

## RENOUNCEABLE AND NON-UNDERWRITTEN RIGHTS ISSUE (THE “RIGHTS ISSUE”) OF UP TO S\$162,199,110.70 IN AGGREGATE PRINCIPAL AMOUNT OF 3.98 PER CENT. PERPETUAL CONVERTIBLE CAPITAL SECURITIES (THE “CONVERTIBLE SECURITIES”)

*Prior to making a decision to purchase the Convertible Securities, you should carefully consider all the information contained in the Offer Information Statement dated 23 March 2018 (the “OIS”). This Product Highlights Sheet should be read in conjunction with the OIS. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. If you are in doubt as to investing in the Convertible Securities, you should consult your legal, financial, tax or other professional adviser.*

*Unless otherwise defined herein or the context otherwise requires, all capitalised terms used in this Product Highlights Sheet shall bear the same meanings ascribed to them in the OIS.*

This Product Highlights Sheet is an important document.

- It highlights the key information and risks relating to the offer of the Convertible Securities contained in the OIS. It complements the OIS<sup>1</sup>.
- You should **not** purchase the Convertible Securities if you do not understand the nature of an investment in perpetual capital securities, convertible securities, our business or are not comfortable with the accompanying risks.
- If you wish to purchase the Convertible Securities, you will need to make an application in the manner set out in the OIS. If you do not have a copy of the OIS, please contact us to ask for one.

<b>Issuer</b>	First Sponsor Group Limited (the “Company”)	<b>Place of incorporation</b>	Cayman Islands
<b>Issue Price and denomination of the Convertible Securities</b>	100 per cent. of the principal amount of the Convertible Securities, being S\$1.10 for each Convertible Security (“Issue Price”).  The Convertible Securities will be issued in registered form in specified denominations of S\$1.10 each and integral multiples thereof.	<b>Total amount to be raised in this offer</b>	<ul style="list-style-type: none"> <li>• <b>Gross Proceeds:</b>  Approximately S\$162.2 million, based on the Issue Size.</li> <li>• <b>Net Proceeds:</b>  Approximately S\$161.5 million (assuming Gross Proceeds of S\$162.2 million).</li> </ul>
<b>Description of the Convertible Securities</b>	Up to S\$162,199,110.70 in aggregate principal amount of 3.98 per cent. perpetual convertible capital securities, payable semi-annually in arrear on 19 April and 19 October in each year (each, a “Distribution Payment Date”).  The Convertible Securities are expected to be issued on 19 April 2018 (“Issue Date”) and have no fixed maturity.  Please refer to the Section titled “Key Features – Key Features of the Convertible Securities” below for more information on the Convertible Securities.	<b>Listing status of Issuer and the Convertible Securities</b>	<ul style="list-style-type: none"> <li>• <b>Company:</b>  Primary Listing on the Mainboard of SGX-ST since 22 July 2014.</li> <li>• <b>Convertible Securities:</b>  Expected to be listed on the Mainboard of SGX-ST on and from 23 April 2018. Trading will be in board lots of S\$110 in principal amount of the Convertible Securities, with each board lot of Convertible Securities comprising 100 Convertible Securities.</li> </ul>

<sup>1</sup>The OIS (together with this Product Highlights Sheet), lodged with the Monetary Authority of Singapore on 23 March 2018, is available on the OPERA website of the Monetary Authority of Singapore at <<https://eservices.mas.gov.sg/opera/>>.

<b>Issue Manager</b>	DBS Bank Ltd.	<b>Underwriter</b>	The Rights Issue is not underwritten in view of the Undertakings and other factors set out in the OIS.
<b>Credit rating of Issuer/the Convertible Securities and Credit Rating Agencies</b>	The Convertible Securities and the Company are not rated by any credit rating agency.	<b>Trustee/Registrar/Agents</b>	<ul style="list-style-type: none"> <li>• <b>Trustee, Calculation Agent and Paying Agent:</b> Perpetual (Asia) Limited</li> <li>• <b>Registrar, Conversion Agent and Transfer Agent:</b> Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.)</li> </ul>

### INVESTMENT SUITABILITY

#### WHO IS THE INVESTMENT SUITABLE FOR?

The Convertible Securities are only suitable for you if you:

- are comfortable investing in hybrid securities that combine the features of both debt and equity and as such are prepared to accept risks higher than those normally associated with plain vanilla bonds;
- are prepared to rank lower in priority compared to holders of plain vanilla bonds and other senior creditors in an insolvency situation;
- accept the risk that you may not receive distributions in a timely manner if we choose to postpone the payment of such distributions and that you will not receive interest on such postponed distributions;
- accept that you will not receive postponed distributions due to you in the event that you choose to convert your Convertible Securities before receiving such postponed distributions;
- accept the risk that we may choose not to redeem the Convertible Securities at all and as such, your ability to exit your investment is through either the secondary market or conversion to Conversion Shares; and
- are prepared to hold your Convertible Securities indefinitely, or to lose a substantial amount of your principal investment if you sell your Convertible Securities in the secondary market at a discount or if you sell your Conversion Shares at a price lower than the Conversion Price.

