the Covid-19 measures and the traditionally weak winter season.
7. The Group is backed by a strong balance sheet, substantial unutilised committed credit facilities and potential equity infusion from the exercise of outstanding warrants. In April 2021, the Group refinanced a S\$225 million committed revolving credit facility and extended the maturity date by 4 years. The above will further strengthen the cash resources of the Group to enable it to capitalise on any new business opportunities when they arise.

Section 2

Business Updates 1Q2021 – Property Development

2.1 Property Development – Star of East River Project (30%-owned) and Emerald of the Orient (20.4%-owned), Dongguan

- In December 2020, the fully sold 30%-owned Star of East River project in Dongguan commenced handover of the 250-metre high office tower. Following the handover of 33% of the office space in December 2020, another 47% was handed over in 1Q2021 with the remaining 20% to be handed over upon receipt of full payment. The remaining SOHO block was also substantially handed over in 1Q2021. 913 out of the 942 pre-sold car park lots were also handed over to the buyers in 1Q2021.
- At the nearby 20.4%-owned Emerald of the Orient project whose saleable residential apartments and villas were also fully sold, following the handover of three residential blocks and all the villas in December 2020, two additional residential blocks have commenced handover in 1Q2021 with the last residential block expected to be handed over in 3Q2021.



Star of East River Project



Emerald of the Orient

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

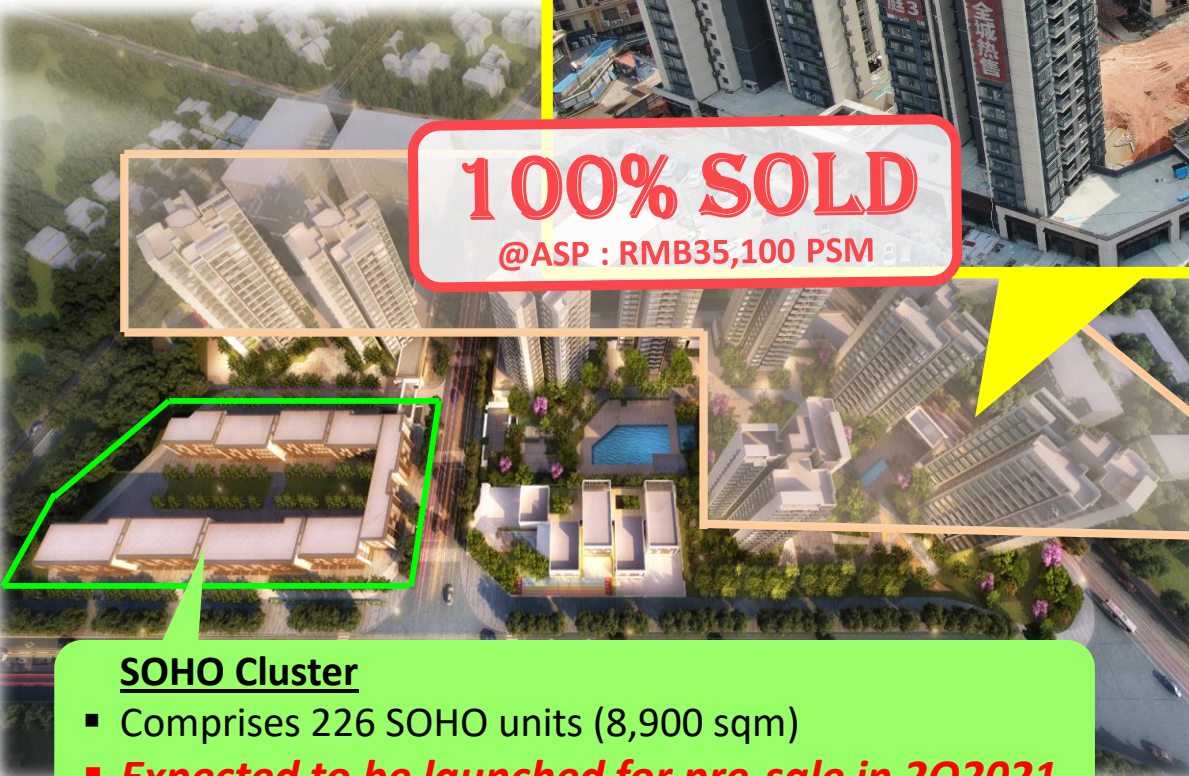
Residential Blocks

- All eight blocks of 606 units (63,600 sqm) were 100% sold
- Expected to be handed over in phases from late 2021



