5 February 2015

FIRST SPONSOR GROUP LIMITED

(Incorporated in the Cayman Islands)
(Company Registration No.: AT-195714)

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 (a) the Company, (b) Cobb Financial Corporation, a private company with limited liability incorporated under the laws of the British Virgin Islands ("**BV2**"), (c) Siong Lim Private Limited, a private company limited by shares incorporated in Singapore ("**BV3**"), and (d) Maleny Investments Limited, a private company with limited liability incorporated under the laws of the British Virgin Islands ("**BV4**", together with the Company, BV2 and BV3, collectively, the "**Purchasers**"[1]) have entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") dated 4 February 2015 with two European institutional investors, in connection with the acquisition by the Purchasers from one of the European institutional investors (the "**Seller**", and the other European institutional investor hereinafter called the "**Lender**") of all of the issued shares (the "**Target Shares**") in the capital of Euroffice 445 B.V. (the "**Target**"), a private company with limited liability incorporated under the laws of the Netherlands from the Seller (collectively, the "**Acquisition**"). BV2 is a subsidiary of the Tecity Group, which is a privately-held investment group of companies founded by the late banker and philanthropist, Tan Sri (Dr) Tan Chin Tuan. The Tecity Group is also a key cornerstone investor of the Company during its initial public offering in July 2014. BV1 and BV3 are private investment vehicles of two high net worth private individuals. For the avoidance of doubt, BV2, BV3 and BV4 are third party corporations which are not interested persons of the Company for the purposes of Chapter 9 of the Listing Manual.

1.2 The Target holds the title to the Property (as defined below) situated in Amsterdam, Netherlands. As stated in the Company's prospectus dated 10 July 2014 (the "**Prospectus**"), one of the Company's strategies to drive its future growth and increase shareholder value is through selective developments and acquisitions in the future, including outside of Singapore, by leveraging on the Company's strong management expertise and the extensive business networks of the Company's controlling shareholders. The Acquisition of the Target, and hence the Property, is carried out by leveraging on the business network of the Tai Tak Group which has been in the Netherlands for more than 20 years. This Acquisition marks the first step in this direction and is in line with the Company's growth strategy. The Group will continue to explore investment opportunities in the Netherlands to build up a more diversified property holding business base.

1.3 The Seller currently holds all of the issued and outstanding share capital of the Target, comprising 18 ordinary shares with a nominal value of EUR 1,000 each. On or before Completion (as defined in the Sale and Purchase Agreement), the said 18 ordinary shares will

[1] Under the terms of the Sale and Purchase Agreement, each of the Purchasers shall no later than 17 February 2015 designate a nominee to replace the nominating Purchaser as a Purchaser, which shall be in the form of a joint notification to be issued by the Purchasers to the Seller (the "**Notification**"), and such nominee shall become a party to the Sale and Purchase Agreement from the date of the Notification.

be converted to 18,000 ordinary shares with a nominal value of EUR 1 each, and following Completion, the Purchasers shall hold the Target Shares in the following proportions:

Purchaser	**Number of Target Shares**	**Percentage**
Company (or nominee, if any)	5,940	33%
BV2 (or nominee, if any)	5,940	33%
BV3 (or nominee, if any)	5,220	29%
BV4 (or nominee, if any)	900	5%
Total	*18,000*	*100%*

1.4 In connection with the entry into the Sale and Purchase Agreement, the Purchasers have also entered into a call option agreement (the "**Call Option Agreement**"), pursuant to which:

(a) BV2, BV3 and BV4 have irrevocably and unconditionally granted to the Company the right (but not the obligation) to acquire 6,160 new non-redeemable and non-convertible cumulative preference voting shares (the "**Target Option Shares**") in the capital of the Target with a nominal value of EUR 1, free and clear from any encumbrances (the "**Call Option**").

(b) The Call Option shall be exercisable by the Company at any time from such time as the Purchasers have become the shareholders of the Target, in accordance with the terms of the Call Option Agreement. The subscription price for the Target Option Shares to be paid by the Company to the Target shall be equal to the nominal value of the Target Option Shares, and interest to accrue in respect of the Target Option Shares shall be determined on the basis of comparable market standard interest rates on non-redeemable and non-convertible cumulative preference shares issued by comparable companies at the date of the relevant option exercise notice.

