FIRST SPONSOR GROUP LIMITED
(Incorporated in the Cayman Islands)
(Company Registration No.: AT-195714)

ANNOUNCEMENT OF ACQUISITION

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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 (a) FS NL Holdings B.V., an indirect wholly owned subsidiary of the Company, being a limited liability company incorporated under the laws of the Netherlands ("**P1**"), (b) Cobb Netherlands B.V., a limited liability company incorporated under the laws of the Netherlands ("**P2**"), (c) Maleny Netherlands B.V., a limited liability company incorporated under the laws of the Netherlands ("**P3**"), (d) a Dutch high net worth individual ("**P4**"), and (e) Robinvale Netherlands B.V., a limited liability company incorporated under the laws of the Netherlands ("**P5**"), and together with P1, P2, P3, and P4 collectively, the "**Purchasers**" and each a "**Purchaser**") have entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") dated 25 January 2018 with Park Intermediate Holdings LLC, a limited liability company incorporated under the laws of the State of Delaware, United States of America (the "**Seller**"), in connection with the acquisition by the Purchasers from the Seller of all of the 8,500 issued shares (the "**Target Shares**") in the capital of Hotelmaatschappij Rotterdam B.V. (the "**Target**"), a limited liability company incorporated under the laws of the Netherlands (the "**Acquisition**").

1.2 For the avoidance of doubt, P2, P3, P4, P5 and the Seller are third parties which are not "interested persons" of the Company. The Acquisition is therefore not an "interested person transaction" for the purposes of Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited. P2, P3 and P5 are private investment vehicles of three other high net worth individuals, and the Group had partnered P2 and P3 when acquiring the shares in the capital of NL Property 1 B.V., owner of the Zuiderhof I property, in February 2015, and partnered P2, P3 and P4 when acquiring the shares in the capital of FSMC NL Property Group B.V. in November 2015.

1.3 The Seller is a wholly owned subsidiary of Park Hotels & Resorts Inc. which is one of the largest publicly traded lodging real estate investment trusts listed on the New York Stock Exchange.

1.4 The Seller and the Target currently hold all of the Target Shares. Following Completion (as defined in the Sale and Purchase Agreement), the Purchasers shall hold the Target Shares in the following proportions:

Purchaser	Post-Completion percentage shareholding in Target
P1	24.7%
P2	24.7%
P3	24.7%
P4	1.2%
P5	24.7%
Total	*100.0%*

It should be noted that while it is currently intended under the Sale and Purchase Agreement that each of the Purchasers shall take the respective proportion of the Target Shares attributed to it, as shown in the table above, the Sale and Purchase Agreement provides that P1 alone shall be responsible for completion of the Acquisition and shall assume the obligations of any other Purchaser in respect of the Target Shares attributed to it, in the event such other Purchaser fails to meet its obligations under the Sale and Purchase Agreement. For the purposes of this Announcement, the Company has assumed that the Purchasers will acquire the Target Shares in their respective proportions above and has presented the information herein accordingly.

1.5 Completion under the Sale and Purchase Agreement ("**Completion**") is expected to take place on the latest of: (i) the date being five (5) business days after the fulfilment or waiver of the conditions precedent as set out in the Sale and Purchase Agreement, which includes the receipt of official approvals and permits from the relevant authorities and consent from the Hotel Manager (as defined below) in respect of the Acquisition and the Post-Completion Restructuring (as defined below); (ii) 31 January 2018; or (iii) such other date as the parties may agree in writing.

2. INFORMATION ON THE TARGET

2.1 The Target holds the legal and beneficial title to all the shares in the issued share capital of Park Rotterdam Lessee B.V. ("**Park Rotterdam**"), a limited liability company incorporated under the laws of the Netherlands, and the title to a 254-bedroom five-star hotel currently operating under the name of "*Hilton Rotterdam*" ("**Hilton Rotterdam Hotel**") located in a prime city center location in Rotterdam, with land and further appurtenances, locally known as Weena 4 up and till including 20 (even numbers), 3012 CM Amsterdam, registered in the Land Registry as Municipality of Rotterdam, 6th division, section S, number 4433, size 38 are and 22 centiare (the "**Property**").