100% SOLD

@ASP : RMB35,100 PSM



SOHO Cluster

- Comprises 226 SOHO units (8,900 sqm)
- **Expected to be launched for pre-sale in 2Q2021**

Ground Level Retail:

- Approx. 2,700 sqm of retail space located at ground level of residential and SOHO blocks

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



Residential Blocks

- Total five blocks of 1,194 units (132,400 sqm)
- Four blocks of 830 units units (94,600 sqm) were 100% sold³

- The last residential apartment block is expected to be launched for pre-sales in 3Q2021.

100% SOLD³
@ASP : RMB41,000 PSM

SOHO Blocks

- Seven blocks of 784 SOHO units (71,200 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
- ***Interested buyers would be allowed to reserve the low-rise SOHO units from 2Q2021***

SOHO Blocks

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 2021 and includes sales under option agreements or sale and purchase agreements, as the case may be.

2.4 Property Development – Humen TOD Project (17.3%-owned), Dongguan

Three Office Towers (188,800 sqm)

- A grade-A tower with approx. 340 office units (75,500 sqm) and 2 towers with approx. 940 office units (113,300 sqm)

Four SOHO cum Hotel Blocks (207,600 sqm)

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

Shopping Mall (100,000 sqm)

Four Loft SOHO Blocks (210,000 sqm)

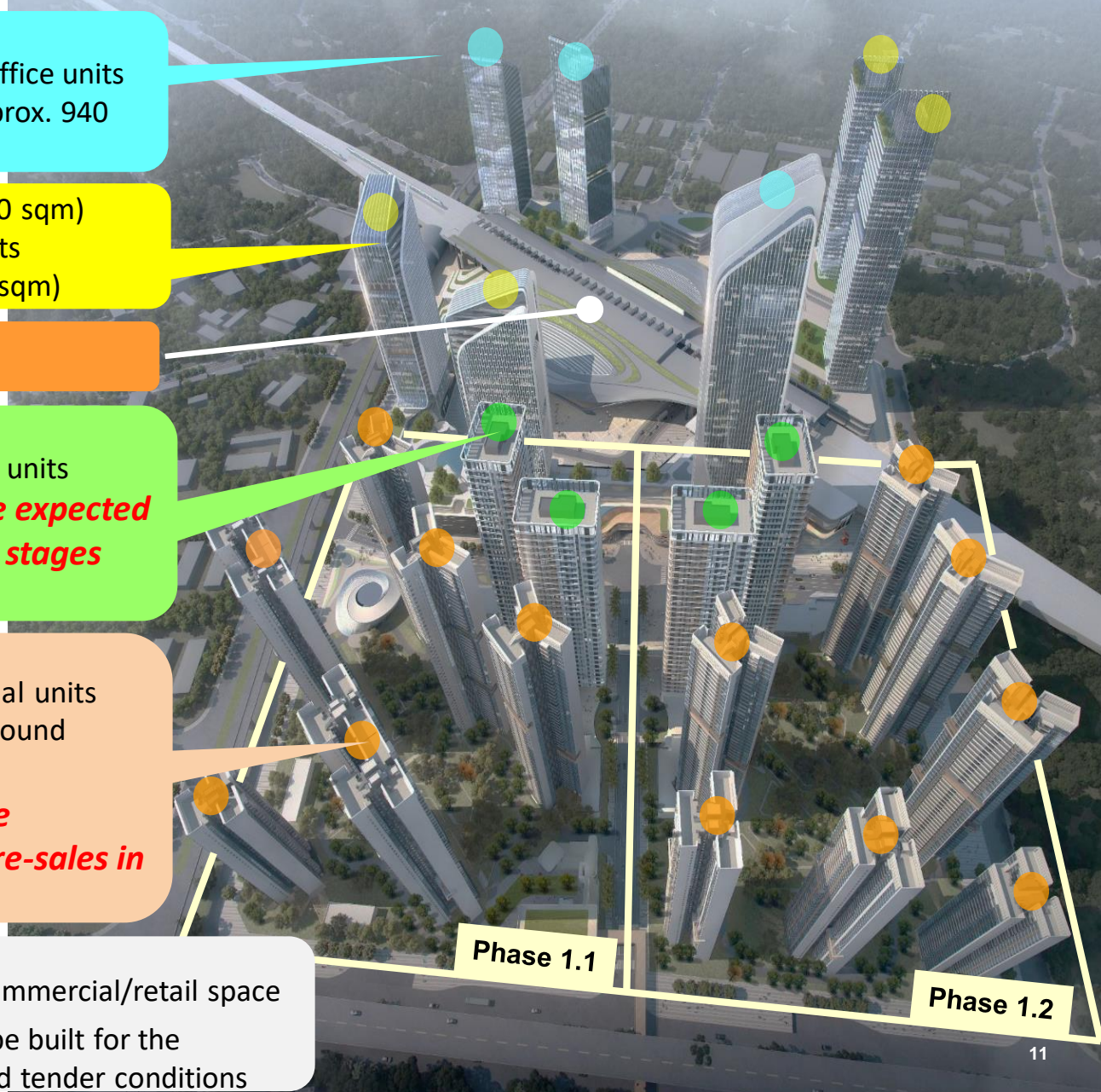
- 4 blocks of approx. 3,100 loft SOHO units
- **2 of the blocks in Phase 1.1 are expected to be launched for pre-sales in stages from 3Q2021**

