GENERAL ANNOUNCEMENT::ANNOUNCEMENT BY ASSOCIATED COMPANY, FIRST SPONSOR GROUP LIMITED

Issuer & Securities

Issuer/ Manager

CITY DEVELOPMENTS LIMITED

Securities

CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09

Stapled Security

No

Announcement Details

Announcement Title

General Announcement

Date &Time of Broadcast

26-Apr-2022 12:17:26

Status

New

Announcement Sub Title

Announcement by Associated Company, First Sponsor Group Limited

Announcement Reference

SG220426OTHRM99M

Submitted By (Co./ Ind. Name)

Enid Ling Peek Fong

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below)

First Sponsor Group Limited ("FSGL"), an associated company, has on 25 April 2022 released an announcement relating to Voluntary Interim Update for first quarter ended 31 March 2022.

For details, please refer to the announcement released by FSGL on the SGX website www.sgx.com

Issuer & Securities

Issuer/ Manager

FIRST SPONSOR GROUP LIMITED

Securities

FIRST SPONSOR GROUP LIMITED - KYG3488W1078 - ADN

Stapled Security

No

GENERAL ANNOUNCEMENT::1Q2022 VOLUNTARY INTERIM UPDATE

Announcement Title

General Announcement

Date &Time of Broadcast

25-Apr-2022 18:11:45

Status

New

Announcement Sub Title

1Q2022 Voluntary Interim Update

Announcement Reference

SG220425OTHR7L1D

Submitted By (Co./ Ind. Name)

Neo Teck Pheng

Designation

Group Chief Executive Officer and Executive Director

Description (Please provide a detailed description of the event in the box below)

Please see attached.

Attachments

FSGL_-_Voluntary_Interim_Update_1Q2022.pdf

Total size =5141K MB

First Sponsor Group Limited
1Q2022 Voluntary Interim Update
25 April 2022

Contents

Section 1 Key Message

Key Message

1. The 48.2%-owned Oasis Mansion (previously known as Bolong Bay Garden) development project in Humen, Dongguan, launched the pre-sale for its first residential block (115 units) on 31 March 2022. Pre-sales for the remaining seven residential blocks will be progressively launched over the course of 2022 and 2023, depending on construction and pre-sale progress. The other PRC property development projects which are expected to launch pre-sales in 2022 are the (i) 17.3%-owned Time Zone and (ii) 36%-owned Hefu project (previously known as Boyong project), both in Humen, Dongguan, as well as (iii) the 95%-owned Primus Bay in Panyu, Guangzhou and (iv) Plot E1 of the Millennium Waterfront in Wenjiang, Chengdu.

2. On 25 April 2022, the Group successfully completed the divestment of its entire 90% effective equity interest in the Liaobu Factory in Dongguan, one of the six key properties in the 90%-owned East Sun Portfolio, at a premium of 128% over cost of RMB61.4 million.

Key Message

3. Arising from the resurgence of Covid-19 cases in the PRC, lockdowns and various degrees of movement restrictions were implemented in the cities in which the Group operates, namely Shanghai, Dongguan and Chengdu. In Shanghai, while the auction sales of the two mortgaged properties in connection with the Group's enforcement of the RMB330 million defaulted loans have been completed, the collection of the net auction proceeds from the sale of the villa and the transfer of legal ownership of the retail mall successfully bidded by the Group will likely proceed after the lockdown in Shanghai ends. Please refer to paragraph 6 for further information. In Dongguan, the repayment of certain property financing loans has been delayed due to longer bank processing time required while the stoppage of construction works and closure of the sales offices have affected some of the Group’s development projects. In Chengdu, the Holiday Inn Express Chengdu Wenjiang Hotspring and Crowne Plaza Chengdu Wenjiang hotels were selected by the local municipal for use as quarantine hotels. Both hotels were used as quarantine hotels for slightly more than two weeks from late February 2022 and again from early April 2022, for about three weeks for the Crowne Plaza Chengdu Wenjiang hotel while usage of the Holiday Inn Express Chengdu Wenjiang Hotspring hotel is still ongoing. The two hotels have been profitable throughout 2020 and 2021. The aforementioned events did not have a material adverse impact on the Group’s business to-date.

