

ANNOUNCEMENT OF TRANSFER OF HOTEL OPERATIONS

1. The Board of Directors ("**Board**") of First Sponsor Group Limited ("**Company**", together with its subsidiaries, "**Group**") refers to the announcements dated 21 June 2017 and 13 July 2017 in connection with the acquisition by FS NL Amstel Development 16 B.V. ("**FSNL 16**"), a wholly-owned subsidiary of the Company, of the right of leasehold relating to the 3rd floor up to and including the 9th floor of the Poortgebouw Hoog Catharijne, located at the Catharijnesingel, Catharijnebaan, Radboudtraverse and Stationsstraat in Utrecht, the Netherlands ("**Property**") from Hoog Catharijne Mall of the Netherlands B.V. ("**Acquisition**").
2. As announced on 21 June 2017, FSNL 16 entered into a pre-opening development agreement ("**PDA**") and a lease agreement ("**LA**", together with the PDA, "**Agreements**") with Borealis Hotel Group B.V. and certain of its affiliates (collectively, "**Borealis Group**") pursuant to which:
 - (a) FSNL 16 agreed to develop the Property into (a) a space for the operation of a hotel under the Hampton by Hilton brand or a brand of similar standing, and (b) a space for the operation of a hotel under the Crowne Plaza brand or a brand of similar standing (collectively, the "**Hotels**"); and
 - (b) FSNL 16 agreed to lease the Hotels to the Borealis Group for an initial term of 25 years which shall be automatically extended for two (2) subsequent terms, each term being a period of 10 years, unless terminated by the Borealis Group in accordance with the terms of the LA.
3. As announced on 13 July 2017, the Acquisition was completed on 12 July 2017. As at the date of this announcement, development works in relation to the Hotels are on-going. The Group expects the development works in respect of the hotel under the Hampton by Hilton brand or a brand of similar standing to be completed in 2019 and the development works in respect of the hotel under the Crowne Plaza brand or a brand of similar standing to be completed no later than 2020.
4. The Board wishes to announce that FSNL 16 and the Borealis Group have on 20 February 2019 agreed to the transfer of the operations of the Hotels from the Borealis Group to FS NL Poortgebouw Opco 16 B.V. ("**Transferee**"), and have accordingly terminated the Agreements.
5. The Transferee is an indirect wholly-owned subsidiary of the Company, incorporated in the Netherlands on 4 January 2019. As at the date of this announcement, the issued and paid-up share capital of the Transferee is EUR1 (equivalent to approximately S\$1.53) and its principal business activity is hotel management. The incorporation was funded through internal cash resources.
6. The termination of the Agreements and the transfer of the operations of the Hotels are not expected to have any material impact on the consolidated earnings per share and the consolidated net tangible assets per share of the Group for the current financial year.

BY ORDER OF THE BOARD

Neo Teck Pheng
Group Chief Executive Officer and Executive Director
21 February 2019