2.2 As at the date of the Sale and Purchase Agreement, the Property is leased to Park Rotterdam pursuant to a lease agreement (the "**Lease Agreement**") and Park Rotterdam has engaged Hilton International (Nederland) B.V (the "**Hotel Manager**"), as manager, pursuant to a hotel management agreement (the "**Hotel Management Agreement**"), to handle the operations of the Property (the "**Business**"). Immediately prior to Completion, Park Rotterdam will be amalgamated by the Target by way of a statutory merger (*juridische fusie*) and as a result of this merger (by operation of law): (i) the Lease Agreement shall terminate; (ii) the Target shall replace Park Rotterdam as a party under the Hotel Management Agreement; and (iii) all other assets and liabilities of Park Rotterdam will become the assets and liabilities of the Target.

3. RATIONALE FOR AND BENEFITS OF THE ACQUISITION

3.1 Expansion of the property holding business

The Hilton Rotterdam Hotel generated an EBITDA[1] of approximately €3.3 million (equivalent to approximately S$5.4 million based on the Illustrative Exchange Rate[2]) in the financial year ended 31 December 2017 ("**FY2017**"). This implies a net yield of approximately 6.5% based on the property acquisition cost of approximately €51.0 million (including transaction costs) (equivalent to approximately S$82.6 million based on the Illustrative Exchange Rate) for the Property. In addition, the Property has established a solid track record of maintaining

[1] EBITDA denotes earnings before interest, tax, depreciation and amortisation.

[2] The "**Illustrative Exchange Rate**" used in this Announcement is €1: S$1.619. 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 at any other rate.

profitability from the financial year ended 31 December 2013 post its extensive refurbishment works carried out between 2011 and 2013. This Acquisition hence augurs well with the strategy of the Group to grow the recurrent income stream of its property holding business.

3.2 Potential upside

The Hilton Rotterdam Hotel had achieved an average occupancy of 71.3% on an average room rate of €133.9 (equivalent to approximately S$216.8 based on the Illustrative Exchange Rate) in FY2017. As part of the Target's capital expenditure program, Hilton Rotterdam Hotel was extensively renovated between 2011 and 2013 for €37.5 million (equivalent to approximately S$60.7 million based on the Illustrative Exchange Rate). Such capital investments, coupled with the uptake in the Dutch hospitality market, bode well for the future trading performance of the Property. The Property also has long term redevelopment potential.

4. CONSIDERATION PAYABLE BY THE PURCHASERS FOR THE ACQUISITION

4.1 The aggregate purchase price for the Target Shares is approximately €50.4 million (equivalent to approximately S$81.5 million based on the Illustrative Exchange Rate) (the "**Consideration**"), being the aggregate of the following:

(a) commercial value of the Property of €51.0 million (including transaction costs); and

(b) the parties' estimate of the amount of cash (including any cash equivalents, cash at banks, accrued interest and cash in transit) and working capital of the Target (on an as merged basis) at the point in time immediately prior to Completion on the date of Completion ("**Completion Date**").

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Consideration will be subject to certain closing adjustments based on the completion accounts of the Target prepared post-Completion, which is intended to reflect the actual financial position of the Target on Completion.

4.2 P1's *pro rata* portion of the Consideration attributed to it is approximately €12.4 million (equivalent to approximately S$20.1 million based on the Illustrative Exchange Rate).

4.3 A deposit ("**Deposit**") of €5.0 million (equivalent to approximately S$8.1 million based on the Illustrative Exchange Rate) shall be paid *pro rata* by the Purchasers no later than five (5) business days from the date of the Sale and Purchase Agreement, to a notary account. On the Completion Date, an amount equivalent to the difference between the Consideration and Deposit shall be paid *pro rata* by the Purchasers into the notary account. In the event that Completion does not occur due to a breach by the Seller of its obligations under the Sale and Purchase Agreement, the Deposit shall be refunded to the Purchasers.