(c) Subject to the exercise of the Call Option and the issuance of the Target Option Shares, the Company shall end up with just above 50% (simple majority) voting rights (including through the Target Shares directly or indirectly held by the Company) in respect of all of the voting shares of the Target. The number of Target Option Shares to be issued to the Company shall also be accordingly increased if the Target undertakes any future issuance of voting securities, such that the Company shall, on a fully diluted basis after such future issuance, acquire the same voting percentage (simple majority).

As at the date of this Announcement, the Company has not exercised the Call Option.

1.5 The Target shall become a 33% indirectly-owned subsidiary of the Company upon completion of the transfer of the Target Shares and the execution of the Call Option Agreement.

1.6 It is intended that the Company will hold the Target Shares through a shareholding structure which will involve several new and existing wholly-owned subsidiary corporations and a trust within the Group. The Target Shares shall be held directly by FS NL Holdings B.V., a wholly-owned subsidiary of the Group to be incorporated in the Netherlands with an issued ordinary share capital of EUR 1,765,500. FS NL Holdings B.V.'s holding company, FS Europe Holdings Pte. Ltd. and FS Euro Pte. Ltd., both incorporated in Singapore with an issued ordinary share capital of EUR 1 each, are wholly-owned subsidiaries of the Group, held through FS Europe Trust, a trust established under the laws of Singapore by an existing wholly-owned subsidiary of the Group.

1.7 Completion shall take place on 16 March 2015 or, if earlier, as soon as possible after the date that the Seller has received the Nomination Letter as defined in the Sale and Purchase Agreement ("**Completion Date**").

2. INFORMATION ON ASSETS TO BE ACQUIRED

The following description of the assets which are the subject of the Acquisition is based on information made available to the Company.

2.1 The Target is a property investment company that was set up by the Seller to purchase the Property in January 2011 for approximately EUR 64.6 million, including transfer duty.

2.2 The "**Property**" is the commercial real estate commonly known as "Zuiderhof I Building", held by the Target by way of the perpetual ground lease of a plot of land, owned by the Municipality of Amsterdam, with the rights of the leaseholder on the building constructed thereon, recorded in the Land Register as Municipality of Amsterdam section AD numbers 672 and 685, with a combined size of 4,294 sq m. The Property is located at Jachthavenweg 121, Amsterdam, which is part of the South Axis, a central business district in Amsterdam, and has a net lettable area of approximately 12,500 sq m with 111 parking spaces.

2.3 The current tenant of the Property is Van Doorne N.V., a reputable independent Dutch law firm (the "**Tenant**"). The current lease will expire in July 2019, with options to renew the lease on the part of the Tenant.

2.4 The Target currently has an outstanding bank loan in the principal amount of EUR 36,000,000 (the "**Mortgage Loan**").

2.5 The Target also has an outstanding loan from the Lender, in the principal amount of EUR 17,947,640 (the "**Loan**").

3. RATIONALE FOR AND BENEFITS OF THE ACQUISITION

The Directors believe that the Acquisition is beneficial to the Group as this would diversify the Group's geographical exposure to the People's Republic of China, is earnings accretive as well as build up a larger recurrent income stream for its property holding business segment.

4. CONSIDERATION

4.1 The Seller and the Purchasers have agreed that the commercial value of the Property is EUR 51.5 million (the "**Commercial Property Value**") (equivalent to approximately S$77.7 million based on the Illustrative Exchange Rate[2]).

[2] The "**Illustrative Exchange Rate**" used in this Announcement is EUR 1: S$1.5085. 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.

4.2 The aggregate consideration due from the Purchasers for the Acquisition, after taking into account the working capital in the Target as at 31 December 2014, includes the following:

(a) The amount of EUR 5,350,000 (equivalent to approximately S$8.1 million based on the Illustrative Exchange Rate) (the "**Initial Shares Purchase Price**"), to be adjusted by a completion adjustment in accordance with the terms of the Sale and Purchase Agreement, which shall be payable by the Purchasers on a *pro rata* basis.