Key Message

4. Following the easing of Covid-19 related restrictions in the Netherlands and Germany, the Group's European operating hotels continue to show signs of recovery in 1Q2022 as compared to the same period last year. However, the improvement in hotel trading is significantly offset by higher energy and labour costs and a reduction in Covid-19 related government subsidies, of which the Dutch subsidies have ended on 31 March 2022 while the German subsidies will end by 30 June 2022. As a result, the European operating hotels recorded an overall loss before interest, tax, depreciation and amortisation ("LBITDA") of €2.7 million in 1Q2022 as compared to an LBITDA of €4.4 million in 1Q2021 after taking into account approximately €2.0 million of government subsidies (1Q2021: €4.6 million). In the PRC, a resurgence of Covid-19 cases in Chengdu resulted in an implementation of restrictions, with the Group's Holiday Inn Express and Crowne Plaza hotels selected for use as quarantine hotels. The trading of the PRC hotels was adversely impacted in 1Q2022, with an LBITDA of RMB0.5 million (1Q2021: EBITDA of RMB1.9 million).

Key Message

5. Despite the uncertainty and negative impact on the hospitality sector brought about by the Covid-19 pandemic and various restriction measures, the Group remains optimistic about the eventual recovery of the European hospitality business in the mid to long term. As such, on 22 April 2022, the Group entered into an agreement to acquire the entire 95% equity interest in the Dutch Bilderberg hotel portfolio valuing the 11 hotels with an aggregate of 1,252 rooms at €180.6 million from the Group’s 33%-owned FSMC. The acquisition is expected to be completed on 2 May 2022.

6. In relation to the debt recovery process of the defaulted loans with an aggregate loan principal of RMB330 million, the foreclosure auctions for the mortgaged villa and retail mall, both in Shanghai Pudong, closed on 22 April 2022 with winning bids of RMB127.8 million and RMB281.9 million respectively. The Group is the successful bidder of the mall, which is expected to generate a net rental yield of approximately 6.3% per annum. The gross proceeds of RMB409.7 million collected from the two auctions, after the deduction of tax liabilities payable by the Borrowers to the tax authorities arising from the sales, are insufficient to cover the outstanding loan principal and accrued interest. The Group will work on the recovery of the estimated shortfall of approximately RMB143 million.

Key Message

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. The above, together with the upcoming new pre-sale launches of several PRC property development projects and PRC PF loan repayments in 2022 which are expected to generate substantial cashflow, will further financially strengthen the Group so that it will be ready to capitalise on any new business opportunities when they arise.

Section 2 Business Updates 1Q2022 – Property Development

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

➢ Subsequent to the first handover of six of the eight fully sold residential apartment blocks in December 2021, the remaining two fully sold residential apartment blocks and 202 SOHO units are expected to be handed over in 2H2022.

[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 while the last block of 364 units (37,300 sqm) were approximately 83% sold[1]

➢ Barring any unforeseen circumstances, Skyline Garden is expected to commence its first handover of the four fully sold residential apartment blocks in late 2022.

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 and 75 units of the high-rise SOHO block (306 units) have been reserved by purchasers with cash deposit paid.

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

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)

