



FIRST SPONSOR GROUP LIMITED

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Press Release

EUROPEAN PROPERTY PORTFOLIO PERFORMANCE REMAINED STRONG IN 2H2023, WITH FY2023 RECORDING AN INCREASE IN OPERATING INCOME OF 9.5% FROM FY2022

THE GROUP IS WELL-POSITIONED NOT ONLY TO MANAGE ANY ECONOMIC CHALLENGES ARISING FROM DIFFICULT MARKET CONDITIONS BUT TO ALSO CAPITALISE ON ANY FAVOURABLE BUSINESS OPPORTUNITIES THAT MAY ARISE

Singapore, 20 February 2024 – 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 second half (“2H2023”) and full year (“FY2023”) ended 31 December 2023.

Financial Highlights

In S\$'000	2H2023	2H2022	Change %	FY2023	FY2022	Change %
Revenue	147,039	312,239	(52.9)%	282,928	427,493	(33.8)%
Profit attributable to equity holders of the Company	1,917	59,925	(96.8)%	12,522	131,256	(90.5)%

- Net profit for the Group was S\$1.9 million for 2H2023, a 96.8% decline from 2H2022, due mainly to lower contribution from the property development segment arising from a lower handover volume of development properties in the PRC and at lower profit margins, as well as a lower foreign exchange gain net of fair value loss on financial derivatives. The net profit for FY2023 amounted to S\$12.5 million, a decrease of 90.5% from FY2022.
- Performance of the Group’s European property portfolio remained strong in 2H2023, recording a total operating income of €25.9 million, an improvement of 2.3% from €25.3 million in 2H2022. This brought FY2023’s total operating income to €46.7 million, a 9.5% increase as compared to FY2022.

- The Group's balance sheet has been significantly strengthened by the infusion of new equity funds of S\$234.6 million raised in October 2023 through the exercise of warrants by the Company's two key shareholders. The two key shareholders still hold additional warrants expiring on 21 March 2029 which can potentially raise an additional S\$169.3 million. Coupled with the substantial unutilised committed credit facilities, the Group is well-positioned not only to manage any economic challenges arising from difficult market conditions but to also capitalise on any favourable business opportunities that may arise.

Mr Neo Teck Pheng, Group Chief Executive Officer, said

“FY2023 has been a particularly challenging year for the Company with sustained economic headwinds experienced concurrently in all the key markets that the Group operates in at the same time. Despite an environment of high financing cost and capitalisation rates in the Netherlands, Germany and Australia as well as the weak property market sentiments in the PRC, the Group has managed to operate profitably although this is the lowest profit level since its IPO in 2014.

The Group achieved an annual net profit of S\$12.5 million in FY2023, a 90.5% decrease from FY2022. The Board has recommended a final tax-exempt (one-tier) cash dividend of 3.1 Singapore cents per share for FY2023. If approved, the total dividend declared for FY2023 will be 4.2 Singapore cents per share, representing a 10.5% growth from FY2022.

With the ongoing property crisis in the PRC, weaker buying sentiments for the Group's property development projects extended into 4Q2023. Despite slow pre-sales, the Group does not intend to significantly compromise on the selling prices of these projects, but will instead adopt a longer-term view as appropriate, continuing to sell them with an operating profit margin.

A substantial number of the Group's PRC property development projects will be able to commence handover for at least a part of their respective developments during FY2024. Therefore, should there be a positive turnaround of buying confidence, the Group may be able to account for such additional sales within FY2024.

The property holding business segment has taken centre stage in the second half of 2023, with the performance of the Group's European property portfolio remaining strong in 2H2023 and recording a total operating income of €25.9 million, an improvement of 2.3% from €25.3 million in 2H2022. This brought FY2023's total operating income to €46.7 million, a 9.5% increase as compared to FY2022. Having completed renovations in the course of 2023, both the Bilderberg Europa Hotel Scheveningen and Bilderberg Keizerskroon Hotel will contribute positively with full-year operating income from FY2024 onwards, whilst the scheduled redevelopment of the Meerparc Amsterdam property in FY2024 will have a negative impact in the medium term. The completion of the ongoing Dreeftoren Amsterdam office and residential development in FY2025 and FY2026 respectively, as well as the Puccini Milan hotel and Prins Hendrikkade Amsterdam redevelopments which are expected to commence in FY2024 and complete in FY2025, will further enhance the Group's recurring income from its European property portfolio.

Likewise, in the PRC, the Chengdu Wenjiang hotels achieved an improved earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) of RMB10.3 million for 2H2023

(2H2022: RMB8.3 million). This brought the EBITDA for FY2023 to RMB21.2 million, setting a record EBITDA for the two hotels since the commencement of operations in 2016 and achieving significant improvement of close to 80% compared to FY2022's EBITDA of RMB11.9 million.

Over in Sydney, Australia, the Group has increased its equity stake in the 110-room hotel component in the CTC development project from an initial 70.5% to 90.5%. This will further enhance the Group's property holding portfolio and presence in Australia. The project is expected to be completed in FY2027.

Confronting the challenges from the difficult market conditions and capitalising on any favourable business opportunities that may arise will be the Group's focus in 2024. The Company's two key shareholders have strengthened the Group's balance sheet by the infusion of new equity funds of S\$234.6 million raised in October 2023 through the exercise of warrants. These two key shareholders still hold additional warrants expiring on 21 March 2029 which can potentially raise an additional S\$169.3 million."

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Please refer to the Group's unaudited financial results announcement for 2H2023 and the investor presentation slides dated 20 February 2024 for a detailed review of the Group's performance and prospects. For media enquiries, please contact:

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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.