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 FS NL Property 2 B.V. (the "**Purchaser**"), a wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement (the "**SPA**") dated 27 April 2015 with IVG Institutional Funds GmbH (the "**Seller**") in connection with the acquisition (the "**Acquisition**") of the Property (as defined herein) which is situated in Amsterdam, Netherlands. The Purchaser, which was newly incorporated in the Netherlands with an issued ordinary share capital of EUR 1 for the purpose of the Acquisition, is directly held by FS NL Holdings B.V., an existing wholly-owned subsidiary of the Group.

1.2 The Acquisition follows less than three months after the completion of the Group's first acquisition of a fully leased office investment property in the South Axis of Amsterdam, and further advances the Group's ongoing efforts to build up a more diversified recurrent income base outside of the People's Republic of China ("**PRC**"), by leveraging on the Company's management expertise and the extensive business networks of the Company's controlling shareholders.

1.3 Completion of the Acquisition is scheduled to take place around mid-June 2015 or such other date as may be agreed between the Purchaser and the Seller.

2. INFORMATION ON THE PROPERTY

2.1 The property which is the subject of the Acquisition (the "**Property**") is the perpetual ground lease with respect to a plot of land, owned by the Municipality of Amsterdam, located at Hoogoorddreef 66, Amsterdam Zuidoost in the business district of Amsterdam Southeast which is 5 km from the city centre of Amsterdam and 15 km from Schiphol Airport, with the rights of the leaseholder to the building erected thereon, with an approximate aggregate land size of 15,650 sq m. There are currently two hotels comprised within the said building, with a total gross floor area of 21,108 sq m, as well as 509 car park lots. The Property was built in the 1980s as offices and has just been converted into hotels by the Seller less than a year ago (see paragraph 2.2 below for more details).

The initial public offering of the Company's shares was sponsored by DBS Bank Ltd, who assumes no responsibility for the contents of this announcement.

2.2 The two hotels in the Property, operated under the brands "Holiday Inn" and "Holiday Inn Express", are leased to TVHG Budget Amsterdam II B.V., a Dutch corporation, which has also leased 440 out of the 509 car park lots belonging to the Property. This lease is for 25 years from May 2014 with two renewal options of ten years each exercisable at the option of the lessee. The hotels and 440 car park lots are managed by Interstate Netherlands Management Company B.V. and are under franchise from IHG Hotels Limited for 20 years and 25 years from the commencement of hotel operations respectively. The two hotels have a combined 443 rooms and commenced operations in May 2014. Under the terms of the lease, the Seller has granted the lessee certain rental incentives over the first four years of the lease ("**Rental Incentives**"). The Seller has agreed to pay for the cost of the Rental Incentives, which has been reflected as a reduction to the amount of the consideration payable by the Purchaser, as set out in further detail in paragraph 4 below.

2.3 The remaining 69 car park lots are currently leased by a second lessee, Praxis Vastgoed B.V., a Dutch corporation which is a tenant of a neighbouring office building. This lease is for ten years from August 2012.

2.4 As the Property is currently held under a German fund structure, it is a condition precedent under the SPA that *depotbank*[1] approval be obtained (or waived by the Seller) for the sale and transfer of the Property to the Purchaser prior to completion, failing which, the Seller may at its sole discretion elect to either postpone completion for a maximum of ten business days or terminate the SPA.

3. RATIONALE FOR AND BENEFITS OF THE ACQUISITION

3.1 The Directors believe that the Acquisition is beneficial to the Group as the Acquisition is yield accretive and will help to build up a larger recurrent income stream from the Group's property holding business segment in the Netherlands, which in turn will help to further diversify the Group's geographical exposure to the PRC.

3.2 In addition, there is a long term redevelopment potential for this site. The Municipality of Amsterdam had previously studied the feasibility of redeveloping the existing site as part of a bigger development plan into a mixed use (residential, office, hotel and other commercial) project whereby the existing site would have its existing plot ratio more than doubled. The significant space accorded by the 509 ground car park lots augurs well for this redevelopment potential. However, arising from the long term lease with the lessees, any redevelopment plan will not realistically take place anytime soon and is subject to prevailing market conditions.

[1] By way of illustration, a *depotbank* under German law would be the general equivalent of the custodian bank of the fund.

4. CONSIDERATION

4.1 For the purposes of this Announcement, the consideration payable by the Purchaser for the Acquisition is approximately EUR 54.6 million (equivalent to approximately S$79.4 million based on the Illustrative Exchange Rate[2]) ("**Consideration**"). This amount is based on the negotiated property price of EUR 55.0 million, less the amount of approximately EUR 825,000 being the cost of the Rental Incentives which the Seller has agreed to bear, plus the estimated net transaction-related expenses payable by the Purchaser of approximately EUR 425,000 (which amount does not include EUR 275,000, being the amount of transaction-related expenses which the Seller has agreed to bear on the Purchaser's behalf, which is reflected as a reduction in the total amount the Purchaser has to pay on completion). The Seller has also agreed to bear transaction-related notarial costs and fees amounting to EUR 25,000.

4.2 The Consideration was arrived at as a 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 including the current property market conditions in Amsterdam, the historical and expected rental yield from the Property, the condition of the Property, as well as the commercial analysis provided by CBRE B.V., the appointed commercial advisor in relation to the Acquisition.

4.3 The Property does not have an available open market value and the Company has not commissioned a third-party valuation of the Property. The Company does not have information on the book value or the net tangible asset value of the Property.

5. FINANCING

The Company currently intends to finance the Acquisition by drawing on its existing unsecured credit facilities to pay the Consideration.

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 audited consolidated financial statements of the Group for the financial year ended 31 December 2014 ("**FY2014**") as set out in the Company's 2014 Annual Report, 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 the Acquisition had been effected at the beginning of FY2014.

[2] The "**Illustrative Exchange Rate**" used in this Announcement is EUR 1: S$1.4550. 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.

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 Group's consolidated EPS would increase by approximately 16.9% from 4.33 Singapore cents to 5.06 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 Property to be acquired by the Company compared with the Group's net profits (2)	6.2
Rule 1006(c): The Consideration compared with the Company's market capitalisation (3)	10.9

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[3] attributable to the Property to be acquired by the Company pro-rated for three months, based on the expected annual net profits after financing costs of S$3.7 million, is S$0.9 million. The Group's net profits figure of S$14.9 million was based on the Group's unaudited consolidated financial statements for the three months ended 31 March 2015, being the Company's latest announced consolidated results. The discrepancy between the percentage shown and the above profit figures is solely due to rounding.

(3) The Consideration (see paragraph 4.1 for details) amounts to EUR 54.6 million (equivalent to approximately S$79.4 million based on the Illustrative Exchange Rate). The Company's market capitalisation of approximately S$731.4 million was calculated based on the weighted average price of S$1.24 per Share and 589,814,949 Shares (the Company does not have treasury shares) as at 24 April 2015, being the market day immediately preceding the date of the SPA.

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

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 be considered a "Discloseable Transaction" for the purposes of Chapter 10 of the Listing Manual.

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

A copy of the SPA 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
Group Chief Executive Officer
28 April 2015