There are further risks associated with an investment in the Convertible Securities. Please refer to the Section titled “Risk Factors” of the OIS and in particular, the sub-section titled “Risks Associated with an Investment in the Convertible Securities” on pages 88 to 98 of the OIS for a summary of the risks relating to an investment in the Convertible Securities.

The considerations and risks referred to above are not exhaustive.

### KEY FEATURES

#### BACKGROUND INFORMATION ON THE ISSUER

#### WHO ARE YOU INVESTING IN?

The Company was incorporated in the Cayman Islands on 24 September 2007 as an exempted company limited by shares under the Cayman Companies Law.

The Group is a mixed property developer in the Netherlands and the PRC, and owner of commercial properties (including hotels) as well as provider of property financing services in the Netherlands, Germany and the PRC. The Company was listed on the SGX-ST on 22 July 2014 with PRC-centric operations.

Refer to the Section titled “Summary of the Business of the Group” on pages 21 and 22 of the OIS for more information on the Group’s business.

Since early 2015, the Company has, either on its own or together with co-investors, acquired various properties (including hotels) in the Netherlands for development and income purposes. As at the Latest Practicable Date, the Group holds, or has interests in, 21 hotels in the Netherlands, one hotel in Germany as well as nine office properties in the Netherlands (of which six are in Amsterdam). The Group is also undertaking the redevelopment of a residential building in Rotterdam.

The Group is supported by its established key Controlling Shareholders, the Hong Leong Singapore group of companies, through its shareholding interests in Millennium & Copthorne Hotels plc, as well as Tai Tak, both of which are well recognised and respected in Asia, including the PRC. As at the date of this Product Highlights Sheet, Hong Leong Investment Holdings Pte. Ltd. and Tai Tak are deemed to be interested in 35.85% and 44.97% of our Shares respectively.

**Property Development Business**

The Group mainly develops residential and commercial properties (including hotels) in key cities in the Netherlands including Amsterdam and Rotterdam as well as in the PRC, namely Chengdu and Dongguan.

**Property Holding Business**

The Group owns various commercial properties (including hotels) for income purposes. The Group’s property holding portfolio comprises commercial properties (including hotels) in the Netherlands (including Amsterdam, Rotterdam, Utrecht and The Hague), Frankfurt in Germany, as well as key “tier-two cities” in the PRC, namely Chengdu and Dongguan.

**Property Financing Business**

The Group also provides property financing services in Europe and the PRC.

The property financing services in the PRC are provided primarily through entrusted loan arrangements in the PRC in which the Group, as the entrusted party, extends loans to borrowers, through several PRC-incorporated licensed banks, which act as the Group’s lending agents to administer the entrusted funds vis-à-vis the borrowers in their fiduciary duty to the Group.

The Group may deploy a portion of the sale proceeds it receives from purchasers of units in its developments to make entrusted loans to borrowers for the period during which the Group does not anticipate the use of these funds for working capital purposes, to generate higher interest income.

The Group also provides financial consultancy services to entities, which are related to the entities which borrow from the Group under its property financing business, for which the Group charges a fee.

The Group further provides loan financing to the Group’s associated companies and joint ventures to finance their property related acquisitions and developments in the Netherlands and Germany.

Refer to the Section titled “Summary of the Business of the Group” on page 21 of the OIS for more information on the Controlling Shareholders, and paragraph 1 of Part II of the 16th Schedule Section on page 115 of the OIS for more information on the Directors.

**KEY FEATURES OF THE CONVERTIBLE SECURITIES**

**WHAT ARE YOU INVESTING IN?**

We are offering up to S\$162,199,110.70 in aggregate principal amount of Convertible Securities to Entitled Shareholders.

The Issue Price is 100 per cent. of the principal amount of the Convertible Securities, being S\$1.10 for each Convertible Security.

For more information on the Convertible Securities, please refer to:

- the Section titled “Summary of the Rights Issue” on pages 25 to 37 of the OIS; and
- Appendix A – “Terms and Conditions of the Convertible Securities” on pages A-1 to A-33 of the OIS.