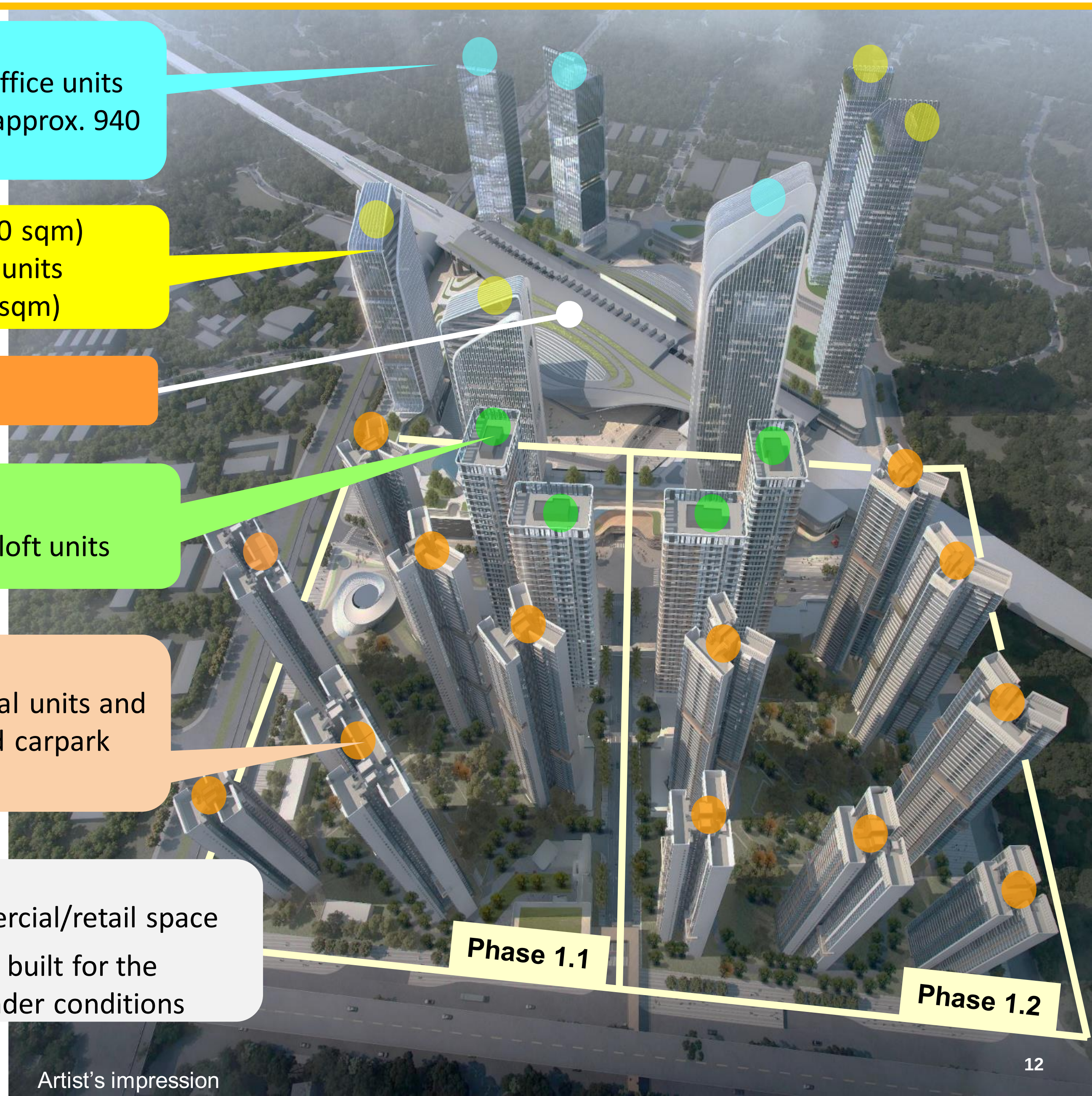
Four SOHO cum Hotel Blocks (308,900 sqm)
- Four blocks of approx. 6,370 SOHO units (268,900 sqm) and a hotel (40,000 sqm)

Shopping Mall (100,000 sqm)

Four SOHO Loft Blocks (110,000 sqm)
- Four blocks of approx. 1,300 SOHO loft units

13 Residential Blocks (299,300 sqm)
- 13 blocks of approx. 2,420 residential units and approx. 4,160 saleable underground carpark lots

Others:
- Approx. 21,000 sqm of commercial/retail space
- Other general amenities 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), which were launched for pre-sale before the Evergrande crisis in August 2021, were substantially sold at the maximum permitted selling price on the first day of pre-sale. After the crisis, the sales rate for the residential units slowed significantly. Two other residential apartment blocks (515 units), which were launched for pre-sales at a similar price level in October and December 2021, were only 45% and 20% sold[1] respectively.

- Meanwhile, two SOHO loft blocks (648 units) were launched for presales in November 2021 and were on average 92% sold[1].

