

ANNOUNCEMENT OF ACQUISITION

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of First Sponsor Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce that FSCT DE Property 1 GmbH & Co. KG (the "**Purchaser**") has entered into a sale and purchase agreement (the "**SPA**") on 6 December 2017 with Art-Invest Real Estate Funds GmbH (the "**Seller**") in connection with the acquisition by the Purchaser of the Property (as defined herein) which is situated in Frankfurt, Germany (the "**Acquisition**"). The Board is of the view that the Acquisition is in, or in connection with, the ordinary course of the Company's business.
- 1.2 Completion of the Acquisition ("**Completion**") is subject to the receipt of all official approvals and permits necessary for the execution of the SPA. Completion is expected to take place in late December 2017 or early January 2018.

Information on the Purchaser

- 1.3 The Purchaser, which is a limited partnership established under the laws of Germany for the purpose of the Acquisition, has (a) three limited partners, namely, (i) FS NL Property 18 B.V. ("**FS Entity**"), a wholly-owned subsidiary of the Company; (ii) CDL Properties B.V. ("**CDL Entity**") (a wholly-owned subsidiary within the City Developments Limited group (the "**CDL Group**")); and (iii) Tai Tak Frankfurt B.V. ("**Tai Tak Entity**") (a wholly-owned subsidiary within the Tai Tak Estates Sendirian Berhad group (the "**Tai Tak Group**")); and (b) one general partner, SCUR-Alpha 940 GmbH (to be renamed as: FSCT DE Property 1 GmbH), a limited liability corporation incorporated under the laws of Germany for the purpose of the Acquisition. The Tai Tak Group and CDL Group have a deemed interest of 45.0% and 35.9% respectively in the Company as reflected in the Company's Register of Substantial Shareholders.
- 1.4 The limited partners have injected or have committed to inject, a total equity capital of €10.0 million (equivalent to approximately S\$16.0 million based on the Illustrative Exchange Rate¹) into the Purchaser. The Company (through its wholly-owned subsidiary, FS Euro Capital Limited ("**FS FinCo**")), the CDL Group (through its wholly-owned subsidiary, Wideachieve Holdings Limited ("**CDL FinCo**")) and the Tai Tak Group (through its wholly-owned subsidiary, Chengdu Tianfu Properties Limited ("**Tai Tak FinCo**")) have committed to provide an aggregate of €75.0 million (equivalent to approximately S\$119.9 million based on the Illustrative Exchange Rate) by way of loan financing to the Purchaser. Please refer to paragraph 1.5 for further details. The issued and outstanding share capital of the general partner comprises 25,000 ordinary shares with a nominal value of €1.00 each. The Company,

¹ The "**Illustrative Exchange Rate**" used in this announcement is €1:S\$1.599. The Illustrative Exchange Rate is solely for illustrative purposes and should not be construed as a representation that the relevant amounts have been or could be converted at this rate or any other rate.

through FS Entity, holds 50% of the shares in the general partner while each of CDL Entity and Tai Tak Entity holds 25% of the shares in the general partner. Unlike the limited partners, the general partner will not participate in the capital or profits of the Purchaser.

- 1.5 FS Entity, CDL Entity and Tai Tak Entity have also entered into a partnership arrangement for the purposes of jointly undertaking the Acquisition through the Purchaser (the "**Partnership**"). Under the terms of the Partnership:
- (a) FS Entity has contributed or has committed to contribute, equity in the amount of €5.0 million (being its proportionate 50% interest in the Purchaser), and each of CDL Entity and Tai Tak Entity has contributed or has committed to contribute, equity in the amount of €2.5 million (being their respective proportionate 25% interest in the Purchaser) (the "**Equity Contribution**"). Each of the three limited partners shall participate in the capital and profits of the Purchaser, and their respective voting rights shall be, in proportion to their Equity Contribution;
 - (b) FS FinCo, CDL FinCo and Tai Tak FinCo have also committed to extend junior loans in proportion of their Equity Contribution, in the amounts of €12.5 million (from FS FinCo) and €6.25 million (from each of CDL Fin Co and Tai Tak FinCo). The junior loans that will be extended to the Purchaser shall carry an interest rate of 7.5% per annum for a term of seven years; and
 - (c) CDL FinCo and Tai Tak FinCo have committed to extend senior loans to the Purchaser in the amount of €25.0 million each which carry an interest rate of 1.38% per annum for a term of three years.