Each Convertible Security confers a right to receive distributions on its outstanding principal amount (“**Distributions**”) from (and including) the Issue Date, payable at the applicable Distribution Rate payable semi-annually in arrear on each Distribution Payment Date with the first Distribution Payment Date being 19 October 2018. We may, at our sole discretion, elect to defer any Distribution, in whole or in part, which is otherwise scheduled to be paid on a Distribution Payment Date, and any such deferred Distribution shall constitute “**Arrears of Distribution**”. We are not subject to any limit as to the number of times Distributions and Arrears of Distribution can or shall be deferred, subject to restrictions set out in the Terms and Conditions. In any event, no interest on any Arrears of Distribution will be payable to Securityholders.

Any Arrears of Distribution due in respect of a Convertible Security shall be extinguished by the Company in full through the delivery by the Company of the Conversion Shares upon the exercise of your Conversion Right in respect of such Convertible Security.

The Convertible Securities are convertible into new Shares (“**Conversion Shares**”) at your option, at any time from 30 May 2018, and if such Convertible Securities are to be redeemed pursuant to the Terms and Conditions, up to and including the 7th day before the date fixed for redemption of the Convertible Securities at the conversion price of S\$1.10 per Share (“**Conversion Price**”), subject to adjustments and provided always that the Conversion Price shall not be less than the nominal or par value of a Share.

The Conversion Price is subject to adjustments under certain circumstances, including, without limitation, the following: (a) consolidation or subdivision, (b) capitalisation of profits or reserves, (c) capital distribution (excluding cash dividends), (d) rights issues of ordinary shares or options over ordinary shares at less than 95 per cent. of the market price (excluding for the avoidance of doubt, the current Rights Issue), (e) rights issues of other securities, (f) issues of ordinary shares or other securities at less than 95 per cent. of the market price, (g) other issues by the Company or any other person (at the direction or request of or pursuant to any arrangements with the Company) of other securities at less than 95 per cent. of the market price, (h) modifications of rights of conversion, exchange or subscription attaching to any other securities issued and which are convertible into ordinary shares such that the consideration per ordinary share is less than 95 per cent. of the market price, (i) issues of securities in the context of an offer to holders of at least 60 per cent. of the ordinary shares outstanding (at the time such offer is made) and there is no adjustment carried out under other provisions of the Terms and Conditions and (j) in events or circumstances not otherwise provided in the Terms and Conditions, subject to, among other things, the use by the Company of an independent financial adviser to determine if such adjustment is fair and reasonable.

The Convertible Securities will constitute direct, unconditional, subordinated and unsecured obligations of the Company and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Company.

The Convertible Securities are perpetual capital securities in respect of which there is no fixed redemption date. However, we may redeem all or some of the Convertible Securities at any time on or after 19 October 2018, or on the occurrence of certain events set out on pages A-24 to A-27 of Appendix A titled “Terms and Conditions of the Convertible Securities” of the OIS.

We have only one class of shares, and the Conversion Shares will have the same rights as our other existing issued and paid-up Shares, including voting rights. Holders of the Conversion Shares will be entitled to all rights attached to their Conversion Shares in proportion to their shareholding, such as any cash dividends declared by the Company and any distribution of assets upon liquidation of the Company. Except as provided in Articles 48 to 51 of the Articles of Association of the Company, there are no restrictions on the transferability of the Shares.

## KEY FINANCIAL INFORMATION

### Key profit and loss information

	Group		
	FY2015	FY2016 (restated)	FY2017
Revenue (S\$'000)	214,963	199,051 <sup>(1)</sup>	384,392
Profit before tax (S\$'000)	90,971	118,389	121,233
Profit for the year (S\$'000)	68,320	114,916	93,293
Profit attributable to equity holders of the Company (S\$'000)	67,362	113,089	88,283
EPS (cents) before the Rights Issue	11.42	19.17	14.97
EPS (cents) after the Rights Issue <sup>(2)</sup>	9.13	15.33	11.97

Refer to paragraph 3 of Part V of the 16th Schedule Section on pages 135 to 139, as well as Appendices B, C, D and E of the OIS for more information on our financial performance, financial position and cash flows.

### Notes:

- (1) Following a business review, the interest income from loans extended to the associated companies in the Group was classified as part of its property financing income given that such income would be earned on a recurrent basis. The associated financing costs for such loans are also reclassified to cost of sales.
- (2) For comparative purposes, EPS has been computed on the assumption that (a) the Conversion Shares were issued on 1 January 2015, 2016 and 2017, as the case may be, (b) S\$162,199,110.70 in aggregate principal amount of Convertible Securities were converted into Conversion Shares at the Conversion Price of S\$1.10 per Conversion Share, and (c) estimated transaction costs of S\$40,000 are recognised in profit or loss.