13 Residential Blocks (299,500 sqm)

- 13 blocks of approx. 2,460 residential units and approx. 3,730 saleable underground carpark lots
- **6 of the blocks in Phase 1.1 are expected to be launched for pre-sales in stages from 3Q2021**

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



2.5 Property Development – Fenggang Project (18%-owned), Dongguan

- In January 2021, the Group signed a cooperation agreement in relation to, among other things, the acquisition by the Group of an 18% equity stake in a real estate developer which has the rights to redevelop a plot of land in Fenggang, Dongguan with a site area of about 33,800 sqm.
- Subject to the successful resettlement of existing inhabitants on the land and obtaining of the re-zoning approval, the land can be redeveloped into a predominantly (97%) residential project with saleable residential GFA of approximately 157,500 sqm.
- The resettlement exercise is on-going and the land is expected to be successfully re-zoned by the second half of 2022.



2.6 Property Development – New Humen Project, Dongguan

- On 22 April 2021, the Group entered into a shareholders' agreement with a wholly-owned subsidiary (“HK ListCo Subsidiary”) of a HKSE-listed property development company (“HK ListCo”) in relation to their shareholdings in a JV holding company (“JV HoldCo”), held 50.1:49.9 by HK ListCo Subsidiary and the Group respectively. JV HoldCo is the indirect holding company of a PRC-incorporated project company which owns and will develop a land parcel in Humen, Dongguan into a predominantly residential project. The Group will, through its 49.9% equity stake in JV HoldCo, acquire an effective stake of approximately 48% in the project company.
- The Group has also entered into a subscription deed pursuant to which it agreed to extend loans of an aggregate principal amount of approximately S\$84 million and S\$90 million by way of subscription of junior and senior convertible bonds with an annualised coupon rate of 15% and 12% (“Convertible Bonds”) issued by JV HoldCo to finance the acquisition and conversion from industrial to residential use of the land parcel respectively. Additional Convertible Bonds will be subscribed by the Group to fund its shareholding proportion of any working capital required by JV HoldCo. The Convertible Bonds will be secured on, among other things, a share pledge over HK ListCo Subsidiary's 50.1% equity stake in JV HoldCo and will be guaranteed by, among others, HK ListCo.

2.6 Property Development – New Humen Project, Dongguan

- Any surplus cash in JV HoldCo will always be used to first repay all amounts outstanding under the Convertible Bonds as a priority. Any remaining cash of JV HoldCo shall thereafter be used to pay HK ListCo Subsidiary and its related companies for their previous capital investments towards the project (together with a fixed return). Finally, in view of the priority return to the Group vis-à-vis the repayment of the Convertible Bonds and its corresponding coupon, any residual cash balance shall be distributed to HK ListCo Subsidiary and the Group in the proportion of 75.05% and 24.95% respectively.