Chapter 9 of the Listing Manual

- 1.6 For the avoidance of doubt, the Seller is a third party which is not an "interested person" of the Company and the Acquisition itself is therefore not an "interested person transaction" for the purposes of Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**Listing Manual**"). However, the Group's participation in the Partnership is an "interested person transaction" for the purposes of Chapter 9 of the Listing Manual as City Developments Limited and Tai Tak Estates Sendirian Berhad are controlling shareholders of the Company, and thus, each of the CDL Group subsidiaries (i.e. CDL Entity and CDL FinCo) and the Tai Tak Group subsidiaries (i.e. Tai Tak Entity and Tai Tak FinCo) is regarded as an "interested person". For completeness, the CDL Group and the Tai Tak Group are not part of the "same interested person" group for the purposes of Rule 908 of the Listing Manual.
- 1.7 There were no interested person transactions (whether involving the CDL Group, the Tai Tak Group, or any other interested persons) during FY2017 up to the date of this announcement (excluding transactions which need not be aggregated pursuant to Rule 915 of the Listing Manual) of S\$100,000 or more in value.
- 1.8 The Company is required to announce the Partnership as the "amount at risk" which is attributable to the Partnership exceeds 3% (but is less than 5%) of the Group's net tangible assets ("**NTA**") based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2016 ("**FY2016**") as set out in the Company's 2016 Annual Report. Mr Ho Han Leong Calvin and Mr Ho Han Khoon (alternate Director to Mr Ho Han Leong Calvin) have an interest in the Partnership due to their relationship with the Tai Tak Group and have therefore abstained from participating in the deliberations of the Audit Committee in respect of the Partnership. The remaining members of the Audit Committee, namely, Mr Yee Chia Hsing and Ms Ting Ping Ee, Joan Maria, have reviewed the terms of the

Partnership, and are of the view that the Partnership is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

2. INFORMATION ON THE SELLER AND THE PROPERTY

- 2.1 The Seller is a capital management company incorporated under the laws of Germany and manages a fund structure under the name of "*Hotel-Managed Core-Fonds*" (which has ownership of the Property).
- 2.2 The freehold property which is the subject of the Acquisition (the "**Property**") is located at Wiesenhüttenplatz 28, 30, 32, and Wiesenhüttenstraße 36-38 Frankfurt am Main, 60329, Germany, which is close to the main train station in the Frankfurt district of "Bahnhofsviertel" – the city centre of Frankfurt, and has an aggregate land size of approximately 4,405 square metres. The Property comprises an existing hotel currently operated under the "*Le Méridien Frankfurt*" name (the "**Hotel**") (including the underlying land parcels and the buildings thereon), all inventory and equipment (including certain fixtures, furniture and equipment as well as small operating equipment) and operating facilities which are owned by the Seller. The Hotel comprises two buildings: a historic part with a monumental status built in 1905 that has 80 rooms and a modern part built in the 1970s with 220 rooms. The Hotel also has 670 square metres of conference space with an extensive fitness and wellness area, and 48 parking spaces.
- 2.3 The Hotel is currently leased to MHP Parkhotel GmbH (the "**Tenant**") for 25 years expiring on 31 May 2040, with a renewal option of 5 years (exercisable at the option of the Tenant) and operated by the Tenant under the "*Le Méridien*" brand on the basis of a franchise granted by Starwood.

3. RATIONALE FOR AND BENEFITS OF THE ACQUISITION

- 3.1 The Acquisition offers the opportunity for the Group to build-up a larger recurrent income stream from the Group's property-holding business segment, and also helps to diversify the Group's geographic exposure.
- 3.2 The participation in the Acquisition by the Tai Tak Group and the CDL Group together with the Company is an endorsement of the Group's expansion plan.