### Key balance sheet information

(S\$'000)	Group As at 31 December 2017
Total assets	2,106,503
Total liabilities	1,019,622
Total equity	1,086,881
Net asset value	1,080,154

### Key cash flows information

(S\$'000)	Group FY2017
Net cash from operating activities	37,152
Net cash generated from investing activities	35,878
Net cash used in financing activities	(31,456)
Net increase in cash and cash equivalents	41,574
Cash and cash equivalents at beginning of the year	280,304
Cash and cash equivalents at end of the year	319,298

The most significant factors contributing to our financial performance in FY2017 compared to FY2016 are as follows:

- Revenue increased by 93.1% or S\$185.3 million, from S\$199.1 million in FY2016 to S\$384.4 million in FY2017 due mainly to higher revenue from sale of properties, hotel operations and property financing of S\$146.1 million, S\$12.2 million and S\$29.7 million respectively. Correspondingly, our cost of sales increased by 57.1% or S\$84.1 million, from S\$147.3 million in FY2016 to S\$231.4 million in FY2017.
- In FY2016, the Group recorded other gains of S\$98.3 million due mainly to a one-off gain on dilution of interests in subsidiaries in relation to the Star of East River Project of S\$97.3 million.
- As a result of the foregoing and other factors set out in the OIS, profit for the year decreased from S\$114.9 million in FY2016 to S\$93.3 million in FY2017.

The most significant factors contributing to our financial performance in FY2016 compared to FY2015 are as follows:

- Revenue for FY2016 decreased by 7.4% or S\$15.9 million, from S\$215.0 million in FY2015 to S\$199.1 million in FY2016 due mainly to a slight decline in revenue from sale of properties of S\$3.3 million from S\$165.4 million in FY2015 to S\$162.1 million in FY2016 and lower revenue from property financing of S\$17.4 million, from S\$35.5 million in FY2015 to S\$18.1 million in FY2016. This was offset by other gains of S\$98.3 million in FY2016 mainly relating to a one-off gain on dilution of interests in subsidiaries in relation to the Star of East River Project of S\$97.3 million.
- As a result of the foregoing and other factors set out in the OIS, our profit for the year increased from S\$68.3 million in FY2015 to S\$114.9 million in FY2016.

**The above factors are not the only factors contributing to our financial performance in FY2015, FY2016 and FY2017. Please refer to paragraph 3 of Part V of the 16th Schedule Section for the other factors set out on pages 135 to 139 of the OIS.**

#### BUSINESS STRATEGIES AND FUTURE PLANS

In general, the Group intends to continue seeking opportunities to acquire new sites for development and/or for income in Europe, the PRC and other growth markets, as well as to expand its property financing business in such markets.

**Focus on growing the Group's property development business with selective expansion into growth markets.** Since 2015, the Group has embarked on initiatives to accelerate its growth through selective developments and acquisitions in growth markets in Europe (in particular, the Netherlands) and the PRC. By leveraging on its strong management expertise and the extensive business networks of its key Controlling Shareholders, the Group has in recent years expanded its property development business beyond the PRC to rebalance its asset allocation and overall business risk amidst economic uncertainties in the global market and challenging headwinds in the PRC market. The Group strives to acquire new property development sites on a continual but financially prudent basis so as to provide a gradually growing development pipeline for the property development business. The Group intends to continue sourcing for additional sites so that it will be well-placed and ready to capitalise on suitable development opportunities.

For more information, refer to the Section titled "Summary of the Business of the Group – Strategies and Future Plans" on pages 23 and 24 of the OIS.

**Develop and grow the Group’s portfolio of long-term properties held for income.** The Group’s property holding business consists of commercial properties (including hotels) held for rental income, as well as hotels held for operating income. The Group plans to build up its portfolio of long-term properties (which may include other hospitality assets) to generate a stable stream of recurrent income and future capital gain. The Group expects the stable recurrent income from its property holding business to increase as the properties in its portfolio mature and complement the income from its property development business which is more project-driven. These properties may also be a source for potential capital gains in the future.

**Prudent expansion of the Group’s property financing business.** The Group intends to leverage on its healthy financial position and property market knowledge to prudently expand its property financing business in the PRC and Europe. The continued scarcity of bank credit extended to PRC property developers and owners has led to an increasing demand for property financing through entrusted loan arrangements. To further capture this market opportunity, the Group plans to increase the aggregate amount of loans which may be advanced by the Group and expand the scale of its property financing operations with particular focus in Shanghai, though the Group may selectively expand its property financing business to other “tier-one cities” in the PRC as well as other cities in the PRC such as Chengdu and Dongguan. The Group will continue to extend entrusted loans where there is a reliable valuation of the property collateral and at an appropriate loan-to-value margin for risk management purposes. Where it is appropriate and commercially viable to do so, the Group intends to continue providing financing to its associated companies and joint ventures to finance their property-related acquisitions and developments in Europe, including the Netherlands and Germany.

**TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS REASONABLY LIKELY TO HAVE A MATERIAL EFFECT**

**Industry Outlook**

The Dutch economy is expected to continue to grow in 2018, supported by a strong housing market in the Netherlands, as well as an increase in global trade and rising domestic consumption. The Dutch hospitality sector is also expected to be healthy in 2018. Property prices in the PRC are expected to taper off in 2018, driven by the anticipated declines in demand in smaller cities where economic fundamentals are weaker and buyers are more sensitive to credit conditions, as well as the implementation of various measures to prevent over-heating of property prices in the smaller cities.

**Company Outlook**

**Property Development.** Barring any unforeseen delays in construction work, the Group expects to recognise a substantial part of the profit from Plot D of the Millennium Waterfront in 4Q 2018 with all residential units in Plot D having been pre-sold in 2017. The Group had in December 2017 obtained the relevant construction permits for Plots E and F, the last development plots of the Millennium Waterfront. Development has commenced with a primary focus on Plot F.

In Dongguan, all 272 units of the two residential blocks at the Star of East River Project that were launched for sale in 3Q 2017 were sold and the remaining four blocks of the Star of East River Project are expected to be launched for sale during the course of 2018.

In the Netherlands, the local municipality did not approve certain pre-requisites to the conditional sale agreement that the Group had signed previously for the Dreeftoren residential development in Amsterdam. Nevertheless, the Group remains confident of the Dutch residential market and intends to pursue development sales of the units in the residential tower. In December 2017, the Group through its 33.0%-owned FSMC, launched the sale of 25.0% of the residential units of The Terraced Tower in Rotterdam. There was a strong take-up of individual residential units at the sales launch. FSMC had pre-sold the remaining 75.0% of the units on a forward funding basis earlier in November 2016. The project is expected to be completed in the course of 2020.

For more information, refer to paragraph 9 of Part V of the 16th Schedule Section on pages 142 to 144 of the OIS.

**Property Holding.** The Crowne Plaza Chengdu Wenjiang Hotel and the Holiday Inn Express Chengdu Wenjiang Hotspring Hotel showed encouraging results for FY2017, recording a small gross operating profit for their first year of operations. In Dongguan, the Group’s majority-owned East Sun acquired the Wanli Portfolio which comprises properties which are currently tenanted with a positive running yield.

Against the backdrop of improving European economic conditions, the Group’s hotels in the Bilderberg Portfolio continue to perform well with its FY2017 EBITDA exhibiting a 15.5% year-on-year growth. Furthermore, the Group had executed three European acquisitions between December 2017 and January 2018. It also made its first foray into the German real estate market with the acquisition of the Le Méridien Frankfurt, together with its two key Controlling Shareholders, namely, City Developments Limited (which is part of the Hong Leong Singapore group of companies) and Tai Tak. In addition, the Group acquired Meerparc, another mixed-use office building in the South Axis, the main Central Business District in Amsterdam and, together with a group of investors, acquired the 254-room Hilton Rotterdam Hotel, a freehold property built in 1963 located in the heart of Rotterdam.

**Property Financing.** The Group had in December 2015 initiated a claim against a borrower which had defaulted on an entrusted loan amount of RMB170.0 million bearing an interest of 18.0% per annum. Although the Shanghai Courts had ruled that the borrower is to pay the Group the outstanding principal of RMB170.0 million as well as a penalty interest, it is possible that the Group may have to accept a lower interest.

The Group had also in February 2016 commenced claims against six different borrowers to which the Group had disbursed entrusted loans amounting in aggregate to RMB470.0 million (the “**Defaulted Amount**”) at an interest rate ranging from 17.0% to 17.5% per annum. The Group has successfully recovered approximately 77.7% of the Defaulted Amount and recognised cumulative net interest of RMB152.6 million. Following a court auction of a mortgaged property on 8 March 2018 in relation to one of the defaulted loans, gross auction proceeds of RMB103.1 million were received by the Shanghai Courts on 19 March 2018. The Shanghai Courts are expected to release the net auction proceeds to the Group once the administrative procedures have been completed. In addition, a property for which the Group had obtained a first caveat has been successfully auctioned off on 17 March 2018 for RMB110.7 million.

The Group has also successfully disbursed new entrusted loans during 4Q 2017 with an aggregate loan principal of RMB770.0 million, resulting in the Group’s total entrusted loan portfolio of approximately RMB1.2 billion as at 31 December 2017.