2.6 Property Development – New Humen Project, Dongguan

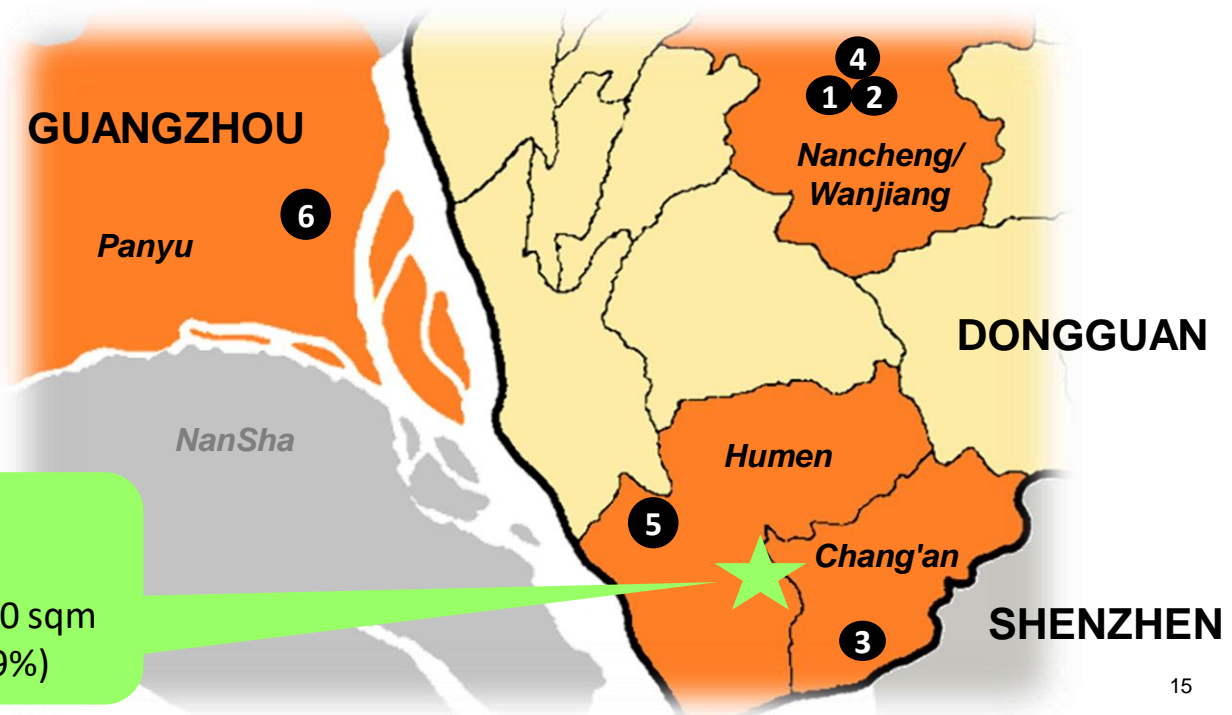
- The new Humen project lies between the Group's Humen TOD and The Pinnacle sites.
- The site is well connected within the Greater Bay Area via (i) the Beijing-Hong Kong and Macao Expressway with its entry point being 2.5km away, (ii) the Chang'an West station, being two stations away from the Humen station, on the Guangzhou-Shenzhen Intercity Railway, (iii) Humen station itself on the Guangzhou-Hong Kong High-speed Railway and (iv) the Dongguan West station on the Guangzhou-Huizhou Intercity Railway.

Dongguan:

- 1) Star of East River (completed)
- 2) Emerald of the Orient
- 3) The Pinnacle
- 4) Skyline Garden
- 5) Humen TOD project

Guangzhou:

- 6) Le Papillon Phase 3, Panyu
(pending completion of acquisition)



2.7 Property Development – Panyu Project, Guangzhou

- The Group entered into a conditional sale and purchase agreement in February 2021 (“SPA”) to acquire Phase 3 of the Le Papillon project in Panyu, Guangzhou.
- The completion of the acquisition was conditional upon, among other things, the seller group obtaining the necessary shareholders’ approvals. Such shareholders’ approvals have been obtained on 13 April 2021. In accordance with the terms of the SPA, completion of the acquisition shall take place no later than the tenth business day after the issue of the Bulletin 7 tax assessment by the PRC tax authorities unless waived by the seller. As at the date of this update, such tax assessment has not been issued by the PRC tax authorities.
- Upon completion, the Group will re-commence the construction works that have been put on hold. The pre-sales of the residential units are expected to be launched in phases from late 4Q2021/1Q2022 assuming completion takes place in May 2021.