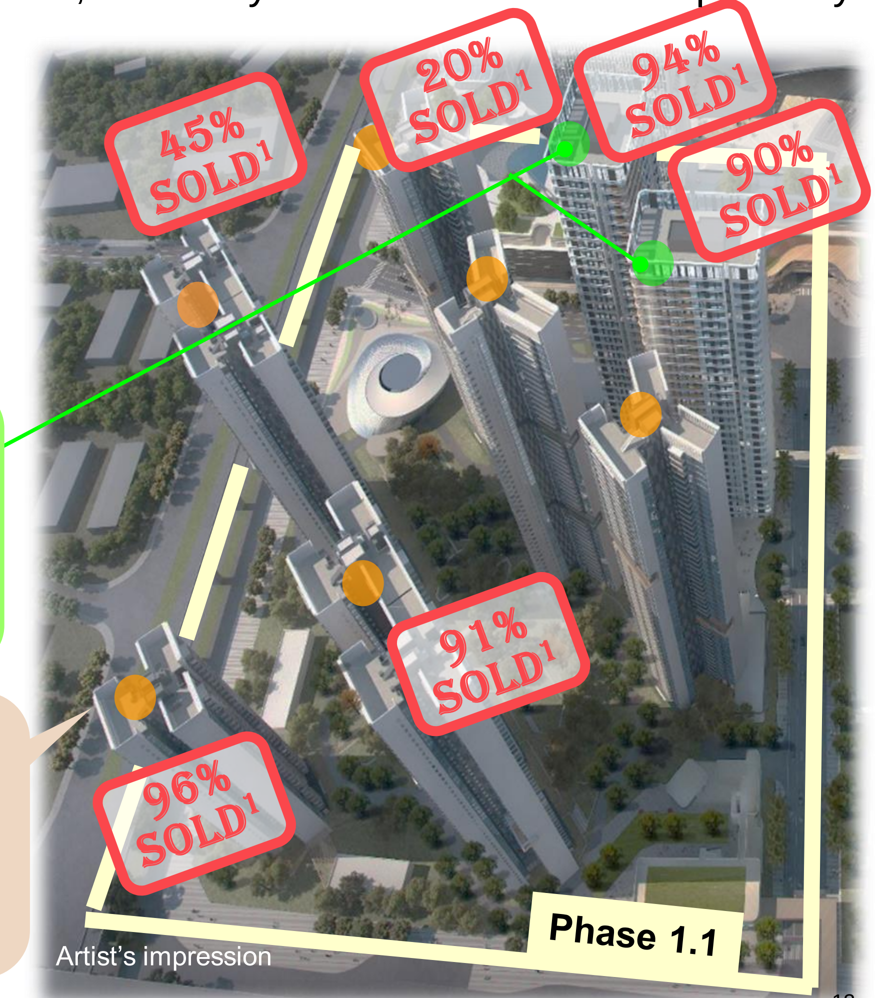
- Pre-sale for the remaining two residential apartment blocks (308 units) of Phase 1.1 is expected to be launched in late 2Q2022.

Two SOHO Loft Blocks (648 units, 55,100 sqm)

- The SOHO units were sold at an average selling price slightly in excess of RMB18,000 psm.
- The effective land cost for the commercial component of the entire project is approx. RMB3,000 psm ppr.

Six Residential Blocks (1,275 units, 159,200 sqm)

- The residential units were 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.

2.3 Property Development – Time Zone Phase 1.1 & 1.2, Dongguan (17.3%-owned)

- The first handover of the residential apartment blocks of Phase 1.1 is expected to commence in 2023.

- Barring any unforeseen circumstances, pre-sales for two residential apartment blocks (292 units) and two SOHO loft blocks (648 units) of the adjacent Phase 1.2 are expected to be launched in 2H2022.

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

- The resettlement exercise is on-going and the majority of existing inhabitants have signed the resettlement compensation agreements.
- As no objection to the land re-zoning proposal was received by the expiry of the public announcement period on 18 March 2022, the local authorities have begun to process the re-zoning application and are expected to grant their approval in 2022.

Fenggang Project*

Site area : 33,800 sqm

Saleable GFA : approx. 162,300 sqm (residential 97% / commercial 3%)

*subject to re-zoning approval

2.5 Property Development – Oasis Mansion[1], Dongguan (48.2%-owned)

- As at 31 December 2021, the Group had subscribed for approximately S$97 million and S$89 million of junior and senior convertible bonds with an annual coupon rate of 15% and 12% respectively issued by the JV holding company of the Oasis Mansion project. The subscription monies were used to finance, among others, the acquisition and conversion of the land parcel, and the development of the project.
- The pre-sale of the first residential apartment block (115 units) has been launched on 31 March 2022. Pre-sales for the remaining seven residential blocks will be progressively launched over the course of 2022 and 2023, depending on construction and pre-sale progress.

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

[1] Previously known as Bolong Bay Garden
[2] Includes sales under option agreements or sale and purchase agreements, as the case may be.

2.6 Property Development – Primus Bay, Guangzhou (95%-owned)

- Construction work of the Primus Bay project in Panyu, Guangzhou has been progressing well. The Group is expected to launch its first pre-sale of three residential apartment blocks (179 units) under Phase 1 in 2Q2022.


Artist's impression

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

- Barring any unforeseen circumstances, pre-sales for the rest of the residential apartment blocks are expected to be launched progressively from 2H2022.

2.7 Property Development – Hefu[1] Project, Dongguan (36%-owned)

➢ The project company has commenced construction work in 1Q2022 and is expected to launch the pre-sale of its residential/SOHO apartment units in batches, with the first pre-sale in 3Q2022.