Save as disclosed in the OIS, the Company is not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in the OIS to be not necessarily indicative of the future operating results or financial condition of the Group in respect of the current financial year.

The above are not the only trends, uncertainties, demands, commitments or events that could affect us. Please refer to the other factors set out in the Section titled “Risk Factors” on pages 40 to 98, as well as paragraph 9 of Part V of the 16th Schedule Section on pages 142 to 144 of the OIS.

**USE OF PROCEEDS**

Based on the Issue Size and assuming that the Convertible Securities are fully subscribed, the Gross Proceeds are approximately S\$162.2 million. The Net Proceeds (being the Gross Proceeds less the estimated professional fees and related expenses incurred in connection with the Rights Issue of approximately S\$0.7 million) are approximately S\$161.5 million (or approximately 99.5 cents for each dollar of the Gross Proceeds raised).

The Company intends to use all the Net Proceeds to fund property development projects and/or acquisition of properties (including hotels) held for income, and/or its property financing business. If the Company is unable to identify any suitable property development projects, acquisition opportunities or property financing loans, it may utilise part of the Net Proceeds to repay any amounts owing under its banking facilities.

For more information, refer to paragraphs 1 to 4 of Part IV of the 16th Schedule Section on pages 121 and 122 of the OIS.

## KEY RISKS

**Investing in the Convertible Securities involves substantial risks. Set out below are some of the key risks of investing in the Convertible Securities. This list is not exhaustive, and does not represent all the risks associated with, and considerations relevant to, the Convertible Securities or your decision to purchase the Convertible Securities. The value of the Convertible Securities and the Conversion Shares may rise or fall. These risk factors may cause you to lose some or all of your investment.**

Refer to the Section titled “Risk Factors” on pages 40 to 98 of the OIS for more information on risk factors.

## BUSINESS-RELATED RISKS

### General Risks relating to the Group’s Businesses

- As the Group’s businesses are in different jurisdictions, the Group is subject to the performance of the property markets in which its properties are located, the economic and real estate market conditions in these markets, as well as the legal and regulatory framework within which the Group operates. A downturn in these markets or non-compliance with such frameworks will result in an adverse impact on the Group’s business, operations, results of operations, financial condition and prospects.

As a developer and owner of properties, the Group is also exposed to the risk of being unable to identify and acquire suitable land sites for future developments at commercially acceptable prices or to complete the acquisitions of land sites, either of which would affect its ability to grow its pipeline. The Group also faces competition which may result in increased land acquisition costs, lower demand for its hotels and lower interest rates it may charge to borrowers.

### Risks relating to the Group’s Property Development Business

- The development of properties also entails significant risks including the inability to obtain relevant approvals, permits or certificates which may result in claims being made against the Group, significant and/or unbudgeted expenditure having to be incurred to comply with health and environmental laws and regulations, as well as the ability to secure adequate financing to fund the Group’s land acquisitions and property developments, any of which could give rise to delayed or non-completions or cost overruns.

### Risks relating to the Group’s Property Holding Business

- Such risks include the Group’s dependence on the conditions in the hospitality industry, the possibility that it may be unable to extend the leases of the land on which its hospitality assets are located at a commercially acceptable rate, if at all. The Group is also dependent on rental payments of its lessees and is subject to the risk of non-renewal and non-replacement of leases and/or the loss of anchor tenants.

### Risks relating to the Group’s Property Financing Business

- The Group is exposed to the possibilities that its borrowers may default on the entrusted loan arrangements, the Group may be unable to source for suitable borrowers who are able to provide collateral acceptable to the Group, and the Group may be unable to effectively manage credit risk.

## LEGAL, REGULATORY AND ENFORCEMENT RISKS

### *You may not receive distribution payments*

- We may, at our sole discretion and subject to certain conditions, elect not to pay any scheduled Distribution (or to pay only part of a scheduled Distribution) on the Convertible Securities. We are not subject to any limits as to the number of times Distributions and Arrears of Distribution can be deferred pursuant to the Terms and Conditions, subject to compliance with certain restrictions. Any deferral of Distribution will likely have an adverse effect on the market price of the Convertible Securities.
- Any Arrears of Distribution due in respect of a Convertible Security shall be extinguished by the Company in full after the exercise of your Conversion Right in respect of such Convertible Security.

***You have no right to require redemption***

- The Convertible Securities are perpetual capital securities and have no maturity date. We are under no obligation to redeem the Convertible Securities at any time and the Convertible Securities can only be disposed of by sale or by conversion into Conversion Shares.