(b) In addition to (a) above, on Completion, the Purchaser designated by the Company shall, for and on behalf of the Target: (i) fund and procure the effecting of the partial repayment by the Target of the principal amount of the Loan in the amount of EUR 10,985,327 (equivalent to approximately S$16.6 million based on the Illustrative Exchange Rate) (the "**Loan Repayment**"); and (ii) fund and effect the repayment of the Mortgage Loan (including interest accrued until and including the Completion Date) to the bank lender to the Target. It is intended that the Company shall provide loans to the Target for the repayment of the Loan Repayment and the Mortgage Loan.

4.3 A deposit ("**Deposit**") of EUR 4.0 million (equivalent to approximately S$6.0 million based on the Illustrative Exchange Rate) shall be paid by the Company (on behalf of the Purchasers) within five (5) business days from the date of the Sale and Purchase Agreement. The Deposit shall be held in escrow. The Deposit shall be refunded to the Company in the event Completion does not occur for reasons not attributable to the Purchasers. If the Deposit is forfeited, the other Purchasers shall compensate the Company on a *pro rata* basis for their share of the Deposit, save that if the Deposit was forfeited because Completion did not occur due to the default of any particular Purchaser(s), only the defaulting Purchaser(s) (which may include the Company) shall be liable for such compensation.

4.4 The Company's *pro rata* portion of the aggregate consideration due from the Purchasers for the Target Shares (assuming this is equal to the Initial Shares Purchase Price) is EUR 1,765,500 (equivalent to approximately S$2.7 million based on the Illustrative Exchange Rate). In addition, as explained above, the Company will also be providing loans to the Target for the payment of *inter alia,* the Loan Repayment and the Mortgage Loan. For the purposes of this Announcement, the Company considers that the aggregate of the aforesaid Company's *pro rata* portion of the aggregate consideration for the Target Shares and loans to the Target should be considered the total consideration which is payable by the Company in respect of the Acquisition, amounting to EUR 49.9 million (the "**Consideration**") (equivalent to approximately S$75.3 million based on the Illustrative Exchange Rate).

4.5 The Commercial Property Value and the Consideration were the result of arm's length, commercial negotiations between the Purchasers and the Seller on a willing-buyer, willing-seller basis, taking into consideration factors such as the current property market conditions in Amsterdam, the historical and expected rental yield from the Property[3], the condition of the Property, as well as the commercial analysis provided by DTZ Zadelhoff as the appointed commercial advisors in relation to the Property.

[3] The expected net rental (before financing costs and tax) generated by the Property is EUR 4.0 million (equivalent to approximately S$6.0 million based on the Illustrative Exchange Rate) per annum.

4.6 Based on the unaudited financial statements of the Target as at 31 December 2014:

(a) the value of the Property was EUR 52.0 million (equivalent to approximately S$78.4 million based on the Illustrative Exchange Rate); and

(b) the book value of, and net tangible asset value attributable to, the Company's *pro rata* portion of the Target Shares was approximately negative EUR 0.37 million (equivalent to approximately negative S$0.55 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. FINANCING

5.1 As stated in the Company's announcement on 25 July 2014, the Company had received approximately S$59.7 million of net proceeds in connection with the placement of new ordinary shares of the Company in conjunction with the Company's initial public offering on 22 July 2014 ("**Net Proceeds**"). Such Net Proceeds were used to repay an existing revolving credit facility pending the deployment of such funds for their intended use as stated in the Prospectus. The Company subsequently drew down S$3.0 million from its revolving credit facilities on 10 September 2014 for working capital purposes in the People's Republic of China. This allocation was in line with the described use of the Net Proceeds stated in the Prospectus.

5.2 The Company will finance the Consideration through a combination of external Euro-denominated bank borrowings and internal funds. The internal funds will be derived from the remaining balance of Net Proceeds of S$56.7 million and will be drawn down from the Company's Euro-denominated revolving credit facilities, for the purposes of financing the Consideration (including the Deposit). This allocation of the remaining balance is in line with the described use of the Net Proceeds stated in the Prospectus, which includes "future development or acquisition of properties held for income". Following such allocation, the Net Proceeds will be fully utilised.