Hefu Project

Site area : 39,038 sqm

Saleable GFA: approx. 114,800 sqm (residential 74% / SOHO 23% / retail 3%)

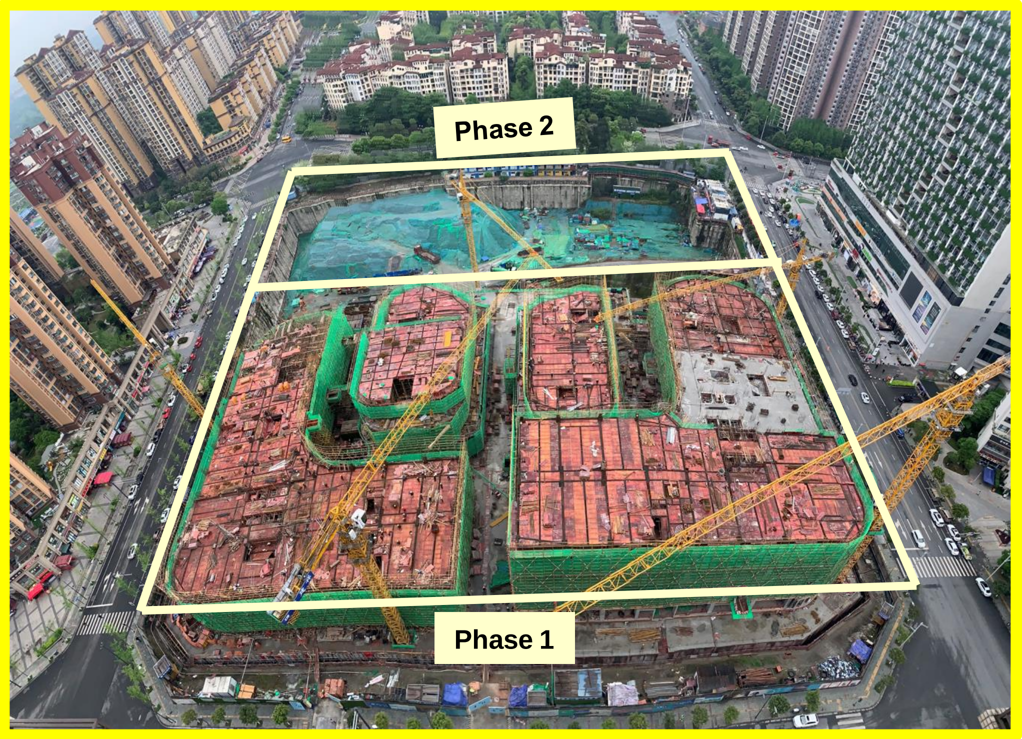
The Group's all-in land cost amounts to approximately RMB14,300 psm ppr.

Artist's impression

[1]Previously known as Humen Boyong Project

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

- Plot E of the Millennium Waterfront project is being developed in two phases, of which the construction for Phase 1 has been progressing well with pre-sale expected to commence in 3Q2022.



Artist's impression

Plot E Phase 1

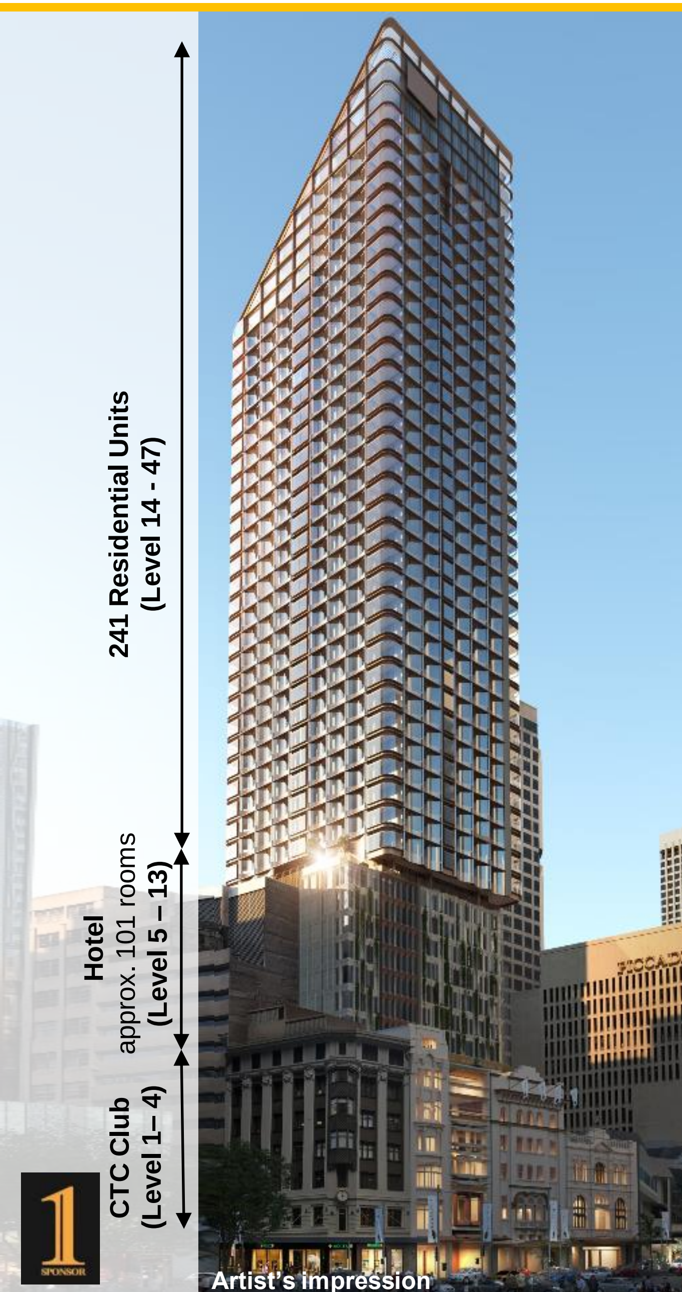
- Comprises approximately 2,124 SOHO units (149,700 sqm) and 28,400 sqm of retail podium.