Phase 3 of Le Papillon project in Panyu, Guangzhou



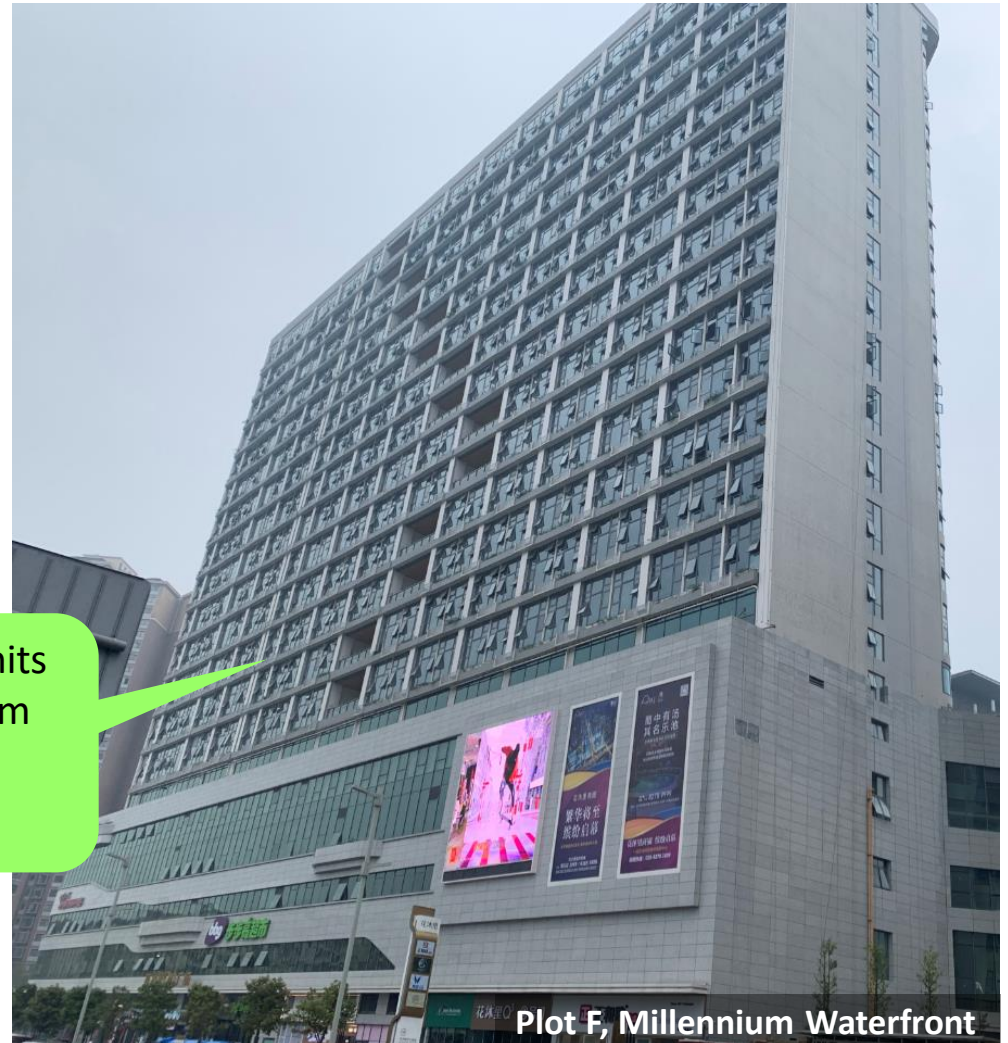
Artist's impression, preliminary design subject to change

2.8 Property Development – Millennium Waterfront (100%-owned), Chengdu

- Development of Plot F has been successfully completed with 86 SOHO loft units handed over in March 2021 and the remaining sold units to be handed over in the course of 2Q2021.

- Comprises 15 floors of 807 SOHO loft units (49,350 sqm), 5 floors of over 25,000 sqm of saleable retail space
- % SOHO GFA sold¹: 87.4%

¹As at 31 March 2021 and includes sales under option agreements or sale and purchase agreements, as the case may be.