6. FINANCIAL EFFECTS OF THE ACQUISITION

6.1 **For illustrative purposes only**, the financial effects of the Acquisition on the Company as set out below are prepared based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2014 ("**FY2014**") which were announced by the Company on 5 February 2015, the audited financial statements of the Target for the financial year ended 30 June 2014, and subject to the following key assumptions:

(a) the effect of the Acquisition on the Group's consolidated net tangible assets ("**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 FY2014; and

(b) the effect of the Acquisition on the Group's consolidated earnings per Share ("**EPS**") is based on the assumption that: (i) the Acquisition had been effected at the beginning of FY2014, (ii) adjustments were made to the audited financial statements of the Target for the financial year ended 30 June 2014 to reverse out the depreciation charge and impairment charge on the Property, and reflect the Group's expected financing structure for the Acquisition.

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 Acquisition will have no effect on the Group's consolidated NTA per Share.

(b) *EPS*

Based on the assumptions in paragraph 6.1 above, the Group's consolidated EPS would increase by 14.6% from 4.33 Singapore cents to 4.96 Singapore cents (based on the Illustrative Exchange Rate) as a result of the Acquisition.

7. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

7.1 The relevant relative figures computed on the bases set out in Rule 1006 of the listing manual (the "**Listing Manual**") of Singapore Exchange Securities Trading Limited are as follows:

Relative Figures under Rule 1006 of the Listing Manual (1)	**Relative Figure** (%)
Rule 1006(b): The net profits attributable to the Target Shares to be acquired by the Company[4] compared with the Group's net profits (2)	10.6
Rule 1006(c): The Consideration compared with the Company's market capitalisation (3)	10.6

Notes:

(1) Rule 1006(a) is not applicable to an acquisition of assets. Rule 1006(d) is not applicable as no Shares will be issued by the Company in connection with the Acquisition. Rule 1006(e) is not applicable to the Company.

(2) The net profits[5] attributable to the Target Shares to be acquired by the Company of S$4.3 million was based on the audited financial statements of the Target for its financial year ended 30 June 2014 and adjustments made to (i) reverse out the depreciation charge and impairment charge on the Property, and (ii) reflect the Group's expected financing structure for the Acquisition. The Group's net profits figure of S$40.5 million was based on the Group's unaudited consolidated financial statements for FY2014.

4 including the loans to be advanced by the Company to the Target as described in paragraph 4.4

5 being profit before income tax, minority interests and extraordinary items

(3) The Consideration (see paragraph 4.4 for details) amounts to EUR 49.9 million (equivalent to approximately S$75.3 million based on the Illustrative Exchange Rate). The Company's market capitalisation of approximately S$712.2 million was calculated based on the weighted average price of S$1.21 per Share and 589,814,949 Shares (the Company does not have treasury shares) as at 3 February 2015, being the market day immediately preceding the date of the Sale and Purchase Agreement.

7.2 As shown above, the relative figures for Rule 1006(b) and Rule 1006(c) both exceed 5% but do not exceed 20%. Accordingly, the Acquisition will only be considered a "Discloseable Transaction" for the purposes of Chapter 10 of the Listing Manual and shareholders' approval will not be required.

8. DIRECTORS AND CONTROLLING SHAREHOLDERS

8.1 None of the Directors or (to the best of the knowledge of the Directors) controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition.

8.2 No person is proposed to be appointed to the board of the Company in connection with the Acquisition, and no Director's service contract is proposed to be entered into by the Company with any person in connection with the Acquisition.

9. DOCUMENTS FOR INSPECTION

Copies of the Sale and Purchase Agreement and the Call Option Agreement will be available for inspection at the office of the Company in Singapore at 63 Market Street, #06-03, Bank of Singapore Centre, Singapore 048942, during normal business hours for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD

Neo Teck Pheng
Chief Executive Officer
5 February 2015