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

- On 28 February 2022, the contractors commenced dismantling works of the existing office tower in preparation for the start of the redevelopment works which has been scheduled for early June 2022.
- The current inflationary environment, coupled with the recent geopolitical tension, has caused material prices to rise steeply and delivery times to lengthen. These will pose challenges and risk to the Dreeftoren redevelopment although the Group entered into fixed-price construction contracts for the project.
- The redevelopment project comprises a new 130-metre high residential tower with 312 apartment units, a parking garage with 136 carpark lots and an adjacent newly refurbished and enlarged 18-storey office tower.
- The refurbished office tower and the new residential tower are expected to be completed in late 2024 and 3Q2025 respectively.

New residential tower (left) and refurnished office tower (right), Amsterdam Southeast

2.10 Property Development – City Tattersalls Club ("CTC") Project, Sydney (39.9%-owned)



- Subsequent to the Stage 2 development approval granted in November 2021 for the 39.9%-owned CTC project in Sydney, the developer trust has commenced the tender process for the main contractor in mid-February 2022, and targets to start the construction and pre-sale launch of the 241 residential units in 3Q2022.
- The Group intends to enter into a 50:50 joint venture with Tai Tak to provide construction financing to the developer trust as part of its property financing business.
- The Group is expected to take a 70.5% stake in the 101-room hotel component.

Ground Floor: Residential, Club & Hotel

Section 3 Business Updates 1Q2022 – Property Holding

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

Bilderberg Hotel Portfolio (1)	1Q 2022	1Q 2021	Change
Occupancy	32.6%	9.6%	22.9%
ADR	€ 94	€ 90	4.7%
RevPAR	€ 31	€ 9	253.8%
TRevPAR	€ 62	€ 15	305.9%

(1) Comprises 11 owned hotels

- The Dutch Bilderberg hotel portfolio recovered in 1Q2022 following the removal of the remaining Covid-19 restrictions in January 2022. Occupancy for the portfolio increased to 32.6% in 1Q2022 (1Q2021: 9.6%), which is largely driven by the meeting and event business.

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

(in million €)	1Q2022	1Q2021	Change
Revenue	6.9	1.7	305.9%
EBITDA/(LBITDA)	(1.6)	(2.5)	(35.5%)
Government Subsidies	1.4	3.1	(55.0%)
Energy Cost	1.8	0.6	221.8%

- While hotel trading had improved substantially, this was substantially offset by increasing energy and labour costs, and lower government subsidies of €1.4m (1Q2021: €3.1m). Overall, the Dutch Bilderberg hotel portfolio reported an improved LBITDA of €1.6m for 1Q2022 (1Q2021: LBITDA of €2.5m).

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

Acquisition of FSMC's 95% stake in the Dutch Bilderberg Hotel Portfolio

- Despite the uncertainty and negative impact on the hospitality sector brought about by the Covid-19 pandemic and various restriction measures, the Group remains optimistic about the eventual recovery of the European hospitality business in the mid to long term.
- As such, on 22 April 2022, the Group entered into an agreement, via its wholly-owned subsidiary, FS NL Hotels Group B.V., to acquire from the Group's 33%-owned FSMC, its entire 95% equity interest in Queens Bilderberg (Nederland) B.V. ("QBN") which owns the Dutch Bilderberg hotel portfolio comprising 11 hotels with an aggregate of 1,252 rooms.
- The remaining 5% equity interest in QBN will continue to be held by third-party Event Hotels group which is also the hotel manager of the hotel portfolio.
- The agreed price for the Dutch Bilderberg hotel portfolio on a cash free debt free basis is €180.6 million.
- FSMC will be repaying its debt due to the Group with the sales proceeds. As such, there is no net cash outflow arising from this acquisition for the Group.
- The acquisition is expected to be completed on 2 May 2022.