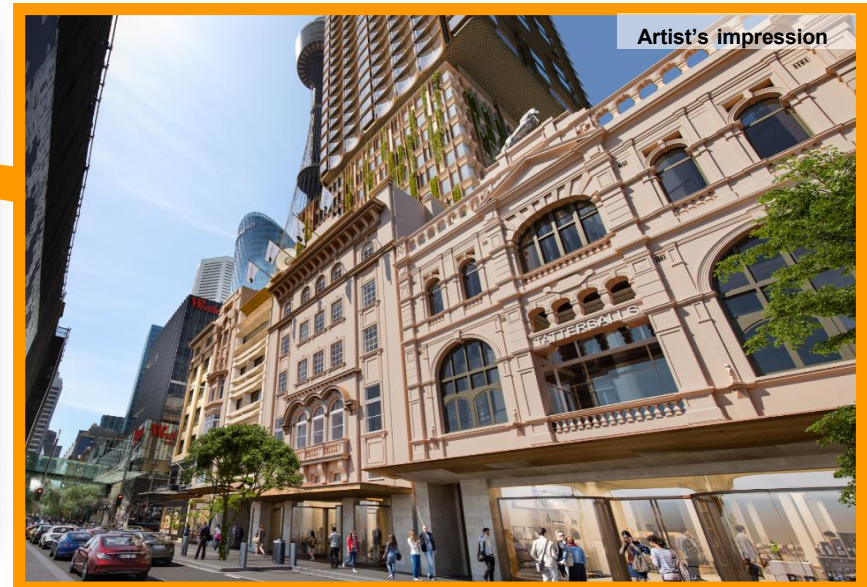


2.9 Property Development – City Tattersalls Club Project (39.9%-owned), Sydney

- In November 2019, the Group led a consortium of investors in partnering with Melbourne based ICD Property to redevelop the iconic 125-year old City Tattersalls Club at Pitt Street, Sydney (“CTC Project”), marking the Group’s first property development project in Australia.
- The freehold property is located at the intersection between Pitt Street and Market Street which is next to the prime retail district in Sydney CBD and 100 metres away from the iconic Sydney Tower Eye. It consists of four adjoining buildings, of which three are of heritage status, with a site area of approximately 2,337 sqm.



Sydney, Australia



Refurnished City Tattersalls Club

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



- The Group has a 39.9% equity stake in the trust (“Project Trust”) that has undertaken to develop the CTC Project.
- The CTC Project, upon completion, will comprise the refurbished City Tattersalls Club, a 101-room Indigo hotel and 241 residential apartment units. 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 residential apartment units.
- Stage 1 development application was approved in November 2019. Stage 2 development application was submitted on 3 March 2021 and approval is expected to be obtained in 1Q2022.
- Subject to certain certifications by the professional consultants in relation to the development works and co-operation from the various key parties involved in this complex development, construction is expected to commence around 3Q2022 and expected to complete in 1H2026.
- The Group will be providing an interest bearing PF loan of up to A\$370 million to fund Project Trust for the development.

Section 3

Business Updates 1Q2021 – Property Holding

3.1 Property Holding – Dutch Bilderberg Hotel Portfolio (31.4%-owned)



<i>Dutch Bilderberg Hotel Portfolio</i> ⁽¹⁾	1Q2021	1Q2020	Change
Occupancy	9.6%	46.5%	(36.8%)
ADR	€ 90	€ 92	(2.2%)
RevPAR	€ 9	€ 43	(79.7%)
TRevPAR	€ 15	€ 88	(82.7%)

(1) Comprises 11 owned hotels. The prior year comparatives have been restated to conform with such presentation

- Demand for both regional and city hotels was affected by Covid-19 restrictions. As a whole, portfolio occupancy dropped to 9.6% for the quarter (1Q2020: 46.5%).
- In 1Q2021, the renovation for 31 rooms in the Hotel De Bilderberg was completed for €0.6m.
- Subsidies from the Dutch government of €3.1m, coupled with various cost management initiatives, have reduced the 1Q2021 LBITDA to €2.5m (1Q2020: LBITDA of €1.2m).
- It is expected that the Dutch government will ease most Covid-19 restrictions before the summer.

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



Hilton Rotterdam, the Netherlands

- The Hilton Rotterdam continues to be impacted by the Covid-19 restrictions resulting in a 1Q2021 occupancy of 13.9% (1Q2020: 44.9%) and an LBITDA for 1Q2021 of €0.4m (1Q2020: EBITDA breakeven) after considering the Dutch government subsidies of €0.4m.