***The Convertible Securities are unsecured and subordinated***

- The Convertible Securities will constitute direct, unconditional, subordinated and unsecured obligations of the Company which rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Company. Subject to the insolvency laws of the Cayman Islands and other applicable laws, in the event of the winding-up of the Company, your rights to payment of the principal amount of the relevant Convertible Security together with accrued and unpaid Distributions (including any Arrears of Distribution) are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Company but at least *pari passu* with all other subordinated obligations of the Company that are not expressed by their terms to rank junior to the Convertible Securities, but always in priority to the claims of Shareholders. In the event of a shortfall of funds on a winding-up of the Company, there is a real risk that you will lose all or some of your investment and will not receive a full return or any return of the principal amount or any unpaid amounts due under the Convertible Securities.
- If you choose to exercise your Conversion Right, the Conversion Shares that you will acquire will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which precedes the relevant Conversion Date of the Convertible Securities, subject to the Terms and Conditions, but will rank junior to the claims of a Securityholder in the event of the winding-up. Hence, in a winding-up as a holder of Shares, you who have exercised your Conversion Right and received Conversion Shares will be ranked lower than a Securityholder in respect of your Conversion Shares, and be subject to a higher risk of loss of investment if you choose to exercise your Conversion Right instead of holding Convertible Securities prior to the winding-up.

***You have limited remedies for non-payment under the Terms and Conditions***

- Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment has become due in accordance with the Terms and Conditions and the Company fails to make the payment when due. The only remedy against the Company available to you for recovery of amounts in respect of the Convertible Securities following the occurrence of a payment default after any sum becomes due in respect of the Convertible Securities will be instituting winding-up proceedings and/or proving and/or claiming in winding-up in respect of any of the Company's payment obligations arising from the Convertible Securities.

***You have no rights as Shareholder until you acquire Conversion Shares upon conversion***

- Unless and until you acquire Conversion Shares upon conversion of your Convertible Securities, you will have no rights qua Shareholder (including voting rights and rights to receive dividends or distributions) with respect to the Conversion Shares.

***Singapore Taxation Risk***

- It is not clear whether the Convertible Securities will be regarded as "debt securities" by the Inland Revenue Authority of Singapore or whether the Distributions made under the Convertible Securities will be regarded as interest payable on indebtedness for the purposes of the Income Tax Act, Chapter 134 of Singapore, and whether the tax concessions available for "qualifying debt securities" under the qualifying debt securities scheme would apply to the Convertible Securities.
- There is no assurance that the Convertible Securities will enjoy or will continue to enjoy the tax concessions should the relevant tax laws be amended or revoked at any time.

***You may be requested by the Trustee to provide an indemnity and/or security and/or pre-funding to its satisfaction***

- In certain circumstances (pursuant to the Terms and Conditions), the Trustee may, at its discretion, request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before taking proceedings to enforce repayment and taking action on behalf of Securityholders to convene meetings. The Trustee shall not be obliged to take any such action if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact when such actions can be taken, or at all.

- The Trustee may not be able to take action, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements (including the Terms and Conditions and the Trust Deed) and the applicable law, it will be for the Securityholders to take such action directly.

#### MARKET AND CREDIT RISKS

***The market value of the Convertible Securities and Conversion Shares may fluctuate***

- Trading prices of the Convertible Securities and the Conversion Shares may be influenced by numerous factors, including (a) the market for similar securities, (b) the respective operating results and/or financial condition of the Group, (c) (in the case of the Convertible Securities) the trading price of the Shares and (d) political, economic, financial and any other factors that can affect the capital markets, the industry and the Group.

***The price of the Shares may decrease due to the Rights Issue***

- The Conversion Price represents (a) a discount of approximately 20.3% to the last transacted price of the Shares on the Official List of the SGX-ST on 6 February 2018, being the last trading day on which trades were done on the Shares prior to the date of the First Announcement of S\$1.38 per Share and (b) a discount of approximately 23.6% to the last transacted price of the Shares on the Official List of the SGX-ST on the Latest Practicable Date of S\$1.44 per Share. The discount of the Conversion Price may result in an immediate decrease in the market value of the Shares. The Issue Price and the Conversion Price do not bear a direct relationship to the book value of the Group's assets, past operations, cash flow, earnings, financial condition or other established criteria for value. Hence, the Issue Price or the Conversion Price may not be an indication of any underlying value of the Shares.

***An investment in the Convertible Securities is subject to interest rate risk***

- The Convertible Securities are a form of fixed distribution security and may therefore see their price fluctuate due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Convertible Securities.