3.2 Property Holding – Hilton Rotterdam, the Netherlands (33%-owned)

(in million €)	1Q2022	1Q2021	Change
Revenue	1.5	0.5	221.3%
EBITDA/(LBITDA)	(0.4)	(0.4)	(5.3%)
Government Subsidies	0.1	0.4	(68.1%)
Energy Cost	0.3	0.1	156.5%

- Following the removal of Covid-19 restrictions, Hilton Rotterdam recorded an improved occupancy of 35.9% in 1Q2022 (1Q2021: 13.9%), driven by strong occupancy in March 2022 of 62.8% (March 2021: 15.4%).
- The hotel was similarly affected by rising energy and labour costs and lower government subsidies. The hotel recorded an LBITDA of €0.4m in 1Q2022 (1Q2021: LBITDA of €0.4m), after considering €0.1m of government subsidies in 1Q2022 (1Q2021: €0.4m).

3.3 Property Holding – Utrecht Centraal Station Hotels, the Netherlands (100%-owned)

(in million €)	1Q2022	1Q2021	Change
Revenue	1.2	0.1	1,319.5%
EBITDA/(LBITDA)	(0.1)	(0.6)	(81.2%)
Government Subsidies	0.0	0.1	(69.6%)
Energy Cost	0.2	0.1	58.9%

- The Hampton by Hilton recorded an increased 1Q2022 occupancy of 49.5% (1Q2021: 5.8%), driven by strong weekend demand.
- The Crowne Plaza hotel restarted its room operations on 17 January 2022, and recorded an occupancy of 34.9% for 1Q2022.
- For 1Q2022, the hotels jointly recorded an LBITDA of €0.1m (1Q2021: LBITDA of €0.6m), with nominal government subsidies in 1Q2022 (1Q2021: €0.1m).

3.4 Property Holding – Le Méridien Frankfurt, Germany (50%-owned)

(in million €)	1Q2022	1Q2021	Change
Revenue	1.5	0.2	510.3%
EBITDA/(LBITDA)	(0.4)	(0.5)	(16.1%)
Government Subsidies	0.2	0.4	(51.4%)
Energy Cost	0.2	0.1	261.9%

- Hotel trading in 1Q2022 was still adversely impacted as Covid-19 restrictions in Germany were eased only on 20 March 2022. Notwithstanding this, the hotel recorded an improved occupancy of 29.7% in 1Q2022 (1Q2021: 12.7%).
- Including €0.2m (1Q2021: €0.4m) of government subsidies, the hotel recorded an LBITDA of €0.4m in 1Q2022 (1Q2021: LBITDA of €0.5m).

3.5 Property Holding – Bilderberg Bellevue Hotel Dresden, Germany (94.9%-owned)

(in million €)	1Q2022	1Q2021	Change
Revenue	1.2	0.4	202.3%
EBITDA/(LBITDA)	(0.2)	(0.4)	(48.0%)
Government Subsidies	0.3	0.5	(46.5%)
Energy Cost	0.3	0.1	133.9%

- Similar to the other hotels, the Bilderberg Bellevue Hotel recorded an improved occupancy of 20.5% for 1Q2022 (1Q2021: 5.6%).
- The hotel recorded an LBITDA of €0.2m in 1Q2022 (1Q2021: LBITDA of €0.4m) after considering €0.3m of wage subsidy (1Q2021: €0.5m).

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

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

- The resurgence of Covid-19 cases in Chengdu extended into 1Q2022. This resulted in restrictions being imposed, with both the Holiday Inn Express and Crowne Plaza hotels selected by the local municipal for use as quarantine hotels. Both hotels were used as quarantine hotels for slightly more than two weeks from late February 2022 and again from early April 2022, for about three weeks for the Crowne Plaza Chengdu Wenjiang hotel while usage of the Holiday Inn Express Chengdu Wenjiang Hotspring hotel is still ongoing.
- As trading took a hit and the hotels were closed to the public during the period they were used as quarantine hotels, the hotels recorded an LBITDA of RMB0.5 million in 1Q2022 (1Q2021: EBITDA of RMB1.9 million).

3.7 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 rent refund from April 2020 onwards.

- FSNLP2 filed its statement of defence on 27 October 2021 rejecting all of TVHG’s claims.