4.4 The Consideration was the result of arm's length, commercial negotiations between the Purchasers and the Seller on a willing-buyer, willing-seller basis. The Purchasers had taken into consideration factors such as the current hotel market conditions in the Netherlands, capital investments made by the Target, historical and estimated trading profitability, and the physical condition of the Property.

4.5 Based on the unaudited consolidated financial statements of the Target for the twelve (12) months ended 31 December 2017 provided by the Seller, the book value of, and net tangible asset value attributable to, P1's pro rata portion of the Target Shares was approximately €8.4 million (equivalent to approximately S$13.7 million based on the Illustrative Exchange Rate).

As the Target Shares are not publicly listed and traded, the Company is not able to determine their available open market value.

5. POST-COMPLETION RESTRUCTURING

5.1 Post-Completion, the Purchasers intend to carry out a restructuring of the Target for the purposes of minimising the business risks of the Target (the "**Post-Completion Restructuring**"). To facilitate the restructuring, P1 has incorporated FS NL Hilton Rotterdam OpCo 19 B.V. ("**Opco**"), a wholly owned private limited liability company under the laws of the Netherlands with a nominal paid-up capital of €1. As soon as practicable after Completion, the Business will be transferred from the Target to Opco for a nominal consideration, following which Opco will enter into a lease agreement with the Target in respect of the Property (the "**New Lease Agreement**"). Pursuant to the New Lease Agreement, the Property will be leased to Opco up to 31 December 2046, after which Opco has the option to extend the lease for up to two (2) subsequent terms, each term being a period of ten years. The rent payable under the New Lease Agreement is approximately €2.8 million per annum on a triple net lease basis (equivalent to approximately S$4.5 million based on the Illustrative Exchange Rate).

5.2 Upon the completion of the transactions contemplated in paragraph 5.1 above, another private limited liability company, which is to be wholly held by the Target, will be incorporated under the laws of the Netherlands ("**Propco**"). Post-incorporation of Propco, the Target will transfer the Property to Propco for a consideration of approximately €50.2 million (equivalent to approximately S$81.2 million based on the Illustrative Exchange Rate). The consideration will be funded by a loan from the Group to Propco, which will carry an interest rate of approximately 4.6% per annum, pursuant to a separate loan agreement to be entered into between the Group and Propco. By operation of law, after the transfer of the Property to Propco, Propco will assume the rights and obligations of the Target as the lessor under the New Lease Agreement. The Post-Completion Restructuring will be subject to the receipt of any applicable approvals, consents or waivers by the relevant authorities, or contracting third parties of the Target.

6. FINANCING OF THE ACQUISITION AND POST-COMPLETION RESTRUCTURING

The Group will finance its *pro rata* share for the Acquisition and Post-Completion Restructuring using its existing internal cash resources and committed credit facilities.

7. ILLUSTRATIVE FINANCIAL EFFECTS OF THE ACQUISITION AND POST-COMPLETION RESTRUCTURING

7.1 **For illustrative purposes only**, the financial effects of the Company's *pro rata* share in the Acquisition and Post-Completion Restructuring 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 and Post-Completion Restructuring on the Group's consolidated NTA per ordinary share in the capital of the Company ("**Share**") is based on the assumption that the Acquisition and Post-Completion Restructuring had been effected at the end of FY2016; and

(b) the effect of the Acquisition and Post-Completion Restructuring on the Group's consolidated earnings per Share ("**EPS**") is based on the assumption that the

Acquisition and Post-Completion Restructuring had been effected at the beginning of FY2016.

7.2 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 and Post-Completion Restructuring:

(a) NTA per Share

Based on the assumptions in paragraph 7.1, the Group's consolidated NTA per Share will remain unchanged as a result of the Acquisition and Post-Completion Restructuring.

(b) EPS

Based on the assumptions in paragraph 7.1, the EPS of the Group is expected to increase by 1.9% from 19.17 Singapore cents to 19.54 Singapore cents as a result of the Acquisition and Post-Completion Restructuring.

BY ORDER OF THE BOARD
Neo Teck Pheng
Group Chief Executive Officer and Executive Director
26 January 2018