#### LIQUIDITY RISKS

***There is no prior market for the Convertible Securities nor any assurance that one will develop to provide liquidity for the Convertible Securities***

- The Convertible Securities are a new issue of securities for which there is currently no trading market. Although approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Convertible Securities on the SGX-ST, no assurance can be given that an active trading market for the Convertible Securities will develop or as to the liquidity or sustainability of any such market and your ability to sell your Convertible Securities or the price at which you will be able to sell your Convertible Securities. Even if an active trading market for the Convertible Securities were to develop, the Convertible Securities could trade at prices that may be lower than the Issue Price.
- In the event that permission is not granted by the SGX-ST for the listing and quotation of the Convertible Securities on the Main Board of the SGX-ST due to an insufficient spread of holdings of the Convertible Securities to provide for an orderly market in the trading of the Convertible Securities, we will nevertheless proceed and complete the Rights Issue. In such an event, you will not be able to trade your Convertible Securities on the SGX-ST.

#### OTHER PERTINENT RISKS

***The Terms and Conditions and the provisions of the Trust Deed may be modified***

- The Trust Deed contains provisions for convening meetings of Securityholders to consider matters affecting their interests generally, including the modification of the Terms and Conditions or any provision of the Trust Deed. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

## DEFINITIONS

<b>3Q</b>	:	The three-month financial period ended 30 September.
<b>4Q</b>	:	The three-month financial period ended 31 December.
<b>16th Schedule Section</b>	:	The Section titled “Disclosure Requirements under the Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005” of the OIS.
<b>Bilderberg Portfolio</b>	:	A portfolio of 16 owned hotels under the “Bilderberg” brand located in Amsterdam, Rotterdam, The Hague, and other cities across the Netherlands. The portfolio is held by the Company via its effective interest of 31.4% in the ordinary shares of Queens Bilderberg (Nederland) B.V.
<b>CDP</b>	:	The Central Depository (Pte) Limited.
<b>Controlling Shareholders</b>	:	A person who (a) holds directly or indirectly 15.0% or more of the total number of issued Shares excluding treasury shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over the Company.
<b>Conversion Right</b>	:	The right of a Securityholder to convert his Convertible Securities into Conversion Shares in accordance with the Terms and Conditions.
<b>Distribution Rate</b>	:	The rate of distribution applicable to the Convertible Securities shall be 3.98 per cent. per annum.
<b>EBITDA</b>	:	Earnings before interest, taxes, depreciation and amortisation.
<b>EPS</b>	:	Earnings per Share.
<b>FSMC</b>	:	FSMC NL Property Group B.V. (formerly known as “Delta Lloyd Vastgoed Kantoren B.V.”).
<b>FY</b>	:	Financial year ended 31 December.
<b>Group</b>	:	The Company and its subsidiaries, associated companies and joint ventures. However, for the purposes of the Sections titled “Key Features – Key Financial Information” and “Key Features – Trends, Uncertainties, Demands, Commitments or Events Reasonably Likely to Have a Material Effect” of this Product Highlights Sheet, the “Group” shall mean the Company and its subsidiaries, unless the context otherwise requires.
<b>Issue Size</b>	:	Up to S\$162,199,110.70 in aggregate principal amount of Convertible Securities.
<b>Latest Practicable Date</b>	:	16 March 2018.
<b>Securityholders</b>	:	A person in whose name a Convertible Security is registered, except that where the registered holder is CDP, the term “Securityholder” shall, in relation to such Convertible Security, mean each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Convertible Securities.
<b>SGX-ST</b>	:	Singapore Exchange Securities Trading Limited.
<b>Shares</b>	:	Ordinary shares with a par value of US\$0.10 each in the capital of the Company.
<b>Shareholders</b>	:	Registered holders of Shares in the Register of Members of the Company except that where the registered holder is CDP, the term “ <b>Shareholders</b> ” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with those Shares.
<b>Tai Tak</b>	:	Tai Tak Estates Sendirian Berhad.
<b>Terms and Conditions</b>	:	The terms and conditions of the Convertible Securities to be set out in the Trust Deed, the text of which (subject to completion and amendment) is set out in Appendix A titled “Terms and Conditions of the Convertible Securities” of the OIS, and any reference to a particularly numbered Condition shall be construed accordingly.
<b>Trust Deed</b>	:	The Trust Deed to be entered into between the Company, and the Trustee, to constitute the Convertible Securities, as amended, varied or supplemented from time to time.
<b>Wanli Portfolio</b>	:	A portfolio of out-dated properties comprising four commercial and two industrial properties located in various parts of Dongguan.

## CONTACT INFORMATION

If you have questions, please contact DBS Bank Ltd. at 1800 111 1111, from 9.00 a.m. on 28 March 2018 until 5.00 p.m. on 12 April 2018.