



FIRST SPONSOR GROUP LIMITED

Co Reg. No: 195714 | Business Address: 19 Lorong Telok, Singapore 049031

Press Release

NET PROFIT DECLINED BY 85.1% TO S\$10.6 MILLION DUE MAINLY TO LOWER PROPERTY FINANCING INCOME AND THE ABSENCE OF ONE-OFF DISPOSAL GAINS

THE HOSPITALITY PROPERTY HOLDING BUSINESS SEGMENT HAS RECOVERED WELL. VARIOUS COMPLETED AND UPCOMING HOTEL RENOVATIONS/REDEVELOPMENT, TOGETHER WITH THE REDEVELOPMENT OF THE THREE AMSTERDAM RESIDENTIAL/OFFICE PROJECTS, WILL FURTHER ENHANCE THE RECURRING INCOME AND VALUE OF THE GROUP'S EUROPEAN PROPERTY HOLDING PORTFOLIO

Singapore, 27 July 2023 – Singapore Exchange (“SGX”) Main Board-listed First Sponsor Group Limited (“**First Sponsor**” or the “**Company**”, and together with its subsidiaries, associated companies and joint ventures, the “**Group**”) today announced the Group’s unaudited financial results for the six months ended 30 June 2023 (“**1H2023**”).

Financial Highlights

In S\$'000	1H2023	1H2022	Change %
Revenue	135,889	115,254	17.9 %
Profit attributable to equity holders of the Company	10,605	71,331	(85.1)%

- Net profit for the Group was S\$10.6 million for 1H2023, an 85.1% decline from 1H2022, due mainly to lower property financing income and the absence of one-off disposal gains.
- Following from 1Q2023, the Group’s European operating hotels continued their recovery with occupancies in 2Q2023 close to their pre-pandemic 2019 levels. Profitability of the hotels was however adversely impacted by high energy and labour costs as well as the temporary closure of two Dutch Bilderberg hotels in 1H2023 due to major renovation works. Notwithstanding the above, the European operating hotels recorded an earnings before interest, tax, depreciation and amortisation (“EBITDA”) of €8.4 million in 1H2023, an improvement from the EBITDA of €6.0 million in 1H2022.
- After the completion of the major renovations at the two Dutch Bilderberg hotels, the Group plans to embark on a major renovation of the 50%-owned Le Meridien Frankfurt whereby all the 80 rooms at the Palais wing will be totally refurbished and another 29 new rooms which represent approximately 10% of the current 300-room inventory would be added. Further, given the success of the Hampton by Hilton Utrecht Central Station and Hilton Rotterdam hotels, the Group plans to collaborate with Hilton once again to

redevelop the bare shell 65-room Puccini Milan hotel acquired in early 2019 into a 59-room 4-star Tapestry by Hilton hotel to be ready for operations in 2025. The aforesaid major hotel renovations/redevelopment, together with the redevelopment of the three Amsterdam residential/office projects, will further enhance the recurring income and value of the Group's European property portfolio.

Mr Neo Teck Pheng, Group Chief Executive Officer, said

"Net profit for the Group was S\$10.6 million for 1H2023, an 85.1% decline from 1H2022. The Board has approved a first interim tax-exempt (one-tier) cash dividend of 1.1 Singapore cents per share for FY2023 which is the same as that of last year.

On the property development front, pre-sales for two of the four Dongguan property development projects won in public land tender exercises in 2022, namely, the 100%-owned The Brilliance and 46.6%-owned Exquisite Bay, have commenced in late April 2023. Pre-sale for the third Dongguan property development project, namely, the 27%-owned Egret Bay, has commenced in mid-July 2023, while pre-sale for the fourth project would commence later this year, if appropriate. However, buying sentiments in the Dongguan residential property market have slowed down substantially from mid-2Q2023 due to an unexpected drop in market confidence.

The global travel rebound post Covid-19 continues to benefit the Group's property holding business segment, with the Group's European operating hotels experiencing strengthening occupancies in 1Q2023 and realising 2Q2023 occupancies that are close to their pre-pandemic 2019 levels. Profitability of the hotels was however adversely impacted by high energy and labour costs as well as the temporary closure of two Dutch Bilderberg hotels in 1H2023 due to major renovation works. Notwithstanding the above, the European operating hotels recorded an earnings before interest, tax, depreciation and amortisation ("EBITDA") of €8.4 million in 1H2023, an improvement from the EBITDA of €6.0 million in 1H2022.

The Group also plans to embark on a major renovation of the 50%-owned Le Meridien Frankfurt whereby all 80 rooms at the Palais wing will be totally refurbished and approximately another 29 rooms which represent 10% of the current 300-room inventory would be added. Further, given the success of the Hampton by Hilton Utrecht Centraal Station and Hilton Rotterdam hotels, the Group plans to collaborate with Hilton once again to redevelop the bare shell 65-room Puccini Milan hotel acquired in early 2019 into a 59-room 4-star Tapestry by Hilton hotel to be ready for operations in 2025. The aforesaid major hotel renovations/redevelopment, together with the redevelopment of the three Amsterdam residential/office projects, will further enhance the recurring income and value of the Group's European property portfolio.

In the PRC, the Chengdu Wenjiang hotels recorded an EBITDA of RMB10.9 million in 1H2023 as compared to an EBITDA of RMB3.6 million in 1H2022 during which both hotels were intermittently used as Covid-19 quarantine hotels.

In late June 2023, the Group's property financing arm provided a RMB580 million senior loan to a partnership which ultimately holds a strata-titled residential property located in Pudong, Shanghai that is substantially leased out.

On the back of a substantial potential equity infusion from the exercise of outstanding warrants and unutilised committed credit facilities, the Group is ready to manage any economic challenges arising from the difficult market conditions and capitalise on any good business opportunities when they arise.”

- End -

Please refer to the Group’s unaudited financial results announcement for 1H2023 and the investor presentation slides dated 27 July 2023 for a detailed review of the Group’s performance and prospects. For media enquiries, please contact:

Mr Leonard Gerik
Senior Vice President – Financial Planning & Analysis
First Sponsor Group Limited
Email: ir@1st-sponsor.com.sg
Tel: (65) 6436 4920 Fax: (65) 6438 3170

About First Sponsor Group Limited

First Sponsor Group Limited (“**First Sponsor**”, and together with its subsidiaries, associated companies and joint ventures, the “**Group**”) is a public company listed on the Main Board of the Singapore Exchange Securities Trading Limited since 22 July 2014. The principal business activities of the Group are property development, property holding and property financing.

The Group’s property development projects include offices, retail, residential and hotel developments in the Netherlands, Australia and the People’s Republic of China (the “**PRC**”). The Group’s property portfolio comprises commercial properties (including hotels) in the Netherlands, Germany and the PRC. The Group provides property financing services mainly in the Netherlands, Germany, Australia and the PRC.

The Group is supported by both its established key controlling shareholders, the Hong Leong group of companies, through its shareholding interests in City Developments Limited, and Tai Tak Estates Sendirian Berhad, a private company with a long operating history, which was incorporated in Singapore in 1954.

Please visit www.1st-sponsor.com.sg for the Group’s SGX announcements, financial statements, investor presentations and press releases.