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

- The Covid-19 pandemic continues to impact the Utrecht hotels adversely.
- The Dutch government subsidies of €0.2m helped to minimise LBITDA to €0.6m in 1Q2021 (1Q2020: EBITDA of €0.2m).

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



Le Méridien Frankfurt, Germany

- On 1 February 2021, MHP Parkhotel GmbH transferred the hotel operations to a new tenant, FSCT DE Property 1 OpCo GmbH.
- Hotel occupancy was heavily impacted with occupancy decreasing to 12.7% in 1Q2021 (1Q2020: 50.1%). Hotel occupancy in the midst of the Covid-19 restrictions was mainly driven by airline crew business.
- The hotel recorded a 1Q2021 LBITDA of €0.5m after including €0.4m of subsidies from the German government.



Bilderberg Bellevue Hotel Dresden, Germany

- As the Covid-19 restrictions in Germany permit hotels to accommodate only essential travel and meetings, the 1Q2021 occupancy was severely impacted with a decrease to 5.6% (1Q2020: 27.6%).
- After taking into account €0.5m of subsidies from the German government, the hotel recorded a 1Q2021 LBITDA of €0.4m (1Q2020: LBITDA of €0.3m).

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



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

- Despite the ongoing impact of Covid-19, the hotels recorded an EBITDA of RMB1.9m for 1Q2021. This was an improvement from the LBITDA of RMB4.4m for 1Q2020, which was affected by the closure of the Holiday Inn Express to curb the spread of Covid-19 in late January 2020. The improvement was due to higher occupancy and ADR achieved during the quarter which resulted in higher revenue as well as cost saving initiatives.

Section 4

Business Updates 1Q2021 – Property Financing

4.1 Property Financing – PRC Loan Book

	Average PRC PF loan book for the quarter ended	PRC PF loan book as at
31 March 2021 ⁽¹⁾	RMB2,361.4m (S\$483.9m)	RMB2,603.3m (S\$533.9m)
31 December 2020 ⁽¹⁾	RMB2,201.9m (S\$439.7m)	RMB2,095.3m (S\$424.1m)

(1) includes the defaulted loans amounting to RMB330m in aggregate, of which the Group has obtained a settlement ruling by the court on 30 March 2021

- In connection with the economic difficulties resulting from the Covid-19 pandemic, the Group granted a short term deferral of interest payments to a borrower with a RMB580 million loan, secured on a Guangzhou city hotel with a 44% LTV. The borrower was allowed to defer 50% of the monthly interest payments for April to September in 2020 by one year.
- Subsequent to the quarter end, the first deferred interest which was due in April 2021 has been duly collected by the Group.

4.2 Property Financing – Update on the RMB330m PRC Loan in default

- The borrower group with two cross collateralised loans amounting to RMB330 million has been in arrears for a month's interest for 8 consecutive months since March 2020.
- In November 2020, the Group commenced legal action in the Shanghai court to recover the outstanding loan principal and interest.
- Subsequently, the Group entered into a settlement agreement with the borrower group on 16 March 2021 which formed the basis of a settlement ruling issued by the Shanghai court on 30 March 2021.
- The principal terms of the settlement ruling are:
 - i. the imposition of a higher default interest rate from October 2020 to October 2021 before reverting to the pre-default interest rate;
 - ii. a progressive monthly instalment payment of the aforesaid default interest from April to October 2021; and
 - iii. the full reimbursement of legal fees previously incurred by the Group in November and December 2021.
- In April 2021, the borrower group paid the first monthly instalment payment on time and also prepaid the second monthly instalment.

4.3 Property Financing – European Loan Book

- For the European PF loans, the 33%-owned FSMC group has elected to defer its interest payment for 1Q2021 on the loans extended by the Group in accordance with the terms of the loan agreement, as the performance of the Dutch Bilderberg hotel portfolio, which is 95% owned by FSMC, remained weak in view of the Covid-19 measures and the traditionally weak winter season.
- The interest deferral of approximately €4.2 million for 1Q2021 will allow FSMC to better support the operations of the Bilderberg Hotel Portfolio during this period of uncertainty. Given that the Group has significant influence over FSMC, it does not expect any recoverability issue for the deferred interest and loan principal.

Thank You

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