4. CONSIDERATION PAYABLE BY THE PURCHASER FOR THE ACQUISITION

- 4.1 The aggregate cash consideration payable by the Purchaser for the Acquisition is €79.4 million (equivalent to approximately S\$126.9 million based on the Illustrative Exchange Rate) (the "**Consideration**"). The Purchaser is also responsible for paying certain transaction-related expenses (including but not limited to real estate transfer tax) which are currently estimated to be approximately €5.6 million (equivalent to approximately S\$9.0 million based on the Illustrative Exchange Rate).
- 4.2 The aggregate contribution by the Group to the Purchaser for the Acquisition is approximately €17.5 million (equivalent to approximately S\$28.0 million based on the Illustrative Exchange Rate) comprising (a) €5.0 million by way of Equity Contribution in the Purchaser by FS Entity; and (b) €12.5 million by way of the junior loan to the Purchaser by FS FinCo. The aggregate contribution by each of the CDL Group and the Tai Tak Group to the Purchaser for the Acquisition is €33.75 million each, comprising (a) €2.5 million by way of Equity Contribution in the Purchaser by each of CDL Entity and Tai Tak Entity; (b) €6.25 million by way of junior

loans to the Purchaser by each of CDL FinCo and Tai Tak FinCo; and (c) €25.0 million by way of senior loans to the Purchaser by each of CDL FinCo and Tai Tak FinCo.

- 4.3 The Consideration was the result of arm's length, commercial negotiations between the Purchaser and the Seller on a willing-buyer, willing-seller basis, taking into consideration relevant factors such as the current property market conditions in Germany, the historical and expected rental yield from the Property, the physical condition of the Property, the location of the Property, as well as the commercial analysis provided by JLL Hotels & Hospitality Group, the appointed commercial advisor in relation to the Acquisition.
- 4.4 The Purchaser had paid an advance payment of approximately €7.9 million which is held by a notary in escrow, pending release to the Seller upon Completion. The remainder of approximately €71.5 million (being the Consideration less the advance payment) shall be paid by the Purchaser within ten bank working days from the Purchaser's receipt of notification from the Seller of certain pre-Completion information as stipulated in the SPA, and the transfer of the Property to the Purchaser will be completed on the calendar day after full payment has been made. As mentioned in paragraph 1.2, this is expected to take place in late December 2017 or early January 2018.
- 4.5 The Company does not have information on the book value or the NTA value of the Property. The Property does not have an available open market value and the Company has not commissioned a third-party valuation of the Property.

5. FINANCING OF THE ACQUISITION

The Group will finance its contribution for the Acquisition using its existing internal cash resources and credit facilities.

6. ILLUSTRATIVE FINANCIAL EFFECTS OF THE ACQUISITION

- 6.1 **For illustrative purposes only**, the financial effects of the Acquisition as set out below are prepared based on the latest audited consolidated financial statements of the Group for FY2016 as set out in the Company's 2016 Annual Report and subject to the following key assumptions:
- (a) the effect of the Acquisition on the Group's consolidated NTA per ordinary share in the capital of the Company ("**Share**") is based on the assumption that the Acquisition had been effected at the end of FY2016; and
 - (b) the effect of the Acquisition on the Group's consolidated earnings per Share ("**EPS**") is based on the assumption that the Acquisition had been effected at the beginning of FY2016.
- 6.2 The illustrative financial effects as set out below are theoretical in nature and for illustrative purposes only, and are therefore not indicative of the actual or potential financial performance, financial position or earnings of the Group after the completion of the Acquisition:
- (a) NTA per Share

Based on the assumptions in paragraph 6.1 above, the Group's consolidated NTA per Share will remain unchanged as a result of the Acquisition.

(b) EPS

Based on the assumptions in paragraph 6.1 above, the EPS of the Group is expected to increase by 1.4% from 19.17 Singapore cents to 19.44 Singapore cents as a result of the Acquisition.

BY ORDER OF THE BOARD

Neo Teck Pheng
Group Chief Executive Officer and Executive Director
7 December 2017