3.7 Property Holding – Arena Towers, Amsterdam (100%-owned)

- On 15 March 2022, TVHG submitted an amendment of its claim for, *inter alia*, (i) the rent reduction period to be effected from March 2020 to December 2023, (ii) a rent refund of approximately €3.32 million, plus statutory interest, for the period from March 2020 to January 2022, and (iii) FSNLP2 to pay the costs of the court proceedings.
- No settlement had been reached when the court hearing took place on 22 March 2022.
- As at the time of release of this update, FSNLP2 is awaiting the issue of the court's judgment.

Section 4 Business Updates 1Q2022 – 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 2022	RMB2,274.8m (S$484.8m)	RMB2,296.0m (S$490.4m)
31 December 2021	RMB2,537.3m (S$527.5m)	RMB2,520.1m (S$535.8m)

* Includes the defaulted loans amounting to RMB330m in aggregate

- The PRC PF loan book stood at RMB2.3 billion as at 31 March 2022, a 9% decrease from the loan book as at 31 December 2021. Barring any new loan opportunity, the PRC PF loan book is expected to further decrease in the near future arising from the improving credit liquidity situation in the PRC.

4.2 Property Financing – Update on the RMB(50+280)m PRC Loans in default

- In relation to the debt recovery process of the defaulted loans with an aggregate loan principal of RMB330 million, the foreclosure auctions for the mortgaged villa and retail mall, both in Shanghai Pudong, closed on 22 April 2022 with winning bids of RMB127.8 million and RMB281.9 million respectively.

- The Group is the successful bidder of the mall, which is expected to generate a net rental yield of approximately 6.3% per annum.

- The gross proceeds of RMB409.7 million collected from the two auctions, after the deduction of tax liabilities payable by the Borrowers to the tax authorities arising from the sales, are insufficient to cover the outstanding loan principal and accrued interest.

- The Group will work on the recovery of the estimated shortfall of approximately RMB143 million.

4.2 Property Financing – IRR Returns of the RMB(50+280)m Loans

(Figures in RMB'm)	**RMB50m Defaulted Loan (Villa)**	**RMB280m Defaulted Loan (Mall)**	**Overall RMB330m Defaulted Loan**	
Gross proceeds	**127.8**	**281.9**	**409.7**	**[A]**
Less: Expected tax liabilities payable by the Borrowers	(70.3)	(59.7)	(130.0)	[B]
Estimated net auction proceeds	**57.5**	**222.2**	**279.7**	**[C]=[A]+[B]**
Outstanding debt ("P + I")	**62.1**	**360.7**	**422.7**	**[D]**
Principal	*50.0*	*280.0*	*330.0*	
Interest (incl. legal fees)*	*12.1*	*80.7*	*92.7*	**up to 22-Apr-2022*
Estimated shortfall	**(4.6)**	**(138.4)**	**(143.0)**	**[E]=[C]-[D]**
Total net cash collected to-date	22.7	44.8	67.4	[F]
Total net cash + Estimated net auction proceeds	**80.2**	**267.0**	**347.1**	**[G]=[C]+[F]**
IRR (since loan disbursement)	**12.8%**	**-1.9%**	**1.9%**	

- Since the disbursement of the RMB50 million loan on 15 June 2017, the total net cash collected to-date, together with the estimated net proceeds from the auction, is approximately RMB80.2 million, resulting in an internal return rate ("IRR") of 12.8% per annum.
- For the RMB280 million loan, since its disbursement on 28 June 2019, the total net cash collected to-date, together with the estimated net proceeds from the auction, is approximately RMB267 million, resulting in a negative IRR of 1.9% per annum.
- The estimated shortfall of approximately RMB143 million after the application of the estimated net proceeds from the auctions will continue to accrue interest at 21.8% per annum.

4.3 Property Financing – European Loan Book

- Since the start of the Covid-19 pandemic, the 33%-owned FSMC group, which owns 95% of the Dutch Bilderberg hotel portfolio via QBN, has been able to meet its quarterly interest payments for the loan extended by the Group other than for 1Q2021. To-date, FSMC has elected to continue deferring interest payment for 1Q2021 in accordance with the terms of the loan agreement.

- FSMC has on 22 April 2022 entered into a sale and purchase agreement for the disposal of its entire 95% interest in QBN, and upon the expected completion of such disposal in May 2022, the 1Q2021 deferred interest owed to the Group will be paid in full.

Thank You

For enquiries, please contact:

Mr Leonard Gerk
Vice President – Financial Planning & Analysis
First Sponsor Group Limited
Email: ir@1st-sponsor.com.sg

Disclaimer

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.